

MANATEE COMMUNITY ACTION AGENCY, INC.

**AUDITED FINANCIAL STATEMENTS
ALL PROGRAMS**

**FOR THE YEAR ENDED
DECEMBER 31, 2012**

MANATEE COMMUNITY ACTION AGENCY, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2012

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MANATEE COMMUNITY ACTION AGENCY, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2012

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 1,335,949
Accounts receivable - grants	613,657
Other receivables	35,413
Prepaid expenses	208,885
Total current assets	<u>2,193,904</u>

LAND, BUILDINGS, AND EQUIPMENT, NET 1,039,493

DEPOSITS 29,574

TOTAL ASSETS \$ 3,262,971

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 143,125
Accrued payroll and taxes	230,534
Accrued expenses	128,356
Deferred revenue	652,720
Total current liabilities	<u>1,154,735</u>

NET ASSETS

Unrestricted	1,068,743
Unrestricted- property, plant and equipment	1,039,493
Total net assets	<u>2,108,236</u>

TOTAL LIABILITIES AND NET ASSETS \$ 3,262,971

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

MANATEE COMMUNITY ACTION AGENCY, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2012

	2012
REVENUE	
Grants and contracts	\$ 10,316,162
In-kind contributions	809,090
Program income	757,457
Donations and gifts	9,730
Miscellaneous income	22,142
	11,914,581
TOTAL REVENUE	
EXPENSES	
PROGRAM SERVICES	
Child care services	4,955,139
Training and family support	820,083
Client assistance	2,287,202
Food services	352,459
Housing assistance	1,588,022
Volunteer services	32,300
Donated space, supplies and other	776,290
Total program services	10,811,495
SUPPORTING SERVICES	
General and administrative	709,302
Depreciation	112,469
Volunteer services	500
Loss on disposal of land, building, and equipment	6,026
Total supporting services	828,297
TOTAL EXPENSES	11,639,792
CHANGE IN NET ASSETS	274,789
NET ASSETS, Beginning of year	1,833,447
NET ASSETS, End of year	\$ 2,108,236

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

MANATEE COMMUNITY ACTION AGENCY, INC.
STATEMENT OF FUNCTIONAL EXPENSES – CHILD CARE SERVICES
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>HEAD START</u>	<u>VPK</u>	<u>TOTAL CHILD CARE SERVICES</u>
Personnel	\$ 2,903,611	\$ 372,823	\$ 3,276,434
Taxes/fringe benefits	794,350	89,138	883,488
Transportation and travel	28,218	2,243	30,461
Supplies	12,003	-	12,003
Contractual	2,029	-	2,029
Professional	32,467	3,582	36,049
Occupancy	182,626	30,795	213,421
Insurance	71,722	12,743	84,465
Dues and subscriptions	2,698	-	2,698
Program supplies	69,076	44,074	113,150
Program services	64,114	-	64,114
Food/non-food	13,385	-	13,385
Tuition, seminars, development	67,784	-	67,784
Parent development	84	1,380	1,464
Assistance	-	-	-
Equipment and vehicle leases	33,092	25	33,117
Computer maintenance and support	32,000	-	32,000
Repair and maintenance	74,742	445	75,187
Taxes and licenses	2,336	-	2,336
Printing and postage	2,661	150	2,811
Other costs	7,623	1,120	8,743
	<u>4,396,621</u>	<u>558,518</u>	<u>4,955,139</u>
SUPPORTIVE SERVICES	<u>461,642</u>	<u>53,135</u>	<u>514,777</u>
	<u>\$ 4,858,263</u>	<u>\$ 611,653</u>	<u>\$ 5,469,916</u>
Volunteer services	\$ 32,154	\$ -	\$ 32,154
Space costs	737,173	-	737,173
Articles	381	-	381
Other	-	-	-
	<u>\$ 769,708</u>	<u>\$ -</u>	<u>\$ 769,708</u>

