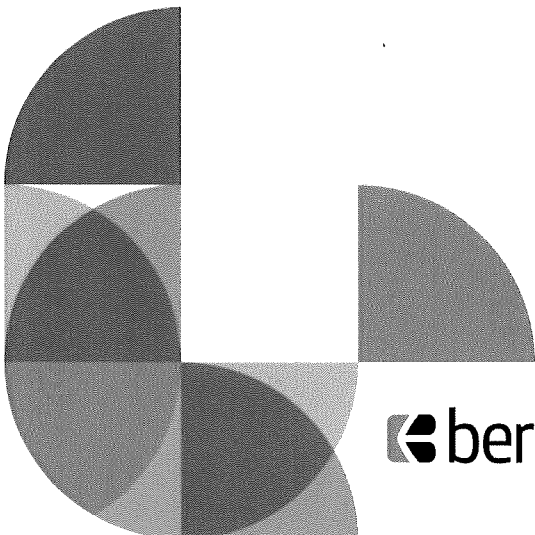


**Lakes and Pines Community
Action Council, Inc.**

Financial Statements

September 30, 2017 and 2016



Lakes and Pines Community Action Council, Inc.
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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of Lakes and Pines Community Action Council, Inc. (the "Council"), which comprise the statements of financial position as of September 30, 2017 and 2016, and the related statements of activities and cash flows for the years then ended and related notes to financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Council's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



Opinion

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Lakes and Pines Community Action Council, Inc., as of September 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters - Other Information

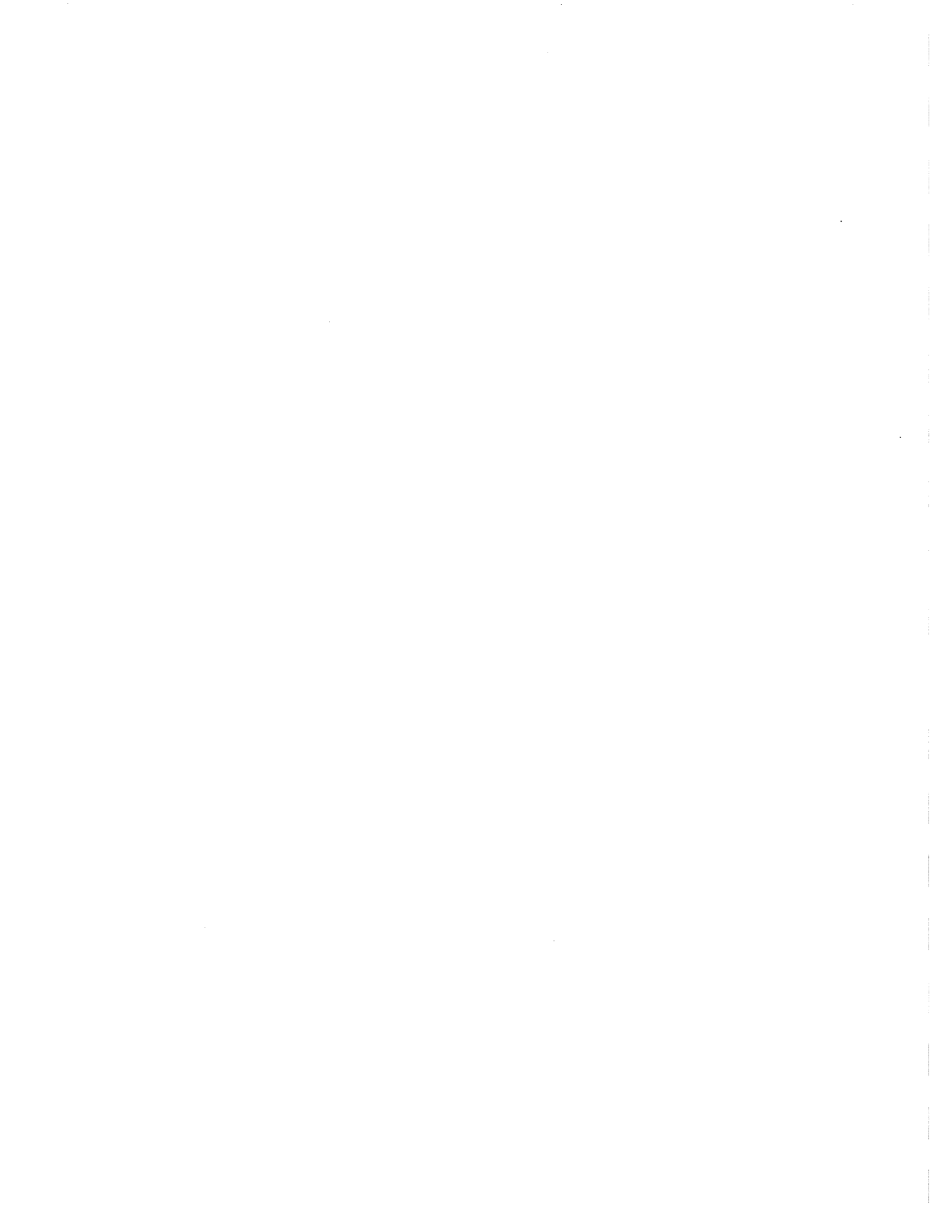
Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information, as identified in the Table of Contents, including the Schedule of Expenditures of Federal Awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis, and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated May 21, 2018, on our consideration of the Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control over financial reporting and compliance.

BerganKDV, Ltd.

St. Cloud, Minnesota
May 21, 2018



FINANCIAL STATEMENTS

Lakes and Pines Community Action Council, Inc.
Statements of Financial Position
As of September 30, 2017 and 2016

	2017	2016 (restated)
Assets		
Current assets		
Cash and cash equivalents	\$ 1,100,171	\$ 953,283
Restricted cash	219,104	161,050
Certificates of deposit	93,545	763,597
Interest receivable	502	502
Accounts receivable	8,159	28,485
Grants receivable	731,659	598,236
Prepaid expenses	26,021	44,857
Weatherization inventory	62,693	56,425
Total current assets	2,241,854	2,606,435
Property and equipment, net	501,988	391,932
Noncurrent assets		
Certificates of deposit	520,667	-
Total assets	\$ 3,264,509	\$ 2,998,367
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 175,169	\$ 260,875
Note payable	-	152,989
Due to other agencies	55,055	1,273
Accrued payroll and related taxes and benefits	268,683	314,286
Accrued vacation	132,035	127,700
Accrued unemployment insurance	52,947	75,258
Deferred revenue - grants	505,121	195,448
Total current liabilities	1,189,010	1,127,829
Net Assets		
Unrestricted		
Undesignated	1,494,574	1,552,749
Designated	78,937	78,846
Investment in property and equipment	501,988	238,943
Total net assets	2,075,499	1,870,538
Total liabilities and net assets	\$ 3,264,509	\$ 2,998,367

See notes to financial statements.

Lakes and Pines Community Action Council, Inc.
Statements of Activities
Years Ended September 30, 2017 and 2016

	2017	2016
Revenues		
Grant revenue		
Federal grants	\$ 5,418,870	\$ 5,367,044
State grants	1,980,454	2,183,311
Other grants	415,255	269,962
In-kind contributions	2,466	10,997
Program support	180,014	330,407
Interest income	4,845	4,985
Total revenues	8,001,904	8,166,706
Expenses		
Wages and fringe benefits	4,635,461	4,973,518
Professional services	36,382	27,046
Contractual services	256,790	170,494
Vehicle expense and travel	326,271	347,709
Training	131,747	74,363
In-kind contribution	2,466	10,997
Supplies and copy costs	281,675	298,018
Insurance	51,223	52,973
Office rent, utilities, and space costs	291,318	291,114
Dues, subscriptions and memberships	42,059	35,226
Communication (postage and telephone)	79,066	75,260
Printed forms and advertising	61,901	26,392
Direct client support	1,545,221	1,695,267
Depreciation	55,363	29,370
Total expenses	7,796,943	8,107,747
Change in net assets	204,961	58,959
Net Assets		
Beginning of year, as previously reported	1,870,538	1,725,787
Prior period adjustment	-	85,792
Beginning of year, restated	1,870,538	1,811,579
End of year	\$ 2,075,499	\$ 1,870,538

See notes to financial statements.

Lakes and Pines Community Action Council, Inc.
Statements of Cash Flows
Years Ended September 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash Flows - Operating Activities		
Change in net assets	\$ 204,961	\$ 58,959
Adjustments to reconcile change in net assets to net cash flows - operating activities		
Depreciation	55,363	29,370
Change in operating assets and liabilities		
Restricted cash	(58,054)	-
Interest receivable	-	(64)
Accounts receivable	20,326	2,238
Grants receivable	(133,423)	(87,743)
Prepaid expenses	18,836	4,498
Weatherization inventory	(6,268)	19,674
Accounts payable	(85,706)	1,391
Due to other agencies	53,782	(28,067)
Accrued payroll and related taxes and benefits	(45,603)	59,486
Accrued vacation	4,335	(6,744)
Accrued unemployment insurance	(22,311)	-
Deferred revenue - grants	309,673	99,970
Total adjustments	<u>110,950</u>	<u>94,009</u>
Net cash flows - operating activities	<u>315,911</u>	<u>152,968</u>
 Cash Flows - Investing Activities		
Purchases of certificates of deposit	-	(4,087)
Maturities of certificates of deposit	149,385	-
Purchases of property and equipment	(165,419)	(214,465)
Net cash flows - investing activities	<u>(16,034)</u>	<u>(218,552)</u>
 Cash Flows - Financing Activities		
Principal payments on note payable	(152,989)	-
Proceeds from note payable	-	152,989
Net cash flows - financing activities	<u>(152,989)</u>	<u>152,989</u>
 Net change in cash and cash equivalents	146,888	87,405
 Cash and Cash Equivalents		
Beginning of year	<u>953,283</u>	<u>865,878</u>
End of year	<u>\$ 1,100,171</u>	<u>\$ 953,283</u>

See notes to financial statements.

