

LONG BEACH COMMUNITY ACTION PARTNERSHIP

FINANCIAL STATEMENTS

DECEMBER 31, 2012

WITH SUMMARY COMPARATIVE INFORMATION 2011



WINDES & McCLAUGHRY
ACCOUNTANCY CORPORATION
Certified Public Accountants & Consultants

EXCEEDING EXPECTATIONS SINCE 1926

CONTENTS

Independent Auditors' Report	1-2
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Notes to the Financial Statements.....	6-17
Supplemental Financial Information	
Supplemental Statements of Revenue and Expenditures	18-26



INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Long Beach Community Action Partnership:

Report on the Financial Statements

We have audited the accompanying financial statements of Long Beach Community Action Partnership which comprise the statement of financial position as of December 31, 2012, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States 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.

Auditors' 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 contain 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 auditors consider 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 Long Beach Community Action Partnership as of December 31, 2012, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

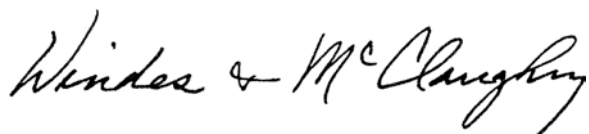
We have previously audited the Long Beach Community Action Partnership's 2011 financial statements, and our report dated July 16, 2012 expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2011 is consistent, in all material respects, with the audited consolidated financial statements from which it was derived.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as whole. The supplemental statements of revenue and expenditures (supplementary schedules) are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial 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 September 30, 2013, on our consideration of Long Beach Community Action Partnership'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 Long Beach Community Action Partnership's internal control over financial reporting and compliance.



Long Beach, California
September 30, 2013

LONG BEACH COMMUNITY ACTION PARTNERSHIP

**STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2012
WITH COMPARATIVE TOTALS FOR 2011**

ASSETS

	<u>December 31,</u>	
	<u>2012</u>	<u>2011</u>
		(As Restated)
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,992,219	\$ 1,246,534
Investments (Note 3)	100,799	190,296
Grants and contracts receivable (Note 4)	1,486,971	1,888,200
Prepaid expenses (Note 5)	300,241	86,702
Other current assets	187,916	6,142
	<u>4,068,146</u>	<u>3,417,874</u>
DEPOSITS	16,576	12,276
PROPERTY AND EQUIPMENT, NET (Note 6)	<u>829,315</u>	<u>23,577</u>
TOTAL ASSETS	<u>\$ 4,914,037</u>	<u>\$ 3,453,727</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 1,099,900	\$ 243,815
Accrued expenses	768,659	1,233,729
Deferred revenue (Note 7)	2,544,542	1,337,776
	<u>4,413,101</u>	<u>2,815,320</u>
COMMITMENTS AND CONTINGENCIES (Note 9)		
NET ASSETS		
Unrestricted	417,096	495,074
Temporarily restricted (Note 8)	83,840	143,333
	<u>500,936</u>	<u>638,407</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,914,037</u>	<u>\$ 3,453,727</u>

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

LONG BEACH COMMUNITY ACTION PARTNERSHIP

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2012
WITH COMPARATIVE TOTALS FOR 2011**

	Unrestricted	Temporarily Restricted	Total	
			2012	2011
				(As Restated)
SUPPORT AND REVENUE				
Grants and contracts	\$ 8,265,945		\$ 8,265,945	\$ 6,406,839
Contributions	343,623	\$ 32,265	375,888	234,567
Investment income	2,714		2,714	1,911
Other	45,867		45,867	14,415
Net assets released from restrictions:				
Satisfaction of program requirements	91,758	(91,758)		
Total Support and Revenue	8,749,907	(59,493)	8,690,414	6,657,732
EXPENSES				
Program services				
Energy assistance services	6,067,305		6,067,305	4,574,179
Youth services	1,348,457		1,348,457	1,147,634
Community advocacy and family services	400,762		400,762	622,397
Public access television services	186,982		186,982	28,089
Supporting services				
Fundraising	74,624		74,624	42,787
Management and general	749,755		749,755	799,846
Total Expenses	8,827,885		8,827,885	7,214,932
CHANGE IN NET ASSETS	(77,978)	(59,493)	(137,471)	(557,200)
NET ASSETS AT BEGINNING OF YEAR, AS RESTATED (NOTE 12)	495,074	143,333	638,407	1,195,607
NET ASSETS AT END OF YEAR	\$ 417,096	\$ 83,840	\$ 500,936	\$ 638,407

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

LONG BEACH COMMUNITY ACTION PARTNERSHIP

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2012
WITH COMPARATIVE TOTALS FOR 2011**

