COMMUNITY ACTION PARTNERSHIP OF RAMSEY & WASHINGTON COUNTIES
St. Paul, Minnesota

FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

YEARS ENDED SEPTEMBER 30, 2017 AND 2016

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Community Action Partnership of Ramsey & Washington Counties
St. Paul, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of Community Action Partnership of Ramsey & Washington Counties (a nonprofit organization), 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 the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States 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.

Auditors' 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Action Partnership of Ramsey & Washington Counties 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 – Schedule of Expenditures of Federal Awards

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States 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 our report dated February 15, 2018, on our consideration of Community Action Partnership of Ramsey & Washington Counties' 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of Community Action Partnership of Ramsey & Washington Counties' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Community Action Partnership of Ramsey & Washington Counties' internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
February 15, 2018

COMMUNITY ACTION PARTNERSHIP OF RAMSEY & WASHINGTON COUNTIES
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2017 AND 2016

	2017	2016
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 1,132,446	$ 541,595
Grants Receivable	1,349,602	1,430,323
Accounts Receivable	108,986	104,329
Current Portion Of Revolving Loans Receivable, Net	108,748	111,231
Prepaid Expenses	403,474	336,872
Other Assets	21,100	20,828
Total Current Assets	3,124,356	2,545,178
PROPERTY AND EQUIPMENT, NET	4,374,975	4,252,459
OTHER ASSETS		
Revolving Loans Receivable, Net	50,903	33,639
Total Assets	$ 7,550,234	$ 6,831,276
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	$ 569,227	$ 594,155
Accrued Payroll and Related Expenses	1,405,017	1,307,608
Grant Funds Received In Advance	380,947	31,013
Total Current Liabilities	2,355,191	1,932,776
NET ASSETS		
Unrestricted	2,835,882	2,478,764
Temporarily Restricted	2,359,161	2,419,736
Total Net Assets	5,195,043	4,898,500
Total Liabilities and Net Assets	$ 7,550,234	$ 6,831,276

See accompanying Notes to Financial Statements.

COMMUNITY ACTION PARTNERSHIP OF RAMSEY & WASHINGTON COUNTIES
STATEMENTS OF ACTIVITIES
YEARS ENDED SEPTEMBER 30, 2017 AND 2016

	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
REVENUE						
Government Grants	$ 21,856,491	$ -	$ 21,856,491	$ 20,394,764	$ -	$ 20,394,764
United Way Support	1,189	-	1,189	42,312	-	42,312
Program Income	821,425	58,535	879,960	835,655	69,880	905,535
Contributions	51,407	-	51,407	50,218	-	50,218
Rental Income	680,730	-	680,730	679,342	-	679,342
In-Kind Contributions	281,820	-	281,820	293,249	-	293,249
Other	8,119	-	8,119	9,174	-	9,174
Net Assets Released from Restriction Through Satisfaction of Program/Purpose Restrictions	119,110	(119,110)	-	112,710	(112,710)	-
Total Revenue	23,820,291	(60,575)	23,759,716	22,417,424	(42,830)	22,374,594
EXPENSES						
Program Activities:						
Child Education Activities	14,443,832	-	14,443,832	13,971,134	-	13,971,134
Weatherization	2,136,107	-	2,136,107	1,641,984	-	1,641,984
Energy Assistance	2,521,847	-	2,521,847	2,519,058	-	2,519,058
Property Management	755,574	-	755,574	596,215	-	596,215
Planning	654,971	-	654,971	303,542	-	303,542
Community Services	1,053,565	-	1,053,565	1,459,899	-	1,459,899
Total Program Activities	21,565,896	-	21,565,896	20,491,832	-	20,491,832
SUPPORTIVE SERVICES						
Fundraising	32,271	-	32,271	30,358	-	30,358
Management and General	1,865,006	-	1,865,006	1,807,543	-	1,807,543
Total Expenses	23,463,173	-	23,463,173	22,329,733	-	22,329,733
CHANGE IN NET ASSETS	357,118	(60,575)	296,543	87,691	(42,830)	44,861
Net Assets - Beginning of Year	2,478,764	2,419,736	4,898,500	2,391,073	2,462,566	4,853,639
NET ASSETS - END OF YEAR	$ 2,835,882	$ 2,359,161	$ 5,195,043	$ 2,478,764	$ 2,419,736	$ 4,898,500

See accompanying Notes to Financial Statements.

