

Community Council of Idaho, Inc.

Caldwell, Idaho

Financial Statements and Additional Information
Year Ended June 30, 2010

Community Council of Idaho, Inc.

Financial Statements and Additional Information
Year Ended June 30, 2010

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Independent Auditor's Report

Board of Directors
Community Council of Idaho, Inc.
Caldwell, Idaho

We have audited the accompanying statement of financial position of Community Council of Idaho, Inc. (a nonprofit organization) as of June 30, 2010, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of Community Council of Idaho, Inc.'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 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 in the first paragraph present fairly, in all material respects, the financial position of Community Council of Idaho, Inc. as of June 30, 2010, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 5, 2011 on our consideration of Community Council of Idaho, Inc.'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 should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Community Council of Idaho, Inc. taken as a whole. The accompanying schedule of expenditures of federal awards, Schedule A, which includes the requirements of U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; schedule of program activity, Schedule B, schedule of financial information for clinic services, Schedule C, and schedule of operations by activity, Schedule D, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, the information in these schedules is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Wipfli LLP

Wipfli LLP

January 5, 2011
Madison, Wisconsin

Community Council of Idaho, Inc.

Statement of Financial Position

June 30, 2010

Assets

Current assets:

Cash	\$	912,326
Accounts receivable, net		62,685
Grants receivable		1,400,796
Other assets		153,135

Total current assets 2,528,942

Reserves 79,299

Property and equipment, net 4,766,206

TOTAL ASSETS \$ 7,374,447

Liabilities and Net Assets

Current liabilities:

Current portion of mortgages payable	\$	238,363
Line of credit		378,389
Accounts payable		661,209
Accrued payroll and related liabilities		611,047
Accrued vacation		164,815
Security deposit liability		61,656
Grant funds received in advance		27,212

Total current liabilities 2,142,691

Long-term liabilities:

Mortgages payable 3,355,328

Total liabilities 5,498,019

Net assets:

Unrestricted	1,688,694
Temporarily restricted	187,734

Total net assets 1,876,428

TOTAL LIABILITIES AND NET ASSETS \$ 7,374,447

Community Council of Idaho, Inc.

Statement of Activities Year Ended June 30, 2010

	Unrestricted	Temporarily Restricted	Total
Revenue:			
Grant revenue	\$ 11,086,902	\$ 0	\$ 11,086,902
Other income	749,410	0	749,410
Rental income	761,539	0	761,539
In-kind contributions	306,984	0	306,984
Total revenue	12,904,835	0	12,904,835
Expenses:			
Personnel	6,401,659	0	6,401,659
Fringe benefits	1,615,995	0	1,615,995
Contractual	295,702	0	295,702
Travel	209,012	0	209,012
Occupancy	1,413,987	0	1,413,987
Supplies	819,104	0	819,104
Minor equipment and maintenance	58,296	0	58,296
Other	735,176	0	735,176
Training	516,370	0	516,370
Depreciation	636,482	0	636,482
In-kind expense	306,984	0	306,984
Total expenses	13,008,767	0	13,008,767
Change in net assets	(103,932)	0	(103,932)
Net assets at beginning of year	1,792,626	187,734	1,980,360
Net assets at end of year	\$ 1,688,694	\$ 187,734	\$ 1,876,428

See accompanying notes to financial statements.

Community Council of Idaho, Inc.

Statement of Cash Flows Year Ended June 30, 2010

Increase (decrease) in cash:	
Cash flows from operating activities:	
Change in net assets	(\$ 103,932)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	636,482
Provision for uncollectible receivables/bad debt expense	49,563
Changes in operating assets and liabilities:	
Accounts receivable	(10,430)
Grants receivable	(499,876)
Other assets	13,326
Accounts payable	233,142
Accrued payroll and related liabilities	14,726
Accrued vacation	27,176
Security deposit liability	(7,300)
Grant funds received in advance	18,459
Net cash provided by operating activities	371,336
Cash flows from investing activities:	
Net deposits to reserves	(4,944)
Purchase of property and equipment	(315,904)
Net cash used in investing activities	(320,848)
Cash flows from financing activities:	
Proceeds from line of credit	217,000
Principal payments on mortgages payable	(95,468)
Net cash provided by financing activities	121,532
Change in cash	172,020
Cash at beginning of year	740,306
Cash at end of year	\$ 912,326
Schedule of other cash activity:	
Interest paid and expensed	\$ 86,431

Community Council of Idaho, Inc.

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies

Nature of Operations

Community Council of Idaho, Inc. ("CC of Idaho") is a nonprofit organization. CC of Idaho provides services to migrant farm workers and other eligible recipients in the areas of education, housing, employment, health, and childcare. Approximately 62% of CC of Idaho's total revenue is received under their federal Head Start grant.

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 CC of Idaho 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, either by actions of CC of Idaho 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 CC of Idaho. Generally, the donors of these assets permit CC of Idaho to use all or part of the income earned on any related investments for general or specific purposes. Currently, CC of Idaho does not have any permanently restricted net assets.

Revenue Recognition

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. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as contributions released from restrictions.

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

Community Council of Idaho, Inc.

Notes to Financial Statements

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

Revenue Recognition (Continued)

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 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 in the statement of financial position as grant funds received in advance.

B. Grant Awards that are Exchange Transactions

Exchange transactions reimburse based on a predetermined rate for services performed. The revenue is recognized in the period the service is performed. Amounts received in excess of those earned are reflected in the statement of financial position as deferred revenue.