	For the Year Ended December 31,	
	2012	2011
		(As Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from grants and contracts	\$ 8,667,174	\$ 4,933,496
Cash paid to employees and vendors	(5,480,580)	(4,318,257)
Cash paid to subcontractors (Note 5)	(2,088,865)	(673,250)
Cash received from contributors	375,888	234,567
Interest and dividends received	2,714	1,911
Net Cash Provided By Operating Activities	1,476,331	178,467
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	89,497	145,000
Purchase of investments		(100,296)
Purchase of property and equipment	(816,849)	
Net Cash Provided By (Used In) Investing Activities	(727,352)	44,704
NET CHANGE IN CASH AND CASH EQUIVALENTS	748,979	223,171
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,243,240	1,020,069
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 1,992,219	\$ 1,243,240
RECONCILIATION OF CHANGE IN NET ASSETS TO CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	(\$ 137,471)	(\$ 557,200)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	11,111	6,497
(Increase) decrease in:		
Grants and contracts receivable	401,229	(1,473,343)
Prepaid expenses	(213,539)	729,371
Other current assets	(178,480)	130,962
Deposits	(4,300)	(250)
Increase (decrease) in:		
Accounts payable	856,085	554,159
Accrued expenses	(465,070)	773,840
Deferred revenue	1,210,060	19,006
Refundable deposits	(3,294)	(4,575)
Net Cash Provided By Operating Activities	\$ 1,476,331	\$ 178,467

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

LONG BEACH COMMUNITY ACTION PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2012 AND 2011

NOTE 1 – Organization

Long Beach Community Services Development Corporation was incorporated in the state of California on August 6, 1979. Effective June 2012, the Corporation's name was amended with the state of California to be Long Beach Community Action Partnership (the Organization).

The Organization is a not-for-profit organization exempt from US federal and state of California income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and Section 23701(d) of the California Revenue and Taxation Code, respectively. The Organization has been designated as an organization that is not a private foundation. Accordingly, no provision for income taxes is included in the accompanying financial statements.

The mission of the Organization is to provide dynamic pathways to self-sustainability for low-income individuals and families by focusing on three core areas: Advocacy, Education, and Energy Assistance.

Description of Major Programs

Energy Assistance Services

For low-income households, the Organization offers assistance with utility bill payments and weatherization services to improve energy efficiency as well as critical heating and cooling services to vulnerable populations during severe weather emergencies.

Youth Services

The Organization offers a variety of educational opportunities, job training, skill enhancement classes, and support systems to eligible participants so that they can acquire the necessary job readiness skills to obtain and retain employment, as well as the necessary money management skills to build a savings plan or apply investment strategies. The Organization also offers youth programs to provide academic assistance, career development, and personal enrichment.

LONG BEACH COMMUNITY ACTION PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2012 AND 2011

NOTE 1 – Organization (Continued)

Description of Major Programs (Continued)

Community Advocacy and Family Services

Through its collaborative efforts with other organizations and partner agencies, the Organization provides a gateway for individuals and families to have convenient access to a coordinated continuum of comprehensive programs and services designed to help them achieve self-sufficiency.

NOTE 2 – Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with US Generally Accepted Accounting Principles (GAAP).

Classification of Net Assets

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

Unrestricted net assets – includes unrestricted funds for general operations, support used in operations after meeting initial grantor or donor restrictions, and unrestricted net assets.

Temporarily restricted net assets – includes funds whose use by the Organization is limited by donor-imposed stipulations that either expire with the passage of time or can be fulfilled and removed by actions of the Organization pursuant to those specifications.

Use of Estimates

The Organization uses estimates and assumptions in preparing these financial statements in accordance with GAAP. Those estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingencies at the date of the financial statements, the reported amounts of revenues and other support, and expenses during the reporting period. Actual results could vary from those estimates.

LONG BEACH COMMUNITY ACTION PARTNERSHIP

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011**

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Recognition of Revenue

Contributions received, including unconditional promises to give, are recognized as increases in net assets in the period received at their fair values. Contributions of cash and other assets are reported as restricted support if they are received with donor stipulations that limit their use. When a donor restriction expires, that is when a stipulation of time restriction ends or a purpose restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Similarly, grants used in community health activities are recognized initially as restricted support and are reclassified to unrestricted net assets once the restrictions are satisfied. Contributions that are received shortly after the fiscal year-end that are dated and designated by donors for that fiscal year are accrued as contributions receivable.

During the years ended December 31, 2012 and 2011, the Organization facilitated the distribution of \$8,627,164 and \$4,905,228, respectively, of utility payments from the state of California for the benefit of eligible energy program participants. Although the Organization was an integral part of distributing the state-directed donations by coordinating, arranging, and monitoring their distribution, the Organization has neither taken custody of these funds nor processed these payments. Therefore, in accordance with ASC 958-605-15, *Accounting for Contributions Received and Contributions Made*, these transactions were considered agency transactions and are not included in revenue and expenses on the statement of activities. However, the Organization is a recipient of funding from the state to offset the administrative expenses incurred from these agency transactions.

