COMUNIDADES LATINAS UNIDAS EN SERVICIO, INC.

FINANCIAL STATEMENTS AND
SINGLE AUDIT COMPLIANCE REPORTS

YEARS ENDED DECEMBER 31, 2012 AND 2011

COMUNIDADES LATINAS UNIDAS EN SERVICIO, INC.
TABLE OF CONTENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
BALANCE SHEETS	3
STATEMENTS OF ACTIVITY	4
STATEMENTS OF FUNCTIONAL EXPENSE	6
STATEMENTS OF CASH FLOWS	8
NOTES TO FINANCIAL STATEMENTS	9
INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION	22
SUPPLEMENTARY INFORMATION	
SCHEDULE OF REVENUE AND EXPENSE BY PROGRAM – UNRESTRICTED BEFORE CAPITAL CAMPAIGN REVENUE, CAPITAL CAMPAIGN EXPENSE, AND FUNDRAISING EXPENSE	23
INDEPENDENT AUDITORS' 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*	25
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR FEDERAL PROGRAM, ON INTERNAL CONTROL OVER COMPLIANCE, AND ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS IN ACCORDANCE WITH OMB CIRCULAR A-133	27
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	29
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	30
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	31

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of Comunidades Latinas Unidas En Servicio, Inc. (a nonprofit organization), which comprise the balance sheets as of December 31, 2012 and 2011, and the related statements of activity, functional expenses and cash flows for the years 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 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 from material misstatement.

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

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

Board of Directors
Comunidades Latinas Unidas En Servicio, Inc.

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, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information – Schedule of Expenditures of Federal Awards

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 24, 2013, 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 result 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 Comunidades Latinas Unidas En Servicio, Inc.'s internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
April 24, 2013

COMUNIDADES LATINAS UNIDAS EN SERVICIO, INC.
BALANCE SHEETS
DECEMBER 31, 2012 AND 2011

	2012	2011
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 176,463	$ 716,160
Accounts Receivable, Net of Allowance	699,943	589,332
Grants Receivable - Current Portion	465,000	280,000
Pledges Receivable - Current Portion	77,925	92,876
Prepaid Expenses	46,015	21,003
Total Current Assets	1,465,346	1,699,371
OTHER ASSETS		
Grants Receivable, Net of Current Portion, Discount and Allowance	14,553	242,325
Pledges Receivable, Net of Current Portion, Discount and Allowance	4,868	76,546
Total Other Assets	19,421	318,871
LAND, BUILDINGS AND EQUIPMENT		
(Net of Accumulated Depreciation at December 31, 2012 and 2011 of $2,396,775 and $2,113,030, Respectively)	4,466,626	4,750,371
Total Assets	$ 5,951,393	$ 6,768,613
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Other Accrued Liabilities	$ 47,511	$ 27,766
Accrued Wages and Payroll Taxes	83,007	70,618
Accrued Vacation	133,789	123,177
Other Liabilities	60,000	60,000
Current Portion of Long-Term Debt	72,181	203,857
Total Current Liabilities	396,488	485,418
NONCURRENT LIABILITIES		
Long-Term Debt, Net of Current Portion	297,632	349,994
Total Liabilities	694,120	835,412
NET ASSETS		
Unrestricted:		
Undesignated	(105,192)	298,992
Designated - Property and Equipment	4,096,813	4,196,520
Total Unrestricted	3,991,621	4,495,512
Temporarily Restricted	1,252,152	1,424,189
Permanently Restricted	13,500	13,500
Total Net Assets	5,257,273	5,933,201
Total Liabilities and Net Assets	$ 5,951,393	$ 6,768,613

See accompanying Notes to Financial Statements.