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

MANATEE COMMUNITY ACTION AGENCY, INC.
STATEMENT OF FUNCTIONAL EXPENSES -
TRAINING AND FAMILY SUPPORT
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>CATCH</u>	<u>WHOLE CHILD</u>	<u>CDBG</u>
Personnel	\$ 28,038	\$ 99,831	\$ 30,474
Taxes/fringe benefits	9,873	28,742	8,715
Transportation and travel	955	460	403
Supplies	-	66	263
Contractual	2,566	-	-
Professional	281	994	-
Occupancy	2,340	1,472	261
Insurance	258	82	-
Dues and subscriptions	-	-	-
Program supplies	1,099	128	1,109
Program services	-	-	-
Food/Non-food	-	-	-
Tuition, seminars, development	-	-	-
Parent development	-	-	-
Assistance	-	-	-
Equipment and vehicle leases	111	-	-
Computer maintenance and support	194	8,400	-
Repair and maintenance	81	-	-
Taxes and licenses	-	-	-
Printing and postage	4	78	673
Other costs	-	-	-
	<u>45,800</u>	<u>140,253</u>	<u>41,898</u>
SUPPORTIVE SERVICES	<u>3,664</u>	<u>11,220</u>	<u>3,352</u>
	<u>\$ 49,464</u>	<u>\$ 151,473</u>	<u>\$ 45,250</u>
Volunteer services	\$ -	\$ -	\$ -
Space costs	-	-	-
Articles	-	-	-
Other	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

<u>HEALTHY FAMILIES</u>	<u>HIPPY</u>	<u>TOTAL TRAINING AND FAMILY SUPPORT</u>
\$ 296,845	\$ 92,772	\$ 547,960
71,624	20,170	139,124
12,759	6,341	20,918
2,335	189	2,853
-	-	2,566
3,100	1,034	5,409
31,431	10,134	45,638
3,651	1,115	5,106
350	4,500	4,850
12,389	7,720	22,445
-	-	-
-	-	-
500	340	840
-	-	-
-	-	-
2,424	2,550	5,085
3,111	953	12,658
1,644	571	2,296
-	175	175
785	123	1,663
497	-	497
<u>443,445</u>	<u>148,687</u>	<u>820,083</u>
<u>40,367</u>	<u>11,990</u>	<u>70,593</u>
<u>\$ 483,812</u>	<u>\$ 160,677</u>	<u>\$ 890,676</u>
\$ 146	\$ -	\$ 146
-	-	-
-	-	-
-	1,188	1,188
<u>\$ 146</u>	<u>\$ 1,188</u>	<u>\$ 1,334</u>

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

MANATEE COMMUNITY ACTION AGENCY, INC.
STATEMENT OF FUNCTIONAL EXPENSES -
CLIENT ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>LIHEAP</u>	<u>CSBG</u>
PROGRAM EXPENSES		
Personnel	\$ 149,048	\$ 187,641
Taxes/fringe benefits	42,169	43,607
Transportation and travel	863	680
Supplies	4,623	2,614
Contractual	-	-
Professional	3,854	4,875
Occupancy	25,631	30,575
Insurance	2,291	3,631
Dues and subscriptions	106	-
Program supplies	1,152	1,899
Program services	-	-
Food/Non-food	-	-
Tuition, seminars, development	350	1,249
Parent development	-	-
Assistance	1,353,865	111,073
Equipment and vehicle leases	2,444	4,471
Computer maintenance and support	4,466	3,753
Repair and maintenance	1,330	1,948
Taxes and licenses	-	92
Printing and postage	1,094	1,079
Other costs	881	1,470
	<u>1,594,167</u>	<u>400,657</u>
SUPPORTIVE SERVICES	<u>142,838</u>	<u>64,914</u>
	<u>\$ 1,737,005</u>	<u>\$ 465,571</u>
IN-KIND EXPENSES		
Volunteer services	\$ -	\$ -
Space costs	-	7,548
Articles	-	-
Other	-	30,000
	<u>-</u>	<u>37,548</u>
	<u>\$ -</u>	<u>\$ 37,548</u>