The Organization's grants received from government agencies are considered conditional contributions; however, they are not recognized as revenue until the conditions have been substantially met or the chance of not meeting the conditions is remote.

Cash and Cash Equivalents

The Organization considers cash on hand, deposits in banks, and short-term marketable securities with an original maturity of less than 90 days to be cash and cash equivalents for purposes of the statement of cash flows.

LONG BEACH COMMUNITY ACTION PARTNERSHIP

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011**

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Property and Equipment

All assets purchased or received by donation that cost \$5,000 or more individually are capitalized. Assets purchased or received by donation that cost less than \$5,000 individually are expensed in the year purchased or received. All repairs and improvements to property or leasehold improvements that cost \$5,000 or more are also capitalized. The Organization provides for depreciation and amortization using the straight-line method over the estimated useful lives of the applicable assets, which are 10 to 25 years for leasehold improvements, 3 to 15 years for vehicles and equipment, and 7 to 10 years for capitalized software. Leasehold improvements are amortized on the straight-line basis using the shorter of the estimated useful lives of the assets or terms of the lease.

Donated Materials, Services, and Facilities

Donated materials and other noncash contributions when received, are reflected in the accompanying statements at their estimated market values at date of receipt. Contributions of services are recognized if the services received create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Other volunteer services that do not meet these criteria are not recognized in the financial statements. A number of volunteers donate their time to the Organization. The volunteer services received by the Organization did not meet the above criteria and, therefore, are not reflected in the accompanying financial statements.

LONG BEACH COMMUNITY ACTION PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2012 AND 2011

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Fair Value Measurements

Fair value is the price that the Organization would receive upon selling an investment in an orderly transaction to an independent buyer in the principal or most advantageous market of the investment. Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures, established a three-tier hierarchy to maximize the use of observable market data and minimize the use of unobservable inputs, and to establish classification of fair value measurements for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the assets or liability developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on best information available. The three-tier hierarchy of inputs is summarized in the three broad levels listed below:

- Level 1 – quoted prices (unadjusted) in active markets that are accessible at the measurement date for assets or liabilities;
- Level 2 – observable prices that are based on inputs not quoted in active markets, but corroborated by market data; and
- Level 3 – unobservable inputs are used when little or no market data is available.

LONG BEACH COMMUNITY ACTION PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2012 AND 2011

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Contributions

Contributions, including unconditional promises to give, are recognized as revenues in the period received by the Organization. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Transfers of assets under conditional promises, which are received by the Organization prior to fulfilling these conditions, are recorded as a liability until the conditions are substantially met.

Contributions of assets other than cash are recorded at their estimated fair value at the date the gift was received. Contributions to be received after one year are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using Federal funds (risk-free) interest rates. Amortization of the discount is recorded as additional contribution revenue and used in accordance with any donor-imposed restrictions on the contributions. Contributions which are received and whose restrictions are met in the same period are recognized as temporarily restricted contribution revenue. When the donor restriction on these contributions is met and/or the implied time restriction has expired, the net assets are released from restriction in the statement of activities. Allowance is made for uncollectible contributions based upon management's judgment and analysis of the creditworthiness of the donors, past collection experience, and other relevant factors.

Donated Assets

Donated marketable securities and other noncash donations are recorded as contributions at their fair values at the date of donation. The Organization reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. The donor restrictions are considered met over the life of the long-lived asset and temporarily restricted net assets are released and reclassified to unrestricted net assets over the life of the long-lived asset in an amount equal to the depreciation expense on the long-lived asset.

LONG BEACH COMMUNITY ACTION PARTNERSHIP

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011**

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Concentrations of Credit Risk

The Organization maintains cash in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization's management believes that it is not exposed to any significant credit risk of cash or cash equivalents maintained in US financial institutions.

Income Taxes

The Organization has received tax-exempt status from the Internal Revenue Service and California Franchise Tax Board under Section 501(c)(3) of the Internal Revenue Code, and Section 23701(d) of the Revenue and Taxation Code, respectively.

The Organization recognizes the financial statement benefit of tax positions, such as filing status of tax-exempt, only after determining that the relevant tax authority would more likely than not sustain the position following an audit. The Organization is subject to potential income tax audits on open tax years by any taxing jurisdiction in which it operates. The statute of limitations for federal and California state purposes is generally three and four years, respectively.

Comparative Totals

The financial statements include certain prior-year summarized financial information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such financial information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2011, from which the summarized financial information was derived.