Lakes and Pines Community Action Council, Inc.
Notes to Financial Statements

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

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

Basis of Accounting

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

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

Financial Statement Presentation

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

Unrestricted

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

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

Temporarily Restricted

Accounts for (a) contributions and other inflows of assets whose use by the Council is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Council pursuant to those stipulations, (b) other asset enhancements and diminishments subject to the same kinds of stipulations, and (c) reclassifications to (or from) other classes of net assets as a consequence of donor-imposed stipulations, their expiration by passage of time or their fulfillment and removal by actions of the Council pursuant to those stipulations. At September 30, 2017 and 2016, the Council did not have temporarily restricted net assets.

Permanently Restricted

Accounts for all financial resources which include a donor-imposed restriction that stipulates the resources be maintained permanently, but permits the Council to use or expend part or all of the income derived from the donated assets. At September 30, 2017 and 2016, the Council did not have permanently restricted net assets.

Lakes and Pines Community Action Council, Inc.
Notes to Financial Statements

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

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

Restricted Cash

Restricted cash represents the Council's estimated cash balance for eligible unemployment insurance claims held with a grantor trust. The Council also maintains restricted cash for the self-insured employee dental plan.

Certificates of Deposit

Certificates of deposit have original maturities greater than three months and are recorded at cost. Certificates of deposit that mature within one year are shown as current assets.

Accounts Receivable

Accounts receivable are the result of the Council extending unsecured credit to the users of the Council's programs. Management reviews the current status of the receivables and currently expenses all accounts which are determined to be uncollectible, accordingly, no allowance for doubtful accounts was deemed necessary at September 30, 2017 and 2016. Accounts receivable are considered delinquent after 30 days and the Council does not accrue interest on delinquent receivables.

Weatherization Inventory

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

Property and Equipment

The Council capitalizes expenses for land, building, and equipment with a value greater than \$5,000. Property and equipment purchased are stated at cost. Contributed items are recorded at fair value at the date of the contribution. Capitalized property and equipment are depreciated over their estimated useful lives ranging from 5 to 25 years. Depreciation is calculated using the straight line basis and totaled \$55,363 and \$29,370 for 2017 and 2016, respectively.

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

Lakes and Pines Community Action Council, Inc.
Notes to Financial Statements

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-Lived Assets

Long-lived assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Determination of recoverability is based on an estimate of undiscounted future cash flows resulting from the use of the asset and its eventual disposition. Measurement of an impairment loss for long-lived assets that management expects to hold and use is based on the fair value of the asset. Long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less costs to sell. The Council has determined that no impairment existed at September 30, 2017 and 2016.

Accrued Vacation

Compensated absences are charged to expenses during the period earned based on employees' length of service. As a result, a liability for accrued vacation is shown in the statements of financial position as of September 30, 2017 and 2016.

Due to Other Agencies

Due to other agencies includes \$53,782 to be paid back to a federal agency for grant funds received in excess of grant expenditures. The remaining balance is due to a fiscal agent (see Note 10).

Grants

Grants are recorded as contributions or exchange transactions based on grantor performance criteria. Grants that qualify as contributions follow contribution recognition policies. Grants that are exchange transactions are recognized as revenue in the accounting period when the related allowable expenses are incurred. Grant funds drawn in excess of the related grant expenses are treated as deferred revenue. Grant expenses in excess of the related grant funds drawn are treated as grants receivable.

In-Kind Contributions

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

A substantial number of nonprofessional and professional volunteers have donated significant amounts of their time in the Council's Early Childhood and Family Development Program, specifically the Head Start Program. For 2017 and 2016, donated time totaling \$629,388 and \$616,469, respectively, was recorded in the Head Start Program. In addition, for 2017 and 2016, donated transportation costs totaled \$899 and \$5,287, respectively. The Council received the use of private vehicles driven by parents or guardians to transport Head Start children to required socialization visits. However, no amounts have been reflected in the statements for donated services or transportation costs.

Lakes and Pines Community Action Council, Inc.
Notes to Financial Statements

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In-Kind Contributions (Continued)

Due to the nature of the Council's Head Start program, the Council receives the use of private homes while conducting home visits free of charge for the Head Start Program and recognizes an in-kind contribution for the fair value of rent. For 2017 and 2016, the fair value of the donated space was estimated at \$2,466 and \$8,312, respectively.

In addition, for 2017 and 2016, donated supplies costs totaled \$0 and \$2,685, respectively. The Head Start program received donated education supplies in the form of discounts and free-will donations. Supplies of the above nature would be purchased by the Head Start program if not provided by donation.

Program Support

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

Functional Expense Allocation

The Council allocates its expenses on a functional basis among its programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expense classification. Other expenses that are common to several functions are allocated based on estimates by management.

	2017	2016
Program		
Community services	\$ 1,328,971	\$ 1,176,924
Early childhood and family development	2,930,251	3,409,209
Weatherization	1,563,983	834,146
Energy assistance	439,579	1,619,615
Other program services	672,830	179,856
Total program expenses	6,935,614	7,219,750
Management and general	861,329	887,997
Total expenses	\$ 7,796,943	\$ 8,107,747

Advertising Costs

The Council's policy is to expense advertising costs as they are incurred. During 2017 and 2016, the Council incurred advertising costs totaling \$61,901 and \$26,392, respectively.

Lakes and Pines Community Action Council, Inc.
Notes to Financial Statements

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cost Allocation

The Council follows a cost allocation plan to allocate costs not directly attributable to specific programs. This cost allocation plan outlines the type of costs as well as the process for allocating the direct and joint expenses. Significant joint cost allocation methods include:

- Administration – based on the actual number of transactions by fund (grants) and based on the actual payroll distribution by fund (employees).
- Common area and custodial pools – based on the actual payroll distribution by fund and square footage of occupancy.
- Human resources – based on the actual payroll distribution by fund.
- Fiscal services – based on actual number of transactions by fund.
- Technology services – based on the actual number of computers and phones held by fund.

Tax Status

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

The Council is required to assess whether any uncertain tax positions exist and if there should be recognition of a related benefit or liability in the financial statements. The Council has determined there are no amounts to record as assets or liabilities related to uncertain tax positions.

Recently Issued Accounting Pronouncements

Leases

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842). The new guidance will require all leases to be recorded as assets and liabilities on the statement of financial position. This update would require capitalization of the "right to use" an asset and recognition of an obligation for future lease payments for most leases currently classified as operating leases. Other leases currently classified as capital leases will be referred to as financing leases and will continue to be recorded as assets and liabilities in a similar manner. This update is effective for annual reporting periods beginning after December 15, 2019, with early adoption permitted. The Council is currently evaluating the impact this standard will have on its financial statements.

Revenue Recognition

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606). This update will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective. The standard will affect organizations that enter into contracts with customers and provides a five step process for determining when revenue should be recognized to match the transfer of goods or services. In August 2015, the FASB issued ASU No. 2015-14 which defers the effective date one year making it effective for annual reporting periods beginning after December 15, 2018, with early adoption permitted. The Council is currently evaluating the impact this standard will have on its financial statements.

Lakes and Pines Community Action Council, Inc.
Notes to Financial Statements

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Issued Accounting Pronouncements (Continued)

Presentation of Financial Statements of Not-For-Profit Entities

In August 2016, the FASB issued ASU No. 2016-14, Presentation of Financial Statements of Not-For-Profit Entities (Topic 958). This update does not have an impact on recognition or measurement of assets, liabilities, net assets, revenues or expenses, it instead improves the presentation of financial statements of not-for-profit entities. This standard reduces the net asset classification from three to two; net assets with and without donor restrictions. In addition, this update expands disclosures about liquidity and financial performance of the not-for-profit entity. This update is effective for annual reporting periods beginning after December 15, 2017, with early adoption permitted. The Council is currently evaluating the impact this standard will have on its financial statements.

Subsequent Events

The Council has evaluated subsequent events through May 21, 2018, the date which the financial statements were available to be issued.

NOTE 2 – GRANTS RECEIVABLE/DEFERRED REVENUE

Grants receivable and deferred revenue are included on statements of financial position as follows:

	2017	2016
Federal programs	\$ 316,227	\$ 326,092
State and local programs	(89,689)	76,696
Net grants receivable	\$ 226,538	\$ 402,788
	2017	2016
Grants receivable	\$ 731,659	\$ 598,236
Deferred revenue	(505,121)	(195,448)
Net grants receivable	\$ 226,538	\$ 402,788

NOTE 3 – PROPERTY AND EQUIPMENT

	2017	2016
Land	\$ 60,818	\$ 60,818
Buildings and improvements	670,656	670,656
Vehicles and equipment	961,660	796,241
	1,693,134	1,527,715
Less accumulated depreciation	(1,191,146)	(1,135,783)
Property and equipment, net	\$ 501,988	\$ 391,932

Lakes and Pines Community Action Council, Inc.
Notes to Financial Statements

NOTE 4 – DESIGNATED NET ASSETS

	<u>2017</u>	<u>2016</u>
Designated for		
Caring Members (East Central Energy)	\$ 3,769	\$ 20
Contracted services	16,743	7,167
EAP/furnace	16,746	27,803
Emergency services	23,271	24,602
Head Start	311	100
Head Start transportation	126	126
Inspection services	9,889	9,955
Princeton contract income	-	676
Reach Out for Warmth	4,397	4,712
Reading is Fundamental (RIF)	2,941	2,941
Transportation assistance	744	744
	<u>78,937</u>	<u>78,846</u>
Total board of director designated net assets	<u>\$ 78,937</u>	<u>\$ 78,846</u>

NOTE 5 – NOTE PAYABLE

	<u>2017</u>	<u>2016</u>
Bank		
Loan, including interest at 1.2%, paid in full	<u>\$ -</u>	<u>\$ 152,989</u>

NOTE 6 – RETIREMENT PLAN

The Council sponsors a 403(b) retirement plan. The plan covers substantially all full-time employees. Contributions to the plan amounted to \$93,355 and \$99,125 for 2017 and 2016, respectively.

