

**COMMUNITY ACTION PARTNERSHIP**

**AUDITED FINANCIAL STATEMENTS**

**For the Years Ended December 31, 2009 and 2008**

**HAYDEN & ROSS, P.A.**  
**CERTIFIED PUBLIC ACCOUNTANTS**

**COMMUNITY ACTION PARTNERSHIP  
Lewiston, Idaho**

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# HAYDEN & ROSS, P.A.

## CERTIFIED PUBLIC ACCOUNTANTS

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Jim Pilcher, CPA/PFS • Dave Jones, CPA/PFS • Brad Lewis, CPA/PFS • Cade Konen, CPA/PFS • Nathan Strong, CPA/PFS • Mark Watson, CPA

### INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Community Action Partnership  
Lewiston, ID 83501

We have audited the accompanying statements of financial position of the Community Action Partnership (an Idaho nonprofit organization) as of December 31, 2009 and 2008, and the related statements of activities, cash flows, and functional expense for the years then ended. These financial statements are the responsibility of Community Action Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Community Action Partnership as of December 31, 2009 and 2008, and the results of its operations and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 11 to the financial statements, the beginning net assets as of December 31, 2008 have been restated to correct an accounting error.

In accordance with *Government Auditing Standards*, we have also issued our reports dated May 27, 2010 on our consideration of the Community Action Partnership's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

Our audit was made for the purpose of forming an opinion on the basic financial statements of Community Action Partnership taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purpose of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the examination of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

*Hayden & Ross, P.A.*

Moscow, Idaho  
May 27, 2010

**COMMUNITY ACTION PARTNERSHIP**  
**Lewiston, Idaho**

**STATEMENTS OF FINANCIAL POSITION**  
**December 31, 2009 and 2008**

	<u>2009</u>	<u>2008</u>
<b>ASSETS</b>		
Current Assets		
Cash	581,599	490,917
Cash - restricted	125,788	115,443
Cash - tenant deposits and reserves	81,400	80,032
Governmental contributions receivable	1,204,142	957,700
Other receivables	12,805	5,422
Prepaid expenses	2,435	1,471
Total Current Assets	<u>2,008,169</u>	<u>1,650,985</u>
Fixed Assets		
Property and equipment	3,221,879	2,569,721
Less accumulated depreciation	<u>(1,336,023)</u>	<u>(1,199,623)</u>
Net Fixed Assets	<u>1,885,856</u>	<u>1,370,098</u>
Other Assets		
Investments	<u>124,522</u>	<u>100,912</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>4,018,547</u></b>	<b><u>3,121,995</u></b>
<b>LIABILITIES</b>		
Current Liabilities		
Accounts payable	431,404	317,754
Accrued payroll	59,840	95,678
Payroll taxes payable	70,287	29,126
Accrued compensated absences	87,667	53,256
Refundable advances	262,229	301,368
Other payables	2,140	1,605
Tenant deposit	13,908	12,610
Funds held in trust	125,788	115,443
Current portion of long-term debt	40,456	40,335
Total Current Liabilities	<u>1,093,719</u>	<u>967,175</u>
Long-Term Debt, less current portion	<u>1,038,890</u>	<u>1,076,603</u>
Net Assets		
Unrestricted	1,186,528	607,461
Temporarily restricted	699,410	470,756
Total Net Assets	<u>1,885,938</u>	<u>1,078,217</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ <u>4,018,547</u></b>	<b><u>3,121,995</u></b>

The accompanying notes are an integral part of these financial statements.

