

**COMUNIDADES LATINAS UNIDAS EN SERVICIO, INC.**

**FINANCIAL STATEMENTS AND  
SINGLE AUDIT COMPLIANCE REPORTS**

**YEARS ENDED DECEMBER 31, 2011 AND 2010**

**COMUNIDADES LATINAS UNIDAS EN SERVICIO, INC.**  
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CliftonLarsonAllen

CliftonLarsonAllen LLP  
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INDEPENDENT AUDITORS' REPORT

Board of Directors  
Comunidades Latinas Unidas En Servicio, Inc.  
St. Paul, Minnesota

We have audited the accompanying balance sheets of Comunidades Latinas Unidas En Servicio, Inc. (the Organization) for the years ended December 31, 2011 and 2010, and the related statements of activity, functional expense, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Comunidades Latinas Unidas En Servicio, Inc. as of December 31, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 27, 2012, on our consideration of Comunidades Latinas Unidas En Servicio, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Our audits were performed for the purpose of forming an opinion on the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic 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 basic 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 basic financial statements as a whole.

*CliftonLarsonAllen LLP*

CliftonLarsonAllen LLP

Minneapolis, Minnesota  
March 27, 2012

**COMUNIDADES LATINAS UNIDAS EN SERVICIO, INC.**  
**BALANCE SHEETS**  
**DECEMBER 31, 2011 AND 2010**

	2011	2010
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 716,160	\$ 491,714
Accounts Receivable, Net of Allowance	589,332	541,394
Grants Receivable - Current Portion	280,000	24,500
Pledges Receivable - Current Portion	92,876	61,130
Prepaid Expenses	21,003	64,270
Total Current Assets	1,699,371	1,183,008
<b>OTHER ASSETS</b>		
Grants Receivable, Net of Current Portion, Discount and Allowance	242,325	-
Pledges Receivable, Net of Current Portion, Discount and Allowance	76,546	59,000
Total Other Assets	318,871	59,000
<b>LAND, BUILDINGS AND EQUIPMENT</b>		
(Net of Accumulated Depreciation at December 31, 2011 and 2010 of \$2,113,030 and \$1,943,407, Respectively)		
	4,750,371	4,578,764
Total Assets	\$ 6,768,613	\$ 5,820,772
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable and Other Accrued Liabilities	\$ 27,766	\$ 59,243
Accrued Wages and Payroll Taxes	70,618	58,807
Accrued Vacation	123,177	119,211
Other Liabilities	60,000	62,400
Current Portion of Long-Term Debt	203,857	193,427
Total Current Liabilities	485,418	493,088
<b>NONCURRENT LIABILITIES</b>		
Long-Term Debt, Net of Current Portion	349,994	534,167
Total Liabilities	835,412	1,027,255
<b>NET ASSETS</b>		
Unrestricted:		
Undesignated	298,992	72,608
Designated - Property and Equipment	4,196,520	3,851,170
Total Unrestricted	4,495,512	3,923,778
Temporarily Restricted	1,424,189	856,239
Permanently Restricted	13,500	13,500
Total Net Assets	5,933,201	4,793,517
Total Liabilities and Net Assets	\$ 6,768,613	\$ 5,820,772

See accompanying Notes to Financial Statements.

**COMUNIDADES LATINAS UNIDAS EN SERVICIO, INC.**  
**STATEMENTS OF ACTIVITY**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**

	2011			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
<b>SUPPORT AND REVENUE</b>				
Government Grants	\$ 2,952,772	\$ -	\$ -	\$ 2,952,772
Contributions	2,270,497	1,020,311	-	3,290,808
Interest	606	-	-	606
Client Paid and Private Insurance	549,239	-	-	549,239
Rental Income	132,150	-	-	132,150
In-Kind Contributions	175,754	-	-	175,754
Gain on Disposal of Fixed Assets	3,600	-	-	3,600
Miscellaneous Income	26,815	-	-	26,815
<b>Total Support and Revenue</b>	<b>6,111,433</b>	<b>1,020,311</b>	<b>-</b>	<b>7,131,744</b>
Net Assets Released from Restrictions	452,361	(452,361)	-	-
<b>Total Support and Revenue</b>	<b>6,563,794</b>	<b>567,950</b>	<b>-</b>	<b>7,131,744</b>
<b>EXPENSE</b>				
Program Services	4,759,439	-	-	4,759,439
Support Services:				
Management and General	728,933	-	-	728,933
Fundraising	503,688	-	-	503,688
<b>Total Support Services</b>	<b>1,232,621</b>	<b>-</b>	<b>-</b>	<b>1,232,621</b>
<b>Total Expense</b>	<b>5,992,060</b>	<b>-</b>	<b>-</b>	<b>5,992,060</b>
<b>CHANGE IN NET ASSETS</b>	<b>571,734</b>	<b>567,950</b>	<b>-</b>	<b>1,139,684</b>
Net Assets - Beginning of Year	3,923,778	856,239	13,500	4,793,517
<b>NET ASSETS - END OF YEAR</b>	<b><u>\$ 4,495,512</u></b>	<b><u>\$ 1,424,189</u></b>	<b><u>\$ 13,500</u></b>	<b><u>\$ 5,933,201</u></b>

See accompanying Notes to Financial Statements.