NOTE 7 – OPERATING LEASES

The Council leases certain office and warehouse facilities under leases classified as operating leases, the last of which expires July 31, 2020. Total lease expense for 2017 and 2016 was \$138,997 and \$122,279, respectively.

Minimum future rental payments under noncancelable operating leases having initial or remaining terms in excess of one year as of September 30 for each of the next five years and in the aggregate are:

2018	\$ 111,004
2019	47,094
2020	<u>32,870</u>
Total minimum future rental payments	<u>\$ 190,968</u>

Lakes and Pines Community Action Council, Inc.
Notes to Financial Statements

NOTE 8 – MATCHING FUNDS

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

NOTE 9 – CONCENTRATIONS AND CONTINGENCIES

Concentrations – Revenue

During 2017, 33% of the Council's revenue was from the Head Start Program funded through the U.S. Department of Health and Human Services. During 2017, 28% of the Council's revenue was from the Energy Assistance and Weatherization Programs funded through the U.S. Department of Health and Human Services and the U.S. Department of Energy. Federal and state grant revenue accounted for a total of 92% of the Council's revenue for 2017.

During 2016, 31% of the Council's revenue was from the Head Start Program funded through the U.S. Department of Health and Human Services. During 2016, 28% of the Council's revenue was from the Energy Assistance and Weatherization Programs funded through the U.S. Department of Health and Human Services and the U.S. Department of Energy. Federal and state grant revenue accounted for a total of 92% of the Council's revenue for 2016.

Grants

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

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

Claims

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

Employee Dental Plan

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

State Unemployment

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

Restricted cash represents the Council's estimated cash balance at September 30, 2017 and 2016, for eligible unemployment insurance claims. If claims exceed payments into the trust the Council could become liable for those claims.

Lakes and Pines Community Action Council, Inc.
Notes to Financial Statements

NOTE 10 – FISCAL AGENT AGREEMENTS

Lakes Media Foundation

The Council acts as a fiscal agent for Lakes Media Foundation. During 2017 and 2016 the Council collected \$0 and disbursed \$0 on behalf of the Lakes Media Foundation. At September 30, 2017 and 2016, there was \$1,273 of remaining unexpended funds.

Northern Technology Initiative

The Council acted as a fiscal agent for Northern Technology Initiative (d.b.a. GPS 45:93). During 2016, the Council collected \$0, disbursed \$22,222, and returned \$6,795 on behalf of GPS 45:93. At September 30, 2016, there was \$0 of remaining unexpended funds.

NOTE 11 – RECLASSIFICATIONS

The amounts in the prior year financial statements have been reclassified to conform to the presentation used in the current year financial statements.

NOTE 12 – PRIOR PERIOD ADJUSTMENT

During 2017, the Council discovered the unemployment insurance liability at September 30, 2016 did not correctly reflect incurred but not yet reported expenses at year end. The correction has no effect on the results of the current year's activities; however, the cumulative effect decreases beginning unrestricted net assets for 2016 and the unemployment insurance liability as of September 30, 2016 by \$85,792.

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SUPPLEMENTARY INFORMATION

Lakes and Pines Community Action Council, Inc.
Statement of Financial Position - By Function
As of September 30, 2017

	<u>Administration</u>	<u>Community Services</u>	<u>Early Childhood and Family Development</u>
Assets			
Current assets			
Cash and cash equivalents	\$ -	\$ 171,034	\$ 86,020
Restricted cash - unemployment trust	-	-	-
Certificates of deposit	-	-	-
Due from other funds	-	-	-
Interest receivable	-	-	-
Accounts receivable	-	4,507	-
Grants receivable	40,137	99,705	331,770
Prepaid expenses	6,431	-	8,815
Weatherization inventory	-	-	-
Total current assets	<u>46,568</u>	<u>275,246</u>	<u>426,605</u>
Property and equipment	-	-	-
Noncurrent assets			
Certificates of deposit	-	-	-
Total assets	<u>\$ 46,568</u>	<u>\$ 275,246</u>	<u>\$ 426,605</u>
Liabilities and Net Assets			
Current liabilities			
Due to other funds	\$ 42,621	\$ 92,417	\$ 282,234
Accounts payable	3,947	13,309	65,676
Due to other agencies	-	-	53,782
Accrued payroll and related taxes and benefits	-	-	-
Accrued vacation	-	-	-
Accrued unemployment insurance	-	-	-
Deferred revenue - grants	-	169,520	24,913
Total current liabilities	<u>46,568</u>	<u>275,246</u>	<u>426,605</u>
Net Assets			
Unrestricted	-	-	-
Designated	-	-	-
Investment in property and equipment	-	-	-
Total unrestricted	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and net assets	<u>\$ 46,568</u>	<u>\$ 275,246</u>	<u>\$ 426,605</u>

<u>Weatherization</u>	<u>Energy Assistance</u>	<u>Housing Rehabilitation</u>	<u>Other Programs</u>	<u>GAAP Elimination</u>	<u>Total</u>
\$ -	\$ -	\$ 296,034	\$ 547,083	\$ -	\$ 1,100,171
-	-	-	219,104	-	219,104
-	-	-	93,545	-	93,545
-	-	-	657,660	(657,660)	-
-	-	-	502	-	502
202	-	-	3,450	-	8,159
119,081	36,617	104,349	-	-	731,659
-	-	-	10,775	-	26,021
62,693	-	-	-	-	62,693
<u>181,976</u>	<u>36,617</u>	<u>400,383</u>	<u>1,532,119</u>	<u>(657,660)</u>	<u>2,241,854</u>
-	-	-	501,988	-	501,988
-	-	-	520,667	-	520,667
<u>\$ 181,976</u>	<u>\$ 36,617</u>	<u>\$ 400,383</u>	<u>\$ 2,554,774</u>	<u>\$ (657,660)</u>	<u>\$ 3,264,509</u>
\$ 111,539	\$ 27,197	\$ 98,955	\$ 2,697	\$ (657,660)	\$ -
7,744	9,420	6,956	68,117	-	175,169
-	-	-	1,273	-	55,055
-	-	-	268,683	-	268,683
-	-	-	132,035	-	132,035
-	-	-	52,947	-	52,947
-	-	294,472	16,216	-	505,121
<u>119,283</u>	<u>36,617</u>	<u>400,383</u>	<u>541,968</u>	<u>(657,660)</u>	<u>1,189,010</u>
62,693	-	-	1,431,881	-	1,494,574
-	-	-	78,937	-	78,937
-	-	-	501,988	-	501,988
<u>62,693</u>	<u>-</u>	<u>-</u>	<u>2,012,806</u>	<u>-</u>	<u>2,075,499</u>
<u>\$ 181,976</u>	<u>\$ 36,617</u>	<u>\$ 400,383</u>	<u>\$ 2,554,774</u>	<u>\$ (657,660)</u>	<u>\$ 3,264,509</u>

Lakes and Pines Community Action Council, Inc.
Statement of Activities - By Function
Year Ended September 30, 2017

	<u>Administration</u>	<u>Community Services</u>	<u>Early Childhood and Family Development</u>
Revenues			
Grant revenue			
Federal grants	\$ 387,560	\$ 145,449	\$ 2,629,076
State grants	41,599	777,562	753,640
Other grants	-	309,297	97,007
In-kind contributions	-	-	2,466
Program support	-	32,623	(4,847)
Interest income	-	(32)	-
Total revenues	<u>429,159</u>	<u>1,264,899</u>	<u>3,477,342</u>
Expenses			
Wages and fringe benefits	119,675	450,678	1,861,748
Professional services	3,247	6,703	10,700
Contractual services	145	-	238,586
Vehicle expense and travel	22,567	26,980	204,685
Training	12,537	3,499	63,505
In-kind contribution	-	-	2,466
Supplies and copy costs	5,355	30,786	369,161
Insurance	4,718	873	20,103
Office rent, utilities, space costs, and support	234,193	335,189	602,705
Dues, subscriptions, and memberships	15,140	3,771	21,954
Communication (postage and telephone)	1,870	5,314	25,968
Printed forms and advertising	9,467	10,494	31,866
Direct client support	245	390,612	23,895
Depreciation	-	-	-
Total expenses	<u>429,159</u>	<u>1,264,899</u>	<u>3,477,342</u>
Change in net assets	-	-	-
Other change in net assets			
Weatherization inventory used	-	-	-
Contribution of fixed assets	-	-	-
Net Assets			
Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

<u>Weatherization</u>	<u>Energy Assistance</u>	<u>Housing Rehabilitation</u>	<u>Other Programs</u>	<u>GAAP Adjustment</u>	<u>Total</u>
\$ 1,761,769	\$ 495,016	\$ -	\$ -	\$ -	\$ 5,418,870
57,140	-	350,513	-	-	1,980,454
-	-	671	8,280	-	415,255
-	-	-	-	-	2,466
11,228	-	2,250	193,772	(55,012)	180,014
-	-	-	4,877	-	4,845
<u>1,830,137</u>	<u>495,016</u>	<u>353,434</u>	<u>206,929</u>	<u>(55,012)</u>	<u>8,001,904</u>
797,296	293,925	83,637	1,028,502	-	4,635,461
2,721	1,441	2,313	9,257	-	36,382
-	-	-	18,059	-	256,790
7,607	27,760	9,242	27,430	-	326,271
1,291	37,416	103	13,396	-	131,747
-	-	-	-	-	2,466
8,622	2,872	-	59,874	(194,995)	281,675
12,488	11,832	679	530	-	51,223
273,047	50,191	36,110	(1,208,413)	(31,704)	291,318
100	88	-	1,006	-	42,059
6,444	517	1,761	37,192	-	79,066
332	703	-	9,039	-	61,901
720,189	68,271	219,589	122,420	-	1,545,221
-	-	-	55,363	-	55,363
<u>1,830,137</u>	<u>495,016</u>	<u>353,434</u>	<u>173,655</u>	<u>(226,699)</u>	<u>7,796,943</u>
-	-	-	33,274	171,687	204,961
6,268	-	-	-	(6,268)	-
-	-	-	165,419	(165,419)	-
<u>56,425</u>	<u>-</u>	<u>-</u>	<u>1,814,113</u>	<u>-</u>	<u>1,870,538</u>
<u>\$ 62,693</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,012,806</u>	<u>\$ -</u>	<u>\$ 2,075,499</u>