LONG BEACH COMMUNITY ACTION PARTNERSHIP

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011**

NOTE 3 – Investments

The following table summarizes the Organization’s investments in certificates of deposit in accordance with the fair value hierarchy as of December 31, 2012:

<u>Bank</u>	<u>Maturity Date</u>	<u>Annual Percent Yield</u>	<u>Fair Value</u>	<u>Quoted Price in Active Markets for Identical Assets Level 1</u>	<u>Significant Other Observable Inputs Level 2</u>	<u>Significant Unobservable Inputs Level 3</u>
International City Bank	06/24/13	0.60%	\$ 100,799	None	\$ 100,799	None

The following table summarizes the Organization’s investments in certificates of deposit in accordance with the fair value hierarchy as of December 31, 2011:

<u>Bank</u>	<u>Maturity Date</u>	<u>Annual Percent Yield</u>	<u>Fair Value</u>	<u>Quoted Price in Active Markets for Identical Assets Level 1</u>	<u>Significant Other Observable Inputs Level 2</u>	<u>Significant Unobservable Inputs Level 3</u>
International City Bank	06/22/12	0.60%	\$ 100,296		\$ 100,296	
Bank of America	05/11/12	0.30%	90,000		90,000	
Total			<u>\$ 190,296</u>	<u>None</u>	<u>\$ 190,296</u>	<u>None</u>

NOTE 4 – Grants and Contracts Receivable

Grants and contracts receivable represent amounts accrued for work completed under grants and contracts. All amounts are due within the fiscal year and, therefore, are recorded at face value without discounting. There was no allowance for doubtful accounts recorded at December 31, 2012 and 2011.

LONG BEACH COMMUNITY ACTION PARTNERSHIP

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011**

NOTE 5 – Prepaid Expenses

Prepaid expenses as of December 31, 2012 and 2011 include \$149,730 and \$32,304, respectively, paid in advance to Los Angeles Conservation Corps (LACC) pursuant to a subcontract agreement between LACC and the Organization. LACC's services were retained to install weatherization measures in homes throughout eastern Los Angeles County.

NOTE 6 – Property and Equipment

Property and equipment is summarized as follows:

	<u>December 31,</u>	
	<u>2012</u>	<u>2011</u>
Equipment	\$ 615,134	\$ 32,488
Accumulated depreciation	(20,023)	(8,911)
	595,111	23,577
Construction in progress	234,204	
Property and equipment, net	<u>\$ 829,315</u>	<u>\$ 23,577</u>

Depreciation of \$10,141 and \$6,497 for the years ended December 31, 2012 and 2011, respectively, is included in the statement of activities. Construction in progress includes deposits made for the acquisition of energy assistance program service vehicles.

NOTE 7 – Deferred Revenue

Deferred revenue represents cash received by the Organization in advance of being contractually earned. Deferred revenue is recognized as revenue as the Organization meets the conditions as stipulated in the agreement between the Organization and the providers of the funding.

LONG BEACH COMMUNITY ACTION PARTNERSHIP

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011**

NOTE 8 – Temporarily Restricted Net Assets

Temporarily restricted net assets at December 31, 2012 and 2011 were available for the following purposes:

	December 31,	
	2012	2011
Leadership Academy Mentoring Program	\$ 20,636	\$ 74,473
Self-Sufficiency Calculator	25,423	25,423
Individual development account	20,379	20,379
Computer software purchase		10,000
Fathers First program	9,213	9,213
Re-Thinking program	3,789	3,845
AACC	4,400	
Total	\$ 83,840	\$ 143,333

NOTE 9 – Commitments and Contingencies

Commitments

On December 3, 2008, the Organization entered into a three-year lease agreement with The Salvation Army, commencing on December 15, 2008 (amended January 28, 2009) for 11,446 square feet of office and training space at 3012 Long Beach Boulevard. During 2011, the Organization exercised its option to extend the lease term for one additional three-year period.

Future minimum facilities and equipment lease commitments as of December 31, 2012 are payable as follows:

<u>Year Ending December 31,</u>	
2013	\$ 171,600
2014	\$ 150,100

Rent expenses for facilities and equipment for the years ended December 31, 2012 and 2011 totaled \$239,101 and \$363,209, respectively, and are included in the statement of activities.

LONG BEACH COMMUNITY ACTION PARTNERSHIP

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011**

NOTE 9 – Commitments and Contingencies (Continued)

Contingencies

The Organization is dependent on continued funding provided by the Department of Community Services and Development of the State of California (CSD) to operate and provide assistance for low-income residents of the city of Long Beach. During the years ended December 31, 2012 and 2011, approximately 85% and 83%, respectively, of the Organization's total support and revenue was provided by the Department of Community Services and Development of the State of California.