**COMMUNITY ACTION PARTNERSHIP**  
**Lewiston, Idaho**

**STATEMENT OF ACTIVITIES**  
**For the Year Ended December 31, 2009**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>REVENUE AND SUPPORT</b>			
Donations		280,681	280,681
Contributed supplies and space	2,262,328		2,262,328
Federal and state financial assistance	9,381,278		9,381,278
Childcare fees	2,449		2,449
Rental income	136,094		136,094
Rental assistance	27,947		27,947
Miscellaneous	75,151		75,151
Total Revenue and Support	<u>11,885,247</u>	<u>280,681</u>	<u>12,165,928</u>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>			
Restrictions satisfied by payments	<u>52,027</u>	<u>(52,027)</u>	<u>0</u>
Total Net Assets Released from Restrictions	<u>52,027</u>	<u>(52,027)</u>	<u>0</u>
<b>EXPENSE</b>			
Program services			
Area Agency on Aging	1,108,346		1,108,346
Community Services	5,004,228		5,004,228
Weatherization	4,401,410		4,401,410
Housing	255,050		255,050
Supporting services			
Agency activities	<u>589,173</u>		<u>589,173</u>
Total Expense	<u>11,358,207</u>	<u>0</u>	<u>11,358,207</u>
Change in Net Assets	579,067	228,654	807,721
Net Assets - Beginning	<u>607,461</u>	<u>470,756</u>	<u>1,078,217</u>
Net Assets - Ending	<u>\$ 1,186,528</u>	<u>699,410</u>	<u>1,885,938</u>

The accompanying notes are an integral part of these financial statements.

**COMMUNITY ACTION PARTNERSHIP**  
**Lewiston, Idaho**

**STATEMENT OF ACTIVITIES**  
**For the Year Ended December 31, 2008**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>REVENUE AND SUPPORT</b>			
Donations		274,323	274,323
Contributed supplies and space	2,221,836		2,221,836
Federal and state financial assistance	5,591,815		5,591,815
Childcare fees	(157)		(157)
Rental income	140,230		140,230
Rental assistance	25,408		25,408
Miscellaneous	40,834		40,834
Total Revenue and Support	<u>8,019,966</u>	<u>274,323</u>	<u>8,294,289</u>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>			
Restrictions satisfied by payments	<u>194,768</u>	<u>(194,768)</u>	<u>0</u>
Total Net Assets Released from Restrictions	<u>194,768</u>	<u>(194,768)</u>	<u>0</u>
<b>EXPENSE</b>			
Program services			
Area Agency on Aging	1,152,545		1,152,545
Community Services	4,164,686		4,164,686
Weatherization	1,944,033		1,944,033
Housing	237,409		237,409
Children's Services	153,808		153,808
Supporting services			
Agency activities	<u>509,393</u>		<u>509,393</u>
Total Expense	<u>8,161,874</u>	<u>0</u>	<u>8,161,874</u>
Change in Net Assets	52,860	79,555	132,415
Net Assets - Beginning	<u>554,601</u>	<u>391,201</u>	<u>945,802</u>
Net Assets - Ending	<u>\$ 607,461</u>	<u>470,756</u>	<u>1,078,217</u>

The accompanying notes are an integral part of these financial statements.

**COMMUNITY ACTION PARTNERSHIP**  
**Lewiston, Idaho**

**STATEMENTS OF CASH FLOWS**  
**For the Years Ended December 31, 2009 and 2008**

	<u>2009</u>	<u>2008</u>
<b>INCREASE (DECREASE) IN CASH</b>		
<b>CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>		
Change in net assets	807,721	132,415
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	136,400	74,020
Realized loss on sale/disposal of fixed assets		
(Increase) decrease in operating assets		
Governmental contributions receivable	(246,442)	(105,102)
Other receivables	(7,383)	8,960
Prepaid expenses	(964)	709
Investments	(23,610)	9,296
Increase (decrease) in operating liabilities		
Accounts payable	113,650	147,454
Accrued payroll	(35,838)	16,852
Payroll taxes payable	41,161	(12,326)
Accrued compensated absences	34,411	2,544
Refundable advances	(39,139)	82,158
Other payables	535	122
Tenant deposits	1,298	374
Funds held in trust	10,345	21,039
Net Cash Provided By Operating Activities	<u>792,145</u>	<u>378,515</u>
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>		
Purchases of equipment	<u>(652,158)</u>	<u>(21,521)</u>
<b>CASH FLOWS USED IN FINANCING ACTIVITIES</b>		
Repayments of long-term debt	<u>(37,593)</u>	<u>(37,479)</u>
<b>INCREASE IN CASH</b>	102,394	319,515
<b>CASH, beginning of year</b>	<u>686,392</u>	<u>366,877</u>
<b>CASH, end of year</b>	\$ <u><u>788,786</u></u>	<u><u>686,392</u></u>

The accompanying notes are an integral part of these financial statements.