Rental income is recognized as revenue in the period when it is earned.

Use of Estimates

The preparation of financial statements in conformity 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.

Accounts Receivable

Accounts receivable consist of receivables for clinic patient co-pays and rents. CC of Idaho analyzes the receivables based on prior collection experience, and specific customer attributes. CC of Idaho writes off a receivable when all collection efforts have been exhausted. An allowance for uncollectible accounts of \$37,610 was recorded as of June 30, 2010.

Property and Equipment

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

Community Council of Idaho, Inc.

Notes to Financial Statements

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

Property and Equipment (Continued)

Property and equipment purchased with grant funds are owned by CC of Idaho while used in the program 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. Its disposition, as well as the ownership of any proceeds therefrom, is subject to funding source regulations. Property and equipment purchased with grant funds net of depreciation was \$817,601 at June 30, 2010.

Income Taxes

CC of Idaho is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. CC of Idaho is also exempt from Idaho state income tax.

CC of Idaho 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. CC of Idaho has determined there are no amounts to record as assets or liabilities related to uncertain tax positions. Federal returns for the fiscal years 2007, 2008, and 2009 remain subject to examination by the Internal Revenue Service.

In-Kind Contributions

CC of Idaho has recorded in-kind contributions for space, supplies, and professional services in the statement of activities in accordance with generally accepted accounting standards. Those standards require that only contributions of services received that create or enhance a nonfinancial asset or require specialized skill by the individual possessing those skills and would typically need to be purchased if not provided by donation be recorded. The accounting standard requirements are different than the in-kind requirements of several of CC of Idaho's grant awards. CC of Idaho received contributions of nonprofessional volunteers during the year with a value of \$65,039 for its Head Start program which are not recorded in the statement of activities.

Cost Allocation

Joint costs are allocated to benefiting programs using an indirect cost rate. Joint costs are those costs incurred for the common benefit of all CC of Idaho's programs that cannot be readily identified with a final cost objective. The indirect cost rate has been approved by the U.S. Department of Health and Human Services.

Subsequent Events

Subsequent events have been evaluated through January 5, 2011, which is the date the financial statements were available to be issued.

Community Council of Idaho, Inc.

Notes to Financial Statements

Note 2 Concentration of Credit Risk

CC of Idaho maintains cash balances at several financial institutions. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$250,000. During the year, balances at one bank exceeded FDIC coverage. Management believes this financial institution has a strong credit rating and credit risk related to these deposits is minimal.

Note 3 Grants Receivable

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

Direct federal programs	\$ 1,348,933
State and local programs	51,863
<u>Total</u>	<u>\$ 1,400,796</u>

Note 4 Reserves

Reserves of \$79,299 represent an escrow associated with one of CC of Idaho's mortgages with the Idaho Housing and Finance Association. These funds will remain with the Idaho Housing and Finance Association until CC of Idaho requests and receives approval to use the funds for building improvements or repairs. See Note 14 for additional information related to current year reserve payments.

Note 5 Property and Equipment

A summary of property and equipment is as follows:

Land	\$ 579,464
Buildings and improvements	11,850,617
Equipment	2,030,026
	14,460,107
<u>Accumulated depreciation</u>	<u>(9,693,901)</u>
<u>Property and equipment, net</u>	<u>\$ 4,766,206</u>

Note 6 Mortgages Payable

Mortgage payable to USDA Rural Development, at 1% interest with monthly payments of \$347, due January 2013. The mortgage is collateralized by the Colonia De Colores real estate. \$ 14,967

Mortgage payable to USDA Rural Development, at 1% interest with monthly payments of \$611, due March 2019. The mortgage is collateralized by the El Rancho Grande real estate. 72,472

Community Council of Idaho, Inc.

Notes to Financial Statements

Note 6 Mortgages Payable (Continued)

Mortgage payable to USDA Rural Development, at 1% interest with monthly payments of \$3,245, due March 2031. The mortgage is collateralized by the Un Nuevo Amanecer real estate.	717,067
Mortgage payable to USDA Rural Development, at 1% interest with monthly payments of \$962, due March 2026. The mortgage is collateralized by the Project Hope real estate.	177,091
Mortgage payable to USDA Rural Development, at 1% interest with monthly payments of \$979, due June 2028. The mortgage is collateralized by the Colonia Cesar Chavez real estate.	203,137
Mortgage payable to USDA Rural Development, at 1% interest with monthly payments of \$186, due December 2033. The mortgage is collateralized by Colonia De Colores real estate.	46,538
Mortgage payable to USDA Rural Development, at 1% interest with monthly payments of \$290, due May 2037. The mortgage is collateralized by the Project Hope real estate.	84,450
Mortgage payable to USDA Rural Development, at 1% interest with monthly payments of \$1,070, due July 2038. The mortgage is collateralized by the Colonia De Colores real estate.	322,457
Mortgage payable to Idaho Housing Agency, at 0% interest with monthly payments of \$1,885, due January 2034. The mortgage is collateralized by the Colonia Caesar Chavez real estate.	508,857
Mortgage payable to Wells Fargo, at 7.5% interest with monthly payments of \$1,624, due November 2012. The mortgage is collateralized by the El Milagro real estate.	156,064
Mortgage payable to Wells Fargo, at 7.5% interest with monthly payments of \$6,811, due August 2013. The mortgage is collateralized by the El Mercado real estate.	714,005
Mortgage payable to Idaho Housing Agency, at 0% interest with monthly payments of \$2,089, due October 2033. The mortgage is collateralized by the El Milagro real estate.	576,586
Total	3,593,691
Current maturities	(238,363)
Long-term portion	\$ 3,355,328

Community Council of Idaho, Inc.