Lakes and Pines Community Action Council, Inc.
Statement of Financial Position - Administration
As of September 30, 2017

	<u>#197 Community Services Block Grant</u>	<u>#750 MN Community Action Grant</u>	<u>Total</u>
Assets			
Current assets			
Grants receivable	\$ 16,186	\$ 23,951	\$ 40,137
Prepaid expenses	<u>6,431</u>	<u>-</u>	<u>6,431</u>
Total current assets	<u>\$ 22,617</u>	<u>\$ 23,951</u>	<u>\$ 46,568</u>
Liabilities and Net Assets			
Current liabilities			
Due to other funds	\$ 18,670	\$ 23,951	\$ 42,621
Accounts payable	<u>3,947</u>	<u>-</u>	<u>3,947</u>
Total current liabilities	<u>22,617</u>	<u>23,951</u>	<u>46,568</u>
Net Assets			
Unrestricted	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and net assets	<u>\$ 22,617</u>	<u>\$ 23,951</u>	<u>\$ 46,568</u>

Lakes and Pines Community Action Council, Inc.
Statement of Activities - Administration
Year Ended September 30, 2017

	#196 MN Community Action Grant	#197 Community Services Block Grant	#750 MN Community Action Grant	Total
Revenues				
Grant revenue				
Federal grants	\$ -	\$ 387,560	\$ -	\$ 387,560
State grants	17,648	-	23,951	41,599
Program support	(50)	50	-	-
Total revenues	<u>17,598</u>	<u>387,610</u>	<u>23,951</u>	<u>429,159</u>
Expenses				
Wages and fringe benefits	1,186	114,574	3,915	119,675
Professional services	50	3,197	-	3,247
Contractual services	-	145	-	145
Vehicle expense and travel	(138)	22,705	-	22,567
Training	4,734	7,803	-	12,537
Supplies and copy costs	(76)	5,431	-	5,355
Insurance	-	4,718	-	4,718
Office rent, utilities, space costs, and support	13,271	200,886	20,036	234,193
Dues, subscriptions, and memberships	-	15,140	-	15,140
Communication (postage and telephone)	(1,429)	3,299	-	1,870
Printed forms and advertising	-	9,467	-	9,467
Direct client support	-	245	-	245
Total expenses	<u>17,598</u>	<u>387,610</u>	<u>23,951</u>	<u>429,159</u>
Change in net assets	-	-	-	-
Net Assets				
Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Lakes and Pines Community Action Council, Inc.
Statement of Financial Position - Community Services
As of September 30, 2017

	#138 Financial Literacy Initiative	#157 SSI/SSDI Outreach Access & Recovery	#167 Transportation Program	#177 Housing Continuum of Care	#180 Commonbond Communities 17
Assets					
Current assets					
Cash and cash equivalents	\$ 667	\$ -	\$ 4,594	\$ -	\$ -
Accounts receivable	-	3,857	-	-	-
Grants receivable	-	-	-	23,568	739
	<u>667</u>	<u>-</u>	<u>4,594</u>	<u>23,568</u>	<u>739</u>
Total current assets	<u>\$ 667</u>	<u>\$ 3,857</u>	<u>\$ 4,594</u>	<u>\$ 23,568</u>	<u>\$ 739</u>
Liabilities and Net Assets					
Current liabilities					
Due to other funds	\$ -	\$ 3,857	\$ -	\$ 22,118	\$ 739
Accounts payable	-	-	-	1,450	-
Deferred revenue - grants	667	-	4,594	-	-
Total current liabilities	<u>667</u>	<u>3,857</u>	<u>4,594</u>	<u>23,568</u>	<u>739</u>
Net Assets					
Unrestricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and net assets	<u>\$ 667</u>	<u>\$ 3,857</u>	<u>\$ 4,594</u>	<u>\$ 23,568</u>	<u>\$ 739</u>

#189 Central LTH Project '17	#202 Supplemental Nutrition Assistance Program	#205 MABC Insurance	#207 BCBS Tax Integration	#208 Live Well at Home Delivery Service	#209 Tax Assistance 16/18	#210 Sr Chore Service Title III
\$ 17,848	\$ -	\$ 3,271	\$ 92,046	\$ -	\$ 1,326	\$ -
-	-	-	-	-	-	-
-	10,163	-	-	7,125	-	12,058
<u>\$ 17,848</u>	<u>\$ 10,163</u>	<u>\$ 3,271</u>	<u>\$ 92,046</u>	<u>\$ 7,125</u>	<u>\$ 1,326</u>	<u>\$ 12,058</u>
\$ -	\$ 7,935	\$ -	\$ -	\$ 6,879	\$ -	\$ 11,997
414	2,228	-	59	246	123	61
17,434	-	3,271	91,987	-	1,203	-
17,848	10,163	3,271	92,046	7,125	1,326	12,058
-	-	-	-	-	-	-
<u>\$ 17,848</u>	<u>\$ 10,163</u>	<u>\$ 3,271</u>	<u>\$ 92,046</u>	<u>\$ 7,125</u>	<u>\$ 1,326</u>	<u>\$ 12,058</u>

Lakes and Pines Community Action Council, Inc.
Statement of Financial Position - Community Services
As of September 30, 2017

	<u>#211 Group Residential Housing</u>	<u>#600 Family Homelessness Prevention</u>	<u>#601 MNSure Navigator Outreach</u>	<u>#602 OEO Emergency Services</u>	<u>#603 OEO Transitional Housing</u>
Assets					
Current assets					
Cash and cash equivalents	\$ -	\$ 17,980	\$ -	\$ -	\$ -
Accounts receivable	650	-	-	-	-
Grants receivable	<u>-</u>	<u>-</u>	<u>10,305</u>	<u>18,635</u>	<u>8,382</u>
Total current assets	<u>\$ 650</u>	<u>\$ 17,980</u>	<u>\$ 10,305</u>	<u>\$ 18,635</u>	<u>\$ 8,382</u>
Liabilities and Net Assets					
Current liabilities					
Due to other fund	\$ 74	\$ -	\$ 10,305	\$ 11,808	\$ 8,344
Accounts payable	-	1,361	-	6,827	38
Deferred revenue - grants	<u>576</u>	<u>16,619</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total current liabilities	<u>650</u>	<u>17,980</u>	<u>10,305</u>	<u>18,635</u>	<u>8,382</u>
Net Assets					
Unrestricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and net assets	<u>\$ 650</u>	<u>\$ 17,980</u>	<u>\$ 10,305</u>	<u>\$ 18,635</u>	<u>\$ 8,382</u>

#604 Homeless Youth Act	#605 Housing with Support Adult w/SMI	#606 SNAP E&T	Total
\$ -	\$ 33,302	\$ -	\$ 171,034
-	-	-	4,507
<u>4,800</u>	<u>-</u>	<u>3,930</u>	<u>99,705</u>
<u>\$ 4,800</u>	<u>\$ 33,302</u>	<u>\$ 3,930</u>	<u>\$ 275,246</u>
\$ 4,431	\$ -	\$ 3,930	\$ 92,417
369	133	-	13,309
<u>-</u>	<u>33,169</u>	<u>-</u>	<u>169,520</u>
<u>4,800</u>	<u>33,302</u>	<u>3,930</u>	<u>275,246</u>
-	-	-	-
<u>\$ 4,800</u>	<u>\$ 33,302</u>	<u>\$ 3,930</u>	<u>\$ 275,246</u>

Lakes and Pines Community Action Council, Inc.
Statement of Activities - Community Services
Year Ended September 30, 2017

	#138 Financial Literacy Initiative	#157 SSI/SSDI Outreach Access & Recovery	#167 Transportation Program	#176 Transitional Housing Continuum of Care	#177 Housing Continuum of Care
Revenues					
Grant revenue					
Federal grants	\$ -	\$ -	\$ -	\$ 15,082	\$ 81,251
State grants	-	8,182	-	-	-
Other grants	74	-	2,441	-	-
Program support	-	-	-	-	-
Interest income	-	-	-	-	-
Total revenues	<u>74</u>	<u>8,182</u>	<u>2,441</u>	<u>15,082</u>	<u>81,251</u>
Expenses					
Wages and fringe benefits	-	7,882	-	(101)	4,462
Professional services	-	-	-	129	516
Vehicle expense and travel	-	278	375	-	867
Training	-	-	-	-	-
Supplies and copy costs	74	12	-	-	-
Insurance	-	-	-	7	33
Office rent, utilities, space costs, and support	-	-	-	245	6,693
Dues, subscriptions, and memberships	-	-	-	-	-
Communication (postage and telephone)	-	10	-	-	-
Printed forms and advertising	-	-	-	-	-
Community services direct client support	-	-	2,066	14,802	68,680
Total expenses	<u>74</u>	<u>8,182</u>	<u>2,441</u>	<u>15,082</u>	<u>81,251</u>
Change in net assets	-	-	-	-	-
Net Assets					
Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