COMMUNITY ACTION PARTNERSHIP  
 Lewiston, Idaho

STATEMENT OF FUNCTIONAL EXPENSE  
 For the Year Ended December 31, 2009

	Program Services				Support Services				
	Area Agency on Aging	Community Services	Weatherization	Housing	Total Program Services	Board Reserves	Indirect Administration	Fundraising	Total
<b>FUNCTIONAL EXPENSE</b>									
Indirect administration	47,195	184,968	285,855	13,882	531,900	2,476	(534,376)		0
Contributed space and supplies		2,262,329			2,262,329				2,262,329
Salaries and fringe benefits	408,917	1,237,893	1,652,256	110,752	3,409,818	19,813	358,545		3,788,176
Professional fees	7,888	53,721	4,322	563	66,494	2,976	27,246		96,716
Travel	10,293	93,739	208,490	12,202	324,724	216	35,583	20	360,543
Occupancy	63,870	228,104	74,149	15,266	381,389	2,498	36,475		420,362
Supplies	13,129	172,181	155,753	18,941	360,004	1,210	16,980	2,148	380,342
Postage	2,019	12,354	1,949	975	17,297	1,768	4,826	18	23,909
Telephone	7,782	45,678	16,678	1,261	71,399		2,777		74,176
Equipment purchase	10,371	28,693	143,910	1,414	184,388		27,753		212,141
Maintenance	1,348	39,276	35,406	7	76,037	224	8,801		85,062
Printing	4,748	14,109	13,030	2,267	34,154	423	10,172	50	44,799
Insurance	4,889	10,960	47,492	11,396	74,737	690	2,116		77,543
Materials			1,392,630		1,392,630				1,392,630
Client assistance		759,494	6,441		765,935			16,035	781,970
Dues	6,915	8,241	410		15,566		2,100		17,666
Miscellaneous	510	6,634	3,723	26,139	37,006	6,658	1,002	50	44,716
Direct services				6,412	6,412				6,412
Materials and contract labor		11,653	402,122	875	414,650				414,650
Contracted services	560,473	7,226	164,808		732,507				732,507
Interest expense				5,158	5,158				5,158
Total expenses before depreciation	1,150,347	5,177,253	4,609,424	227,510	11,164,534	38,952	0	18,321	11,221,807
Depreciation	5,194	11,943	77,841	41,422	136,400				136,400
Total Functional Expense	\$ 1,155,541	5,189,196	4,687,265	268,932	11,300,934	38,952	0	18,321	11,358,207

The accompanying notes are an integral part of these financial statements.