Notes to Financial Statements

Note 6 Mortgages Payable (Continued)

Future debt maturities as of June 30, 2010 are as follows:

2011	\$ 238,363
2012	171,870
2013	304,158
2014	724,029
2015	123,624
Thereafter	2,031,647
<u>Total</u>	<u>\$ 3,593,691</u>

Note 7 Line of Credit

CC of Idaho has one unsecured line of credit with Wells Fargo Bank with outstanding draws at June 30, 2010, of \$378,389. The line of credit has an available credit limit of \$750,000 with a variable interest rate of 5% at June 30, 2010, and expires May 2011.

Note 8 Operating Leases

CC of Idaho leases various facilities for operation of its programs. Rent expense for the year was \$261,859. Future minimum lease payments are as follows:

2011	\$ 211,909
2012	68,697
2013	19,498
<u>Total</u>	<u>\$ 300,104</u>

Note 9 Lessor Activity

CC of Idaho leases space to others in their administrative building under various terms. Some of the lease agreements contain renewal options. Rental income earned for the year ended June 30, 2010, was \$218,486. Future expected receipts are as follows:

2011	\$ 68,419
2012	4,331
<u>Total</u>	<u>\$ 72,750</u>

In addition to the above rental agreements, CC of Idaho owns apartments that are rented to low-income and seasonal tenants under annual leases. Rental income earned for the year ended June 30, 2010, was \$543,053. CC of Idaho also received grant funds of \$272,059 for tenant rental assistance for these apartments, which is included in grant revenue in the statement of activities.

Community Council of Idaho, Inc.

Notes to Financial Statements

Note 9 Lessor Activity (Continued)

A summary of the acquisition costs and accumulated depreciation on the above properties at June 30, 2010, is as follows:

Land	\$ 353,511
Buildings	9,868,277
Subtotal	10,221,788
Accumulated depreciation	(6,595,882)
Net	\$ 3,625,906

Note 10 Functional Classifications of Expenses

The following program and supporting services are reflected in the statement of activities for the year ended June 30, 2010:

Federal, state, and local programs:	
Child education	\$ 7,576,567
Community services	1,477,557
Housing	1,261,257
Community health center	1,113,374
Youth activities	25,751
Food programs	216,103
Other activities	106,307
Total program activities	11,776,916
Fund-raising	12,598
Management and general expenses	1,219,253
Total expenses	\$ 13,008,767

Note 11 Retirement

CC of Idaho offers its employees a retirement plan created in accordance with Internal Revenue Service Code Section 401(k). The plan, available to all eligible CC of Idaho employees, permits them to defer a portion of their salary. CC of Idaho will match the first 3% of qualified employees' contributions and may contribute an additional 1.5% of qualified employees' contributions, depending on available funding. CC of Idaho's contributions are vested at 20% each year. CC of Idaho's contributions to the plan for the year ended June 30, 2010, were \$38,257.

Note 12 Grant Awards

At June 30, 2010, CC of Idaho had commitments under various ongoing grant awards of approximately \$7,000,000. The revenue relating to these grants is not recognized in the accompanying financial statements as the revenue recognition is conditional on the incurrence of expenditures or the performance of services in the future.

Community Council of Idaho, Inc.

Notes to Financial Statements

Note 13 **Temporarily Restricted Net Assets**

Temporarily restricted net assets consist of funds received from Northwest Area Foundation of \$187,734. These net assets are to be used to fund predevelopment costs of building projects. Funds are to be repaid to the revolving loan fund when the project is determined to be feasible and financing has been obtained. If it is determined that the project is not feasible, the funds do not need to be repaid.

Note 14 **Rural Development Mortgages**

As a result of monitoring visits by USDA Rural Development, CC of Idaho was notified by USDA Rural Development in 2009 that they were to find another nonprofit organization onto which to transfer the Rural Development properties. The monitoring identified deficiencies in the physical condition of the properties. CC of Idaho attempted to negotiate a purchase agreement with several interested parties; however, an agreement was unable to be made. As a result, USDA Rural Development accelerated the mortgages. CC of Idaho appealed the decision of USDA Rural Development to accelerate the loans. In the current year, the hearing officer reviewing the case made the decision that USDA Rural Development had erroneously accelerated the loans without basis and found in favor of CC of Idaho.

In relation to these properties, a housing assistance payment (HAP payment) is normally received on a monthly basis. The monthly HAP amount is net of the mortgage principal and interest amount. From the funds received, CC of Idaho then makes a required deposit to the reserve. As a result of these ongoing legal issues, USDA Rural Development did not pay the HAP payments to CC of Idaho. As a result, CC of Idaho could not make required payments related to the Rural Development mortgages which included: mortgage principal, mortgage interest, and required reserve payments. A receivable in the amount of \$247,418, included in grants receivable on the statement of financial position, was recorded to reflect the HAP payment receivable, interest payable was recorded in the amount of \$16,202 and is included in accounts payable on the statement of financial position. In addition, the reserves were underfunded in the amount of \$60,918 as of June 30, 2010.