2010

Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$ 2,995,154	\$ -	\$ -	\$ 2,995,154
1,443,926	461,519	-	1,905,445
558	-	-	558
520,539	-	-	520,539
234,712	-	-	234,712
306,105	-	-	306,105
-	-	-	-
23,954	-	-	23,954
<u>5,524,948</u>	<u>461,519</u>	<u>-</u>	<u>5,986,467</u>
481,285	(481,285)	-	-
<u>6,006,233</u>	<u>(19,766)</u>	<u>-</u>	<u>5,986,467</u>
4,566,181	-	-	4,566,181
626,234	-	-	626,234
477,708	-	-	477,708
<u>1,103,942</u>	<u>-</u>	<u>-</u>	<u>1,103,942</u>
<u>5,670,123</u>	<u>-</u>	<u>-</u>	<u>5,670,123</u>
336,110	(19,766)	-	316,344
<u>3,587,668</u>	<u>876,005</u>	<u>13,500</u>	<u>4,477,173</u>
<u>\$ 3,923,778</u>	<u>\$ 856,239</u>	<u>\$ 13,500</u>	<u>\$ 4,793,517</u>

**COMUNIDADES LATINAS UNIDAS EN SERVICIO, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSE**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**

	2011			Total
	Program	Management and General	Fundraising	
Salaries and Wages	\$ 2,533,112	\$ 301,354	\$ 281,390	\$ 3,115,856
Payroll Taxes and Fringe Benefits	648,962	92,147	50,836	791,945
Consultants and Professional Fees	285,233	38,535	46,258	370,026
Travel	60,185	1,539	790	62,514
Occupancy Costs	460,507	9,322	30,629	500,458
Supplies	110,837	14,118	39,712	164,667
Equipment Rental and Maintenance	31,594	2,529	1,173	35,296
Telephone	36,394	2,952	1,427	40,773
Insurance	23,145	27,856	1,444	52,445
Conferences and Training	34,159	14,541	2,494	51,194
Financial Assistance and Client Transportation	203,168	-	-	203,168
Subscriptions and Dues	9,341	9,230	324	18,895
Printing and Postage	32,040	3,563	28,460	64,063
Bad Debt	-	10,000	-	10,000
Interest	-	37,859	-	37,859
Other	5,553	9,764	11,029	26,346
In-Kind Services	169,896	-	-	169,896
Total Expense before Depreciation	4,644,126	575,309	495,966	5,715,401
Depreciation	115,313	153,624	7,722	276,659
Total Expense	<u>\$ 4,759,439</u>	<u>\$ 728,933</u>	<u>\$ 503,688</u>	<u>\$ 5,992,060</u>
Percentage of Total Expense	79.4%	12.2%	8.4%	100.0%

See accompanying Notes to Financial Statements.

2010

Program	Management and General	Fundraising	Total
\$ 2,373,684	\$ 177,059	\$ 268,170	\$ 2,818,913
554,484	91,744	48,343	694,571
313,358	57,059	68,017	438,434
51,465	3,054	430	54,949
443,828	23,413	30,919	498,160
101,547	24,988	15,040	141,575
23,148	1,753	866	25,767
43,069	4,186	1,953	49,208
20,897	28,253	1,467	50,617
35,083	11,410	5,309	51,802
178,904	-	-	178,904
6,936	5,889	6,105	18,930
28,539	3,067	15,106	46,712
-	-	-	-
-	47,954	-	47,954
7,789	6,797	5,636	20,222
296,325	240	4,160	300,725
4,479,056	486,866	471,521	5,437,443
87,125	139,368	6,187	232,680
<u>\$ 4,566,181</u>	<u>\$ 626,234</u>	<u>\$ 477,708</u>	<u>\$ 5,670,123</u>
80.5%	11.0%	8.5%	100.0%



**COMUNIDADES LATINAS UNIDAS EN SERVICIO, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**

	2011	2010
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 1,139,684	\$ 316,344
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	276,659	232,680
Amortization of Discount on Long-Term Debt	20,068	20,420
Forgiveness of Debt	(26,100)	(26,100)
Gain on Disposal of Fixed Assets	(3,600)	-
Contributions Restricted for Capital Campaign	(125,000)	(148,000)
(Increase) Decrease in Current Assets:		
Accounts Receivable	(47,938)	26,723
Grants Receivable	(497,825)	45,500
Pledges Receivable	15,208	(15,998)
Prepaid Expense	43,267	(29,715)
Increase (Decrease) in Current Liabilities:		
Accounts Payable and Other Accrued Liabilities	(31,477)	2,074
Accrued Wages and Payroll Taxes	11,811	22,846
Accrued Vacation	3,966	17,939
Other Liabilities	(2,400)	(11,444)
Net Cash Provided by Operating Activities	776,323	453,269
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Property and Equipment	(448,266)	(43,010)
Proceeds on Sale of Fixed Assets	3,600	-
Net Cash Used by Investing Activities	(444,666)	(43,010)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net Line of Credit Advances	-	(65,000)
Cash Received for Capital Campaign	60,500	180,000
Payments on Long-Term Debt	(167,711)	(119,999)
Net Cash Used by Financing Activities	(107,211)	(4,999)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	224,446	405,260
Cash and Cash Equivalents - Beginning of Year	491,714	86,454
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 716,160	\$ 491,714
<b>SUPPLEMENTAL INFORMATION</b>		
Interest Paid	\$ 17,791	\$ 36,223
In-Kind Goods and Services	\$ 175,754	\$ 306,105

See accompanying Notes to Financial Statements.

**COMUNIDADES LATINAS UNIDAS EN SERVICIO, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011 AND 2010**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Business Activity and Background**

Comunidades Latinas Unidas En Servicio, Inc. (CLUES) is a 501(c)3 nonprofit established in 1981 with the mission "to enhance the quality of life of Latinos in Minnesota." As a hybrid organization that consists of both health services and human services, CLUES works under a family-centric coordinated care model to serve its clients. On the health services side of the business, CLUES offers mental health therapy, chemical health counseling, a health promotion program, an adult day center and family reunification services. On the human services side, the economic advancement services offered include employment training, language learning, financial literacy coaching, and parent/child interaction and mentoring services. The geographic reach of the Organization goes throughout the metro area and its seven counties with nearly all of its services, and the Community Health Worker Services are offered in the metro, rural areas and beyond.

The language appropriate and culturally competent services rendered by the organization, meet the Federal government's mandated CLAS (Culturally and Linguistically Appropriate Services) standards. CLUES serves well over fourteen different languages. Its multilingual staff is committed to the holistic treatment of individuals and their families as the clients' needs are often complex and culturally-sensitive.