COMMUNITY ACTION PARTNERSHIP OF RAMSEY & WASHINGTON COUNTIES
STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2017 AND 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 296,543	$ 44,861
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	352,429	338,396
Provision for Loan Loss for Revolving Loans Receivable	21,110	38,576
Changes in Operating Assets and Liabilities:		
Grants Receivable	80,721	(58,307)
Accounts Receivable	(4,657)	(25,046)
Prepaid Expenses	(66,602)	(85,736)
Other Assets	(272)	3,669
Accounts Payable	(24,928)	87,280
Accrued Payroll and Related Expenses	97,409	(167,027)
Grant Funds Received in Advance	349,934	(72,773)
Net Cash Provided by Operating Activities	1,101,687	103,893
CASH FLOWS FROM INVESTING ACTIVITIES		
Revolving Loans Issued	(171,163)	(128,959)
Collections on Revolving Loans	135,272	151,388
Purchase of Property and Equipment	(474,945)	(145,347)
Net Cash Used by Investing Activities	(510,836)	(122,918)
CHANGE IN CASH AND CASH EQUIVALENTS	590,851	(19,025)
Cash and Cash Equivalents - Beginning of Year	541,595	560,620
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 1,132,446	$ 541,595

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Community Action Partnership of Ramsey & Washington Counties (the Organization) was established as a nonprofit corporation in 1965. The organization partners with people to overcome poverty in Ramsey and Washington counties in Minnesota through a variety of programs and initiatives. The Organization takes a threefold approach to its work: directly serving participants enrolled in programs; educating the public, community leaders, and policy-makers about the impact of poverty and the support that is needed; and transforming systems to eliminate barriers so that all community members can achieve their full potential. To understand the current needs of the low-income community, the organization commissions a community needs assessment every three years. The Organization is primarily supported through federal and state government grants, supplemented by local grants, foundation grants, and donations to the organization.

Federal Head Start grants are the largest source of funding for the organization, comprising approximately 44% of total revenue for the years ending September 30, 2017 and 2016, respectively. Head Start and Early Head Start services provide comprehensive early childhood education and family services to families with children pre-natal through five years. The program promotes school readiness through educational, health, nutritional, social and parent services to children pre-natal through five and their families. During the fiscal year, approximately 1,550 families were served.

Other significant federal and state grants fund additional low-income programs administered by the organization, including: Low Income Home Energy Assistance Program (LIHEAP) grants, Energy Conservation Program Weatherization grants, Community Services Block Grant and the Minnesota Community Action Grant.

Energy Assistance is a health and safety program of funded by the federal government's Low Income Home Energy Assistance Program (LIHEAP) grant which helps with utility bill payments, crisis intervention when utility service shut-off is imminent, advocacy for utility consumer rights, and referrals to other support programs. Over 56,000 individuals were served during the program year through heat and crisis assistance. The program also covered the cost of repairing or replacing over 400 furnaces. Additionally Energy Assistance reached over 85,000 people by training local service providers and through community events, resource fairs, mass transit advertising, billboards, direct mail, and radio and newspaper ads.

