

ALAMEDA COUNTY
ASSOCIATED COMMUNITY ACTION PROGRAM
AGENDA REPORT – ITEM III

DATE: February 15, 2012

TO: Honorable Governing Board Members

FROM: Joni Pattillo, City of Dublin City Manager, Chair of ACAP

SUBJECT: Financial Statements and Independent Auditor's Report for the Year Ended December 31, 2010
Prepared by: Vivian Gong, City of Dublin Finance Manager

SUMMARY

Patel and Associates, Certified Public Accountants, ACAP's auditor has completed the annual audit and issued the Financial Statements and Independent Auditor's Report for the Year Ended December 31, 2010. The audit was conducted under the management oversight of Mr. Richard Ambrose and Mr. Michael Bridges of Management Partners, Inc. whom served as Executive Director and Interim Executive Director of ACAP during the audit engagement. Mr. Kevin Harper, Certified Public Accountant was also consulted and assisted with responding to audited comments and findings.

The Auditors have provided a "Qualified" opinion based on their review of the Financial Statements. A qualified opinion is issued when the auditors encountered situation when one or more areas of the financial statements do not conform to Generally Accepted Accounting Principles, however, the rest of the financials are fairly presented.

The Auditors have provided an "Adverse" opinion on the compliance audit of major programs of Federal Awards in accordance with the Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations (the Single Audit). The Adverse opinion is issued when the auditor determines non-compliance to the management and use of funds in accordance with the federal expenditures guidelines.

RECOMMENDATION

It is recommends that the Governing Board receive and file the reports.

FINANCIAL STATEMENT

Detailed financial information is summarized in this report as well as in the Financial Statements and Independent Auditors' Report for the Year Ended December 31 (Attachment A)

FINANCIAL OVERVIEW

Page 28 of the audited Financial Statements includes a Summary of Auditor's Results and pages 29 through 42 a listing of the Financial Statements Findings are listed which further documented the auditors' findings in more details. Some of the important financial results are addressed below:

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AGENDA REPORT – ITEM III

	2010	2009	Variance (\$)	Variance (%)
Assets				
Cash	252,186	94,199	157,987	168%
Cash, restricted - client escrow accounts	191,038	153,676	37,362	24%
Grants receivable	195,294	408,142	(212,848)	-52%
Other receivables	17,071	-	17,071	N/A
Prepaid expenses	2,134	-	2,134	N/A
Total assets	657,723	656,017	1,706	0%
Liabilities				
Accounts payable	277,728	158,135	119,593	76%
Client escrow accounts	175,653	153,676	21,977	14%
Revolving line of credit (interest free)	250,000	230,000	20,000	9%
Accrued salaries and wages	126,279	-	126,279	N/A
Accrued vacation	12,711	38,050	(25,339)	-67%
Payroll taxes payable	3,897	6,380	(2,483)	-39%
Due to Dept of Health & Human Svcs	434,144	-	434,144	N/A
Due to the City of Fremont	44,306	-	44,306	N/A
Deferred revenue	-	19,667	(19,667)	-100%
Total liabilities	1,324,718	605,908	718,810	119%
Total Net Assets	(666,995)	50,109	(717,104)	-1431%

Total Assets increased by \$1,706 or less than three tenth of one percent. Grants receivables significantly decreased while Cash and Restricted Cash significantly increased in comparison to what was recorded in 2009. The fluctuations were due to the timing of payments to service providers and the timing of subsequent reimbursements from funding agency.

Total Liabilities increased by \$718,810 or 119% compared to 2009. The primary increase was due to a \$434,144 liability recorded in 2010 to repay the Department of Health and Human Services for the failure to meet the a funding match as called for in the Assets for Independence grant requirements. Of the total liability of \$434,144, \$117,413 was paid in October 2011. ACAP has submitted a claim against its Crime Insurance Policy for payment of the remaining amount due to the Federal government. The \$44,306 liability due to the City of Fremont represents unused grant money received by ACAP from the City of Fremont. This amount was returned to the City of Fremont in August 2011. The increased in Accrued Salaries/Wages and Accounts Payables represents the expenditures accrued at December 31, 2010.

Total Net Assets decreased by \$717,104 primary due to the liabilities incurred and recorded at the closing of the accounting records for the year ended December 31, 2010 as described above.

NOTICING REQUIREMENTS/PUBLIC OUTREACH:

A copy of the audit report was submitted to the Federal Audit Clearing House and AmeriCorps to complete the grant close-out requirements.

ALAMEDA COUNTY
ASSOCIATED COMMUNITY ACTION PROGRAM
AGENDA REPORT – ITEM III

ATTACHMENT A:

Associated Community Action Program Financial Statements and Independent Auditors' Report for the Year Ended December 31, 2010.