The Organization receives a significant portion of its support and revenue from government grants, which are subject to government audit. The ultimate determination of amounts received under these programs is generally based upon allowable costs reported to and audited by the government. Until any such audit has been completed and a final settlement reached, there exists a contingent liability to refund any amount received in excess of allowable costs.

NOTE 10 – Employee Benefit Plan

On January 1, 2009, the Organization adopted the Long Beach Community Services Development Corporation 401(k) Plan (the Plan) to provide retirement benefits for its employees. The Plan provides tax-deferred salary deductions for substantially all employees as allowed under Section 401(k) of the Internal Revenue Code. Employees may contribute up to 4% of their annual compensation to the Plan, limited to a maximum annual amount as set periodically by the Internal Revenue Service. The Organization is required to match 40% of the employees' first 4% of contributions. All matching contributions vest immediately. The Organization's matching contributions to the Plan were \$23,546 and \$26,485 for the years ended December 31, 2012 and 2011, respectively.

NOTE 11 – Subsequent Events

Subsequent events were evaluated through September 30, 2013, which is the date the audited financial statements were available to be issued.

LONG BEACH COMMUNITY ACTION PARTNERSHIP

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011**

NOTE 12 – Prior Period Adjustment

During the year ended December 31, 2012, the Organization noted an error in accounting for subcontractor costs. The error caused an understatement of subcontractor costs for the year ended December 31, 2011. As a result, the Organization has restated its financial statements to properly recognize the costs in the prior period. The effect of the restatement on the December 31, 2011 financial statements is as follows:

	<u>Reported</u>	<u>Adjustment</u>	<u>As Restated</u>
Balance Sheet			
Accrued expenses	\$ 898,882	\$ 334,847	\$ 1,233,729
Unrestricted net assets	\$ 829,921	(\$ 334,847)	\$ 495,074
Statement of Activities			
Energy assistance services	\$ 4,229,332	\$ 344,847	\$ 4,574,179
Change in net assets	(\$ 222,353)	(\$ 334,847)	(\$ 557,200)

LONG BEACH COMMUNITY ACTION PARTNERSHIP

**SUPPLEMENTAL STATEMENT OF REVENUE AND EXPENDITURES
CSD CONTRACT NO. 12F-4420
FOR THE PERIOD JANUARY 1, 2012 THROUGH DECEMBER 31, 2012**

	January 1, 2012 through December 31, 2012	Total Audited Costs	Total Reported Expenses	Total Budget
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
REVENUE				
Grant revenue	\$ 830,298	\$ 830,298		\$ 944,875
Total Revenue	<u>830,298</u>	<u>830,298</u>		<u>944,875</u>
EXPENDITURES				
Administration (20%)				
Salaries and wages	67,362	67,362	\$ 67,362	85,712
Fringe benefits	27,231	27,231	27,231	34,285
Operating expenses	<u>49,590</u>	<u>49,590</u>	<u>49,590</u>	<u>68,978</u>
Total Administration Costs	<u>144,183</u>	<u>144,183</u>	<u>144,183</u>	<u>188,975</u>
Program (80%)				
Salaries and wages	137,124	137,124	185,170	142,567
Fringe benefits	37,621	37,621	59,409	42,770
Operating expenses	319,437	319,437	261,930	328,398
Out-of-state travel	3,166	3,166	3,166	3,166
Subcontractor services	<u>188,117</u>	<u>188,117</u>	<u>175,790</u>	<u>238,999</u>
Total Program Costs	<u>685,465</u>	<u>685,465</u>	<u>685,465</u>	<u>755,900</u>
TOTAL EXPENDITURES	<u>\$ 829,648</u>	<u>\$ 829,648</u>	<u>\$ 829,648</u>	<u>\$ 944,875</u>

LONG BEACH COMMUNITY ACTION PARTNERSHIP

**SUPPLEMENTAL STATEMENT OF REVENUE AND EXPENDITURES
CSD CONTRACT NO. 10B-5620, EHA-16
FOR THE PERIOD JUNE 1, 2010 THROUGH JUNE 30, 2012**