It is often quite traumatic for newcomers to make life adjustments according to the United States' values and regulations when they arrive here. Newcomers, with the transition from one culture to another, often encounter significant hardships that may include family separation, culture shock, lack of employment, increased levels of stress, deprivation of basic needs, racism, substandard living conditions, violence, and poverty. However, the immigrant community is resilient, hard working and very much willing to learn about the customs and traditions of their new country.

The CLUES organization is even broader in scope and more comprehensive in services than what has been described thus far. Below is a complete listing and description of the services offered by CLUES.

***Mental Health Services***

Mental Health Services has been the roots of CLUES since it was established as a mental health services provider for Minnesota's Latino community in 1981. The high-quality, person-centered services focus on meeting the mental health needs of all age groups to advance the well-being of individuals and families. CLUES offers individual and family counseling in order to ease acculturation and to create healthy families with stable support networks. Additionally, the Organization provides diagnostic assessments, youth case management, a program to help clients who have been sexually-assaulted, and community outreach and advocacy.

**COMUNIDADES LATINAS UNIDAS EN SERVICIO, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011 AND 2010**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Business Activity and Background (Continued)**

***Mental Health Services (Continued)***

CLUES respects its clients' right to privacy, safety, and dignity to ensure that they receive the highest quality of care as they take strides toward improved mental health and well-being. In 2011:

- 373 clients received Mental Health Services
- 70 children and 28 adults received mental health case management services
- 2,531 therapeutic sessions were conducted
- 70% of adult clients receiving therapy services demonstrated improved Global Assessment of Functioning (GAF) scores and reported increased ability to deal with personal and emotional problems.

***Chemical Health Services***

CLUES' Chemical Health Services is a Rule 31 clinic that offers the highest threshold of clinical care as an outpatient chemical health facility. CLUES provides language – appropriately and culturally – proficient chemical health assessments, outpatient treatment, education and prevention classes, aftercare, Alcoholics Anonymous (AA) and Narcotics Anonymous (NA) meetings, reintegration support for families, DUI-mandated chemical health classes, advocacy, and referrals. Additionally, clients have access to a nutritionist, psychiatrist, psychologists, and Licensed Alcohol and Drug Counselors (LADCs). CLUES offers a safe and positive environment where clients can strive toward breaking the cycle of addiction, establishing a healthier, more productive lifestyle. In 2011:

- 77 clients participated in DWI prevention education
- 792 chemical health assessments were conducted
- 189 clients received outpatient chemical dependency treatment
- 98% of clients receiving treatment reported high satisfaction with services rendered

***Aging Well Services***

The Aging Well Services (AWS) seeks to recreate and enhance the traditional role of elders as the keepers of cultural wisdom and experience within the Latino community. Through its weekly activities, AWS' Adult Day Center offers elder clients integral opportunities for physical, mental, spiritual, and psycho-social fulfillment, in addition to cognitive and sensory stimulation to prolong their health and independence. Aging Well Services also provides respite, relief, and guidance to caregivers under stress as they care for an older loved one.

**COMUNIDADES LATINAS UNIDAS EN SERVICIO, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011 AND 2010**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Business Activity and Background (Continued)**

***Aging Well Services (Continued)***

Through its comprehensive programs, Aging Well Services enhances the quality of life and well-being for at-risk elders and caregivers by equipping them with necessary skills and support. In 2011:

- 537 clients received information, referral and assistance in the Caregiver Support Program
- 1,782 face-to-face and telephone contacts were completed to help clients with forms assistance, advocacy, limited case management, and other activities of supportive assistance 7,070 one-way trips were provided for older adults and adults with disabilities.

***Family Enrichment Services***

CLUES' Family Services address Latino family needs through advocacy, parenting education, community resources education and access assistance, referrals, and case management. By teaching positive parenting and coping skills, CLUES helps to improve the health and emotional well-being of children and families. These parenting skills, acquired through parent peer-support groups, address such complex and interrelated issues as isolation, lack of extended family support, and acculturation. In 2011:

- 1,387 individuals (487 Adults, 900 children) were served through the different programs: Domestic Abuse, Educational groups for parents and children with disabilities, Father's project, schools (Ramsey County), in-home parenting education
- 25 women participated in the Domestic Abuse support group and improved their self-esteem, developed strategies to enhance their safety, and gained knowledge of community resources
- 487 parents improved their understanding of child development and increased their ability to provide a safe, nurturing environment for their children.

***Economic Advancement Services***

Economic Advancement Services includes a wide array of services that incorporate Employment Services, Education Services, the Financial Empowerment Program, and the Learning Together Program under one holistic system of service delivery. CLUES helps clients to build on their strengths and overcome barriers to employment, family stability, and long-term self-sufficiency. The Organization's Economic Advancement Services uses a multi-lingual, culturally-proficient approach to help low-income, underserved Latino and new immigrant communities to develop economic vitality and create and sustain wealth. These economic advancement programs set the stage for the long-term prosperity of the clients served through English-as-a-second-language (ESL) courses, adult basic education classes, job placement assistance, financial education, and parental support groups that educate parents on the U.S. school system.