COMMUNITY ACTION PARTNERSHIP  
Lewiston, Idaho

STATEMENT OF FUNCTIONAL EXPENSE  
For the Year Ended December 31, 2008

	Area Agency on Aging	Program Services				Support Services				Total		
		Community Services	Weatherization	Housing	Children's Services	Program Services	Board Reserves	Indirect Administration	Fundraising			
<b>FUNCTIONAL EXPENSE</b>												
Indirect administration	60,107	184,335	179,588	18,079	12,306	454,415	2,504	(456,919)				0
Contributed space and supplies	458,249	2,221,836				2,221,836						2,221,836
Salaries and fringe benefits	8,806	821,203	699,194	113,503	118,435	2,210,584	19,277	319,061	7			2,548,929
Professional fees	14,125	(251)	55	100	1,000	9,710		45,880	2,251			57,841
Travel	56,972	207,169	136,587	2,239	9,420	226,622	1,357	23,205				251,184
Occupancy	8,080	37,994	39,006	38,252	12,159	353,558	2,342	28,152				384,052
Telephone	10,630	36,083	3,608	1,653	1,816	53,151		1,298				54,449
Supplies	3,195	25,778	20,816	7,981	1,589	77,099	980	11,409	2,718			92,206
Maintenance	6,477	5,688	12,859	12,166		53,998		9,630				63,628
Equipment purchase	504	1,367	82	2,033	7,584	24,855	5,142	3,604				28,459
Other		650,543	17,849	1,277	48	3,278	(4,985)	1,354	3			9,777
Direct services		30,057	554,346	551		672,325			19,276			686,616
Materials and contract labor	562,032	15,875	403,610			584,954						584,954
Contracted services	5,071	16,040	2,738	3,368	511	27,728	1,055	5,543	1,202			981,517
Printing	5,160	11,370	28,163	2,928	269	47,890	36	1,679	169			35,528
Insurance	1,805	6,402	915	1,044	867	11,033	1,644	3,362				49,774
Postage	5,010	7,829	270		110	13,219		2,575				16,039
Dues												15,794
Interest expense				5,271		5,271						5,271
Total expenses before depreciation	1,206,223	4,340,934	2,105,374	214,378	166,114	8,033,043	29,352	(167)	25,626			8,087,854
Depreciation	6,429	8,067	18,247	41,110		73,853		167				74,020
Total Functional Expense	\$ 1,212,652	4,349,021	2,123,621	255,488	166,114	8,106,896	29,352	0	25,626			8,161,874

The accompanying notes are an integral part of these financial statements.

**COMMUNITY ACTION PARTNERSHIP**  
**Lewiston, Idaho**

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2009 and 2008**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting** - The accompanying financial statements of Community Action Partnership have been prepared on the accrual basis of accounting in accordance with accounting principals generally accepted in the United States of America, and accordingly reflect all significant receivables, payables and other liabilities. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when the related liability is incurred.

**Promises to Give** - Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases in liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

**Contributions** - All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

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

**Property and Equipment** - All acquisitions of property and equipment and all expenses for repairs, maintenance, renewals, and betterments in excess of \$3,600 that materially prolong the useful lives of assets are capitalized. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Depreciation is computed using the straight-line method over their estimated useful lives.

**Functional Allocation of Expenses** - The cost of providing various program and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Income Taxes** - The Organization is exempt from income tax as a publicly supported organization under section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements. There was no unrelated business income for 2009 or 2008.

**Allowance for Uncollectible Amounts** - All amounts receivable (governmental grants and other receivables) are considered collectible by management; therefore, no allowance for uncollectible amounts has been recorded on the financial statements.

**Cash and Cash Equivalents** - For the purpose of the Statement of Cash Flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

**Compensated Absences** - The Community Action Partnership recognizes the costs of compensated absences for employees on a current basis. Employees with required length of service may receive cash upon termination of employment for accumulated vacation. Vacation must normally be taken within the employee's anniversary year.

**Refundable Advances** - The Community Action Partnership records grants and contract revenue as a refundable advance until it is expended for the purpose of the grant or contract, at which time it is recognized as revenue. The balance in refundable advances at December 31, 2009 and 2008, represent amounts received under cost reimbursable contracts that will be expended in the next fiscal year in accordance with the grant or contract period.

**Inventory** - Community Action Partnership maintains an inventory of materials used under the weatherization program. Materials are purchased under the grant programs to provide efficiencies in the program regarding purchases and materials on hand to service weatherization jobs. The inventory is purchased through the Department of Energy's program and is deemed to be the Department of Energy's inventory. Community Action Partnership does not record the value of the inventory on the statement of financial position, but expenses the materials under the grant when they are purchased. Management estimates the value of the inventory at \$197,079 and \$29,126 for December 31, 2009 and 2008, respectively.

**Subsequent Events** – Subsequent events have been evaluated through May 27, 2010. This is the date the financial statements were available to be issued. The Organization has concluded that no subsequent events have occurred.

## NOTE 2 - SCOPE OF ENTITY

The Community Action Partnership is a nonprofit organization engaged in the administration and implementation of several area social programs with the purpose of providing social care and coordinating anti-poverty activity. It receives its primary funding from federal grant resources and is responsible for administering and distributing these funds in an efficient manner in compliance with the requirement of the grantors.