	<u>June 1, 2010 through December 31, 2010</u>	<u>January 1, 2011 through December 31, 2011</u>	<u>January 1, 2012 through June 30, 2012</u>	<u>Total Audited Costs</u>	<u>Total Reported Expenses</u>	<u>Total Budget</u>
REVENUE						
Grant revenue	\$ 269,276	\$ 505,888	\$ 241,228	\$ 1,016,392		\$ 2,084,606
Total Revenue	<u>269,276</u>	<u>505,888</u>	<u>241,228</u>	<u>1,016,392</u>		<u>2,084,606</u>
EXPENDITURES						
Administration (23.85%)						
Administrative costs	<u>115,956</u>	<u>76,007</u>	<u>19,411</u>	<u>211,374</u>	\$ 308,053	<u>497,177</u>
Total Administration Costs	<u>115,956</u>	<u>76,007</u>	<u>19,411</u>	<u>211,374</u>	<u>308,053</u>	<u>497,177</u>
Program (76.15%)						
Assurance 16 activities	67,746	103,745	58,495	229,986	229,986	827,564
Intake	38,520	170,513	48,301	251,334	209,033	217,105
Outreach	<u>47,054</u>	<u>155,622</u>	<u>67,219</u>	<u>269,895</u>	<u>269,320</u>	<u>542,760</u>
Total Program Costs	<u>153,320</u>	<u>429,880</u>	<u>168,015</u>	<u>751,215</u>	<u>708,339</u>	<u>1,587,429</u>
TOTAL EXPENDITURES	<u>\$ 269,276</u>	<u>\$ 505,887</u>	<u>\$ 187,426</u>	<u>\$ 962,589</u>	<u>\$ 1,016,392</u>	<u>\$ 2,084,606</u>

LONG BEACH COMMUNITY ACTION PARTNERSHIP

**SUPPLEMENTAL STATEMENT OF REVENUE AND EXPENDITURES
CSD CONTRACT NO. 11B-5720, EHA-16
FOR THE PERIOD JANUARY 1, 2011 THROUGH DECEMBER 31, 2012**

	<u>January 1, 2011 through December 31, 2011</u>	<u>January 1, 2012 through December 31, 2012</u>	<u>Total Audited Costs</u>	<u>Total Reported Expenses</u>	<u>Total Budget</u>
REVENUE					
Grant revenue	\$ 287,621	\$ 1,051,469	\$ 1,339,090		\$ 1,630,247
Total Revenue	<u>287,621</u>	<u>1,051,469</u>	<u>1,339,090</u>		<u>1,630,247</u>
EXPENDITURES					
Administration (24.77%)					
Administrative costs	<u>31,638</u>	<u>85,454</u>	<u>117,092</u>	\$ 358,921	<u>403,878</u>
Total Administration Costs	<u>31,638</u>	<u>85,454</u>	<u>117,092</u>	<u>358,921</u>	<u>403,878</u>
Program (75.23%)					
Assurance 16 activities	62,798	118,955	181,753	181,753	283,595
Intake	99,061	63,682	162,743	147,255	173,856
Outreach	89,129	178,912	268	268,041	434,639
Training and technical assistance	4,995		4,995	4,995	173,113
ECIP/HEAP cooling		89,200	89,200	89,200	53,475
ECIP/HEAP heating		181,643	181,643	181,643	53,474
ECIP/HEAP water heater Repair/Replacement		107,203	107,203	107,203	53,474
ECIP/HEAP other		87	87	78	743
Total Program Costs	<u>255,983</u>	<u>739,673</u>	<u>995,656</u>	<u>980,168</u>	<u>1,226,369</u>
TOTAL EXPENDITURES	<u>\$ 287,621</u>	<u>\$ 825,127</u>	<u>\$ 1,112,748</u>	<u>\$ 1,339,089</u>	<u>\$ 1,630,247</u>

LONG BEACH COMMUNITY ACTION PARTNERSHIP

**SUPPLEMENTAL STATEMENT OF REVENUE AND EXPENDITURES
CSD CONTRACT NO. 12B-5819, EHA-16
FOR THE PERIOD JANUARY 1, 2012 THROUGH DECEMBER 31, 2012**

	January 1, 2012 through December 31, 2012	Total Audited Costs	Total Reported Expenses	Total Budget
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
REVENUE				
Grant revenue	\$ 374,241	\$ 374,241		\$ 2,048,235
Total Revenue	<u>374,241</u>	<u>374,241</u>		<u>2,048,235</u>
EXPENDITURES				
Administration (19.34%)				
Administrative costs	<u>38,280</u>	<u>38,280</u>	\$ 53,403	<u>396,156</u>
Total Administration Costs	<u>38,280</u>	<u>38,280</u>	<u>53,403</u>	<u>396,156</u>
Program (80.66%)				
Assurance 16 activities	104,286	104,286	104,085	488,389
Intake	69,620	69,620	67,490	418,099
Outreach	158,663	158,663	149,263	418,099
Training and technical assistance				167,239
ECIP/HEAP cooling				20,887
ECIP/HEAP heating				20,887
ECIP/HEAP water heater repair/replacement				15,000
ECIP/HEAP other				3,000
Vehicle and equipment				50,479
Automation supplemental				50,000
Total Program Costs	<u>332,569</u>	<u>332,569</u>	<u>320,838</u>	<u>1,652,079</u>
TOTAL EXPENDITURES	<u>\$ 370,849</u>	<u>\$ 370,849</u>	<u>\$ 374,241</u>	<u>\$ 2,048,235</u>