#180 Commonbond Communities 17	#186 MNSure Navigation '17	#189 Central LTH Project '17	#190 Family Homeless Prevention '15/'17	#191 Homeless Youth Act	#192 Emergency Solutions Grant Rehousing	#193 OEO Transitional Housing
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 36,819	\$ -
-	-	-	235,856	56,549	-	51,662
6,904	63,410	96,629	-	-	-	-
-	16,148	-	-	-	-	-
-	-	-	(32)	-	-	-
<u>6,904</u>	<u>79,558</u>	<u>96,629</u>	<u>235,824</u>	<u>56,549</u>	<u>36,819</u>	<u>51,662</u>
6,904	33,749	13,947	92,996	21,581	13,893	14,567
-	345	525	432	483	366	358
-	416	606	9,704	1,550	578	1,867
-	-	400	1,541	160	-	-
-	207	34	7,689	1,318	-	1,937
-	-	22	260	-	-	-
-	43,479	42,434	34,743	9,289	6,664	9,323
-	-	-	1,667	350	350	350
-	6	31	1,291	636	-	617
-	-	-	35	67	-	69
-	1,356	38,630	85,466	21,115	14,968	22,574
<u>6,904</u>	<u>79,558</u>	<u>96,629</u>	<u>235,824</u>	<u>56,549</u>	<u>36,819</u>	<u>51,662</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Lakes and Pines Community Action Council, Inc.
Statement of Activities - Community Services
Year Ended September 30, 2017

	#194 OEO Emergency Services	#198 Live Well At Home Chore Services	#202 Supplemental Nutrition Assistance Program	#203 Commonbond Communities	#204 BCBS A2C 16/17
Revenues					
Grant revenue					
Federal grants	\$ -	\$ -	\$ -	\$ -	\$ -
State grants	90,090	25,005	75,567	-	-
Other grants	-	-	-	1,295	13,311
Program support	-	273	-	-	-
Interest income	-	-	-	-	-
Total revenues	<u>90,090</u>	<u>25,278</u>	<u>75,567</u>	<u>1,295</u>	<u>13,311</u>
Expenses					
Wages and fringe benefits	15,033	8,761	24,159	1,295	4,223
Professional services	454	375	143	-	209
Vehicle expense and travel	614	2,241	2,375	-	388
Training	-	492	-	-	-
Supplies and copy costs	1,115	4,291	2,071	-	85
Insurance	-	129	-	-	-
Office rent, utilities, space costs, and support	10,930	4,195	46,201	-	8,182
Dues, subscriptions, and memberships	600	-	-	-	-
Communication (postage and telephone)	588	265	-	-	224
Printed forms and advertising	-	410	618	-	-
Community services direct client support	60,756	4,119	-	-	-
Total expenses	<u>90,090</u>	<u>25,278</u>	<u>75,567</u>	<u>1,295</u>	<u>13,311</u>
Change in net assets	-	-	-	-	-
Net Assets					
Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

#205 MABC Insurance	#206 Central Long-term Housing	#207 BCBS Tax Integration	#208 Live Well at Home Delivery Service	#209 Tax Assistance 16/18	#210 Sr Chore Service Title III	#211 Group Residential Housing	#600 Family Homelessness Prevention
\$ -	\$ -	\$ -	\$ -	\$ 12,297	\$ -	\$ -	\$ -
-	-	-	57,083	6,876	31,626	111	57,453
663	48,769	52,185	-	-	-	-	-
-	-	-	-	1,617	560	4,273	-
-	-	-	-	-	-	-	-
<u>663</u>	<u>48,769</u>	<u>52,185</u>	<u>57,083</u>	<u>20,790</u>	<u>32,186</u>	<u>4,384</u>	<u>57,453</u>
663	13,652	34,559	36,079	18,151	19,192	-	33,158
-	152	408	428	-	379	-	196
-	234	101	717	123	1,285	-	1,799
-	-	59	642	-	-	-	-
-	5,737	477	352	1,539	2,416	-	324
-	-	71	-	-	154	-	164
-	10,767	16,510	9,478	-	6,085	-	18,992
-	-	-	-	-	-	-	-
-	-	-	360	-	425	-	220
-	-	-	8,955	340	-	-	-
-	18,227	-	72	637	2,250	4,384	2,600
<u>663</u>	<u>48,769</u>	<u>52,185</u>	<u>57,083</u>	<u>20,790</u>	<u>32,186</u>	<u>4,384</u>	<u>57,453</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Lakes and Pines Community Action Council, Inc.
Statement of Activities - Community Services
Year Ended September 30, 2017

	#601 MNSure Navigator Outreach	#602 OEO Emergency Services	#603 OEO Transitional Housing	#604 Homeless Youth Act	#605 Housing with Support Adult w/SMI
Revenues					
Grant revenue					
Federal grants	\$ -	\$ -	\$ -	\$ -	\$ -
State grants	-	32,622	26,626	13,993	4,331
Other grants	10,305	-	-	-	-
Program support	9,752	-	-	-	-
Interest income	-	-	-	-	-
Total revenues	<u>20,057</u>	<u>32,622</u>	<u>26,626</u>	<u>13,993</u>	<u>4,331</u>
Expenses					
Wages and fringe benefits	7,186	5,184	7,317	6,562	1,401
Professional services	126	152	174	117	20
Vehicle expense and travel	65	-	276	-	133
Training	-	205	-	-	-
Supplies and copy costs	-	996	-	27	-
Insurance	-	-	-	-	33
Office rent, utilities, space costs, and support	12,680	5,102	11,442	6,906	2,744
Dues, subscriptions, and memberships	-	454	-	-	-
Communication (postage and telephone)	-	240	165	12	-
Printed forms and advertising	-	-	-	-	-
Community services direct client support	-	20,289	7,252	369	-
Total expenses	<u>20,057</u>	<u>32,622</u>	<u>26,626</u>	<u>13,993</u>	<u>4,331</u>
Change in net assets	-	-	-	-	-
Net Assets					
Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

#606 SNAP E&T	Total
\$ -	\$ 145,449
3,930	777,562
-	309,297
-	32,623
-	(32)
<u>3,930</u>	<u>1,264,899</u>
-	450,678
7	6,703
-	26,980
-	3,499
-	30,786
-	873
3,923	335,189
-	3,771
-	5,314
-	10,494
-	390,612
<u>3,930</u>	<u>1,264,899</u>
-	-
-	-
<u>\$ -</u>	<u>\$ -</u>

Lakes and Pines Community Action Council, Inc.
Statement of Financial Position - Early Childhood and Family Development
As of September 30, 2017

	#16C Child and Adult Care Food Program '17	#16E Early Head Start "X"	#17C Child and Adult Care Food Program '18	#17E Early Head Start "Y"
Assets				
Current assets				
Cash and cash equivalents	\$ -	\$ 19,804	\$ -	\$ -
Grants receivable	698	-	1,357	36,680
Prepaid expenses	-	-	-	2,367
Total current assets	\$ 698	\$ 19,804	\$ 1,357	\$ 39,047
Liabilities and Net Assets				
Current liabilities				
Due to other funds	\$ 698	\$ -	\$ 1,357	\$ 31,158
Accounts payable	-	775	-	7,889
Due to other agencies	-	19,029	-	-
Deferred revenue - grants	-	-	-	-
Total current liabilities	698	19,804	1,357	39,047
Net Assets				
Unrestricted	-	-	-	-
Total liabilities and net assets	\$ 698	\$ 19,804	\$ 1,357	\$ 39,047

#238 Head Start 'X'	#239 Head Start 'Y'	#241 Thinksmall	#244 Pathway II Mora	#245 Pathway II Cloquet	#246 Pathway II Scholarship
\$ 38,854	\$ -	\$ 458	\$ 14,975	\$ -	\$ -
-	118,047	-	-	25	87
-	4,486	-	-	-	-
<u>\$ 38,854</u>	<u>\$ 122,533</u>	<u>\$ 458</u>	<u>\$ 14,975</u>	<u>\$ 25</u>	<u>\$ 87</u>
\$ -	\$ 77,207	\$ -	\$ -	\$ 25	\$ 87
4,101	45,326	-	-	-	-
34,753	-	-	-	-	-
-	-	458	14,975	-	-
<u>38,854</u>	<u>122,533</u>	<u>458</u>	<u>14,975</u>	<u>25</u>	<u>87</u>
-	-	-	-	-	-
<u>\$ 38,854</u>	<u>\$ 122,533</u>	<u>\$ 458</u>	<u>\$ 14,975</u>	<u>\$ 25</u>	<u>\$ 87</u>

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Lakes and Pines Community Action Council, Inc.
Statement of Financial Position - Early Childhood and Family Development
As of September 30, 2017

	#249 Aitkin County HHS	#255 Medica Foundation	#264 State HS '17	#265 State HS '18	Total
Assets					
Current assets					
Cash and cash equivalents	\$ -	\$ 9,497	\$ -	\$ 2,432	\$ 86,020
Grants receivable	21,319	-	151,022	2,535	331,770
Prepaid expenses	271	-	-	1,691	8,815
	<u>21,590</u>	<u>9,497</u>	<u>151,022</u>	<u>6,658</u>	<u>426,605</u>
Total current assets	<u>\$ 21,590</u>	<u>\$ 9,497</u>	<u>\$ 151,022</u>	<u>\$ 6,658</u>	<u>\$ 426,605</u>
Liabilities and Net Assets					
Current liabilities					
Due to other funds	\$ 20,975	\$ -	\$ 150,727	\$ -	\$ 282,234
Accounts payable	615	17	295	6,658	65,676
Due to other agencies	-	-	-	-	53,782
Deferred revenue - grants	-	9,480	-	-	24,913
Total current liabilities	<u>21,590</u>	<u>9,497</u>	<u>151,022</u>	<u>6,658</u>	<u>426,605</u>
Net Assets					
Unrestricted	-	-	-	-	-
Total liabilities and net assets	<u>\$ 21,590</u>	<u>\$ 9,497</u>	<u>\$ 151,022</u>	<u>\$ 6,658</u>	<u>\$ 426,605</u>

Lakes and Pines Community Action Council, Inc.
Statement of Activities - Early Childhood and Family Development
Year Ended September 30, 2017