<u>COMMUNITY FOUNDATION OF SARASOTA</u>	<u>JOLI</u>	<u>TOTAL CLIENT ASSISTANCE</u>
\$ -	\$ 32,633	\$ 369,322
-	6,030	91,806
-	1,236	2,779
-	655	7,892
-	59,520	59,520
-	-	8,729
-	2,866	59,072
-	316	6,238
-	-	106
-	-	3,051
-	-	-
-	-	-
-	-	1,599
-	-	-
187,209	-	1,652,147
-	165	7,080
-	197	8,416
-	86	3,364
-	-	92
-	374	2,547
-	1,091	3,442
187,209	105,169	2,287,202
-	9,570	217,322
\$ 187,209	\$ 114,739	\$ 2,504,524
\$ -	\$ -	\$ -
-	-	7,548
-	-	-
-	-	30,000
\$ -	\$ -	\$ 37,548

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MANATEE COMMUNITY ACTION AGENCY, INC.
STATEMENT OF FUNCTIONAL EXPENSES -
FOOD SERVICES
FOR THE YEAR ENDED DECEMBER 31, 2012

	USDA CACFP	TOTAL FOOD SERVICES
PROGRAM EXPENSES		
Personnel	\$ 97,643	\$ 97,643
Taxes/fringe benefits	37,417	37,417
Transportation and travel	1,986	1,986
Supplies	-	-
Contractual	-	-
Professional	1,800	1,800
Occupancy	14,476	14,476
Insurance	1,688	1,688
Dues and subscriptions	(35)	(35)
Program supplies	-	-
Program services	250	250
Food/Non-food	190,537	190,537
Tuition, seminars, development	-	-
Parent development	-	-
Assistance	-	-
Equipment and vehicle leases	1,799	1,799
Computer maintenance and support	-	-
Repair and maintenance	4,484	4,484
Taxes and licenses	75	75
Printing and postage	72	72
Other costs	267	267
	352,459	352,459
SUPPORTIVE SERVICES	30,794	30,794
	\$ 383,253	\$ 383,253
IN-KIND EXPENSES		
Volunteer services	\$ -	\$ -
Space costs	-	-
Articles	-	-
Other	-	-
	\$ -	\$ -

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

MANATEE COMMUNITY ACTION AGENCY, INC.
STATEMENT OF FUNCTIONAL EXPENSES -
HOUSING ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>WEATHERIZATION</u>	<u>HUD</u>	<u>TOTAL HOUSING ASSISTANCE</u>
PROGRAM EXPENSES			
Personnel	\$ 120,389	\$ 20,139	\$ 140,528
Taxes/fringe benefits	35,435	7,191	42,626
Transportation and travel	6,169	317	6,486
Supplies	331	114	445
Contractual	1,360,150	-	1,360,150
Professional	13,655	63	13,718
Occupancy	9,916	922	10,838
Insurance	3,378	-	3,378
Dues and subscriptions	19	-	19
Program supplies	829	160	989
Program services	-	-	-
Food/Non-food	-	-	-
Tuition, seminars, development	205	-	205
Parent development	-	-	-
Assistance	-	-	-
Equipment and vehicle leases	2,175	183	2,358
Computer maintenance and support	2,087	404	2,491
Repair and maintenance	1,458	58	1,516
Taxes and licenses	175	-	175
Printing and postage	1,465	38	1,503
Other costs	573	24	597
	<u>1,558,409</u>	<u>29,613</u>	<u>1,588,022</u>
SUPPORTIVE SERVICES	<u>127,053</u>	<u>2,700</u>	<u>129,753</u>
	<u>\$ 1,685,462</u>	<u>\$ 32,313</u>	<u>\$ 1,717,775</u>
IN-KIND EXPENSES			
Volunteer services	\$ -	\$ -	\$ -
Space costs	-	-	-
Articles	-	-	-
Other	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

MANATEE COMMUNITY ACTION AGENCY, INC.
STATEMENT OF FUNCTIONAL EXPENSES -
PROGRAM AND ADMINISTRATIVE
FOR THE YEAR ENDED DECEMBER 31, 2012