**COMUNIDADES LATINAS UNIDAS EN SERVICIO, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011 AND 2010**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Business Activity and Background (Continued)**

***Economic Advancement Services (Continued)***

This approach provides them with the tools and resources to actively support themselves and encourage their children's long-term social and academic growth. In 2011:

- 501 clients received one-on-one, pre-purchase home ownership counseling
- 1,200 clients received tax-related services from CLUES and 850 tax declarations were filed
- 650 students were served in ESL and other Adult Basic Education (ABE) classes with a total of 20,282 contact hours
- 604 clients served through Employment Services job counseling were placed in subsidized/unsubsidized employment, unpaid work and internships with an average wage of \$9.24 per hour
- 276 clients attended 10 Employer of Choice Hiring Day events

***Community Health Worker Services***

Community Health Worker Services offers an innovative approach to improving the lives of the Latino community through health promotion and prevention programs. CLUES recruits and trains Latino youth and adults to become community health workers so that they can educate their peers, families, and communities on a variety of health-related issues, such as the importance of nutrition, physical activity, cancer screenings, and diabetes prevention, as well as the adverse effects of tobacco use and obesity. The agency also refers smokers who are willing to quit to a free tobacco-cessation program, helps community members enroll in available health insurance programs, and assists individuals to access medical care when needed. Through home visits, meetings, health fairs, sports tournaments, the *Ventanilla de Salud*/Little Window of Health, and community events, Community Health Worker Services reaches out to the community and effects positive, long-term lifestyle change. In 2011:

- 635 Home Visits were conducted to inform and educate 14,329 Latino Community members about health promotion and prevention
- 201 Latino smokers were referred to tobacco cessation programs
- 45 Latino students educated more than 1,000 high school students in tobacco control, healthy living, and healthy behaviors
- 1,817 visitors to the Consulate of Mexico in St. Paul and mobile consulates were registered, informed, and educated about available health care services, social services, and college opportunities

CLUES is funded by the government (45 different programs all under the six aforementioned divisions), foundations, corporations, United Way, and individual donors.

**COMUNIDADES LATINAS UNIDAS EN SERVICIO, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011 AND 2010**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Financial Statement Presentation**

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

Unrestricted – Resources over which the board of directors has discretionary control. Designated amounts represent those revenues which the board has set aside for a particular purpose.

Temporarily Restricted – Those resources subject to donor imposed restrictions which will be satisfied by actions of the Organization or passage of time.

Permanently Restricted – Those resources subject to a donor imposed restriction that they be maintained permanently by the Organization. The donors of these resources permitted the Organization to use all or part of the income earned, including capital appreciation, or related investments for unrestricted or temporarily restricted purposes.

The Organization has elected to present temporarily restricted contributions, which are fulfilled in the same time period, within the unrestricted net asset class.

**Cash and Cash Equivalents**

Cash and cash equivalents include all cash and investments with original maturities of three months or less.

**Receivables**

Grants, accounts and pledges receivable are stated at net realizable value. At December 31, 2011 and 2010, the Organization recorded an allowance for uncollectible accounts in the amount of \$2,058, which is based on management judgment considering historical information. Pledges to give that are expected to be collected within one year are recorded at their net realizable value. Pledges that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected. The discounts on those amounts are computed using an imputed interest rate applicable to the year in which the pledge is received. This value is determined to be fair value and is calculated using an income approach of applying a discount rate technique in the year in which the pledge is received. Conditional pledges are not included as support until such time as the conditions are substantially met. The Organization received no conditional gifts in 2011 or 2010.

**Land, Buildings and Equipment**

Purchased land, buildings and equipment are recorded at cost. Contributed items are recorded at fair market value at date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulation, contributions of land, buildings and equipment are recorded as unrestricted. Depreciation of land, buildings and equipment is computed on a straight-line basis over the estimated service lives of the asset. The Organization capitalizes items which are greater than \$2,000.

**COMUNIDADES LATINAS UNIDAS EN SERVICIO, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011 AND 2010**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Loan Financing Costs**

At December 31, 2011 and 2010, loan financing costs of \$89,328 were included in building and equipment and amortized using the straight-line method over the assumed forty-year term of the loan. Accumulated amortization was \$15,544 and \$13,310 for the years ended December 31, 2011 and 2010, respectively.

**Tax Exempt Status**

The Organization has a tax exempt status under Section 501(c)(3) of the Internal Revenue Code and Minnesota Statute 209.3. The Organization is classified by the Internal Revenue Service as an organization that is not a private foundation. Therefore, charitable contributions by donors are tax deductible.

The Organization has adopted guidance in the income tax standard regarding the recognition of uncertain tax positions. This guidance prescribes recognition threshold principles for the financial statement recognition of tax positions taken or expected to be taken on a tax return that are not certain to be realized. The implementation of this guidance had no impact on the Organization's financial statements. The Organization's tax returns are subject to review and examination by federal authorities. The tax returns for the years 2007 through 2010 are open to examination by federal authorities.

**Functional Allocation of Expense**

Salaries and related expenses are allocated based on job descriptions and the best estimates of management. Expenses, other than salaries and related expenses which are not directly identifiable by program or supporting service, are allocated based on the best estimates of management.

**In-Kind Contributions**

Contributions of products donated to the Organization are recorded at fair market value at the time they are received. Donated services are valued at a predetermined or estimated rate commensurate with the work performed.

**Fair Value Measurements**

The Organization uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. The Organization follows the accounting policy which measures fair value using a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability. The Organization currently does not have any financial assets or financial liabilities that are measured at fair value on a recurring or non-recurring basis.

**COMUNIDADES LATINAS UNIDAS EN SERVICIO, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011 AND 2010**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Estimates**

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expense. Actual results could vary from the estimates that were used.

**Subsequent Events**

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through March 27, 2012.

**NOTE 2 SIGNIFICANT CONCENTRATIONS OF CREDIT RISK**

The Organization provides services within the State of Minnesota. Grants and contributions are received from both national and local institutions. Substantially, all the grants and pledges receivable are from organizations, corporations and the state and federal governments.