In the subsequent period, USDA Rural Development issued further monitoring letters noting additional concerns in relation to the mortgaged properties. CC of Idaho is in the process of responding to these monitoring letters.

Additional Information

Community Council of Idaho, Inc.

Schedule A Schedule of Expenditures of Federal Awards Year Ended June 30, 2010

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantors Number	Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Direct Award			
Rural Rental Housing Loans	10.405	N/A	\$ <u>1,638,179</u>
Direct Award			
Rural Rental Assistance Payments	10.427	N/A	<u>272,059</u>
Passed-through the Idaho State Department of Education			
Child and Adult Care Food Program	10.558	N/A	<u>238,376</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed-through the City of Idaho Falls			
Community Development Block Grant	14.218	N/A	<u>34,794</u>
U.S. DEPARTMENT OF LABOR			
Direct Award			
Migrant and Seasonal Farmworkers	17.264	AC-16462-07-60-A-16	<u>1,053,631</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Direct Award			
Community Health Centers ARRA-IDS & Community Health Centers ARRA-CIP	93.703- ARRA	H8BCS11729 & C81CS13647	<u>178,375</u>
Direct Award			
Community Health Centers	93.224	H80CS04201-05-06 & H80CS04201-06-02	<u>687,741</u>
Passed-through the Idaho Head Start Association			
Temporary Assistance for Needy Families	93.558	11-20103	<u>71,889</u>
Passed-through Community Action Partnership Association of Idaho			
Community Services Block Grant	93.569	CSBG-09-909 & CSBG-10-910	246,795
Community Services Block Grant - ARRA	93.710- ARRA	CSBG-ARRA	<u>239,741</u>
	Total Cluster 93.569 & 93.710-ARRA		<u>486,536</u>
Direct Award			
Head Start	93.600	90CM0948/38 & 90CM0948/39	7,679,825
Head Start ARRA	93.708- ARRA	90SE0948/01	<u>331,178</u>
	Total Cluster 93.600 & 93.708-ARRA		<u>8,011,003</u>

See Independent Auditor's Report.

Community Council of Idaho, Inc.

Schedule A

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2010

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantors Number	Expenditures
U.S. DEPARTMENT OF HOMELAND SECURITY			
Passed-through Emergency Food and Shelter National Board			
Emergency Food and Shelter National Board Program	97.024	Phase 27 & 28	26,520
Emergency Food and Shelter National Board Program ARRA	97.114- ARRA	Phase 27 - ARRA	3,333
Total Cluster 97.024 & 97.114-ARRA			29,853
TOTAL FEDERAL EXPENDITURES			\$ 12,702,436

Notes to Schedule of Expenditures of Federal Awards

NOTE 1: This schedule includes the federal grant activity of Community Council of Idaho, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2: The federal expenditures under CFDA #10.405 represent the outstanding loan balance with USDA Rural Development on the Farm Labor Housing Projects of Coloria De Colores, El Rancho Grande, Un Nuevo Amanecer, Project Hope and Coloria César Chavéz.

Community Council of Idaho, Inc.

Schedule B-1 Schedule of Program Activity Year Ended June 30, 2010

Program Fund Number	001	020	100	102	105	110
	Insurance Claims	NCLR Grant	Corporate	Corporate Donations E.D.	Company Store	Corporate Hispanic Scholarship
Total						
REVENUE						
Grant revenue	\$ 0	\$ 739	\$ 0	\$ 0	\$ 0	\$ 0
Other income	57,157	0	39,133	2,120	3,460	20,362
Rental income	0	0	0	0	0	0
In-kind contributions	0	0	0	0	0	0
Total revenue	57,157	739	39,133	2,120	3,460	20,362
EXPENSES						
Personnel	0	0	0	0	0	0
Fringe benefits	0	0	0	0	0	0
Contractual	0	0	27,649	0	0	0
Travel	0	739	0	0	0	55
Occupancy	56,097	0	9,495	0	0	0
Supplies	0	0	9,310	0	2,120	392
Minor equipment and maintenance	0	0	0	0	0	0
Other	1,060	0	186	925	0	6,932
Training	0	0	0	0	0	0
Depreciation	0	0	12,728	0	0	0
In-kind expense	0	0	0	0	0	0
Indirect expense	0	0	0	0	0	0
Total expenses	57,157	739	59,368	925	2,120	7,379
CHANGE IN NET ASSETS	(\$ 0)	\$ 0	(\$ 20,235)	\$ 1,195	\$ 1,340	\$ 12,983

See Independent Auditor's Report.

Community Council of Idaho, Inc.