*Area Agency on Aging* – The Area Agency on Aging provides social, nutritional, and employment services and support programs for older Americans.

### *Community Services* –

Energy Assistance – The Energy Assistance Program is in existence to help low-income people meet the costs of home energy through cash payments to individuals or vendors.

Food Bank – The Food Bank Program distributes food received from federal commodities programs and local private donations to low-income individuals and families as well as to local food banks. The purpose is to combat hunger and improve the diets of needy persons in the local communities.

Community Outreach – The Community Outreach Program works to ensure the equitable distribution of Community Action Partnership programs to low-income individuals and families. The program keeps the Organization in touch with needs and acts as an advocate and catalyst so resources can best benefit those in need as they seek self-sufficiency. Outreach workers facilitate access to food, shelter, transportation, and medical assistance, as well as provide information and referral, linkages to other social services, and family development.

*Housing* – The Housing Program works to provide decent, affordable housing to income-eligible people. This is accomplished through advocacy, information, funding, acquisition, construction, repairs, and management.

*Weatherization* – The weatherization program's purpose is to conserve energy and reduce the impact of rising energy costs on low-income persons, particularly the elderly and handicapped, through installation of energy conserving measures in their dwellings.

## NOTE 3 - CONCENTRATIONS OF CREDIT RISK

The Organization maintains several bank accounts at various banks. Accounts at an institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Cash at these institutions exceeded federally insured limits. The amount in excess of the FDIC limit totaled \$561,521 and \$156,845 as of December 31, 2009 and 2008, respectively.

**NOTE 4 - RESTRICTED CASH**

As of December 31, 2009 and 2008 the Organization has restricted cash balances of \$207,188 and \$195,475, respectively. Of that amount, for 2009 and 2008, \$125,788 and \$115,443, respectively, is held in trust for the Representative Payee Program, and \$81,400 and \$80,032, respectively, is held in accounts for the apartment complexes operated by the Organization. This restriction includes tenant deposits and required reserves.

**NOTE 5 - INVESTMENTS**

Investments are stated at fair value and consist of mutual funds. Investments as of December 31, 2009 are summarized as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>
Money market	23	23	- 0 -
Mutual funds	<u>106,523</u>	<u>124,499</u>	<u>17,976</u>
Total	<u>\$ 106,546</u>	<u>124,522</u>	<u>17,976</u>

**NOTE 6 - PROPERTY AND EQUIPMENT**

Property and equipment at December 31, 2009 consists of the following:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Book Value</u>
Real property	1,794,316	526,945	1,267,371
Grant provided assets	1,218,811	620,310	598,501
Agency property	<u>208,752</u>	<u>188,768</u>	<u>19,984</u>
Total	<u>\$3,221,879</u>	<u>1,336,023</u>	<u>1,885,856</u>

Property and equipment at December 31, 2008 consists of the following:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Book Value</u>
Real property	1,794,316	485,928	1,308,388
Grant provided assets	566,653	528,605	38,048
Agency property	<u>208,752</u>	<u>185,090</u>	<u>23,662</u>
Total	<u>\$2,569,721</u>	<u>1,199,623</u>	<u>1,370,098</u>

The Organization's real property is pledged as collateral for the Organization's notes payable. The Organization has acquired property and equipment with restricted grant funds. Although the grantor agency reserves the right to request the property and equipment be returned to the agency at the end of the grant period as well as the right to determine the use of any proceeds from the sale of these assets, the Organization has capitalized the property and equipment since it is probable that they will be allowed to keep the property and equipment or the proceeds from sales at the end of the grant period.

