

Scott-Carver-Dakota CAP Agency, Inc.

Shakopee, Minnesota

Financial Statements and Supplementary Information
Year Ended September 30, 2015

Scott-Carver-Dakota CAP Agency, Inc.

Financial Statements and Supplementary Information
Year Ended September 30, 2015

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Independent Auditor's Report

Board of Directors
Scott-Carver-Dakota CAP Agency, Inc.
Shakopee, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of Scott-Carver-Dakota CAP Agency, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2015, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Scott-Carver-Dakota CAP Agency, Inc. as of September 30, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, Schedule A, which is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the schedule of state and local awards, Schedule B, are presented for the purpose 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 statement. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2016, on our consideration of Scott-Carver-Dakota CAP Agency, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Scott-Carver-Dakota CAP Agency, Inc.'s internal control over financial reporting and compliance.



Wipfli LLP

January 28, 2016
Minneapolis, Minnesota

Scott-Carver-Dakota CAP Agency, Inc.

Statement of Financial Position

September 30, 2015

<i>Assets</i>	
Current assets:	
Cash and cash equivalents	\$ 926,736
Grants receivable	896,055
Accounts receivable	33,815
Prepaid expenses	11,090
<hr/>	
Total current assets	1,867,696
<hr/>	
Property and equipment, net	3,918,065
<hr/>	
TOTAL ASSETS	\$ 5,785,761
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<i>Liabilities and Net Assets</i>	
Current liabilities:	
Current portion of notes payable	\$ 51,855
Current portion of capitalized lease obligation	156,715
Current portion of deferred loans	48,770
Accounts payable	255,334
Accrued payroll and related expenses	337,574
Grant funds received in advance	95,488
Funds held for others	400,955
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Total current liabilities	1,346,691
<hr/>	
Long-term liabilities:	
Deferred loans	835,926
Notes payable	839,447
Capitalized lease obligation	560,058
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Total long-term liabilities	2,235,431
<hr/>	
Total liabilities	3,582,122
<hr/>	
Net assets:	
Unrestricted	1,999,936
Temporarily restricted	203,703
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Total net assets	2,203,639
<hr/>	
TOTAL LIABILITIES AND NET ASSETS	\$ 5,785,761
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See accompanying notes to financial statements.

Scott-Carver-Dakota CAP Agency, Inc.

Statement of Activities

Year Ended September 30, 2015

	Unrestricted	Temporarily Restricted	Total
Revenue:			
Grant revenue	\$ 10,278,757	\$ -	\$ 10,278,757
Program income	1,078,345	-	1,078,345
Donations	393,957	93,047	487,004
Deferred loan forgiveness	48,770	-	48,770
In-kind contributions	105,061	-	105,061
Net assets released from restriction	26,833	(26,833)	-
Total revenue	11,931,723	66,214	11,997,937
Expenses:			
Salaries and wages	4,666,771	-	4,666,771
Fringe benefits	1,180,292	-	1,180,292
Travel and transportation	130,898	-	130,898
Telephone and postage	156,562	-	156,562
Supplies	98,285	-	98,285
Small equipment and maintenance	122,198	-	122,198
Space costs	345,195	-	345,195
Depreciation	164,890	-	164,890
Direct client services	4,439,421	-	4,439,421
Professional services	390,526	-	390,526
Other costs	31,008	-	31,008
In-kind expenses	105,061	-	105,061
Total expenses	11,831,107	-	11,831,107
Change in net assets	100,616	66,214	166,830
Net assets - Beginning of year	1,899,320	137,489	2,036,809
Net assets - End of year	\$ 1,999,936	\$ 203,703	\$ 2,203,639

See accompanying notes to financial statements.

Scott-Carver-Dakota CAP Agency, Inc.