COMUNIDADES LATINAS UNIDAS EN SERVICIO, INC.
STATEMENTS OF ACTIVITY
YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUE				
Government Grants	$ 2,710,438	$ -	$ -	$ 2,710,438
Contributions	1,345,658	611,400	-	1,957,058
Interest	309	-	-	309
Client Paid and Private Insurance	715,223	-	-	715,223
Rental Income	135,238	-	-	135,238
In-Kind Contributions	229,034	-	-	229,034
Gain on Disposal of Fixed Assets	-	-	-	-
Miscellaneous Income	45,865	-	-	45,865
Total Support and Revenue	5,181,765	611,400	-	5,793,165
Net Assets Released from Restrictions	783,437	(783,437)	-	-
Total Support and Revenue	5,965,202	(172,037)	-	5,793,165
EXPENSE				
Program Services	5,085,265	-	-	5,085,265
Support Services:				
Management and General	866,307	-	-	866,307
Fundraising	517,521	-	-	517,521
Total Support Services	1,383,828	-	-	1,383,828
Total Expense	6,469,093	-	-	6,469,093
CHANGE IN NET ASSETS	(503,891)	(172,037)	-	(675,928)
Net Assets - Beginning of Year	4,495,512	1,424,189	13,500	5,933,201
NET ASSETS - END OF YEAR	$ 3,991,621	$ 1,252,152	$ 13,500	$ 5,257,273

See accompanying Notes to Financial Statements.

2011			
Unrestricted	Temporarily Restricted	Permanently Restricted	Total
$ 2,952,772	$ -	$ -	$ 2,952,772
2,270,497	1,020,311	-	3,290,808
606	-	-	606
549,239	-	-	549,239
132,150	-	-	132,150
175,754	-	-	175,754
3,600	-	-	3,600
26,815	-	-	26,815
6,111,433	1,020,311	-	7,131,744
452,361	(452,361)	-	-
6,563,794	567,950	-	7,131,744
4,759,439	-	-	4,759,439
728,933	-	-	728,933
503,688	-	-	503,688
1,232,621	-	-	1,232,621
5,992,060	-	-	5,992,060
571,734	567,950	-	1,139,684
3,923,778	856,239	13,500	4,793,517
$ 4,495,512	$ 1,424,189	$ 13,500	$ 5,933,201

COMUNIDADES LATINAS UNIDAS EN SERVICIO, INC.
STATEMENTS OF FUNCTIONAL EXPENSE
YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012			
	Program	Management and General	Fundraising	Total
Salaries and Wages	$ 2,758,129	$ 329,652	$ 316,969	$ 3,404,750
Payroll Taxes and Fringe Benefits	720,542	92,418	57,450	870,410
Consultants and Professional Fees	249,402	88,424	45,219	383,045
Travel	70,951	1,607	1,067	73,625
Occupancy Costs	463,333	9,266	33,532	506,131
Supplies	167,414	43,757	15,234	226,405
Equipment Rental and Maintenance	32,715	2,492	1,403	36,610
Telephone	40,602	3,578	1,756	45,936
Insurance	19,617	32,950	1,304	53,871
Conferences and Training	45,512	15,634	8,566	69,712
Financial Assistance and Client Transportation	141,068	-	-	141,068
Subscriptions and Dues	5,321	3,171	872	9,364
Printing and Postage	32,033	4,398	22,685	59,116
Bad Debt	-	-	-	-
Interest	177	27,564	-	27,741
Other	10,754	52,760	2,418	65,932
In-Kind Services	210,198	964	470	211,632
Total Expense before Depreciation	4,967,768	708,635	508,945	6,185,348
Depreciation	117,497	157,672	8,576	283,745
Total Expense	$ 5,085,265	$ 866,307	$ 517,521	$ 6,469,093
Percentage of Total Expense	78.6%	13.4%	8.0%	100.0%

See accompanying Notes to Financial Statements.

2011			
Program	Management and General	Fundraising	Total
$ 2,533,112	$ 301,354	$ 281,390	$ 3,115,856
648,962	92,147	50,836	791,945
285,233	38,535	46,258	370,026
60,185	1,539	790	62,514
460,507	9,322	30,629	500,458
110,837	14,118	39,712	164,667
31,594	2,529	1,173	35,296
36,394	2,952	1,427	40,773
23,145	27,856	1,444	52,445
34,159	14,541	2,494	51,194
203,168	-	-	203,168
9,341	9,230	324	18,895
32,040	3,563	28,460	64,063
-	10,000	-	10,000
-	37,859	-	37,859
5,553	9,764	11,029	26,346
169,896	-	-	169,896
4,644,126	575,309	495,966	5,715,401
115,313	153,624	7,722	276,659
$ 4,759,439	$ 728,933	$ 503,688	$ 5,992,060
79.4%	12.2%	8.4%	100.0%