For the years ended December 31, 2011 and 2010, major sources of support and revenue and their respective concentration as a percentage of total revenues were as follows:

	<u>2011</u>		<u>2010</u>	
State of Minnesota	\$ 886,500	12.4%	\$ 856,458	14.3%
Hennepin County	475,558	6.7	580,722	9.7
Ramsey County	1,068,963	15.0	1,071,520	17.9

**NOTE 3 GRANTS RECEIVABLE**

Grants receivable consist of the following at December 31:

	<u>2011</u>		<u>2010</u>	
Gross Grants Receivable	\$ 530,000		\$ 24,500	
Less: Discount (3.07% Rate)	(7,675)		-	
	<u>522,325</u>		<u>24,500</u>	
Less: Current Portion	(280,000)		(24,500)	
Long-Term Portion	<u>\$ 242,325</u>		<u>\$ -</u>	
Cash Amounts Due In:				
Within One Year	\$ 280,000		\$ 24,500	
One to Five Years	250,000		-	
Total	<u>\$ 530,000</u>		<u>\$ 24,500</u>	



**COMUNIDADES LATINAS UNIDAS EN SERVICIO, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011 AND 2010**

**NOTE 4 PLEDGES RECEIVABLE**

Pledges receivable consist of the following at December 31:

	2011	2010
Unconditional Promises to Give:		
Katherine B. Anderson Foundation	\$ 12,500	\$ -
Ecolab Foundation	50,000	75,000
Wells Fargo Foundation	100,000	23,000
Individuals	9,350	24,000
Subtotal	171,850	122,000
Less: Discount (3.07% Rate)	(2,428)	(1,870)
	169,422	120,130
Less: Current Portion	92,876	61,130
Long-Term Portion	\$ 76,546	\$ 59,000
 Cash Amounts Due In:		
Within One Year	\$ 92,876	\$ 61,130
One to Five Years	78,974	60,870
Total	\$ 171,850	\$ 122,000

**NOTE 5 LAND, BUILDINGS AND EQUIPMENT**

Land, buildings and equipment as of December 31 consist of:

	2011	2010
Land	\$ 866,882	\$ 866,882
Building	3,930,591	3,641,506
Vehicles	43,741	58,695
Furniture and Equipment	1,489,450	1,403,685
Software	180,374	180,374
Dakotha Leasehold Improvements	352,363	371,029
Accumulated Depreciation	(2,113,030)	(1,943,407)
Total	\$ 4,750,371	\$ 4,578,764

**COMUNIDADES LATINAS UNIDAS EN SERVICIO, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011 AND 2010**

**NOTE 6 LONG-TERM DEBT**

Long-term debt consists of the following at December 31:

<u>Description</u>	<u>2011</u>	<u>2010</u>
The Organization received a loan from the Housing and Redevelopment Authority of the City of St. Paul, Minnesota on June 14, 2005 in the amount of \$417,000. Principal payments are deferred for a period of 20 years, and no interest accrues during the deferral period. Repayment in the amount of \$2,495 per month including interest at 1% will begin in 2025 and continue through 2040. However, the loan is immediately due and payable if the Organization relocates to any other location outside of the City of St. Paul. This loan is unsecured.	\$ 417,000	\$ 417,000
Unamortized discount on the above loan at imputed interest rate of 6.06%.	(286,161)	(293,836)
The Organization received a loan from the Housing and Redevelopment Authority of the City of St. Paul, Minnesota on June 14, 2005 in the amount of \$261,000. This loan bears interest on 0% and is forgivable at 10% per year commencing in 2006 and continuing through 2015. However, the loan is immediately due and payable if the Organization relocates to any other location outside of the City of St. Paul. This loan is unsecured.	104,400	130,500
Unamortized discount on the above loan at imputed interest rate of 6.06%.	(11,505)	(17,657)
The Organization received a loan from the Housing and Redevelopment Authority of the City of St. Paul, Minnesota on June 14, 2005 in the amount of \$170,000. Principal payments are deferred for a period of 10 years, and no interest accrues during the deferral period. Repayment in the amount of \$1,174 per month including interest at 3% will begin in 2015 and continue through 2030. However, the loan is immediately due and payable if the Organization relocates to any other location outside of the City of St. Paul. This loan is unsecured.	170,000	170,000
Unamortized discount on the above loan at imputed interest rate of 6.06%.	(63,595)	(69,836)
In March 2010, the Organization refinanced an existing construction loan with Bremer Bank, interest is fixed at 5.70%, with monthly interest and principal payments of \$15,459. The loan matures on March 17, 2013. The loan is secured by property located in Ramsey County.	223,712	391,423
Total	<u>553,851</u>	<u>727,594</u>
Less: Current Maturities	<u>203,857</u>	<u>193,427</u>
Long-Term Debt	<u>\$ 349,994</u>	<u>\$ 534,167</u>

**COMUNIDADES LATINAS UNIDAS EN SERVICIO, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011 AND 2010**

**NOTE 6 LONG-TERM DEBT (CONTINUED)**

The security interests of the Housing and Redevelopment Authority of the City of St. Paul are subordinate to the security interest of the lender of the Construction Loan.

The maturity requirements on long-term debt are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2012	\$ 203,857
2013	72,583
2014	26,100
2015	26,100
2016	2,895
Thereafter	<u>583,577</u>
Total Long-Term Debt	915,112
Less: Current Portion	203,857
Less: Unamortized Discounts	<u>361,261</u>
Long-Term Portion	<u><u>\$ 349,994</u></u>

The Organization recorded interest expense in the amount of \$37,859 and \$47,954 for the years ended December 31, 2011 and 2010, respectively.

**NOTE 7 LINE AND LETTER OF CREDIT**

In 2009, the Organization renewed a revolving line of credit with Bremer Bank to advance up to \$560,000. The line of credit has an advance rate of 5.00% at December 31, 2011 and matures on July 30, 2012. Borrowings are secured by the Organization's inventory, equipment, accounts receivable, and general intangibles. Advances under the line of credit were \$-0- of December 31, 2011 and 2010.

The Organization renewed an irrevocable standby letter of credit for an amount not to exceed \$20,000, and bearing interest at 10%. The letter of credit expires on August 31, 2012. Advances on the letter of credit were \$-0- at December 31, 2011 and 2010. The letter of credit reduces availability on the revolving line of credit by the full amount of the letter regardless of advances. Accordingly, only \$540,000 of the \$560,000 line of credit could have been advanced as of December 31, 2011 and 2010.