LONG BEACH COMMUNITY ACTION PARTNERSHIP

**SUPPLEMENTAL STATEMENT OF REVENUE AND EXPENDITURES
CSD CONTRACT NO. 10B-5620 WEATHERIZATION
FOR THE PERIOD JUNE 1, 2010 THROUGH JUNE 30, 2012**

	<u>June 1, 2010 through December 31, 2010</u>	<u>January 1, 2011 through December 31, 2011</u>	<u>January 1, 2012 through June 30, 2012</u>	<u>Total Audited Costs</u>	<u>Total Reported Expenses</u>	<u>Total Budget</u>
REVENUE						
Grant revenue	\$ 136,147	\$ 3,033,160	\$ 957,531	\$ 4,126,838		\$ 4,130,046
Total Revenue	<u>136,147</u>	<u>3,033,160</u>	<u>957,531</u>	<u>4,126,838</u>		<u>4,130,046</u>
EXPENDITURES						
Administration (8%)						
Administrative costs	<u>50,843</u>	<u>307,991</u>	<u>102,913</u>	<u>461,747</u>	\$ 330,404	<u>330,404</u>
Total Administration Costs	<u>50,843</u>	<u>307,991</u>	<u>102,913</u>	<u>461,747</u>	<u>330,404</u>	<u>330,404</u>
Program (92%)						
Intake	17,466	65,136		82,602	82,602	82,602
Outreach	23,578	171,697	11,226	206,501	206,501	206,501
Training and technical assistance	44,025	104,740	84,383	233,148	233,148	206,501
Direct program activities		2,584,582	794,184	3,378,766	3,268,152	3,287,438
Liability insurance						1,600
Workers' compensation	<u>234</u>		<u>997</u>	<u>1,231</u>	<u>1,231</u>	<u>15,000</u>
Total Program Costs:	<u>85,303</u>	<u>2,926,155</u>	<u>890,790</u>	<u>3,902,248</u>	<u>3,791,634</u>	<u>3,799,642</u>
TOTAL EXPENDITURES	<u>\$ 136,146</u>	<u>\$ 3,234,167</u>	<u>\$ 993,703</u>	<u>\$ 4,363,995</u>	<u>\$ 4,122,038</u>	<u>\$ 4,130,046</u>

LONG BEACH COMMUNITY ACTION PARTNERSHIP

**SUPPLEMENTAL STATEMENT OF REVENUE AND EXPENDITURES
CSD CONTRACT NO. 11B-5720 WEATHERIZATION
FOR THE PERIOD JANUARY 1, 2012 THROUGH DECEMBER 31, 2012**

	January 1, 2012 through December 31, 2012	Total Audited Costs	Total Reported Expenses	Total Budget
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
REVENUE				
Grant revenue	\$ 3,727,630	\$ 3,727,630		\$ 4,023,028
Total Revenue:	<u>3,727,630</u>	<u>3,727,630</u>		<u>4,023,028</u>
EXPENDITURES				
Administration (8%)				
Administrative costs	<u>418,408</u>	<u>418,408</u>	\$ 297,364	<u>321,332</u>
Total Administration Costs	<u>418,408</u>	<u>418,408</u>	<u>297,364</u>	<u>321,332</u>
Program (92%)				
Intake	37,041	37,041	37,041	80,334
Outreach	86,982	86,982	86,982	200,509
Training and technical assistance	107,209	107,209	107,209	200,833
Direct program activities	3,386,308	3,386,308	3,190,723	3,219,696
Workers' compensation	<u>4,110</u>	<u>4,110</u>	<u>4,110</u>	<u>324</u>
Total Program Costs	<u>3,621,650</u>	<u>3,621,650</u>	<u>3,426,065</u>	<u>3,701,696</u>
TOTAL EXPENDITURES	<u>\$ 4,040,058</u>	<u>\$ 4,040,058</u>	<u>\$ 3,723,429</u>	<u>\$ 4,023,028</u>

LONG BEACH COMMUNITY ACTION PARTNERSHIP

**SUPPLEMENTAL STATEMENT OF REVENUE AND EXPENDITURES
CSD CONTRACT NO. 12B-5819 WEATHERIZATION
FOR THE PERIOD JANUARY 1, 2012 THROUGH DECEMBER 31, 2012**