EXPENSES	TOTAL PROGRAM SERVICES	SUPPORTING SERVICES	TOTAL
Personnel	\$ 4,431,887	\$ 410,007	\$ 4,841,894
Taxes/fringe benefits	1,194,461	103,183	1,297,644
Transportation and travel	62,630	11,084	73,714
Supplies	23,193	6,539	29,732
Contractual	1,424,265	-	1,424,265
Professional	65,705	2,891	68,596
Occupancy	343,445	90,496	433,941
Insurance	100,875	27,459	128,334
Dues and subscriptions	7,638	5,693	13,331
Program supplies	139,635	-	139,635
Program services	64,364	-	64,364
Food/Non-food	203,922	-	203,922
Tuition, seminars, development	70,428	13,329	83,757
Parent development	1,464	-	1,464
Assistance	1,652,147	-	1,652,147
Equipment and vehicle leases	49,439	9,779	59,218
Computer maintenance and support	55,565	16,884	72,449
Repair and maintenance	86,847	6,605	93,452
Taxes and licenses	2,853	1,110	3,963
Printing and postage	8,596	1,507	10,103
Other costs	13,546	2,736	16,282
	<u>10,002,905</u>	<u>709,302</u>	<u>10,712,207</u>
Volunteer services	32,300	500	32,800
Donated space, supplies, and other	776,290	-	776,290
Loss on disposal of land, building, and equipment	-	6,026	6,026
Depreciation	-	112,469	112,469
	<u>\$ 10,811,495</u>	<u>\$ 828,297</u>	<u>\$ 11,639,792</u>

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

MANATEE COMMUNITY ACTION AGENCY, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2012

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$	274,789
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation		112,469
Loss on disposal of land, building and equipment		6,026
(Increase) decrease in operating assets:		
Accounts receivable – grants		284,285
Other receivables		(26,639)
Prepaid expenses		343,458
Deposits		1,942
Increase (decrease) in operating liabilities:		
Accounts payable		(29,192)
Accrued payroll and taxes		35,723
Accrued expenses		12,477
Deferred revenue		(343,535)
Net cash provided (used) by operating activities		671,803

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of property and equipment		(56,930)
Net cash provided (used) by investing activities		(56,930)

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

614,873

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR

721,076

CASH AND CASH EQUIVALENTS AT END OF YEAR

\$ 1,335,949

SUPPLEMENTAL CASH FLOW INFORMATION :

Interest paid	\$	223
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SUPPLEMENTAL NON-CASH INFORMATION :

Non-cash operating activities – In-Kind contributions and expenses	\$	809,090
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The accompanying notes are an integral part of these financial statements.

MANATEE COMMUNITY ACTION AGENCY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organizational Structure

Manatee Community Action Agency, Inc. (MCAA) is a not-for-profit corporation, incorporated under the laws of the State of Florida and organized exclusively for charitable purposes. Management consists of a Board of Directors who are elected from and by the membership of the corporation as prescribed in its bylaws. The purpose of MCAA is to improve the quality of life and the economic self-sufficiency of people with low incomes and other eligible people in Manatee, Hardee and DeSoto counties in the State of Florida, by providing services, support and opportunities. Additionally, MCAA provides weatherization services in Sarasota County.

Basis of Accounting

MCAA follows standards of accounting and financial reporting prescribed for voluntary health and welfare agencies. The financial statements have been prepared on the accrual basis of accounting, which recognizes revenue when earned and expenses as incurred. Administrative costs are charged by MCAA to its programs for fiscal and administrative expenses incurred in performing its functions. MCAA reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets, as applicable.

Contributions are recognized when a donor makes a promise to give to MCAA, that is, in substance, unconditional. Donor restricted contributions whose restrictions are met in the same period are reported as unrestricted support in these financial statements.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting statement of activities.

In-Kind Contributions

In-Kind contributions are made up of non-cash donations, donated labor and advantageous rates on rental facilities. The non-cash donations are valued at their fair market value at the time of donation. Professional services are valued at hourly rates that would have been paid for comparable services. In-Kind contributions from advantageous rental rates are valued at the difference between the fair market value of the rental space and the amounts actually paid. In-Kind contributions are recorded as both support and an expense.

Numerous volunteers have donated time to MCAA's various programs. No amounts have been recognized in the accompanying statement of activities because the criteria for recognition under generally accepted accounting principles have not been satisfied. Although no amounts have been reflected in the financial statements, management estimates the fair value of those services to be approximately \$61,900 for the year ended December 31, 2012.