**NOTE 7 - NOTES PAYABLE**

Notes payable at December 31, 2009 and 2008, consist of the following:

<b>FARMERS HOME ADMINISTRATION:</b>	<b><u>2009</u></b>	<b><u>2008</u></b>
Promissory note payable to Farmers Home Administration. The original note amount was \$100,000; payments are \$659.70 per month including interest at 7.5%; the Organization receives an interest subsidy of \$447.84 per month; maturity date is May 1, 2043; the note is secured by real property.	94,416	94,991
Promissory note payable to Farmers Home Administration. The original note amount was \$124,400; payments are \$820.66 per month including interest at 7.75%; the Organization receives an interest subsidy of \$557.11 per month; maturity date is May 1, 2043; the note is secured by real property.	<u>117,457</u>	<u>118,171</u>
Total – Farmers Home Administration	<u>211,873</u>	<u>213,162</u>
 <b>IDAHO HOUSING:</b>		
Note payable to Idaho Housing Agency. The original note amount was \$375,502.88; payments are \$9,450 per year and do not include interest; the maturity date is March 2035; the note is secured by real property.	255,439	264,889
Note payable to Idaho Housing Agency. The original note amount was \$239,053.99; payments are \$8,533.33 per year and do not include interest; maturity date is October 2026; the note is secured by real property.	150,760	156,558

	<u>2009</u>	<u>2008</u>
Note payable to Idaho Housing Agency. The original note amount was \$576,400; payments are \$19,330 per year and do not include interest; maturity date is July 2028; the note is secured by real property.	<u>388,714</u>	<u>408,044</u>
Total – Idaho Housing	<u>794,913</u>	<u>829,491</u>

**WASHINGTON DEPARTMENT OF  
COMMUNITY, TRADE AND ECONOMIC  
DEVELOPMENT:**

Note payable to State of Washington Department of Community, Trade and Economic Development. The original note amount was \$79,357; payments are \$2,467.32 per year and include interest at 1%, compounded annually; maturity date is December 2044; the note is secured by real property.	<u>72,560</u>	<u>74,285</u>
Total Debt	1,079,346	1,116,938
Less: current portion	<u>( 40,456)</u>	<u>( 40,335)</u>
Net Long-Term Debt	\$ <u>1,038,890</u>	<u>1,076,603</u>

The annual requirements to amortize all debt outstanding as of December 31, 2009, including interest of \$394,473, are as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	40,456	17,088	57,544
2011	40,585	16,959	57,544
2012	40,723	16,821	57,544
2013	40,872	16,672	57,544
2014	41,031	16,513	57,544
Thereafter	<u>875,679</u>	<u>310,420</u>	<u>1,186,099</u>
Total	<u>\$1,079,346</u>	<u>394,473</u>	<u>1,473,819</u>

**NOTE 8 - DEFINED CONTRIBUTION PLAN**

The Organization sponsors a Savings Incentive Match Plan (SIMPLE.) for all eligible employees. Matching contributions by the Organization can be up to 3% of participating employees' compensation, and totaled \$41,899 and \$31,214 in 2009 and 2008, respectively.

**NOTE 9 - RESTRICTIONS ON NET ASSETS**

As of December 31, 2009, temporarily restricted net assets are available for the following purposes or periods:

County Programs	305,118
Food Bank	253,380
Area Agency on Aging	<u>140,911</u>
Total	<u>\$ 699,410</u>

**NOTE 10 - OPERATING LEASES**

The Organization leases various pieces of equipment and real property. Following are the minimum rental payments required as of December 31, 2009:

2010	248,123
2011	215,405
2012	206,252
2013	168,502
2014	149,832
Thereafter	<u>269,954</u>
Total	<u>\$ 1,258,068</u>

**NOTE 11 – PRIOR PERIOD ADJUSTMENT**

The beginning net assets as of December 31, 2008 were restated to correct an error to the refundable advances account. The adjustment was erroneously posted to the financial statements for both the years ended December 31, 2008 and 2007. Unrestricted net assets on the financial statements for the year ended December 31, 2008 were overstated by \$28,185. This correction has no impact on current year income or expense.