Energy Conservation and Weatherization program activities are supported by funding from the Federal Departments of Energy and Health and Human Services, plus utility conservation improvement program funds. The program performs energy audits on single and multi-family dwellings for low- income owners and renters, utilizing specialized staff which uses the latest energy conservation tools and techniques to perform the work. Work includes performing energy audits; repairing and replacing mechanical systems; and insulating and air sealing homes. The program helped over 336 participants by weatherizing over 160 homes in Ramsey, Washington and Anoka counties.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Nature of Operations (Continued)

The work of the Community Engagement program is funded through the federal Community Services Block Grant and the state of Minnesota Community Action Grant. Program work is focused in three areas: supporting people who are striving to increase their income, encouraging people to build their personal assets, and facilitating civic engagement focused on creating systemic change. All three of these approaches are designed to help low-income people build vital pathways to economic stability. During the program year over 800 individuals participated in one or more program offerings.

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.

Classification of Net Assets

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

Unrestricted Net Assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that may or may not be met, by either actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are transferred to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

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

Use of Estimates

The preparation of financial statements in accordance 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.

Revenue Recognition

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

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

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

A. Grant Awards that are Contributions

Grants that qualify as contributions are recorded as awarded, if unconditional. Amounts received in excess of expenses are reflected as temporarily restricted net assets until spent.

B. Grant Awards that are Exchange Transactions

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

Program Income

Program income consists primarily of fees with the childcare and the weatherization activities and is recognized as revenue when the service is performed.

Rental Income

Rental income is recognized when earned.

Advertising

Advertising costs are expensed as incurred. Advertising expense was $144,646 and $166,057, respectively, for the years ended September 30, 2017 and 2016.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all savings accounts and short-term investments purchased with a maturity date of three months or less to be cash equivalents.

Accounts Receivable

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

Revolving Loans Receivable

Revolving loans are interest-free loans to low-income individuals. They are reported at the principal balance outstanding, net of the allowance for loan losses.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allowance for Loan Losses

The allowance for loan losses is a valuation allowance for probable incurred credit losses based on an evaluation of the outstanding loans. Loans losses are charged against the allowance when management believes the collectability of the principal is unlikely. Subsequent recoveries, if any, are recorded as revenue to the loan program.

Management estimates the allowance balance required using past loan loss experience, the nature and volume of the portfolio, information about specific borrower situations and estimated collateral values, economic conditions, and other factors. Allocations of the allowance may be made for specific loans, but the entire allowance is available for any loan that, in management's judgment, should be charged off.

The allowance consists of specific and general components. The specific component relates to loans that are individually classified as impaired. A loan is impaired when, based on current information and events, it is probable that the Organization will be unable to collect all amounts due according to the contractual terms of the loan agreement. Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled principal payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record, and the amount of the shortfall in relation to the principal owed.

The general component covers nonimpaired loans and is based on historical loss experience adjusted for current factors. The historical loss experience is based on the actual loss history experienced by the Organization over recent years. This actual loss experience is supplemented with other economic factors based on the risks present for each portfolio segment.

Property and Equipment

Property and equipment are recorded at cost or, if donated, at approximate fair value and depreciated using the straight-line method over the estimated useful life of the asset. The Organization considers property and equipment to be items with an original value of $5,000 or more and a useful life of over one year.

Facilities leased under capital leases are recorded in property and equipment, with corresponding obligations carried in current and long-term liabilities. The amount capitalized is the lower of the present value of the minimum lease payment or the fair value of the leased property. Amortization of capital leases is recorded on a straight-line basis over the estimated life of the property.

The cost of equipment purchased with grant funds during the year is capitalized at cost on the statement of financial position. Depreciation is provided using the straight-line method over the estimated useful life of the equipment. The various funding sources have a reversionary interest in the equipment purchased with grant funds. Its disposition, as well as the ownership of any proceeds there from, is subject to funding source regulations.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment (Continued)

The net book value of equipment purchased with grant funds at September 30, 2017 and 2016 was $933,190 and $543,317, respectively.

Building renovations in the year ended September 30, 2002 were funded in part by a $200,000 grant from the Minnesota Department of Education. This grant must be repaid if the property is sold. As the Organization has no intention of selling the property, the initial grant was recorded as unrestricted revenue.

