

Manatee Community Action Agency, Inc.



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Bradenton, FL 34208
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June 27, 2014

Head Start

Early Head Start
Head Start
Voluntary Prekindergarten

(p) 941.750.6667
(f) 941.746.7374

Resource Connection For Families

Child Development Services
Family Self-Sufficiency
Healthy Families Manatee
HIPPY
Housing Counseling
LIHEAP
Weatherization
Whole Child Project

(p) 941.827.0188
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941.748.0617

Enclosed please find a copy of our 2013 independent audit. Should you have any questions, please contact our Finance Director, Amy Tittle, CPA, at 941-827-2887 x 7903.

Barbara J. Patten
Executive Director

Enclosure

MANATEE COMMUNITY ACTION AGENCY, INC.

**AUDITED FINANCIAL STATEMENTS
ALL PROGRAMS**

**FOR THE YEAR ENDED
DECEMBER 31, 2013**

**MANATEE COMMUNITY ACTION AGENCY, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2013**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Manatee Community Action Agency, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Manatee Community Action Agency, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2013, and the related statements of activities, functional expenses, 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 of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Manatee Community Action Agency, Inc. as of December 31, 2013, 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 of America.

Other Matters

Other 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, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2014, on our consideration of Manatee Community Action 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 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 Manatee Community Action Agency, Inc.'s internal control over financial reporting and compliance.

*Christopher, Smith, Leonard,
Bristow + Stanell, P.A.*
CHRISTOPHER, SMITH, LEONARD,
BRISTOW & STANELL, P.A.

June 23, 2014
Bradenton, Florida

MANATEE COMMUNITY ACTION AGENCY, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2013

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 1,092,783
Accounts receivable - grants	675,910
Other receivables	48,808
Prepaid expenses	99,441
Total current assets	<u>1,916,942</u>

LAND, BUILDINGS, AND EQUIPMENT, NET

946,682

DEPOSITS

29,574

TOTAL ASSETS

\$ 2,893,198

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 118,015
Accrued payroll and taxes	238,748
Accrued expenses	94,834
Deferred revenue	285,307
Total current liabilities	<u>736,904</u>

NET ASSETS

Unrestricted	1,209,612
Unrestricted- property, plant and equipment	946,682
Total net assets	<u>2,156,294</u>

TOTAL LIABILITIES AND NET ASSETS

\$ 2,893,198

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, 2013

REVENUE	
Grants and contracts	\$ 8,771,664
In-kind contributions	792,459
Program income	674,751
Donations and gifts	19,575
Miscellaneous income	8,619
	<hr/>
TOTAL REVENUE	10,267,068
	<hr/>
EXPENSES	
PROGRAM SERVICES	
Early childhood education	4,808,078
Training and family support	879,649
Client assistance	1,670,381
Food services	341,557
Housing assistance	935,428
Volunteer services	85,553
Donated space, supplies and other	706,906
	<hr/>
Total program services	9,427,552
SUPPORTING SERVICES	
General and administrative	686,420
Depreciation	105,038
Volunteer services	-
Total supporting services	<hr/>
	791,458
	<hr/>
TOTAL EXPENSES	10,219,010
	<hr/>
CHANGE IN NET ASSETS	48,058
NET ASSETS, Beginning of year	2,108,236
	<hr/>
NET ASSETS, End of year	\$ 2,156,294
	<hr/>

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

MANATEE COMMUNITY ACTION AGENCY, INC.
STATEMENT OF FUNCTIONAL EXPENSES - EARLY CHILDHOOD EDUCATION
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>HEAD START</u>	<u>VPK</u>	<u>TOTAL EARLY CHILDHOOD EDUCATION</u>
Personnel	\$ 2,746,156	\$ 341,046	\$ 3,087,202
Taxes/fringe benefits	820,732	98,915	919,647
Transportation and travel	31,274	97	31,371
Supplies	9,617	32	9,649
Contractual	1,453	-	1,453
Professional	30,190	3,636	33,826
Occupancy	163,563	43,829	207,392
Insurance	74,161	12,241	86,402
Dues and subscriptions	3,235	-	3,235
Program supplies	113,407	1,420	114,827
Program services	56,818	-	56,818
Food/non-food	11,551	-	11,551
Tuition, seminars, development	54,292	-	54,292
Parent development	-	-	-
Assistance	-	1,795	1,795
Equipment and vehicle leases	19,657	-	19,657
Computer maintenance and support	70,368	-	70,368
Repair and maintenance	89,873	1,324	91,197
Taxes and licenses	847	-	847
Printing and postage	2,300	143	2,443
Other costs	3,968	138	4,106
	<u>4,303,462</u>	<u>504,616</u>	<u>4,808,078</u>
SUPPORTIVE SERVICES	<u>348,691</u>	<u>35,009</u>	<u>383,700</u>
	<u>\$ 4,652,153</u>	<u>\$ 539,625</u>	<u>\$ 5,191,778</u>
Volunteer services	\$ 60,759	\$ -	\$ 60,759
Space costs	667,990	-	667,990
Articles	368	-	368
Other	-	-	-
	<u>\$ 729,117</u>	<u>\$ -</u>	<u>\$ 729,117</u>