Statement of Cash Flows Year Ended September 30, 2015

Increase (decrease) in cash and cash equivalents:	
Cash flows from operating activities:	
Change in net assets	\$ 166,830
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	164,890
Bad debt expense	41,278
Forgiveness of deferred loans	(48,770)
Changes in operating assets and liabilities:	
Grants receivable	122,104
Accounts receivable	(16,467)
Prepaid expenses	(1,757)
Accounts payable	(57,150)
Accrued payroll and related expenses	22,512
Grant funds received in advance	(90,947)
Funds held for others	109,835
Net cash provided by operating activities	412,358
Cash flows from investing activities:	
Purchase of property and equipment	(19,845)
Cash flows from financing activities:	
Principal payment of long-term debt	(49,368)
Principal payment of capital lease	(149,921)
Net cash used in financing activities	(199,289)
Change in cash and cash equivalents	193,224
Cash and cash equivalents at beginning of year	733,512
Cash and cash equivalents at end of year	\$ 926,736
Schedule of other cash activity:	
Interest paid	\$ 60,287

See accompanying notes to financial statements.

Scott-Carver-Dakota CAP Agency, Inc.

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies

Nature of Operations

Scott-Carver-Dakota CAP Agency, Inc. (the “Organization”) was organized as a nonprofit corporation in 1965. The Organization was formed to administer federal, state, and local grant assistance programs for disadvantaged persons in a three-county area of east central Minnesota. Approximately 31% of the Organization’s grant funding is from various federal grants passed through the State of Minnesota, and 11% is funded directly by the State of Minnesota. Approximately 17% of the Organization’s grant funding is received from the U.S. Department of Health and Human Services for its Head Start program. Grant funding for the ratio calculation includes grant revenue plus \$3,158,263 of federal energy assistance client benefits paid directly by the State of Minnesota to clients.

Basis of Presentation

All financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States.

Classification of Net Assets

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

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations or for which donor-imposed stipulations are met in the year of the contribution.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are transferred to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

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. The Organization does not currently 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 requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Scott-Carver-Dakota CAP Agency, Inc.

Notes to Financial Statements

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

Cash Equivalents

For purposes of financial statement presentation, the Organization includes money market funds as cash equivalents.

Accounts Receivable

Accounts receivable are recorded at the amount management expects to collect. Amounts are reviewed for collectability by management, and an allowance for doubtful accounts is recorded as needed based on collection history and customer attributes. Management has determined that no allowance for doubtful accounts is necessary, but \$41,278 was written off as bad debt expense for the year ended September 30, 2015.

Property and Equipment

Property and equipment are capitalized at cost and depreciated over their estimated useful lives under the straight-line method. The Organization considers property and equipment to be items with a cost of \$5,000 or more and a useful life of over one year.

Property and equipment acquired are owned by the Organization while used in the programs for which they were purchased or in other future authorized programs. However, the various funding sources have a reversionary interest in the property and equipment purchased with grant funds; therefore, the disposition of property or equipment, as well as the ownership of any proceeds therefrom, is subject to funding source regulations. The net book value of grant-funded property and equipment at September 30, 2015, was \$16,524.

Revenue Recognition

Contributions are considered available for unrestricted use unless specifically restricted by the donor. Contributions received are recorded as temporarily restricted or permanently restricted support, depending on the existence and nature of any donor restrictions. Unconditional promises to give cash and other assets to the Organization are reported at fair value at the date the promise is received, less an allowance for promises estimated to be uncollectible. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized.

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

Scott-Carver-Dakota CAP Agency, Inc.

Notes to Financial Statements

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

Revenue Recognition (Continued)

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

A. Grant Awards That Are Contributions

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

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.

Capital Lease

The Organization leases its Shakopee office building under an arrangement qualifying as a capital lease. The asset and liability under the capital lease are recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. The assets are amortized over the lease term. Amortization expense is included in depreciation expense.

Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. 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 on the technical merits of the position, assuming the taxing authority has full knowledge of all information. If the tax position does not meet the more-likely-than-not recognition threshold, the benefit of that position is not recognized in the financial statements. The Organization has determined there are no amounts to record as assets or liabilities related to uncertain tax positions.