	<u>January 1, 2012 through December 31, 2012</u>	<u>Total Audited Costs</u>	<u>Total Reported Expenses</u>	<u>Total Budget</u>
REVENUE				
Grant revenue	\$ 15,263	\$ 15,263		\$ 2,747,215
Total Revenue:	<u>15,263</u>	<u>15,263</u>		<u>2,747,215</u>
EXPENDITURES				
Administration (8%)				
Administrative costs	<u>1,525</u>	<u>1,525</u>	\$ 1,221	<u>219,778</u>
Total Administration Costs	<u>1,525</u>	<u>1,525</u>	<u>1,221</u>	<u>219,778</u>
Program (92%)				
Intake				38,642
Outreach				38,642
Training and technical assistance				38,641
Direct program activities	13,738	13,738	14,042	2,115,357
Vehicle and equipment acquisition costs				<u>296,155</u>
Total Program Costs	<u>13,738</u>	<u>13,738</u>	<u>14,042</u>	<u>2,527,437</u>
TOTAL EXPENDITURES	<u>\$ 15,263</u>	<u>\$ 15,263</u>	<u>\$ 15,263</u>	<u>\$ 2,747,215</u>

LONG BEACH COMMUNITY ACTION PARTNERSHIP

**SUPPLEMENTAL STATEMENT OF REVENUE AND EXPENDITURES
CSD CONTRACT NO. 09C-1770
FOR THE PERIOD JUNE 1, 2010 THROUGH DECEMBER 31, 2012**

	<u>June 1, 2010 through December 31, 2010</u>	<u>January 1, 2011 through December 31, 2011</u>	<u>January 1, 2012 through June 30, 2012</u>	<u>Total Audited Costs</u>	<u>Total Reported Expenses</u>	<u>Total Budget</u>
REVENUE						
Grant revenue	\$ 80,934	\$ 712,328	\$ 169,243	\$ 962,505		\$ 1,550,414
Total Revenue	<u>80,934</u>	<u>712,328</u>	<u>169,243</u>	<u>962,505</u>		<u>1,550,414</u>
EXPENDITURES						
Administration (5.71%)						
Administrative costs	<u>9,095</u>	<u>47,268</u>	<u>23,528</u>	<u>79,891</u>	\$ <u>67,779</u>	<u>88,473</u>
Total Administration Costs	<u>9,095</u>	<u>47,268</u>	<u>23,528</u>	<u>79,891</u>	<u>67,779</u>	<u>88,473</u>
Program (94.29%)						
Client education	3,528	5,143		8,671	8,671	30,900
Liability insurance						800
Outreach	5,561	20,213	1,243	27,017	27,017	30,900
Training and technical assistance	24,835	17,679	450	42,964	42,964	100,632
Minor vehicle and field equipment	4,419	5,717	2,004	12,140	12,140	60,400
Workers' compensation	333	769	176	1,278	1,278	89,100
Intake	3,630	13,430	892	17,952	17,952	30,900
Direct program activities	4,874	426,359	198,886	630,119	586,047	767,379
Health and safety activities		174,700		174,700	174,700	332,630
General/operating expenditures	<u>24,659</u>	<u>1,050</u>		<u>23,957</u>	<u>23,957</u>	<u>18,300</u>
Total Program Costs	<u>71,839</u>	<u>665,060</u>	<u>203,651</u>	<u>938,798</u>	<u>894,726</u>	<u>1,461,941</u>
TOTAL EXPENDITURES	<u>\$ 80,934</u>	<u>\$ 712,328</u>	<u>\$ 227,179</u>	<u>\$ 1,018,689</u>	<u>\$ 962,505</u>	<u>\$ 1,550,414</u>

LONG BEACH COMMUNITY ACTION PARTNERSHIP

**SUPPLEMENTAL STATEMENT OF REVENUE AND EXPENDITURES
CSD CONTRACT NO. 11C-1819
FOR THE PERIOD JANUARY 1, 2012 THROUGH DECEMBER 31, 2012**

	January 1, 2012 through December 31, 2012	Total Audited Costs	Total Reported Expenses	Total Budget
REVENUE				
Grant revenue	\$ 916	\$ 916		\$ 1,000,121
Total Revenue:	<u>916</u>	<u>916</u>		<u>1,000,121</u>
EXPENDITURES				
Administration (4.5%)				
Administrative costs	<u>96</u>	<u>96</u>	\$ 84	<u>44,967</u>
Total Administration Costs	<u>96</u>	<u>96</u>	<u>84</u>	<u>44,967</u>
Program (95.5%)				
Training and technical assistance	800	800	800	35,000
Liability insurance				2,000
Vehicle insurance				3,000
Major vehicle and field equipment (> \$5,000)				73,174
Intake				5,000
Outreach	32	32	32	5,000
Client education				2,500
Workers' compensation				8,500
Minor vehicle and field equipment (< \$5,000)				3,500
General/operating expenditures				144,843
Direct program activities				538,137
Health and safety activities				134,500
Total Program Costs	<u>832</u>	<u>832</u>	<u>832</u>	<u>955,154</u>
TOTAL EXPENDITURES	<u>\$ 928</u>	<u>\$ 928</u>	<u>\$ 916</u>	<u>\$ 1,000,121</u>