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

<u>PARENTS AS TEACHERS</u>	<u>HEALTHY FAMILIES</u>	<u>HIPPY</u>	<u>TOTAL TRAINING AND FAMILY SUPPORT</u>
\$ 9,898	\$ 296,723	\$ 92,458	\$ 556,517
2,723	82,110	20,970	152,500
1,524	11,828	5,402	20,465
-	1,339	286	1,794
-	-	-	13,149
-	2,785	944	4,967
2,972	34,915	8,602	50,838
-	3,694	1,116	5,161
875	449	4,500	5,824
15,219	7,854	10,372	33,605
-	-	-	-
-	-	-	-
8,465	530	-	9,270
-	-	-	-
-	-	-	-
23	2,211	1,648	3,972
95	4,496	1,668	15,019
345	989	254	1,640
-	-	-	-
-	823	250	1,356
1,185	1,866	521	3,572
<u>43,324</u>	<u>452,612</u>	<u>148,991</u>	<u>879,649</u>
<u>2,972</u>	<u>31,062</u>	<u>10,289</u>	<u>60,425</u>
<u>\$ 46,296</u>	<u>\$ 483,674</u>	<u>\$ 159,280</u>	<u>\$ 940,074</u>
\$ -	\$ 179	\$ -	\$ 179
-	-	-	-
-	-	-	-
-	-	1,000	1,000
<u>\$ -</u>	<u>\$ 179</u>	<u>\$ 1,000</u>	<u>\$ 1,179</u>

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

ROTARY OF LAKEWOOD RANCH	COMMUNITY FOUNDATION OF SARASOTA	JOLI	TOTAL CLIENT ASSISTANCE
\$ -	\$ -	\$ 3,040	\$ 302,653
-	-	4,507	87,914
-	-	(366)	1,423
-	-	16	4,604
-	-	15,784	15,784
-	-	402	10,023
-	-	1,859	39,676
-	-	315	6,193
-	-	-	661
3,179	-	-	3,811
-	-	-	-
-	-	-	3,175
-	-	-	-
-	192,337	-	1,171,884
-	-	97	6,314
-	-	275	10,857
-	-	54	1,741
-	-	-	-
-	-	-	1,234
-	-	324	2,434
3,179	192,337	26,307	1,670,381
-	-	(1,936)	159,594
<u>\$ 3,179</u>	<u>\$ 192,337</u>	<u>\$ 24,371</u>	<u>\$ 1,829,975</u>
\$ -	\$ -	\$ -	\$ 24,615
-	-	-	7,548
-	-	-	-
-	-	-	30,000
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 62,163</u>

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

MANATEE COMMUNITY ACTION AGENCY, INC.
STATEMENT OF FUNCTIONAL EXPENSES -
FOOD SERVICES
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>USDA CACFP</u>	<u>TOTAL FOOD SERVICES</u>
PROGRAM EXPENSES		
Personnel	\$ 99,173	\$ 99,173
Taxes/fringe benefits	42,121	42,121
Transportation and travel	1,984	1,984
Supplies	12	12
Contractual	433	433
Professional	1,785	1,785
Occupancy	13,498	13,498
Insurance	1,497	1,497
Dues and subscriptions	90	90
Program supplies	-	-
Program services	250	250
Food/Non-food	174,184	174,184
Tuition, seminars, development	-	-
Parent development	-	-
Assistance	-	-
Equipment and vehicle leases	1,799	1,799
Computer maintenance and support	-	-
Repair and maintenance	4,587	4,587
Taxes and licenses	71	71
Printing and postage	73	73
Other costs	-	-
	<u>341,557</u>	<u>341,557</u>
SUPPORTIVE SERVICES	<u>21,379</u>	<u>21,379</u>
	<u>\$ 362,936</u>	<u>\$ 362,936</u>
IN-KIND EXPENSES		
Volunteer services	\$ -	\$ -
Space costs	-	-
Articles	-	-
Other	-	-
	<u>\$ -</u>	<u>\$ -</u>