**SINGLE AUDIT SECTION**

**COMMUNITY ACTION PARTNERSHIP  
Lewiston, Idaho**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
December 31, 2009**

	<u>Federal CFDA Number</u>	<u>Contract or Pass-Through Grantor's Number</u>	<u>Disbursements/ Expenditures</u>
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
Passed through the State of Idaho –			
Commission on Aging			
Special Programs for the Aging,			
Title III, Part B	93.044		299,199
Title III, Part C1 & C2	93.045		200,918
Title III E, Family Caregiver	93.052		61,811
Title VII, Ombudsman	93.042		13,027
Title III D	93.043		10,418
ARRA – Congregate Meals	93.707		23,002
ARRA – Home Delivered Meals	93.705		8,714
Passed through the State of Washington –			
Department of Community, Trade, And Economic Development			
Community Service Block Grant	93.569	F09-32100-010	20,248
ARRA-Comm Service Block Grant	93.710	F09-3210F-310	15,097
Passed through the State of Idaho –			
Department of Health and Welfare			
Community Service Block Grant	93.569	CSBG-08-108	169,133
Community Service Block Grant	93.569	CSBG-09-109	583,033
ARRA-Comm Service Block Grant	93.710	CSBG-09-109	234,866
U of I – CCRR	93.575	EDK057-SB-003	68,070
U of I – CCRR	93.575	EDK057-SB-003,1-3	57,111
LPW	93.568	WC059200	191,435
LPW	93.568	WC061700	1,011,948
LPW	93.568	WC065000	312,623
LIHEAP	93.568	WC059200	605
LIHEAP	93.568	WC059200	15,337
LIHEAP	93.568	WC061700	70,714
LIHEAP	93.568	WC061700	60,447
LIHEAP	93.568	WC061700	622,132
LIHEAP	93.568	WC061700	205,556

	<u>Federal CFDA Number</u>	<u>Contract or Pass-Through Grantor's Number</u>	<u>Disbursements/ Expenditures</u>
<b><u>DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>			
Passed through the State of Washington –			
Department of Health and Welfare			
EA	93.568	09-32106-059	247,710
EA	93.568	10-32106-059	28,715
Low Income Home Energy Assistance Program	93.568	F09-43101-408	<u>1,616</u>
<b>Total – Department of Health and Human Services</b>			<b>\$ <u>4,533,485</u></b>
<b><u>DEPARTMENT OF AGRICULTURE</u></b>			
Passed through the State of Idaho –			
United States Department of Agriculture			
CAPAI - USDA	10.568	TEFAP-09-109	36,740
ARRA – CAPAI USDA	10.568	TEFAP-ARRA 09-109	23,298
Rural Development – United States Department of Agriculture	10.568		<u>55,244</u>
<b>Total – Department of Agriculture</b>			<b>\$ <u>115,282</u></b>
<b><u>DEPARTMENT OF ENERGY</u></b>			
Passed through the State of Idaho			
CAPAI	81.042	WC060300	28,654
CAPAI	81.042	WC062200	712,785
ARRA-CAPAI	81.042	ARRA WC062300	1,671,914
CAPAI-BPA	81.042	WC057900	76,516
CAPAI-BPA	81.042	WC061500	194,946
CAPAI-BPA	81.042	WC061500	7,551
Passed through the State of Washington –			
COMMERCE-BPA	81.042	F07-446-408	(169)
COMMERCE-DOE	81.042	F09-43103-408	28,934
ARRA-COMMERCE-DOE	81.042	F09-431AR-408	<u>885</u>
<b>Total – Department of Energy</b>			<b>\$ <u>2,722,016</u></b>

	<u>Federal CFDA Number</u>	<u>Contract or Pass-Through Grantor's Number</u>	<u>Disbursements/ Expenditures</u>
<b><u>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u></b>			
Direct Program			
Housing Counseling Program	14.169	HC09-0998-009	48,657
Housing Counseling Program	14.169	HC09-0921-017	5,166
Passed through the State of Washington –			
Department of Community, Trade, And Economic Development			
Community Development Block Grant	14.228	08-64009-001	37,600
Home Investment Partnership Program	14.239	F07-471-408	<u>26,813</u>
<b>Total – Department of Housing and Urban Development</b>			<b>\$ <u>118,236</u></b>
 <b><u>FEDERAL EMERGENCY MANAGEMENT AGENCY</u></b>			
Passed through National United Way			
Food and Shelter Program	97.024	21-3800-006	10,722
	97.024	21-4600-020	11,666
	97.024	21-5000-002	5,202
	97.024	21-6400-004	11,947
	97.024	21-8600-015	2,500
	97.024	21-9800-003	11,180
	97.024	21-9000-003	<u>3,538</u>
<b>Total Federal Emergency Management Agency</b>			<b>\$ <u>56,755</u></b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ <u>7,545,774</u></b>

See accompanying notes to Schedule of Expenditures of Federal Awards.