Income Taxes

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

The Organization is required to assess whether it is more likely than not that a tax position will be sustained upon examination of the technical merits of the position assuming the taxing authority has full knowledge of all information. If the tax position does not meet the more likely than not recognition threshold, the benefit of that position is not recognized in the financial statements.

In-Kind Contributions

In-kind contributions for space, supplies, and professional services are recorded in the statement of activities as revenue and expenses in the period they are received. During the years ended September 30, 2017 and 2016, the Organization received $281,820 and $293,249, respectively, of in-kind, primarily for its Head Start program.

Cost Allocation

Joint costs are allocated to benefiting program and support activities using various allocation methods, depending on the type of joint cost being allocated. Joint costs are those costs incurred for the common benefit of more than one of the Organization’s activities and which cannot be readily identified with a final cost objective.

Subsequent Events

Subsequent events have been evaluated through February 15, 2018, which is the date the financial statements were available to be issued.

NOTE 2 CONCENTRATION OF CREDIT RISK

The Organization maintains cash and cash equivalents at three banks. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per institution. At certain times during the year, cash balances may be in excess of FDIC coverage. The Organization has not experienced any losses in such accounts, and believes it is not exposed to any significant credit risk on cash.

NOTE 2 CONCENTRATION OF CREDIT RISK (CONTINUED)

As of September 30, 2017 and 2016, approximately 83% and 84%, respectively, of the employees of the Organization are subject to a collective bargaining agreement with the American Federation of State, County, and Municipal Employees. The agreement expires on March 31, 2018.

NOTE 3 GRANTS RECEIVABLE

The balance at September 30 consisted of amounts due from various agencies as follows:

	2017	2016
Federally Funded Programs	$ 587,485	$ 788,199
State and Local Funded Programs	762,117	642,124
Total	$ 1,349,602	$ 1,430,323

NOTE 4 PROPERTY AND EQUIPMENT

The balance at September 30 consisted of the following:

	2017	2016
Land and Land Improvements	$ 1,506,435	$ 1,506,435
Buildings	7,185,060	7,022,557
Furniture and Equipment	2,778,839	2,466,396
Total	11,470,334	10,995,388
Less: Accumulated Depreciation and Amortization	(7,095,359)	(6,742,929)
Property and Equipment, Net	$ 4,374,975	$ 4,252,459

NOTE 5 RENTAL INCOME

At September 30, 2017, approximately 55% of the available space is leased to other entities that also primarily serve low-income individuals. Rent revenue received for the years ended September 30, 2017 and 2016 was $680,730 and $679,342, respectively. Future anticipated rents under noncancelable leases are as follows:

Year Ending September 30,	Amount
2018	$ 639,769
2019	522,948
2020	398,835
2021	257,680
Total	$ 1,819,232

NOTE 6 REVOLVING LOANS RECEIVABLE

The Organization has received grants to make interest-free, 24-month installment loans to low-income individuals for rental assistance, childcare or medical bills, and vehicle purchases or repairs. Any loan repayments are used to make other loans to low-income individuals.

Revolving loans for the years ended September 30 consisted of the following:

	2017	2016
Vehicle Purchase or Repair Loans	$ 189,651	$ 174,870
Allowance for Loan Losses	(30,000)	(30,000)
Revolving Loans Receivable, Net	159,651	144,870
Less: Current Portion, Net	108,748	111,231
Revolving Loans Receivable, Long-Term Portion, Net	$ 50,903	$ 33,639

Detailed analysis of the allowance for loan losses as of September 30 was as follows:

	2017	2016
Balance at Beginning	$ 30,000	$ 30,000
Loans Charged Off	(21,110)	(38,576)
Provision for Loan Loss	21,110	38,576
Balance at End	$ 30,000	$ 30,000