Schedule B-2 Schedule of Program Activity Year Ended June 30, 2010

Program Fund Number	160	190	201	205	211	221	231
	Corporate Property	Corporate Membership	Colonia Cesar Chavez	CCC Reserve Expenses	Comunidad Casimaro Dimas	Colonia De Colores	El Milagro Housing
REVENUE							
Grant revenue	\$ 0	\$ 0	\$ 65,200	\$ 0	\$ 0	\$ 44,526	\$ 0
Other income	6,004	0	3,217	0	6,000	557	9,278
Rental income	0	0	61,531	0	(750)	47,882	261,531
In-kind contributions	0	0	0	0	0	0	0
Total revenue	6,004	0	129,948	0	5,250	92,965	270,809
EXPENSES							
Personnel	0	0	33,957	0	1,306	39,597	64,369
Fringe benefits	0	0	9,814	0	377	11,443	18,603
Contractual	0	0	5,018	0	3,993	6,654	16,287
Travel	0	0	518	0	0	1,467	1,434
Occupancy	0	0	48,853	12,152	14,921	34,790	112,236
Supplies	0	43	2,230	0	813	1,663	1,557
Minor equipment and maintenance	250	0	291	1,757	0	462	3,742
Other	837	0	9,926	0	0	7,867	36,284
Training	0	0	0	0	0	0	0
Depreciation	0	0	39,265	0	22,791	50,929	28,744
In-kind expense	0	0	0	0	0	0	0
Indirect expense	0	0	0	0	289	0	14,271
Total expenses	1,087	43	149,872	13,909	44,490	154,872	297,527
CHANGE IN NET ASSETS	\$ 4,917	(\$ 43)	(\$ 19,924)	(\$ 13,909)	(\$ 39,240)	(\$ 61,907)	(\$ 26,718)

See Independent Auditor's Report.

Community Council of Idaho, Inc.

Schedule B-3 Schedule of Program Activity Year Ended June 30, 2010

Program Fund Number	251	255	261	271	281	285	311
	EI Rancho Grande	ERGE Reserve Expenses	EI Mercado	Project Hope	Un Nuevo Amanecer	UNA Reserve Expenses	Property Management
REVENUE							
Grant revenue	\$ 38,455	\$ 0	\$ 0	\$ 72,133	\$ 51,745	\$ 0	\$ 0
Other income	4,670	0	1,747	2,613	3,981	0	80,337
Rental income	54,852	0	218,486	46,680	71,327	0	0
In-kind contributions	0	0	0	0	0	0	0
Total revenue	97,977	0	220,233	121,426	127,053	0	80,337
EXPENSES							
Personnel	33,248	0	22,107	28,575	25,430	0	23,382
Fringe benefits	9,609	0	6,389	8,258	7,349	0	6,758
Contractual	4,871	0	20,046	5,283	4,370	0	0
Travel	864	0	9	157	943	0	1,251
Occupancy	30,817	7,942	41,836	52,973	53,771	13,067	3,413
Supplies	1,048	0	4,018	251	732	0	1,658
Minor equipment and maintenance	43	0	0	42	1,204	0	0
Other	8,535	0	12,963	9,899	8,547	0	0
Training	0	0	0	0	0	0	0
Depreciation	40,544	0	92,305	47,555	54,136	0	0
In-kind expense	0	0	0	0	0	0	0
Indirect expense	0	0	4,901	0	0	0	40,837
Total expenses	129,579	7,942	204,574	152,993	156,482	13,067	77,299
CHANGE IN NET ASSETS	(\$ 31,602)	(\$ 7,942)	(\$ 15,659)	(\$ 31,567)	(\$ 29,429)	(\$ 13,067)	3,038

See Independent Auditor's Report.

Community Council of Idaho, Inc.

Schedule B-4 Schedule of Program Activity Year Ended June 30, 2010

Program Fund Number	401	501	502	521	522	530	531
	Felipe Child Care	Migrant & Seasonal Head Start	Migrant & Seasonal Head Start	Migrant & Seasonal T&TA	Migrant & Seasonal T&TA	Migrant & Seasonal USDA	Migrant & Seasonal USDA
REVENUE							
Grant revenue	\$ 0	\$ 5,562,096	\$ 1,595,313	\$ 57,981	\$ 13,125	\$ 159,437	\$ 78,939
Other income	0	0	0	0	0	0	0
Rental income	0	0	0	0	0	0	0
In-kind contributions	0	0	0	0	0	0	0
Total revenue	0	5,562,096	1,595,313	57,981	13,125	159,437	78,939
EXPENSES							
Personnel	14,160	3,230,117	904,610	0	0	56,396	28,388
Fringe benefits	3,214	762,692	211,595	0	0	12,802	6,444
Contractual	0	65,823	9,762	0	0	0	0
Travel	60	8,431	3,862	0	0	0	0
Occupancy	0	336,545	90,462	0	0	0	0
Supplies	40	190,574	96,511	0	0	90,239	44,107
Minor equipment and maintenance	0	0	24	0	0	0	0
Other	223	172,866	52,014	0	0	0	0
Training	0	90,391	34,486	57,981	13,125	0	0
Depreciation	0	0	0	0	0	0	0
In-kind expense	0	0	0	0	0	0	0
Indirect expense	2,989	704,657	191,987	0	0	0	0
Total expenses	20,686	5,562,096	1,595,313	57,981	13,125	159,437	78,939
CHANGE IN NET ASSETS	(\$ 20,686)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

See Independent Auditor's Report.

Community Council of Idaho, Inc.