In-Kind Contributions

In-kind contributions for space and professional services are recorded in the statement of activities and recognized as revenue and expenses in the period they are received in accordance with accounting standards that require only contributions of service received that create or enhance a nonfinancial asset or require specialized skill by the individual possessing those skills and would typically need to be purchased if not provided by donation be recorded. During the year ended September 30, 2015, the Organization received \$105,061 of such contributions for its various programs. Accounting standards are different than the in-kind requirements of several of the Organization's grant awards. The Organization received contributions of nonprofessional volunteer services and goods of \$1,249,632 for its various programs during the year; these contributions are not recognized in these financial statements.

Scott-Carver-Dakota CAP Agency, Inc.

Notes to Financial Statements

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

Cost Allocation

Joint costs are allocated to benefiting programs using various allocation methods depending on the type of joint cost being allocated. Joint costs are those costs incurred for the common benefit of all organization programs that cannot be readily identified with a final cost objective.

Subsequent Events

Subsequent events have been evaluated through January 28, 2016, which is the date the financial statements were available to be issued.

Note 2 **Concentration of Credit Risk**

The Organization maintains cash balances at several financial institutions. Accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution. These financial institutions are believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Note 3 **Grants Receivable**

The balance consists of amounts due from various agencies as follows at September 30, 2015:

Direct federal agencies	\$ 493,124
State of Minnesota	165,380
Other	237,551
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Total	<u>\$ 896,055</u>

Note 4 **Funds Held for Others**

Scott-Carver-Dakota CAP Agency, Inc. acts as a fiscal agent to manage food shelf and other activities on behalf of four other organizations. The cash held is a liability, and the revenue and expenses are excluded from Scott-Carver-Dakota CAP Agency, Inc.'s statement of activities. The balance in funds held for others as of September 30, 2015, was \$400,955.

Scott-Carver-Dakota CAP Agency, Inc.

Notes to Financial Statements

Note 5 Property and Equipment

A summary of property and equipment at September 30, 2015, is as following:

Land and land improvements	\$ 538,696
Equipment	387,772
Building under capital lease	2,250,000
<u>Buildings</u>	<u>3,008,397</u>
Total	6,184,865
<u>Accumulated depreciation and amortization</u>	<u>(2,266,800)</u>
<u>Property and equipment, net</u>	<u>\$ 3,918,065</u>

Note 6 Deferred Loans

Deferred loans payable consisted of the following at September 30, 2015:

<u>Description</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance</u>
HUD Supportive Housing, principal forgiven at the end of 20 years. Secured by an 8-plex at 1011 Bryant, South St. Paul, Minnesota, and one side of a duplex at 13404 Aldrich Avenue, Burnsville, Minnesota.	0%	3/17/2026	\$ 229,263
Dakota County CDA HOME funds, principal and interest forgiven 15 years from project completion date. Secured by a 6-plex at 215 South Street, South St. Paul, Minnesota.	1%	9/1/2017	96,770
HUD Supportive Housing, forgiven 10% per year starting year 11 through year 20. Secured by a 6-plex at 215 South Street, South St. Paul, Minnesota.	1%	9/1/2022	69,300
MHFA funds, forgiven 10% per year starting year 11 through year 20. Secured by a 4-plex at 20345 Iberia Avenue, Lakeville, Minnesota.	0%	9/30/2019	60,000
Dakota County CDA HOME funds, principal and interest forgiven after 20 years. Secured by a 4-plex at 20345 Iberia Avenue, Lakeville, Minnesota.	10%	9/30/2019	100,000
MHFA funds, principal forgiven at 10% per year starting year 11 through year 20. Secured by a home at 4710 Granada Point, Eagan, Minnesota.	0%	6/26/2018	9,000

Scott-Carver-Dakota CAP Agency, Inc.