MANATEE COMMUNITY ACTION AGENCY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Revenue

MCAA receives substantially all of its revenue in the form of Federal, State and local grants and contracts. MCAA recognizes revenue either based on the terms of the contract service period or to the extent that expenses have been incurred and the resulting revenue earned.

Land, Buildings, and Equipment

For financial reporting purposes, all expenditures for land, buildings, and equipment with an estimated useful life of longer than one year and in excess of \$5,000 are capitalized at cost, if purchased, and fair value at the date of donation, if donated. Federal funding agencies providing funds for purchased assets may maintain an interest in the assets purchased with grant monies.

Depreciation is computed by the straight-line method, at rates based on the following estimated useful lives:

Furniture and equipment	3–10 years
Transportation equipment	5 years
Leasehold improvements	20 years
Buildings	39 years
Modular buildings	10–20 years

Depreciation expense for 2012 was \$112,469.

Cash and Cash Equivalents

MCAA considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Estimates

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

Deferred Revenue

MCAA receives advances on grant/contract awards to meet the cash flow needs of the Organization. As a result, these amounts are recorded as deferred revenue in the statement of financial position until the amounts are actually spent as part of the agreement, at which time revenue is recognized. If amounts are not entirely spent by the end of the award period, a refund of the unused portion is issued.

MANATEE COMMUNITY ACTION AGENCY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE B – CONCENTRATIONS OF CREDIT RISK-CASH

Cash accounts at banks are insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$250,000 for the current year. Additionally, all funds in a “non-interest bearing transaction account” were insured in full by the FDIC through December 31, 2012. However, effective December 31, 2012, this temporary coverage expired and beginning January 1, 2013, all accounts are insured only up to \$250,000 per financial institution. At times throughout the year, MCAA’s cash balances may exceed insured limits. Management believes that it is not exposed to any significant credit risk on cash and cash equivalents. At December 31, 2012, amounts in excess of the \$250,000 amounted to \$1,129,280.

NOTE C – RETIREMENT PLAN

MCAA maintains a defined contribution retirement plan. The plan is qualified under section 403(b) of the Internal Revenue Code. Employer contributions are elective and management establishes the amount to be funded annually. Contributions are made to the account of each individual employee, based on a percentage of their annual compensation level. An employee must have one year of service with MCAA before the employer contribution will be made on their behalf. Employees may also contribute to the Plan. MCAA contributed \$306,825 for the year ended December 31, 2012.

NOTE D – HEAD START MATCH

MCAA provided \$757,457 of actual cash match and \$473,389 of non-cash match for a total of \$1,230,846 that qualified as Non-Federal Match for the Head Start program. All In-Kind match requirements were met.

NOTE E – GRANTS RECEIVABLE

Grants receivable at December 31, 2012 consist mainly of amounts due as reimbursement for services provided in accordance with federal and state grant programs. Grants receivable are stated at the amount management expects to collect on outstanding balances. Management deems substantially all of the grants receivable at December 31, 2012 to be fully collectible, and as a result, no allowance for doubtful accounts has been established.

MANATEE COMMUNITY ACTION AGENCY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE F - LAND, BUILDINGS AND EQUIPMENT

The following is a summary of land, buildings, and equipment and accumulated depreciation as of December 31, 2012:

	<u>COST</u>	<u>ACCUMULATED DEPRECIATION</u>	<u>NET BOOK VALUE</u>
Transport vehicles	196,977	181,342	15,635
Buildings	276,841	51,213	225,628
Morton Clark Center	1,114,684	577,487	537,197
Modular buildings	288,372	207,779	80,593
Leasehold improvements	411,073	294,839	116,234
Furniture and equipment	1,244,888	1,180,682	64,206
Total	<u>\$ 3,532,835</u>	<u>\$ 2,493,342</u>	<u>\$ 1,039,493</u>

NOTE G - INCOME TAXES

MCAA is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes has been made in these financial statements. MCAA is not a private foundation under Section 509(a)(2) of the Internal Revenue Code. MCAA has adopted guidance issued pursuant to FASB ASC 740 on accounting for uncertain tax positions. Management believes the Organization has no material uncertain tax positions, including any potential loss of its tax exempt status. MCAA has no ongoing federal, state or local tax audits; however, the Organization's tax returns for fiscal year end 2009 and subsequent years remain open to examination.