COMUNIDADES LATINAS UNIDAS EN SERVICIO, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ (675,928)	$ 1,139,684
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	283,745	276,659
Amortization of Discount on Long-Term Debt	19,693	20,068
Forgiveness of Debt	(26,100)	(26,100)
Gain on Disposal of Fixed Assets	-	(3,600)
Contributions Restricted for Capital Campaign	-	(125,000)
(Increase) Decrease in Current Assets:		
Accounts Receivable	(110,611)	(47,938)
Grants Receivable	42,772	(497,825)
Pledges Receivable	(871)	15,208
Prepaid Expense	(25,012)	43,267
Increase (Decrease) in Current Liabilities:		
Accounts Payable and Other Accrued Liabilities	19,745	(31,477)
Accrued Wages and Payroll Taxes	12,389	11,811
Accrued Vacation	10,612	3,966
Other Liabilities	-	(2,400)
Net Cash Provided (Used) by Operating Activities	(449,566)	776,323
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	-	(448,266)
Proceeds on Sale of Fixed Assets	-	3,600
Net Cash Used by Investing Activities	-	(444,666)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash Received for Capital Campaign	87,500	60,500
Payments on Long-Term Debt	(177,631)	(167,711)
Net Cash Used by Financing Activities	(90,131)	(107,211)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(539,697)	224,446
Cash and Cash Equivalents - Beginning of Year	716,160	491,714
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 176,463	$ 716,160
SUPPLEMENTAL INFORMATION		
Interest Paid	$ 8,048	$ 17,791
In-Kind Goods and Services	$ 229,034	$ 175,754

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business Activity and Background

Comunidades Latinas Unidas En Servicio, Inc. (CLUES or the Organization) 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.

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 2012:

- 802 clients received Mental Health Services
- CLUES provided 372 face-to-face mental health case management service meetings to clients
- 4,201 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 2012, CLUES launched the family-centric early intervention and recovery support program Familias Unidas. Also in 2012, CLUES provided:

- 48 clients participated in DWI prevention education
- 650 chemical health assessments were conducted
- 125 clients received outpatient chemical dependency treatment
- 95% of clients who received treatment had a higher level of confidence to move toward healthy behaviors and 100% of clients experienced a better sense of well being

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.

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 2012:

- 194 clients received information, referral and assistance in the Caregiver Support Program
- 2,655 face-to-face and telephone contacts were completed to help clients with forms assistance, advocacy, limited case management, and other activities of supportive assistance
- 6,407 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 2012:

- 1,406 individuals (518 Adults, 888 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
- 38 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
- 518 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.

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 2012:

- 652 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
- 500 students were served in ESL and other Adult Basic Education (ABE) classes with a total of 20,000 contact hours
- 306 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

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, and community events, Community Health Worker Services reaches out to the community and effects positive, long-term lifestyle change. In 2012:

- 1,086 Home Visits were conducted; and through our outreach in home visits and community events we informed and educated 38,972 Latino Community members about health promotion and prevention
- 82 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
- In 2011 and 2012, a total of 107 new tobacco-free policies were adopted, with four additional ratifications of tobacco-free policies adopted in 2011, for a grand total of 111 tobacco-free policies adopted in the Latino businesses, apartment buildings, churches and community events in the Twin Cities area
- Four staff are licensed as League Cyclist instructors through the League of American Bicyclists, three staff remain with CLUES
- Five staff were certified as Zumba instructors
- Since 2011-2012 we have referred 1,887 women to breast and cervical cancer screenings

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

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, 2012 and 2011, the Organization recorded an allowance for uncollectible accounts in the amount of $654 and $2,058, respectively, 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 2012 or 2011.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Loan Financing Costs

At December 31, 2012 and 2011, loan financing costs of $89,328 were included in building and equipment and amortized using the straight-line method over the assumed 40-year term of the loan. Accumulated amortization was $17,777 and $15,544 for the years ended December 31, 2012 and 2011, 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 2008 through 2011 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with U.S. 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 April 24, 2013.