Detailed analysis of loans evaluated for impairment as of September 30 was as follows:

	2017	
	Loan Balance	Allowance Balance
Individually Evaluated for Impairment	$ -	$ -
Collectively Evaluated for Impairment	189,651	30,000
Totals	$ 189,651	$ 30,000
	2016	
Individually Evaluated for Impairment	$ -	$ -
Collectively Evaluated for Impairment	174,870	30,000
Totals	$ 174,870	$ 30,000

NOTE 7 TEMPORARILY RESTRICTED NET ASSETS

The temporarily restricted net assets are as follows:

Source	Restriction	2017	2016
Capital Campaign	Building Activities	$ 155,088	$ 155,088
Donations	Various Purpose Restrictions	250,720	264,861
City of St. Paul	Donated Building to Head Start Program	1,715,197	1,761,631
Donations	Loan Pool	238,156	238,156
Temporarily Restricted Net Assets at September 30:		$ 2,359,161	$ 2,419,736

Releases from restriction of $72,676 and $46,434 were for purpose restrictions and the donated building to head start program, respectively for the year ended September 30, 2017. For the year ended September 30, 2016, the Organization had releases of $62,053 and $50,657 for purpose restrictions and the donated building to the Head Start program, respectively. The Organization received a temporarily restricted donation of a building with an appraised value of $2,150,000 in the year ended September 30, 2009. The Organization is required to return the building to the donor if it fails to use it in the Head Start program. As the building is depreciated, net assets are released from restriction on the statement of activities.

NOTE 8 UNEMPLOYMENT INSURANCE TRUST

The Organization is a participant in a trust as an alternative means of funding unemployment costs. The Organization is required to make annual contributions to the trust as determined by the trustee. The payments made to the trust by the Organization are used to pay unemployment claims as well as administrative costs of the trust.

NOTE 9 RETIREMENT PLAN

All eligible employees of the Organization are able to make contributions to a retirement plan authorized under Section 403(b) of the IRC immediately upon hire. After two years of service, the Organization contributes 3% of the employees’ eligible salaries to the plan. All amounts are 100% vested upon contribution to the plan. The employer’s contribution for the years ended September 30, 2017 and 2016 was $250,237 and $257,118, respectively.

NOTE 10 OPERATING LEASES

The Organization leases various space and equipment under operating leases. All lease agreements include provisions for termination should government funding become unavailable. Lease expense for the years ended September 30, 2017 and 2016 was $286,974 and $177,651, respectively. The minimum future rental payment for 2017-2018 under the operating leases is $182,379.

NOTE 11 RELATED PARTY

The Organization leases space in a building to Ramsey County Human Services under a lease expiring August 2021. The current year rent received under this lease from Ramsey County was $223,575.

NOTE 12 GRANT AWARDS

At September 30, 2017, the Organization had received future funding commitments under various grants of approximately $14,000,000. These commitments are not recognized in the accompanying financial statements as receivables and revenue as they are conditional awards.

NOTE 13 PROGRAM OPERATIONS

The Organization has a grant with the State of Minnesota Department of Commerce for outreach, intake, eligibility, and certification of LIHEAP-eligible participants. Client benefits for LIHEAP-eligible participants are subsequently paid directly by the state of Minnesota. For the years ended September 30, 2017 and 2016, client benefits in the amount of $9,855,578 and $11,064,366, respectively, paid by the state, are not included in the statement of activities as they were not part of the grant award.

NOTE 14 GOVERNMENT CONTRACTS

Expenditures under government contracts are subject to review by the granting authority. To the extent, if any, that such a review reduces expenditures allowable under these contracts, the Organization will record such disallowance at the time the final assessment is made.

NOTE 15 LINE OF CREDIT

On April 10, 2017, the Organization entered into a line of credit agreement with Bremer Bank. The line of credit is secured with the building located at 450 Syndicate St N, St. Paul, MN 55104, and provides for short-term borrowing up to $500,000 at a variable interest rate of Prime + .25%. The agreement is through April 10, 2019, and management intends to renew the line of credit at that time. There was no outstanding balance due on this line of credit as of September 30, 2017.