Schedule B-5 Schedule of Program Activity Year Ended June 30, 2010

Program Fund Number	541	571	572	581	582	583	701
	Migrant & Seasonal TANF	Migrant & Seasonal INKIND	Migrant & Seasonal INKIND	Migrant & Seasonal ARRA COLA & QI	Migrant & Seasonal Program Improvement	CDBG	Indirect
REVENUE							
Grant revenue	\$ 71,889	\$ 0	\$ 0	\$ 331,178	\$ 451,310	\$ 34,794	\$ 0
Other income	0	0	0	0	0	0	0
Rental income	0	0	0	0	0	0	0
In-kind contributions	0	264,260	42,724	0	0	0	0
Total revenue	71,889	264,260	42,724	331,178	451,310	34,794	0
EXPENSES							
Personnel	46,941	0	0	115,934	0	0	659,482
Fringe benefits	10,761	0	0	29,010	0	0	190,590
Contractual	0	0	0	0	0	0	59,755
Travel	0	0	0	0	0	0	81,172
Occupancy	1,631	0	0	35,164	197,097	34,794	93,805
Supplies	1,997	0	0	0	0	0	90,196
Minor equipment and maintenance	0	0	0	0	167,675	0	0
Other	464	0	0	0	63,253	0	57,824
Training	170	0	0	126,140	23,285	0	0
Depreciation	0	0	0	0	0	0	0
In-kind expense	0	264,260	42,724	0	0	0	0
Indirect expense	9,925	0	0	24,930	0	0	(1,232,824)
Total expenses	71,889	264,260	42,724	331,178	451,310	34,794	0
CHANGE IN NET ASSETS	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

See Independent Auditor's Report.

Community Council of Idaho, Inc.

Schedule B-6 Schedule of Program Activity Year Ended June 30, 2010

Program Fund Number	801	821	831	832	833	841	842
	EE&T WIA	EE&T Whittenburger	EE&T CSBG	EE&T CSBG ARRA	EE&T CSBG	EE&T EFSP	EE&T EFSP ARRA
REVENUE							
Grant revenue	\$ 1,053,631	\$ 3,000	\$ 207,204	\$ 239,741	\$ 39,591	\$ 17,470	\$ 3,333
Other income	0	0	0	0	0	0	0
Rental income	0	0	0	0	0	0	0
In-kind contributions	0	0	0	0	0	0	0
Total revenue	1,053,631	3,000	207,204	239,741	39,591	17,470	3,333
EXPENSES							
Personnel	434,920	0	50,082	79,689	10,639	0	0
Fringe benefits	125,692	0	14,474	23,030	3,075	0	0
Contractual	1,362	0	0	0	0	0	0
Travel	67,292	0	6,382	3,873	3,065	0	0
Occupancy	52,897	0	17,570	13,107	1,794	0	0
Supplies	74,681	0	32,064	9,041	3,930	4,481	0
Minor equipment and maintenance	0	0	0	0	0	0	0
Other	35,466	3,000	72,875	92,336	13,578	12,989	3,333
Training	164,896	0	2,654	998	1,151	0	0
Depreciation	0	0	0	0	0	0	0
In-kind expense	0	0	0	0	0	0	0
Indirect expense	96,425	0	11,103	17,667	2,359	0	0
Total expenses	1,053,631	3,000	207,204	239,741	39,591	17,470	3,333
CHANGE IN NET ASSETS	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

See Independent Auditor's Report.

Community Council of Idaho, Inc.

Schedule B-7 Schedule of Program Activity Year Ended June 30, 2010

Program Fund Number	843	851	860	861	881	901	902
	EE&T EFSP	EE&T ISUCCEED	EE&T EITC	EE&T EITC	EE&T LITERACY	Clinic	Clinic
REVENUE							
Grant revenue	\$ 9,050	\$ 2,795	\$ 6,958	\$ 9,153	\$ 0	\$ 291,849	\$ 395,892
Other income	0	0	0	0	2,181	169,465	251,941
Rental income	0	0	0	0	0	0	0
In-kind contributions	0	0	0	0	0	0	0
Total revenue	9,050	2,795	6,958	9,153	2,181	461,314	647,833
EXPENSES							
Personnel	0	1,814	3,847	3,610	0	180,385	248,970
Fringe benefits	0	524	1,112	1,043	0	52,131	71,952
Contractual	0	0	0	0	0	23,210	31,169
Travel	0	0	77	584	841	9,272	16,664
Occupancy	0	0	900	2,700	0	49,535	48,452
Supplies	1,167	55	169	416	840	50,052	60,503
Minor equipment and maintenance	0	0	0	0	0	950	0
Other	7,883	0	0	0	500	18,918	22,670
Training	0	0	0	0	0	180	779
Depreciation	0	0	0	0	0	0	17,756
In-kind expense	0	0	0	0	0	0	0
Indirect expense	0	402	853	800	0	39,993	55,199
Total expenses	9,050	2,795	6,958	9,153	2,181	424,626	574,114
CHANGE IN NET ASSETS	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 36,688	\$ 73,719

See Independent Auditor's Report.

Community Council of Idaho, Inc.