Notes to Financial Statements

Note 6 Deferred Loans (Continued)

Description	Interest Rate	Maturity Date	Balance
Dakota County CDA HOME funds, interest forgiven after 30 years, principal due upon sale. Secured by a home at 4710 Granada Point, Eagan, Minnesota.	10%	3/16/2028	\$ 24,944
MHFA funds, principal forgiven at 10% per year starting year 11 through year 20. Secured by a home at 7802 Glenda Court, Apple Valley, Minnesota.	0%	6/26/2018	12,060
Dakota County CDA HOME funds, interest forgiven after 30 years, principal due upon sale. Secured by a home at 7802 Glenda Court, Apple Valley, Minnesota.	10%	3/19/2028	20,909
MHFA funds, principal forgiven at 10% per year starting with year 7. Secured by a 6-plex at 541 12 th Avenue North, South St. Paul, Minnesota.	0%	5/17/2017	14,250
Dakota County CDA HOME funds, principal and interest forgiven after 15 years. Secured by a 6-plex at 541 12 th Avenue North, South St. Paul, Minnesota.	1%	11/1/2016	73,500
HUD Supportive Housing, forgiven 10% per year starting year 11 through year 20. Secured by a 6-plex at 541 12 th Avenue North, South St. Paul, Minnesota.	0%	11/1/2021	84,700
HUD Supportive Housing, principal forgiven at the end of 20 years. Secured by a 7-plex at 4309 124 th Street West, Savage, Minnesota.	0%	8/17/2025	90,000
Total			\$ 884,696

Scott-Carver-Dakota CAP Agency, Inc.

Notes to Financial Statements

Note 6 Deferred Loans (Continued)

Forgiveness of deferred loans is as follows at September 30, 2015:

2016	\$ 48,770
2017	219,040
2018	48,770
2019	137,000
2020	22,000
Thereafter	409,116
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Total	\$ 884,696

Deferred loans must be repaid only upon sale of the properties or conversion of such properties from their required uses. Deferred loans are recorded at their principal amounts because no expiration dates for such obligations can be established; also, the loans are to be forgiven if no event triggers repayment prior to the expiration dates of the agreements. The Organization has the intention and believes it has the ability to maintain the properties in accordance with the agreements until the agreements expire.

Note 7 Notes Payable

Notes payable consisted of the following at September 30, 2015:

Note payable, secured by property used for transitional housing; no monthly payments and interest at 0% per annum; matures October 31, 2020.	\$ 414,079
Mortgage payable, secured by office building in Rosemount, Minnesota; monthly payments of \$6,183 include interest at 4.925% per annum; matures June 20, 2023.	477,223
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Total	891,302
Current portion	(51,855)
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<u>Long-term notes payable</u>	<u>\$ 839,447</u>

Future maturities of notes payable are as follows at September 30, 2015:

2016	\$ 51,855
2017	54,468
2018	57,212
2019	60,095
2020	63,122
Thereafter	604,550
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Total	\$ 891,302

Interest expense for the year ended September 30, 2015, was \$60,287.

Scott-Carver-Dakota CAP Agency, Inc.

Notes to Financial Statements

Note 8 Capitalized Lease Obligation

The Organization leases its Shakopee office building under an arrangement qualifying as a capital lease. The Organization's share of the land cost was \$250,000, and the building cost was \$2,250,000. The Organization pays monthly installments of \$15,448, with interest at 4.4% per annum. This agreement matures December 1, 2019. The cost of the building is being amortized over 40 years. The accumulated amortization was \$931,122 as of September 30, 2015.

Total remaining payments required	\$ 787,848
<u>Less - Amount representing interest</u>	<u>71,075</u>

Amount representing principal	716,773
<u>Less - Current portion</u>	<u>156,715</u>

<u>Long-term portion</u>	<u>\$ 560,058</u>
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Future obligations of principal and interest are as follows at September 30, 2015:

2016	\$ 185,376
2017	185,376
2018	185,376
2019	185,376
<u>2020</u>	<u>46,344</u>
<u>Total</u>	<u>\$ 787,848</u>

Note 9 Retirement Plan

Scott-Carver-Dakota CAP Agency, Inc. has a 401(k) plan covering substantially all full time employees. The Organization contributes a match (the "Matching Contribution") equal to 50% of the first 6% of eligible earnings that the employee elects to contribute to the plan (Elective Deferrals). Employees must make Elective Deferrals in order to receive the Matching Contribution. The Matching Contribution is funded each pay period when the employee's Elective Deferrals are made and is calculated based on the employee's earnings for that pay period. Total expense for the year ended September 30, 2015, was \$69,231.