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, 2013

	WEATHERIZATION	HUD	TOTAL HOUSING ASSISTANCE
PROGRAM EXPENSES			
Personnel	\$ 66,383	\$ 9,515	\$ 75,898
Taxes/fringe benefits	17,149	3,351	20,500
Transportation and travel	5,309	1,052	6,361
Supplies	221	16	237
Contractual	801,350	-	801,350
Professional	14,869	121	14,990
Occupancy	2,840	447	3,287
Insurance	3,238	-	3,238
Dues and subscriptions	19	-	19
Program supplies	3,992	-	3,992
Program services	-	-	-
Food/Non-food	-	-	-
Tuition, seminars, development	-	-	-
Parent development	-	-	-
Assistance	-	-	-
Equipment and vehicle leases	455	344	799
Computer maintenance and support	1,905	237	2,142
Repair and maintenance	619	26	645
Taxes and licenses	195	-	195
Printing and postage	700	36	736
Other costs	892	147	1,039
	<u>920,136</u>	<u>15,292</u>	<u>935,428</u>
SUPPORTIVE SERVICES	<u>89,803</u>	<u>1,029</u>	<u>90,832</u>
	<u>\$ 1,009,939</u>	<u>\$ 16,321</u>	<u>\$ 1,026,260</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, 2013

EXPENSES	TOTAL PROGRAM SERVICES	SUPPORTING SERVICES	TOTAL
Personnel	\$ 4,121,443	\$ 403,444	\$ 4,524,887
Taxes/fringe benefits	1,222,682	99,687	1,322,369
Transportation and travel	61,604	5,329	66,933
Supplies	16,296	7,726	24,022
Contractual	832,169	2,390	834,559
Professional	65,591	4,343	69,934
Occupancy	314,691	92,626	407,317
Insurance	102,491	27,228	129,719
Dues and subscriptions	9,829	424	10,253
Program supplies	156,235	-	156,235
Program services	57,068	-	57,068
Food/Non-food	185,735	-	185,735
Tuition, seminars, development	66,737	1,432	68,169
Parent development	-	-	-
Assistance	1,173,679	-	1,173,679
Equipment and vehicle leases	32,541	9,086	41,627
Computer maintenance and support	98,386	11,011	109,397
Repair and maintenance	99,810	5,253	105,063
Taxes and licenses	1,113	622	1,735
Printing and postage	5,842	1,556	7,398
Other costs	11,151	14,263	25,414
	<u>8,635,093</u>	<u>686,420</u>	<u>9,321,513</u>
Volunteer services	85,553	-	85,553
Donated space, supplies, and other	706,906	-	706,906
Depreciation	-	105,038	105,038
	<u>\$ 9,427,552</u>	<u>\$ 791,458</u>	<u>\$ 10,219,010</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, 2013

CASH FLOWS FROM OPERATING ACTIVITIES	\$	48,058
Change in net assets		48,058
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation		105,038
(Increase) decrease in operating assets:		
Accounts receivable – grants		(62,253)
Other receivables		(13,395)
Prepaid expenses		109,444
Deposits		-
Increase (decrease) in operating liabilities:		
Accounts payable		(25,110)
Accrued payroll and taxes		8,214
Accrued expenses		(33,522)
Deferred revenue		(367,413)
Net cash provided (used) by operating activities		<u>(230,939)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment		<u>(12,227)</u>
Net cash provided (used) by investing activities		<u>(12,227)</u>
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(243,166)
 CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		<u>1,335,949</u>
 CASH AND CASH EQUIVALENTS AT END OF YEAR	\$	<u><u>1,092,783</u></u>
 SUPPLEMENTAL CASH FLOW INFORMATION:		
Interest paid	\$	<u><u>338</u></u>
 SUPPLEMENTAL NON-CASH INFORMATION:		
Non-cash operating activities – In-Kind contributions and expenses	\$	<u><u>792,459</u></u>

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

MANATEE COMMUNITY ACTION AGENCY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

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 \$23,084 for the year ended December 31, 2013.