Schedule B-8 Schedule of Program Activity Year Ended June 30, 2010

Program Fund Number	920		930		500		700		800		900			
	Clinic ARRA IDS	Clinic ARRA CIP	Clinic ARRA CIP	Seasonal Property & Depreciation	Migrant & Head Start Property & Depreciation	Indirect Property & Depreciation	EE&T Property & Depreciation	Clinic Property & Depreciation	Clinic ARRA CIP	Seasonal Property & Depreciation	Migrant & Head Start Property & Depreciation	Indirect Property & Depreciation	EE&T Property & Depreciation	Clinic Property & Depreciation
REVENUE														
Grant revenue	\$ 76,528	\$ 101,847	\$ 101,847	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other income	85,187	0	0	0	0	0	0	0	0	0	0	0	0	0
Rental income	0	0	0	0	0	0	0	0	0	0	0	0	0	0
In-kind contributions	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total revenue	161,715	101,847	101,847	0	0	0	0	0	0	0	0	0	0	0
EXPENSES														
Personnel	59,704	0	0	0	0	0	0	0	0	0	0	0	0	0
Fringe benefits	17,254	0	0	0	0	0	0	0	0	0	0	0	0	0
Contractual	10,450	0	0	0	0	0	0	0	0	0	0	0	0	0
Travel	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Occupancy	33,598	19,460	(92,787)	0	(100)	(15,000)	0	0	0	0	0	0	0	0
Supplies	23,374	20,069	0	0	0	1,237)	0	0	0	0	0	0	0	0
Minor equipment and maintenance	0	62,318	(152,886)	0	0	0	0	0	0	0	0	0	0	0
Other	1,331	0	(308)	0	0	0	0	0	0	0	0	0	0	0
Training	134	0	0	0	0	0	0	0	0	0	0	0	0	0
Depreciation	0	0	0	185,461	24,343	7,657	12,268	0	0	0	0	0	0	0
In-kind expense	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Indirect expense	13,237	0	0	0	0	0	0	0	0	0	0	0	0	0
Total expenses	159,082	101,847	(60,520)	24,343	7,557	(31,545)	0	0	0	0	0	0	0	0
CHANGE IN NET ASSETS														
	\$ 2,633	\$ 0	\$ 60,520	(\$ 24,343)	(\$ 7,557)	\$ 31,545								

See Independent Auditor's Report.

Community Council of Idaho, Inc.

Schedule C
 Schedule of Financial Information for Clinic Services
 June 30, 2010

Assets, Liabilities, and Net Assets

Assets:		
Cash	\$	57,545
Reserve cash		308,500
Pharmaceuticals inventory		6,462
Accounts receivable		18,493
Patient accounts receivable		21,938
Modulars and equipment, net		192,743
Prepaid insurance		8,478
Total assets	\$	614,159
Liabilities and net assets:		
Accounts payable		21,071
Grant funds received in advance		6,390
Accrued payroll and related liabilities		38,134
Total liabilities		65,595
Unrestricted net assets		548,564
Total liabilities and net assets	\$	614,159

Revenue and Expenses and Change in Net Assets

July 1, 2009 to
 June 30, 2010

Revenue:		
Federal grants	\$	866,116
Patient service	(13,698)
Pharmacy supplies cost reimbursement		45,171
Self pay gross revenue		407,747
Sliding fee discount	(302,637)
Insurance revenue, net		370,010
Total revenue		1,372,709
Expenses:		
Personnel		489,059
Fringe benefits		141,337
Contractual		64,829
Travel		25,936
Occupancy		136,045
Supplies		152,761
Minor equipment and maintenance		35,692
Other		42,919
Training		1,093
Depreciation		30,024
Indirect expense		108,429
Total expenses		1,228,124
Change in net assets	\$	144,585

The above information is included in the basic financial statements. This schedule is included to present additional detail on clinic operations.

See Independent Auditor's Report.

Community Council of Idaho, Inc.

Schedule D

Schedule of Operations by Activity

Year Ended June 30, 2010

	Total	Housing Programs	Grant Funded Programs	Grant Funded Property	Corporate
Revenue:					
Grant revenue	\$11,086,902	\$ 272,059	\$10,814,104	\$ 0	\$ 739
Other income	749,410	32,063	508,774	57,157	151,416
Rental income	761,539	761,539	0	0	0
In-kind contributions	306,984	0	306,984	0	0
Total revenue	\$12,904,835	\$ 1,065,661	\$11,629,862	\$ 57,157	\$ 152,155
Expenses:					
Personnel	\$ 6,401,659	\$ 248,589	\$ 6,115,528	\$ 0	\$ 37,542
Fringe benefits	1,615,995	71,842	1,534,181	0	9,972
Contractual	295,702	66,522	201,531	0	27,649
Travel	209,012	5,392	201,515	0	2,105
Occupancy	1,413,987	423,358	1,029,511	(51,790)	12,908
Supplies	819,104	12,312	794,466	(1,237)	13,563
Minor equipment and maintenance	58,296	7,541	230,967	(180,462)	250
Other	735,177	94,021	631,300	752	9,104
Training	516,370	0	516,370	0	0
Depreciation	636,481	376,269	17,756	229,729	12,727
In-kind expense	306,984	0	306,984	0	0
Indirect expense	0	19,461	(63,287)	0	43,826
Total expenses	\$13,008,767	\$ 1,325,307	\$11,516,822	(\$ 3,008)	\$ 169,646
Change in net assets	(\$ 103,932)	(\$ 259,646)	\$ 113,040	\$ 60,165	(\$ 17,491)

NOTE: This schedule provides information on the operations of Community Council of Idaho, Inc. by major activities and includes all in kind.

The activities include the following:

- Housing programs represent the buildings owned by Community Council of Idaho, Inc. that are rented to outside parties.
- Grant-funded programs represent the operations of the grant programs that are funded to Community Council of Idaho, Inc. (Clinic activity is included here.)
- Grant-funded property represents the purchase of property with grant funds and the related depreciation.
- Corporate activities represent the unrestricted operations of Community Council of Idaho, Inc.



Independent Auditor's 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 Council of Idaho, Inc.
Caldwell, Idaho

We have audited the financial statements of Community Council of Idaho, Inc. (a nonprofit organization) as of and for the year ended June 30, 2010, and have issued our report thereon dated January 5, 2011. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Community Council of Idaho, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Community Council of Idaho, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Community Council of Idaho, Inc.'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 the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Community Council of Idaho, 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*.