	#16C Child and Adult Care Food Program '17	#16E Early Head Start "X"	#17C Child and Adult Care Food Program '18
Revenues			
Grant revenue			
Federal grants	\$ 8,787	\$ 357,862	\$ 1,366
State grants	-	-	-
Other grants	-	-	-
In-kind contributions	-	-	-
Program support	-	(2,975)	-
Total revenues	8,787	354,887	1,366
Expenses			
Wages and fringe benefits	-	217,929	-
Professional services	-	2,418	-
Contractual services	-	1,453	-
Vehicle expense and travel	-	26,675	-
Training	-	2,739	-
In-kind contribution	-	-	-
Supplies and copy costs	-	11,281	-
Insurance	-	2,632	-
Office rent, utilities, space costs, and support	-	77,456	-
Dues, subscriptions, and memberships	-	4,908	-
Communication (postage and telephone)	-	3,526	-
Printed forms and advertising	-	2,763	-
Head Start direct client support	8,787	1,107	1,366
Total expenses	8,787	354,887	1,366
Change in net assets	-	-	-
Net Assets			
Beginning of year	-	-	-
End of year	\$ -	\$ -	\$ -

<u>#17E Early Head Start "Y"</u>	<u>#238 Head Start 'X'</u>	<u>#239 Head Start 'Y'</u>	<u>#241 Thinksmall</u>	<u>#246 Pathway II Scholarship</u>
\$ 102,952	\$ 1,860,228	\$ 297,881	\$ -	\$ -
-	-	-	-	87
-	-	-	7,946	-
-	632,753	-	-	-
-	(1,872)	-	-	-
<u>102,952</u>	<u>2,491,109</u>	<u>297,881</u>	<u>7,946</u>	<u>87</u>
71,345	938,770	173,735	-	-
700	4,055	910	13	10
-	166,820	34,958	-	-
7,132	106,138	14,512	-	-
1,034	16,838	3,122	-	-
-	632,753	-	-	-
4,008	292,202	12,529	-	-
716	10,050	2,009	-	-
14,481	281,544	41,991	7,933	77
-	10,560	-	-	-
1,674	9,042	4,016	-	-
1,338	15,050	7,246	-	-
524	7,287	2,853	-	-
<u>102,952</u>	<u>2,491,109</u>	<u>297,881</u>	<u>7,946</u>	<u>87</u>
-	-	-	-	-
-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Lakes and Pines Community Action Council, Inc.
Statement of Activities - Early Childhood and Family Development
Year Ended September 30, 2017

	#248 Aitkin County HHS	#249 Aitkin County HHS	#255 Medica Foundation
Revenues			
Grant revenue			
Federal grants	\$ -	\$ -	\$ -
State grants	-	-	-
Other grants	12,990	61,442	14,629
In-kind contributions	-	-	-
Program support	-	-	-
Total revenues	<u>12,990</u>	<u>61,442</u>	<u>14,629</u>
Expenses			
Wages and fringe benefits	7,697	39,970	-
Professional services	144	466	136
Contractual services	-	-	12,424
Vehicle expense and travel	1,479	6,103	-
Training	-	-	-
In-kind contribution	-	-	-
Supplies and copy costs	19	60	692
Insurance	91	340	-
Office rent, utilities, space costs, and support	3,082	13,353	1,313
Dues, subscriptions, and memberships	-	-	-
Communication (postage and telephone)	478	1,150	64
Printed forms and advertising	-	-	-
Head Start direct client support	-	-	-
Total expenses	<u>12,990</u>	<u>61,442</u>	<u>14,629</u>
Change in net assets	-	-	-
Net Assets			
Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

#264 State HS '17	#265 State HS '18	Head Start 'X' Non-Federal Share Elimination	Total
\$ -	\$ -	\$ -	\$ 2,629,076
608,819	144,734	-	753,640
-	-	-	97,007
-	-	(630,287)	2,466
-	-	-	(4,847)
<u>608,819</u>	<u>144,734</u>	<u>(630,287)</u>	<u>3,477,342</u>
320,618	91,684	-	1,861,748
1,460	388	-	10,700
22,931	-	-	238,586
34,269	8,377	-	204,685
38,408	1,364	-	63,505
-	-	(630,287)	2,466
45,284	3,086	-	369,161
3,401	864	-	20,103
128,295	33,180	-	602,705
5,985	501	-	21,954
4,898	1,120	-	25,968
1,759	3,710	-	31,866
1,511	460	-	23,895
<u>608,819</u>	<u>144,734</u>	<u>(630,287)</u>	<u>3,477,342</u>
-	-	-	-
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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Lakes and Pines Community Action Council, Inc.
Statement of Financial Position - Weatherization
As of September 30, 2017

	#312 EAP Wx C/O	#319 EAP Wx C/O	#394 Propane/Oil '17	#395 Propane/Oil '18	#440 Energy Assistance '17	Total
Assets						
Current assets						
Accounts receivable	\$ -	\$ 202	\$ -	\$ -	\$ -	\$ 202
Grants receivable	61,686	12,462	29,139	2,115	13,679	119,081
Weatherization inventory	-	62,693	-	-	-	62,693
Total current assets	<u>\$ 61,686</u>	<u>\$ 75,357</u>	<u>\$ 29,139</u>	<u>\$ 2,115</u>	<u>\$ 13,679</u>	<u>\$ 181,976</u>
Liabilities and Net Assets						
Current liabilities						
Due to other funds	\$ 61,358	\$ 12,128	\$ 29,139	\$ 115	\$ 8,799	\$ 111,539
Accounts payable	328	536	-	2,000	4,880	7,744
Total current liabilities	<u>61,686</u>	<u>12,664</u>	<u>29,139</u>	<u>2,115</u>	<u>13,679</u>	<u>119,283</u>
Net Assets						
Unrestricted	-	62,693	-	-	-	62,693
Total liabilities and net assets	<u>\$ 61,686</u>	<u>\$ 75,357</u>	<u>\$ 29,139</u>	<u>\$ 2,115</u>	<u>\$ 13,679</u>	<u>\$ 181,976</u>

Lakes and Pines Community Action Council, Inc.
Statement of Activities - Weatherization
Year Ended September 30, 2017

	#312 EAP WX C/O	#319 EAP WX C/O	#394 Propane/Oil '17
Revenues			
Grant revenue			
Federal grants	\$ 64,288	\$ 354,698	\$ -
State grants	-	-	54,973
Program support	-	7,227	-
Total revenues	<u>64,288</u>	<u>361,925</u>	<u>54,973</u>
Expenses			
Wages and fringe benefits	11,580	269,049	18,757
Professional services	292	692	89
Vehicle expense and travel	4,497	1,044	-
Training	50	100	-
Supplies and copy costs	264	1,890	94
Insurance	607	7,275	-
Office rent, utilities, space costs, and support	22,332	41,464	3,495
Dues, subscriptions, and memberships	-	-	-
Communication (postage and telephone)	412	729	-
Printed forms and advertising	-	-	-
Weatherization direct client support	24,254	39,682	32,538
Total expenses	<u>64,288</u>	<u>361,925</u>	<u>54,973</u>
Change in net assets	-	-	-
Other changes in net assets			
Change in weatherization inventory	-	6,268	-
Net Assets			
Beginning of year	<u>-</u>	<u>56,425</u>	<u>-</u>
End of year	<u>\$ -</u>	<u>\$ 62,693</u>	<u>\$ -</u>

#395 Propane/Oil '18	#440 Energy Assistance '17	Total
\$ -	\$ 1,342,783	\$ 1,761,769
2,167	-	57,140
-	4,001	11,228
<u>2,167</u>	<u>1,346,784</u>	<u>1,830,137</u>
-	497,910	797,296
16	1,632	2,721
-	2,066	7,607
-	1,141	1,291
-	6,374	8,622
-	4,606	12,488
151	205,605	273,047
-	100	100
-	5,303	6,444
-	332	332
2,000	621,715	720,189
<u>2,167</u>	<u>1,346,784</u>	<u>1,830,137</u>
-	-	-
-	-	6,268
-	-	56,425
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 62,693</u>

Lakes and Pines Community Action Council, Inc.
Statement of Financial Position - Energy Assistance
As of September 30, 2017

	<u>#337 Energy Assistance '18</u>
Assets	
Current assets	
Grants receivable	\$ 36,617
Total current assets	<u>\$ 36,617</u>
Liabilities and Net Assets	
Current liabilities	
Due to other funds	\$ 27,197
Accounts payable	<u>9,420</u>
Total current liabilities	36,617
Net Assets	
Unrestricted	<u>-</u>
Total liabilities and net assets	<u>\$ 36,617</u>

Lakes and Pines Community Action Council, Inc.
Statement of Activities - Energy Assistance
Year Ended September 30, 2017

	#336 DOE WX	#337 Energy Assistance '18	Energy Assistance '17 Elimination	Total
Revenues				
Grant revenue				
Federal grants	\$ 405,524	\$ 6,027,011	\$ (5,937,519)	\$ 495,016
Expenses				
Wages and fringe benefits	229,681	64,244	-	293,925
Professional services	1,203	238	-	1,441
Vehicle expense and travel	23,103	4,657	-	27,760
Training	36,077	1,339	-	37,416
Supplies and copy costs	2,779	93	-	2,872
Insurance	10,105	1,727	-	11,832
Office rent, utilities, space costs, and support	41,004	9,187	-	50,191
Dues, subscriptions, and memberships	88	-	-	88
Communication (postage and telephone)	346	171	-	517
Printed forms and advertising	703	-	-	703
Energy assistance direct client support	60,435	5,945,355	(5,937,519)	68,271
Total expenses	405,524	6,027,011	(5,937,519)	495,016
Change in net assets	-	-	-	-
Net Assets				
Beginning of year	-	-	-	-
End of year	\$ -	\$ -	\$ -	\$ -

Lakes and Pines Community Action Council, Inc.
Statement of Financial Position - Housing Rehabilitation
As of September 30, 2017