MANATEE COMMUNITY ACTION AGENCY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

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 2013 was \$105,038.

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, 2013

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. 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, 2013, amounts in excess of the \$250,000 amounted to \$852,072.

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 \$323,235 for the year ended December 31, 2013.

NOTE D – HEAD START MATCH

MCAA provided \$678,850 of actual cash match and \$729,117 of non-cash match for a total of \$1,407,967 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, 2013 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, 2013 to be fully collectible, and as a result, no allowance for doubtful accounts has been established.

NOTE F – LAND, BUILDINGS AND EQUIPMENT

The following is a summary of land, buildings, and equipment and accumulated depreciation as of December 31, 2013:

	<u>COST</u>	<u>ACCUMULATED DEPRECIATION</u>	<u>NET BOOK VALUE</u>
Transport vehicles	\$ 209,204	\$ 189,577	\$ 19,627
Buildings	276,841	59,209	217,632
Morton Clark Center	1,114,683	596,507	518,176
Modular buildings	288,372	234,279	54,093
Leasehold improvements	411,073	310,916	100,157
Furniture and equipment	1,244,889	1,207,892	36,997
Total	<u>\$ 3,545,062</u>	<u>\$ 2,598,380</u>	<u>\$ 946,682</u>

MANATEE COMMUNITY ACTION AGENCY, INC.
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2013

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 2010 and subsequent years remain open to examination.

NOTE H – LEASES

MCAA leases office space and other facilities under several non-cancellable operating leases, which expire from 2014 through 2017. Rental expense for all operating leases for the year ended December 31, 2013 was \$292,612. Future minimum lease payments are as follows:

<u>YEAR ENDING DECEMBER 31,</u>	<u>AMOUNT</u>
2014	\$ 237,172
2015	\$ 197,761
2016	\$ 203,694
2017	\$ 52,451

MCAA also leases vehicles and copying equipment under several operating leases, which expire from 2013 through 2016. Lease expense for vehicles and equipment amounted to \$41,625 for the year ended December 31, 2013. Future minimum lease payments applicable to vehicles and equipment are as follows:

<u>YEAR ENDING DECEMBER 31,</u>	<u>AMOUNT</u>
2014	\$ 32,930
2015	\$ 30,594
2016	\$ 9,484

MCAA has entered into certain equipment maintenance agreements that extend beyond one year. Expense under these contracts for the year ended December 31, 2013 was \$112,567. The future minimum payments on these agreements at December 31, 2013 are as follows:

<u>YEAR ENDING DECEMBER 31,</u>	<u>AMOUNT</u>
2014	\$ 111,159
2015	\$ 89,496
2016	\$ 5,530

MANATEE COMMUNITY ACTION AGENCY, INC.
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2013

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	\$ 10,219,010
Plus: Capital expenditures for the year:	
MCAA	6,510
VPK	5,717
Less: Depreciation expense	<u>(105,038)</u>
 Total program costs as reported on the grant and contract reports	 <u>\$ 10,126,199</u>
 Head Start expenses on Statement of Functional Expenses	 \$ 4,652,153
Fixed asset additions (cash purchases)	-0-
Other revenue	(892)
Head Start reimbursement of USDA expenditures	51,282
Non-federal income	<u>(35,092)</u>
Head Start expenses on Schedule of Federal Awards	<u>\$ 4,667,451</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, 2013, 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 are covered under a collective bargaining agreement, which expires October 14, 2014.

**MANATEE COMMUNITY ACTION AGENCY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

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 23, 2014, which is the date the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

PROGRAM AWARD	GRANT FISCAL PERIOD	FEDERAL FUNDS EXPENDED	TRANSFERS TO SUBRECIPIENTS	GRANT REVENUE
\$ 4,667,451	01/01/13-12/31/13	\$ 4,667,451	\$ -	\$ 4,667,451
317,500	09/29/10-09/30/13	24,372	-	24,372
		<u>4,691,823</u>	<u>-</u>	<u>4,691,823</u>
405,985	10/01/12-09/30/13	262,857	-	262,857
418,720	10/01/13-09/30/14	147,684	-	147,684
1,234,405	03/01/12-03/31/13	203,263	-	203,263
1,235,030	03/01/13-03/31/14	973,620	-	973,620
646,317	09/02/11-06/30/13	346,489	-	346,489
356,772	05/23/13-04/30/14	255,767	-	255,767
500,000	10/01/13-09/30/14	46,296	-	46,296
118,500	07/01/12-06/30/13	87,128	-	87,128
118,500	07/01/13-06/30/14	32,446	-	32,446
126,580	07/01/12 -06/30/13	70,311	-	70,311
161,460	07/01/13 -06/30/14	44,891	-	44,891
12,580	07/01/12 -06/30/13	6,987	-	6,987
13,680	07/01/13 -06/30/14	3,805	-	3,805
		<u>2,481,544</u>	<u>-</u>	<u>2,481,544</u>
		<u>7,173,367</u>	<u>-</u>	<u>7,173,367</u>
16,321	10/01/12-09/30/13	16,321	-	16,321