NOTE H - LEASES

MCAA leases office space and other facilities under several non-cancellable operating leases. Rental expense for all operating leases for the year ended December 31, 2012 was \$311,531. Future minimum lease payments are as follows:

<u>YEAR ENDING DECEMBER 31,</u>	<u>AMOUNT</u>
2013	\$ 251,457
2014	\$ 202,210
2015	\$ 208,276
2016	\$ 214,524
2017	\$ 55,240

MANATEE COMMUNITY ACTION AGENCY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE H - LEASES - CONTINUED

MCAA also leases vehicles and copying equipment under several operating leases. Lease expense for vehicles and equipment amounted to \$59,218 for the year ended December 31, 2012. Future minimum lease payments applicable to vehicles and equipment are as follows:

<u>YEAR ENDING DECEMBER 31,</u>	<u>AMOUNT</u>
2013	\$ 39,337
2014	\$ 32,930
2015	\$ 30,594
2016	\$ 2,549

MCAA has entered into certain equipment maintenance agreements that extend beyond one year. The future minimum payments on these agreements at December 31, 2012 are as follows:

<u>YEAR ENDING DECEMBER 31,</u>	<u>AMOUNT</u>
2013	\$ 30,684
2014	\$ 21,663

NOTE I - RECONCILIATION OF EXPENSES ON THE STATEMENT OF ACTIVITIES TO COSTS REPORTED ON GRANT AND CONTRACT REPORTS

Generally accepted accounting principles require the capitalization of equipment acquired during the year with depreciation expense recorded over its estimated useful life. Total program costs as reported on the grant and contract reports include the cost of equipment as an operating expense in the year of acquisition. Total expenses on the reports are reconciled as follows:

Total expenses on the Statement of Activities	\$ 11,639,792
Plus: Capital expenditures for the year:	
MCAA	44,128
Head Start	12,802
Less: Depreciation expense	<u>(112,469)</u>
Total program costs as reported on the grant and contract reports	<u>\$ 11,584,253</u>

MANATEE COMMUNITY ACTION AGENCY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE J - RECONCILIATION OF HEAD START STATEMENT OF FUNCTIONAL EXPENSES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Head Start expenses on Statement of Functional Expenses	\$ 4,858,263
Fixed asset additions (cash purchases)	18,739
Other revenue	(638)
Head Start reimbursement of USDA expenditures	44,859
Non-federal income	<u>2,158</u>
Head Start expenses on Schedule of Federal Awards	<u>\$ 4,923,381</u>

NOTE K - LINE-OF-CREDIT

MCAA has an open line-of-credit from a financial institution not to exceed \$250,000 with interest at the one month British Bankers Association LIBOR rate, secured by accounts receivable or other rights to payment of MCAA, through August 31, 2014. During the current year, no amounts were drawn on the credit line. At December 31, 2012, no amounts were due.

NOTE L - CONCENTRATION OF RISK

Revenue sources:

A significant amount of MCAA's revenues are in the form of grants from federal and state sources to serve specified geographical areas within the various grants. The ability to continue operations, if the grant programs were lost or canceled, is dependent upon MCAA's ability to generate other unrestricted funds.

Labor:

Certain Head Start and Early Head Start program employees were covered under a collective bargaining agreement, which expires October 14, 2014.

NOTE M - CONTINGENCIES

From time to time, the Organization is involved in litigation and regular investigations arising in the course of business. After consultation with legal counsel, management estimates that these matters will be resolved without material adverse effects on the Organization's future financial position or results of operations.