We noted a matter involving the internal control over financial reporting that we have reported to the management of Community Council of Idaho, Inc. in a separate letter dated January 5, 2011.

This report is intended solely for the information and use of management, the Board of Directors, others within Community Council of Idaho, Inc., 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.

Wipfli LLP

Wipfli LLP

January 5, 2011
Madison, Wisconsin



Independent Auditor's Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133

Board of Directors
Community Council of Idaho, Inc.
Caldwell, Idaho

Compliance

We have audited Community Council of Idaho, 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 June 30, 2010. Community Council of Idaho, Inc.'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 Council of Idaho, Inc.'s management. Our responsibility is to express an opinion on Community Council of Idaho, Inc.'s compliance based on our audit.

We conducted our audit 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; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards are 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 Council of Idaho, 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. Our audit does not provide a legal determination on Community Council of Idaho, Inc.'s compliance with those requirements.

In our opinion, Community Council of Idaho, Inc. complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

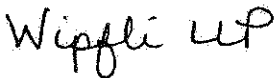
Internal Control Over Compliance

The management of Community Council of Idaho, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Community Council of Idaho, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the 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 any opinion on the effectiveness of Community Council of Idaho, 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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board of Directors, others within Community Council of Idaho, Inc., 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.



Wipfli LLP

January 5, 2011
Madison, Wisconsin

Community Council of Idaho, Inc.

Schedule of Findings and Questioned Costs

A. Summary of Auditor's Results

1. The auditor's report expresses an unqualified opinion on the financial statements.
2. No significant deficiencies relating to the audit of the financial statements is reported in the Independent Auditor's 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*.
3. No instances of noncompliance material to the financial statements of Community Council of Idaho, Inc. were disclosed during the audit.
4. No significant deficiencies were disclosed during the audit of the major federal programs as reported in the Independent Auditor's Report on Compliance With Requirements That Could Have a Direct and Material Effect on 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 award programs for Community Council of Idaho, Inc. expresses an unqualified opinion.
6. There were no audit findings relative to the major federal award programs for Community Council of Idaho, Inc.
7. The programs tested as major programs were the U.S. Department of Health and Human Services: Community Health Centers, CFDA #93.703-ARRA; Head Start cluster, CFDA #93.600 and #93.708-ARRA; and Community Services Block Grant cluster, CFDA #93.569 and #93.710-ARRA.
8. The threshold for distinguishing Types A and B programs was \$381,073.
9. Community Council of Idaho, Inc. was determined to be a low-risk auditee.

B. Findings – Financial Statements Audit

Findings: None

C. Major Federal Award Programs Audit

Findings: None

Questioned Costs: None

Community Council of Idaho, Inc.

Schedule of Findings and Questioned Costs

D. Prior Year Findings:

Financial Statements Audit

INTERNAL CONTROLS (063009-01)

Condition

One of the business activities operated by Community Council of Idaho, Inc. (CCI) is rental housing. Due to the location of the various rental properties in relation to the administrative offices of CCI, tenants pay rent to the property manager who in turn deposits it into the bank. CCI was notified that the property manager at one of the rental projects may have been taking advantage of a tenant by selling medical insurance that did not exist. CCI staff immediately conducted an investigation and found that the manager was keeping a separate receipt book and overcharging rents to some tenants. In order to circumvent the internal controls in place and mislead the accounting department, the property manager was altering the bank deposit slips, rental receipts, and accepting cash from some of the tenants which the property kept. Management is in the process of determining the extent of the damage to the tenants. Although management believed there were strong internal controls in place at that time, management has implemented additional internal controls when this was discovered.

Criteria

The misappropriation of funds indicates a potential weakness in internal controls over receipts. OMB circular A-110, *Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations*, Financial Management Standard Section 215.21 (b)(3) requires grant award recipients to have a financial management system that shall provide effective control over and accountability for all funds and other assets.

Effect

The current internal controls failed to discover the alleged misappropriation.

Recommendation

We recommend that the Organization review the internal controls surrounding the receipt of funds from tenants and institute additional controls as necessary.

Community Council of Idaho, Inc.

Schedule of Findings and Questioned Costs

D. Prior Year Findings – Financial Statements Audit (Continued)

INTERNAL CONTROLS (063009-01) (Continued)

Management's Response

Although we feel our internal controls that were in place at the time of the incident were strong, we reviewed our internal controls for the rent collections process and put a few additional internal controls in place.

The following were our current internal controls prior to the incident:

- Sending out quarterly billing statements to the tenants which showed them all the activity on their account including the amount that they paid and the amount that USDA paid towards their account
- Interviewing tenants that have past due balances
- Making sure that the deposit slips matched up to the tenant receipts
- Keeping track of the tenant receipts, making sure that there were no receipts missing

The following are the internal controls we added or changed:

- Continuing to send out the quarterly billing statements, but only showing the tenant portion of the rents and the tenant payments
- Requiring the managers to send copies of all the checks, money orders, and receipts and deposit slips with each deposit made
- Requiring a tenant signature on each receipt
- Having community meetings with the tenants
- Having more interviews with the housing tenants in regards to the rent and any additional items that they pay
- Continuing to interview tenants, but including tenants that have paid their rent

Current Year Status

All items listed in management's response to this finding have been put into operation during FY 2010.