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

<u>PROGRAM AWARD</u>	<u>GRANT FISCAL PERIOD</u>	<u>FEDERAL FUNDS EXPENDED</u>	<u>TRANSFERS TO SUBRECIPIENTS</u>	<u>GRANT REVENUE</u>
48,000	10/01/12-09/30/13	40,608	-	40,608
48,000	10/01/13-09/30/14	-	-	-
		<u>56,929</u>	<u>-</u>	<u>56,929</u>
22,652	10/01/12-09/30/13	22,652	-	22,652
		<u>22,652</u>	<u>-</u>	<u>22,652</u>
335,000	10/01/12-09/30/13	241,328	-	241,328
335,000	10/01/13-09/30/14	70,326	-	70,326
		<u>311,654</u>	<u>-</u>	<u>311,654</u>
230,471	05/23/13-04/30/14	165,223	-	165,223
4,907,774	09/30/09-04/30/13	270,258	-	270,258
550,000	08/24/11-02/28/13	-	-	-
		<u>435,481</u>	<u>-</u>	<u>435,481</u>
		<u>\$ 8,000,083</u>	<u>\$ -</u>	<u>\$ 8,000,083</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, 2013**

PROGRAM TITLE

OTHER GRANTS AND CONTRACTS

Ounce of Prevention Fund of Florida, Healthy Families Florida	\$ 234,319
Manatee County Board of County Commissioners:	
Manatee County Children's Services:	
Healthy Families	108,652
C.A.T.C.H. Program	30,133
Whole Child - Project Advisor	142,202
Hippy	38,722
	3,006
Sarasota County Community Foundation:	
Season of Sharing Fund	192,337
United Way:	
Healthy Families	14,710
Whole Child	7,500
	<hr/>
TOTAL OTHER GRANTS AND CONTRACTS	771,581
	<hr/>
TOTAL GRANTS AND CONTRACTS	\$ 8,771,664
	<hr/> <hr/>

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, 2013

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 AUDITOR'S REPORTS



**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***

To the Board of Directors of
Manatee Community Action Agency, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Manatee Community Action Agency, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2013, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 23, 2014.

Internal Control Over Financial Reporting

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Manatee Community Action Agency, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts.

However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

*Christopher, Smith, Leonard,
Bristow & Stanell, P.A.*
CHRISTOPHER, SMITH, LEONARD,
BRISTOW & STANEL, P.A.

June 23, 2014
Bradenton, Florida



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

To the Board of Directors of
Manatee Community Action Agency, Inc.

Report on Compliance for Each Major Federal Program

We have audited Manatee Community Action Agency, Inc.'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Manatee Community Action Agency, Inc.'s major federal programs for the year ended December 31, 2013. Manatee Community Action 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 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 Manatee Community Action 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 of America; 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 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 Manatee Community Action 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 a legal determination of Manatee Community Action Agency, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Manatee Community Action 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 December 31, 2013.

Report on Internal Control Over Compliance

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Christopher, Smith, Leonard,
Bristow & Stanell, P.A.*
CHRISTOPHER, SMITH, LEONARD,
BRISTOW & STANELL, P.A.,

June 23, 2014
Bradenton, Florida

**MANATEE COMMUNITY ACTION AGENCY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

Section I – Summary of Auditor's Results

Financial Statements

Type of Auditor's report issued: Unmodified 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: Unmodified 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

Weatherization Assistance for Low-Income Persons	81.042
ARRA – Weatherization Assistance for Low-Income Persons	81.042
Temporary Assistance for Needy Families	93.558
Low-Income Home Energy Assistance	93.568
Community Services Block Grant	93.569

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? x yes ___ no

**MANATEE COMMUNITY ACTION AGENCY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

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.