	#505 DEED Childcare Expansion	#520 MHFA Loan Program	#583 City of Cloquet
	<u> </u>	<u> </u>	<u> </u>
Assets			
Current assets			
Cash and cash equivalents	\$ -	\$ 296,034	\$ -
Grants receivable	8,201	-	49,558
	<u> </u>	<u> </u>	<u> </u>
Total current assets	<u>\$ 8,201</u>	<u>\$ 296,034</u>	<u>\$ 49,558</u>
 Liabilities and Net Assets			
Current liabilities			
Due to other funds	\$ 3,209	\$ -	\$ 49,303
Accounts payable	4,992	1,562	255
Deferred revenue - grants	-	294,472	-
Total current liabilities	<u>8,201</u>	<u>296,034</u>	<u>49,558</u>
 Net Assets			
Unrestricted	<u>-</u>	<u>-</u>	<u>-</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities and net assets	<u>\$ 8,201</u>	<u>\$ 296,034</u>	<u>\$ 49,558</u>

#584 City of Mora	Total
\$ -	\$ 296,034
46,590	104,349
<u>\$ 46,590</u>	<u>\$ 400,383</u>
\$ 46,443	\$ 98,955
147	6,956
-	294,472
<u>46,590</u>	<u>400,383</u>
<u>-</u>	<u>-</u>
<u>\$ 46,590</u>	<u>\$ 400,383</u>

Lakes and Pines Community Action Council, Inc.
Statement of Activities - Housing Rehabilitation
Year Ended September 30, 2017

	<u>#504 Greater MN Housing Fund</u>	<u>#505 DEED Childcare Expansion</u>	<u>#519 MHFA Fix-Up Loan Program</u>
Revenues			
Grant revenue			
State grants	\$ -	\$ 32,266	\$ 15,376
Other grants	671	-	-
Program support	<u>2,250</u>	<u>-</u>	<u>-</u>
Total revenues	<u>2,921</u>	<u>32,266</u>	<u>15,376</u>
Expenses			
Wages and fringe benefits	-	606	2,445
Professional services	174	83	132
Vehicle expense and travel	745	-	-
Training	-	-	-
Supplies and copy costs	-	-	-
Insurance	-	5	18
Office rent, utilities, space costs, and support	2,002	1,058	(2,321)
Dues, subscriptions, and memberships	-	-	-
Communication (postage and telephone)	-	-	82
Printed forms and advertising	-	-	-
Housing rehabilitation direct client support	-	30,514	15,020
Total expenses	<u>2,921</u>	<u>32,266</u>	<u>15,376</u>
Change in net assets	-	-	-
Net Assets			
Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

#520 MHFA Loan Program	#575 Pine County	#581 City of Princeton	#583 City of Cloquet	#584 City of Mora	Total
\$ 216,052	\$ 13,750	\$ (4,711)	\$ 34,367	\$ 43,413	\$ 350,513
-	-	-	-	-	671
-	-	-	-	-	2,250
<u>216,052</u>	<u>13,750</u>	<u>(4,711)</u>	<u>34,367</u>	<u>43,413</u>	<u>353,434</u>
32,431	-	1,446	17,719	28,990	83,637
818	11	(8)	543	560	2,313
2,834	1,100	(922)	5,077	408	9,242
103	-	-	-	-	103
-	-	-	-	-	-
333	-	11	108	204	679
22,103	139	(5,473)	8,545	10,057	36,110
-	-	-	-	-	-
875	-	5	442	357	1,761
-	-	-	-	-	-
156,555	12,500	230	1,933	2,837	219,589
<u>216,052</u>	<u>13,750</u>	<u>(4,711)</u>	<u>34,367</u>	<u>43,413</u>	<u>353,434</u>
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Lakes and Pines Community Action Council, Inc.
Statement of Financial Position - Other Programs
As of September 30, 2017

	<u>#051 Conservation Improvement</u>	<u>#001 Payroll Fund</u>	<u>#050 Special Programs</u>
Assets			
Current Assets			
Cash and cash equivalents	\$ 23,416	\$ 306,598	\$ 215,173
Restricted cash	-	147,067	72,037
Certificates of deposit	-	-	93,545
Due from other funds	-	-	657,660
Interest receivable	-	-	502
Accounts receivable	-	-	3,450
Prepaid expenses	-	-	1,099
Total current assets	<u>23,416</u>	<u>453,665</u>	<u>1,043,466</u>
Property and Equipment, Net	-	-	501,988
Noncurrent Assets			
Certificates of deposit	<u>-</u>	<u>-</u>	<u>520,667</u>
Total assets	<u>\$ 23,416</u>	<u>\$ 453,665</u>	<u>\$ 2,066,121</u>
Liabilities and Net Assets			
Current liabilities			
Due to other funds	\$ -	\$ -	\$ -
Accounts payable	7,200	-	53,315
Due to other agencies	-	-	-
Accrued payroll and related taxes and benefits	-	268,683	-
Accrued vacation	-	132,035	-
Accrued unemployment insurance	-	52,947	-
Deferred revenue - grants	16,216	-	-
Total current liabilities	<u>23,416</u>	<u>453,665</u>	<u>53,315</u>
Net Assets			
Unrestricted	-	-	1,431,881
Designated	-	-	78,937
Investment in property and equipment	-	-	501,988
	<u>-</u>	<u>-</u>	<u>2,012,806</u>
Total liabilities and net assets	<u>\$ 23,416</u>	<u>\$ 453,665</u>	<u>\$ 2,066,121</u>

<u>#700 Fiscal - Agent Activity</u>	<u>#995 Agency-wide Advocacy</u>	<u>#910-960 Cost Allocation</u>	<u>Total</u>
\$ 1,273	\$ 623	\$ -	\$ 547,083
-	-	-	219,104
-	-	-	93,545
-	-	-	657,660
-	-	-	502
-	-	-	3,450
-	1,961	7,715	10,775
<u>1,273</u>	<u>2,584</u>	<u>7,715</u>	<u>1,532,119</u>
-	-	-	501,988
-	-	-	520,667
<u>\$ 1,273</u>	<u>\$ 2,584</u>	<u>\$ 7,715</u>	<u>\$ 2,554,774</u>
\$ -	\$ -	\$ 2,697	\$ 2,697
-	2,584	5,018	68,117
1,273	-	-	1,273
-	-	-	268,683
-	-	-	132,035
-	-	-	52,947
-	-	-	16,216
<u>1,273</u>	<u>2,584</u>	<u>7,715</u>	<u>541,968</u>
-	-	-	1,431,881
-	-	-	78,937
-	-	-	501,988
-	-	-	<u>2,012,806</u>
<u>\$ 1,273</u>	<u>\$ 2,584</u>	<u>\$ 7,715</u>	<u>\$ 2,554,774</u>

Lakes and Pines Community Action Council, Inc.
Statement of Activities - Other Programs
Year Ended September 30, 2017

	#051 Conservation Improvement	#050 Special Programs	#074 Flood 2016
	<u> </u>	<u> </u>	<u> </u>
Revenues			
Grant revenue			
Other grants	\$ 8,155	\$ -	\$ 125
Program support	83,966	104,706	5,100
Interest income	-	4,877	-
Total revenues	<u>92,121</u>	<u>109,583</u>	<u>5,225</u>
Expenses			
Wages and fringe benefits	417	(73,313)	-
Professional services	226	593	6
Contractual services	-	224	-
Vehicle expense and travel	64	1,291	-
Training	-	-	-
Supplies and copy costs	-	28,306	-
Insurance	-	81	-
Office rent, utilities, space costs, and support	2,573	35,145	85
Dues, subscriptions, and memberships	-	-	-
Communication (postage and telephone)	-	174	-
Printed forms and advertising	-	-	-
Other direct client support	88,841	28,445	5,134
Depreciation	-	55,363	-
Total expenses	<u>92,121</u>	<u>76,309</u>	<u>5,225</u>
Change in net assets	-	33,274	-
Contributions of Fixed Assets	-	165,419	-
Net Assets			
Beginning of year	<u>-</u>	<u>1,814,113</u>	<u>-</u>
End of year	<u>\$ -</u>	<u>\$ 2,012,806</u>	<u>\$ -</u>

<u>#995 Agency-wide Advocacy</u>	<u>Agency-wide Advocacy Elimination</u>	<u>#910-960 Cost Allocation</u>	<u>Cost Allocation Elimination</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ 8,280
466,966	(466,966)	861,329	(861,329)	193,772
-	-	-	-	4,877
<u>466,966</u>	<u>(466,966)</u>	<u>861,329</u>	<u>(861,329)</u>	<u>206,929</u>
410,014	-	691,384	-	1,028,502
-	-	8,432	-	9,257
-	-	17,835	-	18,059
18,341	-	7,734	-	27,430
119	-	13,277	-	13,396
4,021	-	27,547	-	59,874
-	-	449	-	530
21,682	(466,966)	60,397	(861,329)	(1,208,413)
-	-	1,006	-	1,006
6,484	-	30,534	-	37,192
6,305	-	2,734	-	9,039
-	-	-	-	122,420
-	-	-	-	55,363
<u>466,966</u>	<u>(466,966)</u>	<u>861,329</u>	<u>(861,329)</u>	<u>173,655</u>
-	-	-	-	33,274
-	-	-	-	165,419
-	-	-	-	1,814,113
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,012,806</u>

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Lakes & Pines Community Action Council, Inc.
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2017