Note 10 Grant Awards

At September 30, 2015, the Organization had received commitments for future funding under various grant awards of \$4,211,470. These commitments are not recognized in the accompanying financial statements because they are conditional awards.

Scott-Carver-Dakota CAP Agency, Inc.

Notes to Financial Statements

Note 11 Operating Lease Agreements

The Organization has several operating leases, primarily for space. Lease expense was \$157,737 for the year ended September 30, 2015.

The following is a schedule of approximate future minimum lease payments required under operating leases that have initial or remaining lease terms in excess of one year at September 30, 2015:

2016	\$ 147,422
2017	64,804
2018	50,004
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Total	\$ 262,230

Note 12 Temporarily Restricted Net Assets

Temporarily restricted net assets have specific purpose or time restrictions and consisted of the following amounts at September 30, 2015:

Child education	\$ 2,293
Food shelf	168,327
Emergency services	27,638
Energy assistance	5,445
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Total	\$ 203,703

Note 13 Functional Classification of Expenses

The following programs and supporting services are reflected in the statement of activities for the year ended September 30, 2015:

Federal, state, and local programs:

Child education	\$ 3,580,502
Energy assistance	1,077,078
Housing programs	1,480,145
Food programs	3,389,580
Community service program	722,004
Other programs	549,234
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Total program activities	10,798,543
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Management and general	1,021,107
Fundraising	11,457
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Total expense	\$ 11,831,107

Scott-Carver-Dakota CAP Agency, Inc.

Notes to Financial Statements

Note 14 **Program Operations**

The Organization has a grant with the State of Minnesota Department of Commerce for outreach, intake, eligibility, and certification of Low-Income Home Energy Assistance Program (LIHEAP) eligible participants. Client benefits are subsequently paid by the State of Minnesota. Client benefits in the amount of \$3,158,263 were paid by the state and are not included in the statement of activities because they were not part of the grant award.

Note 15 **Contingent Liability**

The Organization participates in a number of federal and state grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Compliance issues raised from a program compliance audit could result in grant dollars being returned or reduced. No provision has been made for any liabilities that may arise from such audits, since the amounts, if any, cannot be determined at this date.

Supplementary Information

Scott-Carver-Dakota CAP Agency, Inc.

Schedule A-1

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2015

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Grant Award Number</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
U.S. Department of Agriculture			
Passed-Through the State of Minnesota, Department of Health			
Special Supplemental Food Program for Women, Infants and Children	N/A	10.557	<u>\$ 2,336,670</u>
Passed-Through the State of Minnesota, Department of Education			
Child and Adult Care Food Program	N/A	10.558	<u>168,284</u>
Passed-Through the State of Minnesota, Department of Human Services			
Food Support Outreach	975138	10.561	<u>50,030</u>
U.S. Department of Housing and Urban Development			
Passed-Through the State of Minnesota, Department of Human Services			
Emergency Shelter Grants Program	N/A	14.231	<u>112,854</u>
Direct Grant			
Continuum of Care	MN0070L5K031306	14.267	18,360
	MN0070L5K031407		8,480
	MN016215k031204		15,992
	MN016215k031305		55,141
	MN016315k031204		24,233
	MN016315k031305		119,580
	MN0279L5K031200		31,805
	MN0279L5K031401		<u>15,408</u>
CFDA Total 14.267			<u>288,999</u>
Direct Grant			
Section 8 Housing Program	MV803V00001	14.871	<u>222,237</u>
U.S. Department of Health and Human Services			
Passed-Through Metropolitan Area Agency on Aging, Inc.			
Chore Services	311-11-0003B-205	93.044	<u>32,051</u>
Special Programs for the Aging - Title III, Part C-Nutrition Services	311-15-03C1-113	93.045	<u>172,879</u>
Nutrition Program for the Elderly	311-15-03C1-113	93.053	<u>13,729</u>
CFDA Cluster Total 93.044, 93.045 and 93.053			<u>218,659</u>

Scott-Carver-Dakota CAP Agency, Inc.