NOTE N - SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through June 17, 2013, which is the date the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

**MANATEE COMMUNITY ACTION AGENCY, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2012**

FEDERAL GRANTOR, PASS-THROUGH ENTITY FEDERAL PROGRAM	CFDA	CONTRACT/ENTITY IDENTIFYING NUMBER
FEDERAL AGENCIES		
U.S. Department of Health and Human Services:		
Head Start	93.600	04CH3061/44
Job Opportunities for Low-Income Individuals	93.593	90EO0206/01
Subtotal Direct Programs		
Pass-through programs from:		
State of Florida, Department of Economic Opportunity, Division of Housing and Community Development, Community Services Block Grant	93.569	12SB-9Y-12-00-04-015
	93.569	13SB-FZ-12-00-04-015
State of Florida, Department of Economic Opportunity, Division of Housing and Community Development, Low Income Home Energy Assistance (LIHEAP)	93.568	11EA-8U-08-51-04-016
	93.568	12EA-0F-08-51-04-016
State of Florida, Department of Economic Opportunity, Division of Housing and Community Development, Low Income Home Energy Assistance (WAP-LIHEAP)	93.568	12LH-9Z-12-00-04-017
University of South Florida, Home Instruction for Parents of Preschool Youngsters, Temporary Assistance for Needy Families	93.558	5830-1397-00-B
	93.558	5830-1369-00-B
Ounce of Prevention Fund of Florida, Healthy Families Florida, Temporary Assistance for Needy Families	93.558	HF-11-12-16
Temporary Assistance for Needy Families	93.558	HF-12-13-16
Community-Based Child Abuse Prevention Grants	93.590	HF-11-12-16
Community-Based Child Abuse Prevention Grants	93.590	HF-12-13-16
Total pass-through programs- U.S. Department of Health and Human Services		
Total of U.S. Department of Health and Human Services		
U.S. Department of Housing and Urban Development:		
Housing Counseling Assistance Program	14.169	HC11-0427-006
Housing Counseling Assistance Program	14.169	HC12-0421-052
Pass through from County of Manatee, Manatee Board of County Commissioners, Community Development Block Grants/Entitlement Grants	14.218	
	14.218	
Total U.S. Department of Housing and Urban Development		

The independent auditors' report should be read in connection with this supplemental schedule.

PROGRAM AWARD	GRANT FISCAL PERIOD	FEDERAL FUNDS EXPENDED	TRANSFERS TO SUBRECIPIENTS	GRANT REVENUE
\$ 4,923,381	01/01/12-12/31/12	\$ 4,923,381	\$ -	\$ 4,923,381
317,500	09/29/10-09/30/13	114,740	-	114,740
		<u>5,038,121</u>	<u>-</u>	<u>5,038,121</u>
434,183	10/01/11-09/30/12	323,653	-	323,653
405,985	10/01/12-09/30/13	143,128	-	143,128
1,608,934	03/01/11-03/31/12	682,002	-	682,002
1,234,405	03/01/12-03/31/13	1,031,142	-	1,031,142
646,317	09/02/11-06/30/13	216,571	-	216,571
107,000	07/01/11-06/30/12	69,240	-	69,240
118,500	07/01/12-06/30/13	31,372	-	31,372
396,800	07/01/11 -06/30/12	217,013	-	217,013
396,800	07/01/12 -06/30/13	169,405	-	169,405
396,800	07/01/11 -06/30/12	8,948	-	8,948
396,800	07/01/12 -06/30/13	6,985	-	6,985
		<u>2,899,459</u>	<u>-</u>	<u>2,899,459</u>
		<u>7,937,580</u>	<u>-</u>	<u>7,937,580</u>
21,833	10/01/11-09/30/12	17,548	-	17,548
16,183	10/01/11-09/30/12	16,183	-	16,183
48,000	10/01/11-09/30/12	40,975	-	40,975
48,000	10/01/12-09/30/13	4,275	-	4,275
		<u>78,981</u>	<u>-</u>	<u>78,981</u>

The accompanying notes are an integral part of this supplemental schedule.