**COMUNIDADES LATINAS UNIDAS EN SERVICIO, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011 AND 2010**

**NOTE 8 LEASE INCOME**

The Organization receives rental income from various tenants with commitments signed through 2015. Future rental minimal lease payments expected to be received are as follows:

<u>Year</u>	<u>Amount</u>
2012	\$ 129,238
2013	132,327
2014	135,415
2015	56,959
Total	<u>\$ 453,939</u>

**NOTE 9 OPERATING LEASES**

The Organization rents one facility under a lease dated September 1, 2006 for a seven-year lease which expires in 2013. The rent expense for the years ended December 31, 2011 and 2010 was \$304,897 and \$319,990, respectively. The Organization also entered into a lease agreement for rental of a facility beginning in May 2008, which expires in 2016. The following is the future minimum lease payment schedule for the leases noted above:

<u>Year</u>	<u>Amount</u>
2012	\$ 306,815
2013	218,184
2014	37,697
2015	38,772
2016	13,043
Total	<u>\$ 614,511</u>

**COMUNIDADES LATINAS UNIDAS EN SERVICIO, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011 AND 2010**

**NOTE 10 TEMPORARILY RESTRICTED NET ASSETS**

**Temporarily Restricted**

Temporarily restricted net assets as of December 31 consist of the following donor restrictions:

	2011	2010
<b>Time Restricted:</b>		
City of St. Paul Housing & Redevelopment Authority	\$ 361,261	\$ 381,329
Kresge Foundation	542,524	-
<b>Purpose Restricted:</b>		
<b>Employment Program:</b>		
State of Minnesota	5,000	4,500
General Mills	-	10,000
Deluxe Corp. Foundation	15,000	-
<b>Mental Health Program:</b>		
FR Bigelow	100,000	-
St. Paul Foundation	70,000	-
<b>Family Services Program:</b>		
Otto Bremer Foundation	75,000	-
<b>Health Program:</b>		
Consulate of Mexico	-	35,000
Boston Scientific Foundation	20,000	25,000
Supervalu	-	5,000
Medtronic	10,000	15,000
Ucare	-	12,768
General Mills	-	10,000
Susan G Komen	44,519	-
Minnesota Medical Foundation	50,000	-
Trustmark	7,500	-
<b>Education Program:</b>		
Comcast Foundation	11,550	28,022
Best Buy	30,000	30,000
Catholic Community Foundation	-	2,000
Trillium Family Foundation	-	5,000
General Mills	-	10,000
Minneapolis Foundation	30,000	-
<b>Capital Campaign:</b>		
Individuals	-	16,175
Ecolab Foundation	-	98,465
Mardag Foundation	8,725	8,725
3M Foundation	13,886	100,000
<b>Administrative:</b>		
Individuals	9,224	650
Jay & Rose Phillips Foundation	-	23,605
McKnight Foundation	-	35,000
Blue Cross Blue Shield	20,000	-
Total	\$ 1,424,189	\$ 856,239

**COMUNIDADES LATINAS UNIDAS EN SERVICIO, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011 AND 2010**

**NOTE 10 TEMPORARILY RESTRICTED NET ASSETS (CONTINUED)**

**Net Assets Released from Restrictions**

Net assets released from donor restrictions were from grants restricted by purpose and time totaling \$701,085 and \$481,285 for the years ended December 31, 2011 and 2010, respectively.

**NOTE 11 IN-KIND SERVICES**

The Organization receives in-kind services in the form of volunteer tutoring for English as a Second Language (ESL), Basic Literary (in Spanish), Citizenship courses, CD Counseling, Outpatient Psychotherapy, Case Management, Interns, Child Care, and Clerical and Research work. In 2011 and 2010, the Organization received 7,912 and 18,299 volunteer hours, respectively, at an estimated hourly rate of \$25. The organization also received in-kind donations of various supply items. Total in-kind services from course tutors and supply items, classified as program related expenses, totaled \$169,897 and \$300,625 during the years ended December 31, 2011 and 2010, respectively.



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**INDEPENDENT AUDITORS' REPORT  
ON SUPPLEMENTARY INFORMATION**

Board of Directors  
Comunidades Latinas Unidas En Servicio, Inc.  
St. Paul, Minnesota

Our report on our audits of the basic financial statements of Comunidades Latinas Unidas En Servicio, Inc. for 2011 and 2010 appears on page 1. Those audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information, as listed in the table of contents, is presented for the purpose of additional analysis, and is not a required part of the basic 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. Such information has not been subjected to the auditing procedures applied in the audits of the basic financial statements and, accordingly, we express no opinion on it.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Minneapolis, Minnesota  
March 27, 2012

**COMUNIDADES LATINAS UNIDAS EN SERVICIO, INC.**  
**SCHEDULE OF REVENUE AND EXPENSE BY PROGRAM - UNRESTRICTED**  
**YEAR ENDED DECEMBER 31, 2011**  
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	Chemical Health	Mental Health	Education	Employment
<b>SUPPORT AND REVENUE</b>				
Government Grants	\$ 360,079	\$ 535,489	\$ 160,119	\$ 1,160,252
Contributions	5,500	146,399	232,173	385,202
Interest	-	-	-	-
Client Paid and Private Insurance	136,942	178,869	1,812	13,962
Rent Income	-	-	-	-
In-Kind Contributions	7,900	7,794	130,374	15,096
Disposal of Fixed Assets	-	-	-	-
Miscellaneous Income	-	60	-	-
Net Assets Released from Restrictions	-	-	63,471	14,500
Total Support and Revenue	<u>510,421</u>	<u>868,611</u>	<u>587,949</u>	<u>1,589,012</u>
<b>EXPENSE</b>				
Salaries and Wages	355,386	430,574	195,258	685,578
Payroll Taxes and Fringe Benefits	86,248	120,470	46,974	186,498
Consultants and Professional Fees	21,532	46,316	16,545	46,820
Travel	851	14,220	3,556	5,992
Occupancy Costs	61,888	90,254	34,692	136,921
Supplies	17,093	4,564	32,246	15,005
Equipment Rental and Maintenance	4,183	5,565	3,117	8,340
Telephone	3,384	8,922	2,781	7,001
Insurance	2,903	4,299	1,591	6,612
Conferences and Training	976	2,678	2,747	15,580
Financial Assistance and Client Transportation	-	1,115	-	176,183
Subscriptions and Dues	3,919	1,702	-	2,484
Printing and Postage	3,553	6,327	4,512	8,704
Bad Debt	-	-	-	-
Interest	-	-	-	-
Other	62	860	3,941	507
In-Kind Services	7,900	7,795	125,349	15,096
Depreciation	15,512	23,097	8,465	35,064
Total Expense before Capital Campaign	<u>585,390</u>	<u>768,758</u>	<u>481,774</u>	<u>1,352,385</u>
Program Development Cost Allocation	31,896	46,314	16,903	71,955
Administrative Expense Allocation	64,068	93,285	34,236	140,057
<b>CHANGE IN NET ASSETS</b>	<u>\$ (170,933)</u>	<u>\$ (39,746)</u>	<u>\$ 55,036</u>	<u>\$ 24,615</u>