Federal Grantors/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass - Through Entity Identification Number	Passed Through to Subrecipients	Total Federal Expenditures
U. S. Department of Agriculture				
Pass-through from Minnesota Department of Education				
Child Care Food Program 16/17	10.558	2MN300061	\$ -	\$ 8,787
Child Care Food Program 17/18	10.558	2MN300061	-	1,366
Total U. S. Department of Agriculture			-	10,153
U. S. Department of Housing and Urban Development				
Direct				
Emergency Solutions Grant - Rehousing	14.231		-	36,819
Transitional Housing Grant	14.235		-	15,082
Transitional Housing Grant	14.235		-	81,251
Total U. S. Department of Housing and Urban Development			-	133,152
U. S. Department of Internal Revenue Service				
Direct				
Volunteer Income Tax Assistance	21.009		-	12,297
U. S. Department of Energy				
Pass-Through from Minnesota Department of Commerce				
Weatherization Assistance for Low Income Persons				
DOE Weatherization 16/17	81.042	110587/8142	-	405,524
DOE Weatherization 17/18	81.042	110587/8142	-	89,492
Total U. S. Department of Energy			-	495,016
U. S. Department of Health And Human Services				
Pass-Through from Minnesota Department of Commerce				
Low Income Home Energy Assistance				
EAP/WX Carryover	93.568	95378	-	64,288
EAP/WX Carryover II	93.568	95378	-	354,698
EAP 2017	93.568	100523	-	1,342,783
Total Pass-Through from Minnesota Department of Commerce			-	1,761,769
Pass-Through from Minnesota Department of Health and Human Services				
CSBG 2015-2017	93.569	GRK%694772	-	387,560
Direct				
Early Head Start 'X'	93.600		-	102,952
Head Start 'X'	93.600		-	1,860,228
Early Head Start 'Y'	93.600		-	357,862
Head Start 'Y'	93.600		-	297,881
Total Direct Head Start			-	2,618,923
Total U. S. Department of Health and Human Services			-	4,768,252
Total Expenditures of Federal Awards			\$ -	\$ 5,418,870

Lakes and Pines Community Action Council, Inc.
Notes to Schedule of Expenditures of Federal Awards
Year Ended September 30, 2017

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of Federal Awards (the "schedule") includes the Federal Award activity of the Council under programs of the federal government for the year ended September 30, 2017. The information in this schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Council, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Council.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the basis of accounting principles generally accepted in the United States of America. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3 – INDIRECT COST RATE

The Council has elected not to use the 10-percent de minimus indirect cost rate allowed under the Uniform Guidance.

**Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit
of Financial Statements Performed in Accordance with
*Government Auditing Standards***

Independent Auditor's Report

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

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Lakes and Pines Community Action Council, Inc., as of and for the year ended September 30, 2017, and the related notes to financial statements, which collectively comprise the Council's financial statements, and have issued our report thereon dated May 21, 2018.

Internal Control Over Financial Reporting

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

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



Internal Control Over Financial Reporting (Continued)

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompany schedule of findings and questioned costs that we consider to be material weakness (2017-001) and significant deficiencies (2017-002 and 2017-003).

Compliance and Other Matters

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

Council's Response to Findings

The Council's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Council's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no such opinion on it.

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 Council's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BerganKDV, Ltd.

St. Cloud, Minnesota
May 21, 2018



**Report on Compliance for Each Major Federal Program
and on Internal Control Over Compliance Required
by the Uniform Guidance**

Independent Auditor's Report

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

Report on Compliance for Each Major Federal Program

We have audited Lakes and Pines Community Action Council, Inc.'s compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Council's major federal programs for the year ended September 30, 2017. The Council's major federal programs are identified in the summary of the auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Council's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Council's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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



Opinion on Each Major Federal Program

In our opinion, the Council complied, in all material respects, with the types of compliance requirements referred to on the previous page that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2017.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2017-004. Our opinion on each major federal program is not modified with respect to these matters.

The Council's response to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Council's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the Council is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to on the previous page. In planning and performing our audit of compliance, we considered the Council's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control over compliance.

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



Report on Internal Control over Compliance (Continued)

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.

Purpose of Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

BerganKDV, Ltd.

St. Cloud, Minnesota
May 21, 2018

Lakes and Pines Community Action Council, Inc.
Schedule of Findings and Questioned Costs

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	Yes, 2017-001
• Significant deficiency(ies) identified?	Yes, 2017-002 and 2017-003
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major federal programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)	Yes, 2017-004

Identification of Major Federal Programs

CFDA No.:	93.568
Name of Federal Program or Cluster	Low Income Home Energy Assistance
Dollar threshold used to distinguish between type A and type B programs?	\$750,000
Auditee qualified as low-risk auditee?	Yes

Lakes and Pines Community Action Council, Inc.
Schedule of Findings and Questioned Costs

SECTION II – FINANCIAL STATEMENT FINDINGS

Material Weakness:

Audit Finding 2017-001 – Material Audit Adjustment for Unemployment Insurance

Criteria:

Provisions for a reserve under a self-insurance program for unemployment compensation are allowable to the extent that the provisions represent reasonable estimates of the liabilities for such compensation, and the types of coverage, extent of coverage, and rates and premiums would have been allowable had insurance been purchased to cover the risks. However, provisions for self-insured liabilities which do not become payable for more than one year after the provision is made must not exceed the present value of the liability. Actual claims paid to or on behalf of employees for unemployment compensation, are allowable in the year of payment provided that the non-Federal entity follows a consistent costing policy.

Condition:

The Council charged federal and nonfederal programs for unemployment insurance at a set rate which was allocated based on salaries. The rate was not updated to reflect changes within certain programs that decreased the actual unemployment claims during the year.

Cause:

Management did not analyze and update the rate allocated for unemployment insurance based on changes in certain programs.

Effect or Potential Effect:

Federal and nonfederal programs were charged approximately \$94,478 in excess of actual claims during 2017. No one federal grant award had a direct and material amount charged in error, however Federal Head Start had questioned costs greater than \$25,000 (see Audit Finding 2017-004).

Recommendation:

We recommend management analyze the rate charged to programs for unemployment insurance on a regular basis. We also recommend working with agencies to determine if any amounts should be paid back.

Views of Responsible Officials:

The Council's management will analyze the rate charged to programs for unemployment insurance on a regular basis and adjust accordingly.

Lakes and Pines Community Action Council, Inc.
Schedule of Findings and Questioned Costs

SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

Significant Deficiencies:

Audit Finding 2017-002 – Preparation of Annual Financial Statements and Related Note Disclosures

Criteria:

The Council is required to have an internal control system designed to provide for the preparation of the annual financial statements and notes to financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) being audited.

Condition:

The Council does not maintain an internal control system designed to provide for the preparation of annual financial statements and notes to the financial statements in accordance with U.S. GAAP.

Cause:

Management encourages accounting personnel to keep current with financial policies and procedures but does not specifically require training on annual financial statements and related notes to the financial statements.

Effect or Potential Effect:

The condition increases the risk that errors could occur which would not be prevented, or detected and corrected, in a timely manner.

Recommendation:

Evaluate the risk that is presented by a lack of technical proficiency required to prepare the annual financial statements in accordance with U.S. GAAP. Continue to maintain adequate knowledge on accounting principles and financial disclosures by obtaining information from the auditor or other trained professionals prior to approving the draft financial statements and notes to financial statements.

Views of Responsible Officials:

During fiscal year 2017, there was significant turnover in the fiscal department. The prior fiscal controller who had been employed with the Council for many years had resigned and there were two new controllers who took her place. The second controller came to the Council in June 2017. During that time, there was turnover within staff in the fiscal department as well. One employee who had been there quite a few years had resigned, the position was filled briefly, and then was vacant until the new fiscal controller hired someone in August 2017. Due to the timing of turnover and lack of knowledge of what was expected and needed for the audit, the financial statements were not prepared by the fiscal controller.

After going through this audit, the fiscal controller has knowledge and understanding of the preparation of the financial statements and what is needed for next year's audit. Procedures have been put in place where financial statements are monitored more closely on a monthly basis to ensure the timeliness of the financial statements when it comes to being prepared for the audit next year.

Lakes and Pines Community Action Council, Inc.
Schedule of Findings and Questioned Costs

SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

Significant Deficiencies (Continued):

Audit Finding 2017-003 – Journal Entries

Criteria:

In order to produce financial statements that conform to U.S. GAAP, the Council posts manual journal entries as needed to adjust balances in the general ledger.

Condition:

Our testing of general journal entries revealed that not all entries were properly reviewed and approved. We also noted certain entries to close out grants were not recorded properly.

Cause:

Policy for review and approval of all journal entries was not followed consistently throughout the year.

Effect or Potential Effect:

Without timely and adequate review of journal entries and closure of general ledger reporting periods, the opportunity for errors in the general ledger and misstatement in financial reporting increases significantly.

Recommendation:

While current processes are designed to identify improper journal entries these processes are not consistently implemented. We recommend that the Council consistently implement review procedures for all journal entries that encompass evaluation of both the accuracy and appropriateness of the entry in accordance with the Council's accounting policies and U.S. GAAP as part of its regular review process of interim financial information. This approval should be done by an individual with the knowledge to understand the journal entry, to ensure it is properly supported, and to determine it is a proper journal entry for the Council.

Views of Responsible Officials:

During fiscal year 2017, there was significant turnover in the fiscal department. The prior fiscal controller who had been employed with the Council for many years had resigned and there were two new controllers who took her place. The second controller came to the Council in June 2017. During that time, there was turnover within staff in the fiscal department as well. One employee who had been there quite a few years had resigned, the position was filled briefly, and then was vacant until the new fiscal controller hired someone in August 2017. From basically April to June, an accounting technician II was in the fiscal department by themselves and tried to do as much as they could with the knowledge they had.

Lakes and Pines Community Action Council, Inc.
Schedule of Findings and Questioned Costs

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

U.S. Department of Health and Human Services
CFDA 93.600
Head Start

Audit Finding 2017-004 – Allowable Costs - Unemployment Insurance

As discussed at Audit Finding 2017-001, the Council charged federal and nonfederal programs for unemployment insurance at a set rate which was allocated based on salaries. The rate was not updated to reflect changes within certain programs that decreased the actual unemployment claims during the year.

Questioned Costs:

Federal Head Start was charged approximately \$27,783 for unemployment insurance in excess of actual claims during the year ended September 30, 2017.