**COMMUNITY ACTION PARTNERSHIP  
Lewiston, Idaho**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year ended December 31, 2009**

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**GENERAL**

The accompanying Schedule of Expenditures of Federal Awards presents the expenditure activity of all federal awards programs of the Community Action Partnership. All expenditures of federal awards received directly from federal agencies as well as expenditures of federal awards passed through other government agencies are included on the schedule.

**BASIS OF ACCOUNTING**

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting.

# HAYDEN & ROSS, P.A.

## CERTIFIED PUBLIC ACCOUNTANTS

SINCE 1938

Jim Pilcher, CPA/PFS • Dave Jones, CPA/PFS • Brad Lewis, CPA/PFS • Cade Konen, CPA/PFS • Nathan Strong, CPA/PFS • Mark Watson, CPA

### **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***

To the Board Of Directors  
Community Action Partnership  
Lewiston, ID 83501

We have audited the financial statements of the Community Action Partnership as of and for the year ended December 31, 2009 and have issued our report thereon dated May 27, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### **Internal Control over Financial Reporting**

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

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

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

To the Board of Directors  
Community Action Partnership  
Page 2 of 2

**Compliance and Other Matters**

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

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

*Hayden & Ross, P.A.*

Moscow, Idaho  
May 27, 2010

# HAYDEN & ROSS, P.A.

## CERTIFIED PUBLIC ACCOUNTANTS

SINCE 1938

Jim Pilcher, CPA/PFS • Dave Jones, CPA/PFS • Brad Lewis, CPA/PFS • Cade Konen, CPA/PFS • Nathan Strong, CPA/PFS • Mark Watson, CPA

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

To the Board of Directors  
Community Action Partnership  
Lewiston, ID 83501

#### **Compliance**

We have audited the compliance of Community Action Partnership with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2009. Community Action Partnership's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Community Action Partnership's management. Our responsibility is to express an opinion on Community Action Partnership compliance based on our audit.

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 Governmental Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Community Action Partnership's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Community Action Partnership's compliance with those requirements.

In our opinion, Community Action Partnership complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2009.

**Internal Control Over Compliance**

Management of Community Action Partnership is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Community Action Partnership's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Community Action Partnership's internal control over compliance.

*A deficiency in internal control over compliance* 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 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.

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

Community Action Partnership's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Community Action Partnership's response and, accordingly, we express no opinion on it.

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

*Hayden & Ross, P.A.*

Moscow, Idaho  
May 27, 2010

**COMMUNITY ACTION PARTNERSHIP  
Lewiston, Idaho**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
December 31, 2009**

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**A. SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses an unqualified opinion on the financial statements of Community Action Partnership.
2. No reportable conditions were disclosed during the audit of the financial statements of Community Action Partnership with Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.
3. No instances of noncompliance material to the financial statements of Community Action Partnership were disclosed during the audit.
4. No reportable conditions were disclosed during the audit of the major federal award program of Community Action Partnership's Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133.
5. The auditor's report on compliance for the major federal awards program for Community Action Partnership expresses an unqualified opinion.
6. Audit findings relative to the major federal awards program for Community Action Partnership are reported in Part C of this Schedule.
7. The programs tested as major programs were the Department of Health and Human Services Community Service Block Grant (CSBG), CFDA# 93.569/93.710 and the Department of Energy Weatherization Program, CFDA #81.042.
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Community Action Partnership was determined to be a low-risk auditee.

**B. FINDINGS – FINANCIAL STATEMENTS AUDIT**

None.

**C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT.**

None.

**COMMUNITY ACTION PARTNERSHIP  
Lewiston, Idaho**

**CORRECTIVE ACTION PLAN  
For the Year Ended December 31, 2009**

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Not applicable.