Health Promotion	Aging Well Services	Family Services	Total Program	Management and General	Capital Campaign & Fundraising	Total
\$ 198,034	\$ 69,798	\$ 469,001	\$ 2,952,772	\$ -	\$ -	\$ 2,952,772
392,236	117,580	146,829	1,425,919	10,065	834,513	2,270,497
-	-	-	-	606	-	606
-	213,013	-	544,598	4,641	-	549,239
-	-	-	-	132,150	-	132,150
-	6,240	8,350	175,754	-	-	175,754
-	3,600	-	3,600	-	-	3,600
-	580	-	640	26,175	-	26,815
102,768	-	-	180,739	20,718	250,904	452,361
<u>693,038</u>	<u>410,811</u>	<u>624,180</u>	<u>5,284,022</u>	<u>194,355</u>	<u>1,085,417</u>	<u>6,563,794</u>
354,993	206,377	304,946	2,533,112	301,354	281,390	3,115,856
72,918	52,858	82,996	648,962	92,147	50,836	791,945
97,472	20,585	35,963	285,233	38,535	46,258	370,026
14,953	2,158	18,455	60,185	1,539	790	62,514
25,589	49,674	61,489	460,507	9,322	30,629	500,458
7,532	26,578	7,819	110,837	14,118	39,712	164,667
1,900	4,292	4,197	31,594	2,529	1,173	35,296
3,183	5,282	5,841	36,394	2,952	1,427	40,773
2,677	2,154	2,909	23,145	27,856	1,444	52,445
7,564	611	4,003	34,159	14,541	2,494	51,194
-	13,397	12,473	203,168	-	-	203,168
-	1,186	50	9,341	9,230	324	18,895
3,402	2,436	3,106	32,040	3,563	28,460	64,063
-	-	-	-	10,000	-	10,000
-	-	-	-	37,859	-	37,859
91	23	69	5,553	9,764	11,029	26,346
-	5,656	8,100	169,896	-	-	169,896
7,807	9,857	15,511	115,313	153,624	7,722	276,659
<u>600,081</u>	<u>403,124</u>	<u>567,927</u>	<u>4,759,439</u>	<u>728,933</u>	<u>503,688</u>	<u>5,992,060</u>
23,075	20,266	32,102	242,511	-	(242,511)	-
69,942	40,034	63,303	504,925	(504,925)	-	-
<u>\$ (60)</u>	<u>\$ (52,613)</u>	<u>\$ (39,152)</u>	<u>\$ (222,853)</u>	<u>\$ (29,653)</u>	<u>\$ 824,240</u>	<u>\$ 571,734</u>



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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors  
Comunidades Latinas Unidas En Servicio, Inc.  
St. Paul, Minnesota

We have audited the financial statements of Comunidades Latinas Unidas En Servicio, Inc. as of and for the year ended December 31, 2011 and have issued our report thereon dated March 27, 2012. 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.

**INTERNAL CONTROL OVER FINANCIAL REPORTING**

In planning and performing our audit, we considered Comunidades Latinas Unidas En Servicio, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Comunidades Latinas Unidas En Servicio, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Board of Directors  
Comunidades Latinas Unidas En Servicio, Inc.

**COMPLIANCE AND OTHER MATTERS**

As part of obtaining reasonable assurance about whether Comunidades Latinas Unidas En Servicio, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Comunidades Latinas Unidas En Servicio, Inc. in a separate letter dated March 27, 2012.

This report is intended solely for the information and use of management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



**CliftonLarsonAllen LLP**

Minneapolis, Minnesota  
March 27, 2012



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON  
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Directors  
Comunidades Latinas Unidas En Servicio, Inc.  
St. Paul, Minnesota

**COMPLIANCE**

We have audited Comunidades Latinas Unidas En Servicio, 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 Comunidades Latinas Unidas En Servicio, Inc.'s major federal programs for the year ended December 31, 2011. Comunidades Latinas Unidas En Servicio, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Comunidades Latinas Unidas En Servicio, Inc.'s management. Our responsibility is to express an opinion on Comunidades Latinas Unidas En Servicio, Inc.'s compliance based on our audit.

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 Comunidades Latinas Unidas En Servicio, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Comunidades Latinas Unidas En Servicio, Inc.'s compliance with those requirements.

In our opinion, Comunidades Latinas Unidas En Servicio, Inc. complied, in all material respects, with the requirements referred to above could have a direct and material effect on each of its major federal programs for the year ended December 31, 2011.