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Community Action Partnership of Ramsey & Washington Counties
Saint Paul, Minnesota

We have audited, in accordance with the 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 Community Action Partnership of Ramsey & Washington Counties, which comprise the statement of financial position as of September 30, 2017, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 15, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Community Action Partnership of Ramsey & Washington Counties' 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 Community Action Partnership of Ramsey & Washington Counties' internal control. Accordingly, we do not express an opinion on the effectiveness of Community Action Partnership of Ramsey & Washington Counties' 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
February 15, 2018

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
Community Action Partnership of Ramsey & Washington Counties
Saint Paul, Minnesota

Report on Compliance for Each Major Federal Program

We have audited Community Action Partnership of Ramsey & Washington Counties' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Community Action Partnership of Ramsey & Washington Counties' major federal programs for the year ended September 30, 2017. Community Action Partnership of Ramsey & Washington Counties' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Community Action Partnership of Ramsey & Washington Counties' 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 Community Action Partnership of Ramsey & Washington Counties' 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 a legal determination of Community Action Partnership of Ramsey & Washington Counties' compliance.

Board of Directors
Community Action Partnership of Ramsey & Washington Counties

Opinion on Each Major Federal Program

In our opinion, Community Action Partnership of Ramsey & Washington Counties complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2017.

Report on Internal Control Over Compliance

Management of Community Action Partnership of Ramsey & Washington Counties is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Community Action Partnership of Ramsey & Washington Counties' 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 Community Action Partnership of Ramsey & Washington Counties' internal control over compliance.

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

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

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
February 15, 2018

COMMUNITY ACTION PARTNERSHIP OF RAMSEY & WASHINGTON COUNTIES
SCHEDULE OF EXPENDITURES OF STATE AND LOCAL AWARDS
YEAR ENDED SEPTEMBER 30, 2017

Federal Grantor/Program or Cluster Title	Pass-Through Agency	Pass-Through Entity Identifying Number	Federal CFDA Number	Federal Expenditures
US Department of Agriculture				
Child/Adult Care Food Program	Minnesota Department of Education	N/A	10.558	$ 594,614
USDA Food Support - SNAP	Minnesota Department of Human Services	54526	10.580	45,503
Total US Department of Agriculture				640,117
US Department of Energy				
DOE Weatherization 16-17	Minnesota Department of Commerce	79576 A2500	81.042	948,679
DOE Weatherization 17-18	Minnesota Department of Commerce	95371 A2500	81.042	138,275
Subtotal 81.042 CFDA				1,086,954
Total US Department of Energy				1,086,954
US Department of Health and Human Services				
EAP Weatherization 17	Minnesota Department of Commerce	79576 A2105	93.568	1,038,100
EAP Weatherization 18	Minnesota Department of Commerce	95371 A2106	93.568	73,245
Energy Assistance 16-17	Minnesota Department of Commerce	82866/5815-1563	93.568	12,545,631
Subtotal 93.568 CFDA				13,656,976
Community Service Block Grant 15-17	Minnesota Department of Human Services	GRK%94739/3000036763	93.569	1,396,923
Head Start 16-17	Direct	N/A	93.600	5,469,420
Early Head Start 16-17	Direct	N/A	93.600	850,201
Head Start 17-18	Direct	N/A	93.600	3,995,595
Early Head Start 17-18	Direct	N/A	93.600	599,022
Subtotal 93.600 CFDA				10,914,238
Total US Department of Health and Human Services				25,968,137
US Department of Housing and Urban Development				
Home Development Agreement	Washington County Community Development Agency	N/A	14.239	198,253
Total US Department of Housing and Urban Development				198,253
Total Federal Financial Assistance				$ 27,893,461