Schedule A-2

Schedule of Expenditures of Federal Awards (Continued)

Year Ended September 30, 2015

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Grant Award Number</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
U.S. Department of Health and Human Services			
Passed-Through the State of Minnesota, Department of Commerce			
Low-income Home Energy Assistance	B46926/1563	93.568	<u>\$ 4,114,470</u>
Passed-Through the State of Minnesota, Department of Human Services			
Community Service Block Grant	1010138-R	93.569	<u>463,284</u>
Regional Baseline Child Care Resource & Referral Services	2010-00164	93.575	<u>142,152</u>
Direct Grant			
Administration for Children, Youth and Families - Head Start	05CH4135/49	93.600	910,646
Administration for Children, Youth and Families - Head Start	05CH4135/50		<u>1,336,509</u>
CFDA Total 93.600			<u>2,247,155</u>
U.S. Department of Homeland Security			
Passed-Through United Way of America			
Emergency Food and Shelter Program	485910-001 Phase 32	97.024	<u>19,673</u>
TOTAL FEDERAL EXPENDITURES			<u>\$ 10,384,467</u>

Notes to the Schedule of Expenditures of Federal Awards

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Scott-Carver-Dakota CAP Agency, Inc. under programs of the federal government for the year ended September 30, 2015. The information in the Schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of Scott-Carver-Dakota CAP Agency, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of Scott-Carver-Dakota CAP Agency, Inc.

Note 2 - Summary of Significant Accounting Policies

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

Note 3 - Energy Assistance Payments

Included in CFDA #93.568 are client benefits paid by the State of Minnesota of \$3,158,263. These expenditures are not included in the statement of activities.

Scott-Carver-Dakota CAP Agency, Inc.

Schedule B

Schedule of State and Local Awards

Year Ended September 30, 2015

Federal Grantor/Pass-Through Grantor/Program Title	Federal Grantor or Pass-Through Agency	Grant Award No.	Expenditures
Local Programs			
Dakota County FHPHP	Dakota County	N/A	\$ 74,228
Family Homeless Prevention	Carver County	N/A	170,351
Transitional Housing Program	MN Dept. of Human Services	030138 & 30858	114,273
Home Youth Act	MN Dept. of Human Services	N/A	137,537
Group Housing Residential	MN Dept. of Human Services	N/A	55,414
Crisis Nursery	Various	N/A	6,500
Dakota Quality Standards Inspections 2014/15	Dakota County	N/A	8,373
Dakota Transitional & Supportive Housing	Dakota County	N/A	14,334
Continuum of Care	Counties	N/A	20,678
Low-Income Weatherization	Community Action of MPLS	N/A	22,339
Dakota Electric CIP	Dakota Electric	N/A	130,792
MVEC CIP	Minnesota Valley Electric	N/A	25,304
Shakopee Public Utilities CIP	Shakopee Public Utilities	N/A	35,194
OUTREACH - Project Community Connect	Other local agencies	N/A	487
OUTREACH - Scott County Police Fund	Other local agencies	N/A	579
OUTREACH - Berean Baptist	Other local agencies	N/A	1,077
River Valley Nursing Center	Other local agencies	N/A	7,992
Scott Family Net	Scott County	N/A	76,924
Food Stamp Outreach	United Way	N/A	33,000
Women, Infants and Children	Carver County	N/A	6,000
Women, Infants and Children	Scott County	N/A	60,572
State Nutrition Services	MAAA, Inc.	N/A	133,876
Minnesota State Head Start	Minnesota Department of Education	00164 & 00281	806,797
Head Start	United Way	N/A	307,110
National Community Reinvestment Coalition (NCRC)	Other local agencies	N/A	12,666
Food Shelf	United Way	N/A	86,509
Food Shelf	Scott County	N/A	35,844
MN Food Share	MN Food Share	N/A	25,816
Health Families	Dakota County	2010-2011	341,854
MN Economic Opportunity Grant	MN Dept. of Human Services	011138 & 32217	296,133
Corporate Funds	Scott County	N/A	4,000
TOTAL STATE AND LOCAL AWARDS			\$ 3,052,553