**MANATEE COMMUNITY ACTION AGENCY, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2012**

FEDERAL GRANTOR, PASS-THROUGH ENTITY FEDERAL PROGRAM	CFDA	CONTRACT/ENTITY IDENTIFYING NUMBER
U.S. Department of Homeland Security:		
Emergency Food and Shelter National Board Program	97.024	29-1666-00-003 E1
Total Department of Homeland Security		
U.S. Department of Agriculture:		
Pass-through programs from:		
State of Florida, Department of Health, Child and Adult Care Food Program	10.558	S-732
	10.558	S-732
Total U.S. Department of Agriculture		
U.S. Department of Energy:		
Pass-through programs from:		
State of Florida, Department of Economic Opportunity, Division of Housing and Community Development,		
ARRA - Weatherization Assistance for Low-Income Persons	81.042	10WX-7X-12-00-04-717
ARRA - Weatherization Assistance for Low-Income Persons	81.042	12WX-7X-12-00-04-777
Total U.S. Department of Energy		
Total Expenditures of Federal Awards		

The independent auditors' report should be read in connection with this supplemental schedule.

PROGRAM AWARD	GRANT FISCAL PERIOD	FEDERAL FUNDS EXPENDED	TRANSFERS TO SUBRECIPIENTS	GRANT REVENUE
26,000	10/01/11-09/30/12	-	-	-
		<u>-</u>	<u>-</u>	<u>-</u>
335,000	10/01/11-09/30/12	244,723	-	244,723
335,000	10/01/12-09/30/13	93,672	-	93,672
		<u>338,395</u>	<u>-</u>	<u>338,395</u>
4,907,774	09/30/09-04/30/13	1,011,492	-	1,011,492
550,000	08/24/11-02/28/13	473,487	-	473,487
		<u>1,484,979</u>	<u>-</u>	<u>1,484,979</u>
		<u>\$ 9,839,935</u>	<u>\$ -</u>	<u>\$ 9,839,935</u>

The accompanying notes are an integral part of this supplemental schedule.

**MANATEE COMMUNITY ACTION AGENCY, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2012**

PROGRAM TITLE

OTHER GRANTS AND CONTRACTS

Manatee County Board of County Commissioners:

Manatee County Children's Services:

Healthy Families	\$ 66,502
C.A.T.C.H. Program	32,342
Whole Child - Project Advisor	116,744
Hippy	38,722

Sarasota County Community Foundation:

Season of Sharing Fund	187,209
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United Way:

Healthy Families	14,710
Whole Child	19,998

TOTAL OTHER GRANTS AND CONTRACTS	476,227
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TOTAL GRANTS AND CONTRACTS	\$ 10,316,162
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The independent auditors' report should be read in connection with this supplemental schedule.

The accompanying notes are an integral part of this supplemental schedule.

MANATEE COMMUNITY ACTION AGENCY, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE A - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of Manatee Community Action Agency, 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 general-purpose financial statements.

OTHER AUDITORS' REPORTS

MANATEE COMMUNITY ACTION AGENCY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2012

Section I – Summary of Auditor’s Results

Financial Statements

Type of Auditor’s report issued: Unqualified Opinion

Internal Control over financial reporting:

Material weakness(es) identified? _____ yes x no

Significant deficiency(ies) identified? _____ yes x none reported

Noncompliance material to basic financial statements noted? _____ yes x no

Federal Awards

Internal Control over major programs:

Material weakness(es) identified? _____ yes x no

Significant deficiency(ies) identified? _____ yes x none reported

Type of auditor’s report issued on compliance for major programs: Unqualified Opinion

Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 (Section 510(a)) _____ yes x no

Identification of Major Federal Programs:

CFDA Number

ARRA – Weatherization Assistance for Low-Income Persons	81.042
Job Opportunities for Low-Income Individuals	93.593
Head Start	93.600
Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditee qualified as low-risk auditee?	<u> x </u> yes _____ no

**MANATEE COMMUNITY ACTION AGENCY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

Section II – Financial Statement Findings

No matters were reported.

Prior Year Audit Findings

None reported.

Section III – Major Federal Award Programs – Findings and Questioned Costs

None Reported

Summary Schedule of Prior Year Audit Findings

None reported.

Section IV – Other Issues

Pursuant to Auditor General Rule 10.654(1)(e), a management letter has been prepared and can be found on pages 28 – 29. No Summary Schedule of Prior Audit Findings is required because there were no audit findings related to Federal programs. As a result, no Corrective Action Plan has been included because there were no findings reported under the Federal Single Audit Act.