COMMUNITY ACTION PARTNERSHIP OF RAMSEY & WASHINGTON COUNTIES
SCHEDULE OF EXPENDITURES OF STATE AND LOCAL AWARDS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2017

Grant Description	Pass-Through Agency	Grant Number	Federal CFDA Number	Expenditures
State and Local Programs				
Minnesota Community Action Grant 15-17	Minnesota Department of Human Services	94739	N/A	$ 535,748
Minnesota Community Action Grant 17-19	Minnesota Department of Human Services	N/A	N/A	234,037
CSBG Discretionary Grant	Minnesota Department of Human Services	N/A	N/A	29,425
CSBG Discretionary Grant	Minnesota Department of Human Services	N/A	N/A	40,125
Minnesota Head Start 16-17	Minnesota Department of Education	2016-035954	N/A	2,537,658
Minnesota Head Start 17-18	Minnesota Department of Education	2017-4133	N/A	630,014
HS Pathway II Scholarship Funds	Minnesota Department of Education	N/A	N/A	673,033
EMS Academy - St Paul	City of Saint Paul	N/A	N/A	9,883
Pathways to Prosperity - City of St Paul	City of Saint Paul Police Department	N/A	N/A	28,620
MHP Micro Grant	Minnesota Housing Project	N/A	N/A	3,987
MN Vita Grant	Minnesota Department of Revenue	N/A	N/A	1,996
FHPAP - Ramsey County 2017	Ramsey County	N/A	N/A	4,710
FHPAP - Ramsey County 2017	Ramsey County	N/A	N/A	7,134
Centerpoint Energy	Centerpoint Energy	N/A	N/A	941
MN Transitional Housing 15-17	Minnesota Department of Human Services	94570	N/A	109,053
MN Transitional Housing 17-19	Minnesota Department of Human Services	127181	N/A	31,468
Total State and Local Financial Assistance				$ 4,877,832

NOTE 1 BASIS OF PRESENTATION

This schedule includes state and local activity as well as the federal grant activity of Community Action Partnership of Ramsey & Washington Counties 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 2 CFR 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 Community Action Partnership of Ramsey & Washington Counties, it is not intended to, and does not, present the financial position, changes in nets assets, or cash flows of Community Action Partnership of Ramsey & Washington Counties.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures on this schedule are reported on the accrual basis of accounting. 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. Pass-through entity identifying numbers are presented where available. Community Action Partnership of Ramsey & Washington Counties has elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 3 CFDA 93.568

Included in CFDA 93.568 are client benefits paid by the state of Minnesota of $9,855,578. These expenditures are not included in the statement of activities.

COMMUNITY ACTION PARTNERSHIP OF RAMSEY & WASHINGTON COUNTIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2017

A. A.SUMMARY OF AUDIT RESULTS

Financial Statements

1. Type of auditors' report issued: Unmodified

2. Internal control over financial reporting:

- Material weakness(es) identified? ______ yes ___x___ no
- Significant deficiency(ies) identified? ______ yes ___x___ none reported

3. Noncompliance material to financial Statements noted? ______ yes ___x___ no

Federal Awards

1. Internal control over major federal programs:

- Material weakness(es) identified? ______ yes ___x___ no
- Significant deficiency(ies) identified? ______ yes ___x___ none reported

2. Type of auditors' report issued on: compliance for major federal programs: Unmodified

3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ______ yes ___x___ no

Identification of Major Federal Programs

CFDA Number(s)	Name of Federal Program or Cluster
93.568	U.S. Department of Health and Human Services – Energy Assistance
93.569	U.S. Department of Health and Human Services – Community Service Block Grant

Dollar threshold used to distinguish between Type A and Type B programs: $836,803

Auditee qualified as low-risk auditee? ___x___ yes ______ no

B. Findings – Financial Statements Audit

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

C. Findings – Major Federal Award Programs Audit

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).