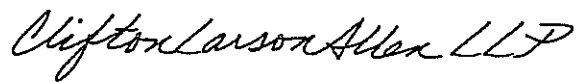
**INTERNAL CONTROL OVER COMPLIANCE**

Management of Comunidades Latinas Unidas En Servicio, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Comunidades Latinas Unidas En Servicio, Inc.'s internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Comunidades Latinas Unidas En Servicio, Inc.'s internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



CliftonLarsonAllen LLP

Minneapolis, Minnesota  
March 27, 2012

**COMUNIDADES LATINAS UNIDAS EN SERVICIO, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED DECEMBER 31, 2011**

Federal Grantor/Program Title	Federal CFDA Number	Contract Number	Grant Period	Expenditures
<b>U.S. Department of Health and Human Services:</b>				
Passed through:				
Hennepin County Minnesota Family Investment Program	93.558	A091511	01/01/11 - 01/31/11	\$ 28,099
Hennepin County Minnesota Family Investment Program	93.558	A102161	02/01/11 - 12/31/11	185,442
Ramsey County Minnesota Family Investment Program	93.558	G201508	01/01/11 - 12/31/11	815,673
				<u>1,029,214</u>
Minnesota Governor's Council on Developmental Disabilities:				
Development Disabilities	93.630	B48300	08/19/10 - 08/15/11	40,680
Development Disabilities	93.630	33731	09/19/11 - 08/10/12	12,364
				<u>53,044</u>
Goodwill Easterseals Minnesota:				
Healthy Marriage and Responsible Fatherhood	93.086	N/A	10/01/10 - 09/30/11	63,369
Healthy Marriage and Responsible Fatherhood	93.086	HHS-2011-ACF-OFA-FK-0194	10/01/11 - 09/30/12	19,708
				<u>83,077</u>
Metropolitan Area Agency on Aging:				
Title III-B Older Americans Act	93.052	311-07-003E-194	01/01/11 - 12/31/11	25,000
Title III-B Older Americans Act	93.044	311-09-003B-269	01/01/11 - 12/31/11	20,391
				<u>45,391</u>
Hennepin County:				
Richfield High School- Title IV Recovery Medicaid	93.658	A081125	9/01/10 - 08/31/11	5,010
Richfield High School- Title IV Recovery Medicaid	93.779	A081125	9/01/10 - 08/31/11	4,737
				<u>9,747</u>
Minnesota Department of Human Services:				
Refugee Act of 1980:				
Refugee Program	93.566	442253	10/01/10 - 09/30/11	33,963
Refugee Program	93.566	443940	10/01/11 - 09/30/12	7,847
				<u>41,810</u>
Minnesota Department Education:				
St. Paul Public Schools - ISD 625:				
ESL Services to Refugees	93.566	1046019	11/1/10-6/30/11	9,457
				<u>51,267</u>
Minnesota Department of Human Services Children's Mental Health Division:				
Ethnic and Cultural Minority Infrastructure	93.958	444191	11/01/09 - 06/30/11	12,222
Ethnic and Cultural Minority Infrastructure	93.958	444191	07/01/11 - 06/30/12	10,692
				<u>22,914</u>
Minnesota Department of Health				
	93.283	B53368	02/21/11 - 12/31/11	166,721
				<u>1,503,185</u>
<b>U.S. Department of Housing and Urban Development (HUD):</b>				
Passed Through:				
Economic Development Initiative Funds	19.025	N/A	01/01/11-13/31/11	198,000
National Council of La Raza	14.169	N/A	10/01/10 - 09/30/11	18,000
				<u>216,000</u>
<b>U.S. Department of Education:</b>				
Passed Through:				
MN Department of Education:				
Roseville Area Schools	84.184	Q184L070294-08	09/01/10 - 08/31/11	141,935
Roseville Area Schools	84.184	Q184L070294-08	09/01/11 - 06/30/12	45,882
				<u>187,817</u>
<b>U.S. Department of Corrections:</b>				
Passed Through:				
Minnesota Center for Crime Victim Services:				
Sexual Assault Education and Prevention	16.017	211-cvsv-00198	10/1/10 - 9/30/11	29,200
Sexual Assault Education and Prevention	16.017	A-CVS-2012-CLUES- 154	10/01/11 - 09/30/12	9,650
				<u>38,850</u>
<b>Corporation for National and Community Service:</b>				
Passed Through:				
Local Initiatives Support Corporation (LISC):				
Financial Opportunity Center	94.019	45185-0002	02/01/11 - 01/31/12	43,824
				<u>43,824</u>
<b>TOTAL FEDERAL AWARDS</b>				<u>\$ 1,947,866</u>

**COMUNIDADES LATINAS UNIDAS EN SERVICIO, INC.  
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2011**

**NOTE A SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Expenditures of Federal Awards is prepared on the accrual basis of accounting.

**COMUNIDADES LATINAS UNIDAS EN SERVICIO, INC,  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2011**

**SUMMARY OF AUDIT RESULTS**

1. The auditors' report expresses an unqualified opinion on the financial statements of Comunidades Latinas Unidas En Servicio, Inc. (the Organization).
2. No material weaknesses were noted during the audit of the financial statements of the Comunidades Latinas Unidas En Servicio, Inc..
3. No instances of material noncompliance were disclosed during the audit of the financial statements of the Comunidades Latinas Unidas En Servicio, Inc.
4. No material weaknesses were identified during the audit of the major federal award programs for the Comunidades Latinas Unidas En Servicio, Inc.
5. The auditors' report on compliance for the major federal award programs for the Comunidades Latinas Unidas En Servicio, Inc. expresses an unqualified opinion.
6. There were no audit findings relative to the major federal award programs for Comunidades Latinas Unidas En Servicio, Inc..
7. The programs tested as major programs include:

<u>Program</u>	<u>CFDA Number</u>
Hennepin County Minnesota Family Investment Program	93.558
Ramsey County Minnesota Family Investment Program	93.558

8. The threshold for distinguishing type A and B programs was \$300,000.
9. The Comunidades Latinas Unidas En Servicio, Inc. was determined to be a low risk auditee.

**FINDINGS – FINANCIAL STATEMENT AUDIT**

**CURRENT YEAR FINDINGS**

None

**FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT**

**CURRENT YEAR FINDINGS**

None

**PRIOR YEAR FINDINGS**

None