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

Board of Directors
Scott-Carver-Dakota CAP Agency, Inc.
Shakopee, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Scott-Carver-Dakota CAP Agency, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2015, 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 January 28, 2016.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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 Scott-Carver-Dakota CAP Agency, Inc.'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 Scott-Carver-Dakota CAP Agency, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wipfli LLP

Wipfli LLP

January 28, 2016
Minneapolis, Minnesota



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

Board of Directors
Scott-Carver-Dakota CAP Agency, Inc.
Shakopee, Minnesota

Report on Compliance for Each Major Federal Program

We have audited Scott-Carver-Dakota CAP Agency, Inc.'s compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2015. Scott-Carver-Dakota CAP Agency, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management of Scott-Carver-Dakota CAP Agency, Inc. is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Scott-Carver-Dakota CAP Agency, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 Scott-Carver-Dakota CAP Agency, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide legal determination Scott-Carver-Dakota CAP Agency, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Scott-Carver-Dakota CAP Agency, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2015.

Report on Internal Control Over Compliance

Management of Scott-Carver-Dakota CAP Agency, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Scott-Carver-Dakota CAP Agency, Inc.'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 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 Scott-Carver-Dakota CAP Agency, Inc.'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.

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 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Wipfli LLP

Wipfli LLP

January 28, 2016
Minneapolis, Minnesota

Scott-Carver-Dakota CAP Agency, Inc.

Schedule of Findings and Questioned Costs

A. Summary of Auditor's Results

1. The auditor's report expresses an unmodified opinion on the financial statements of Scott-Carver-Dakota CAP Agency, Inc.
2. No significant deficiencies or material weaknesses relating to the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters.
3. No instances of noncompliance material to the financial statements of Scott-Carver-Dakota CAP Agency, Inc. were disclosed during the audit.
4. No significant deficiencies or material weaknesses relating to the audit of the major federal award programs is reported in the Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance.
5. The auditor's report on compliance for the major federal award programs for Scott-Carver-Dakota CAP Agency, Inc. expresses an unmodified opinion.
6. There were no audit findings relative to the major federal award programs for Scott-Carver-Dakota CAP Agency, Inc.
7. The programs tested as major programs were:
 - U.S. Department of Agriculture
Special Supplemental Nutrition Program for Women, Infants, and Children 10.557
 - U.S. Department of Housing and Urban Development
Continuum of Care Program 14.267
 - U.S. Department of Health and Human Services
Elderly Cluster:
 - Special Programs for the Aging Part B - Supportive Services and Senior Centers 93.044
 - Special Programs for the Aging Part C - Nutrition Services 93.045
 - Nutrition Services Incentive Program 93.053
 - Low-Income Home Energy Assistance 93.568
 - Community Services Block Grant 93.569
8. The threshold for distinguishing Type A and Type B programs was \$311,534.
9. Scott-Carver-Dakota CAP Agency, Inc. was determined to be a low-risk auditee.

Scott-Carver-Dakota CAP Agency, Inc.

Schedule of Findings and Questioned Costs (Continued)

- B. Findings – Financial Statements Audit**
None
- C. Findings and Questioned Costs – Major Federal Award Programs Audit**
None
- D. Prior Year Findings and Questioned Costs**
None