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, 2012 and 2011, major sources of support and revenue and their respective concentration as a percentage of total revenues were as follows:

	2012		2011	
State of Minnesota	$ 839,118	14.5%	$ 886,500	12.4%
Hennepin County	310,088	5.4	475,558	6.7
Ramsey County	989,710	17.1	1,068,963	15.0

NOTE 3 GRANTS RECEIVABLE

Grants receivable consist of the following at December 31:

	2012	2011
Gross Grants Receivable	$ 480,000	$ 530,000
Less: Discount (3.07% Rate)	(447)	(7,675)
	479,553	522,325
Less: Current Portion	(465,000)	(280,000)
Long-Term Portion	$ 14,553	$ 242,325
Cash Amounts Due In:		
Within One Year	$ 465,000	$ 280,000
One to Five Years	15,000	250,000
Total	$ 480,000	$ 530,000

NOTE 4 PLEDGES RECEIVABLE

Pledges receivable consist of the following at December 31:

	2012	2011
Unconditional Promises to Give:		
Katherine B. Anderson Foundation	$ -	$ 12,500
Ecolab Foundation	25,000	50,000
Best Buy	50,000	100,000
Individuals	8,000	9,350
Subtotal	83,000	171,850
Less: Discount (3.07% Rate)	(207)	(2,429)
	82,793	169,421
Less: Current Portion	77,925	92,876
Long-Term Portion	$ 4,868	$ 76,545
Cash Amounts Due In:		
Within One Year	$ 77,925	$ 92,876
One to Five Years	5,075	78,974
Total	$ 83,000	$ 171,850

NOTE 5 LAND, BUILDINGS AND EQUIPMENT

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

	2012	2011
Land	$ 866,882	$ 866,882
Building	3,930,591	3,930,591
Vehicles	43,741	43,741
Furniture and Equipment	1,489,450	1,489,450
Software	180,374	180,374
Dakotah Leasehold Improvements	352,363	352,363
Accumulated Depreciation	(2,396,775)	(2,113,030)
Total	$ 4,466,626	$ 4,750,371

NOTE 6 LONG-TERM DEBT

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

Description	2012	2011
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%.	(278,008)	(286,161)
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.	78,300	104,400
Unamortized discount on the above loan at imputed interest rate of 6.06%.	(6,595)	(11,505)
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%.	(56,965)	(63,595)

NOTE 6 LONG-TERM DEBT (CONTINUED)

Description	2012	2011
In March 2010, the Organization refinanced an existing construction loan with Bremer Bank, interest was fixed at 5.70%, with monthly interest and principal payments of $15,459. The loan was paid in full subsequent to year end. The loan was secured by property located in Ramsey County.	46,081	223,712
Total	369,813	553,851
Less: Current Maturities	72,181	203,857
Long-Term Debt	$ 297,632	$ 349,994

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:

Year Ending December 31,	Amount
2013	$ 72,181
2014	26,100
2015	26,100
2016	2,895
2017	6,060
Thereafter	578,045
Total Long-Term Debt	711,381
Less: Current Portion	72,181
Less: Unamortized Discounts	341,568
Long-Term Portion	$ 297,632

The Organization recorded interest expense in the amount of $27,741 and $37,859 for the years ended December 31, 2012 and 2011, respectively.

NOTE 7 LINE AND LETTER OF CREDIT

Since 2009, the Organization has 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, 2012 and matures on August 12, 2013. Borrowings are secured by the Organization's inventory, equipment, accounts receivable, and general intangibles. Advances under the line of credit were $-0- as of December 31, 2012 and 2011.

NOTE 7 LINE AND LETTER OF CREDIT (CONTINUED)

The Organization renewed an irrevocable standby letter of credit for an amount not to exceed $20,000, and bearing interest at 5%. The letter of credit expires on August 31, 2013. Advances on the letter of credit were $-0- at December 31, 2012 and 2011. 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, 2012 and 2011.

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:

Year	Amount
2013	$ 132,327
2014	135,415
2015	56,959
Total	$ 324,701

NOTE 9 OPERATING LEASES

The Organization rents one facility under a lease agreement that started in September 2006 and has been extended through October 2016. The rent expense for the years ended December 31, 2012 and 2011 was $306,815 and $304,897, respectively. The following is the future minimum lease payment schedule for the lease:

Year	Amount
2013	$ 278,628
2014	279,302
2015	280,377
2016	253,208
Total	$ 1,091,515

Beginning in May 2013, the Organization will also add $720 to their monthly lease payment to cover additional parking and improvements that will continue through October 2016.

NOTE 10 TEMPORARILY RESTRICTED NET ASSETS

Temporarily Restricted

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

	2012	2011
Time Restricted:		
City of St. Paul Housing & Redevelopment Authority	$ 341,568	$ 361,261
Kresge Foundation	437,500	542,524
Purpose Restricted:		
Employment Program:		
State of Minnesota	5,000	5,000
Xcel Energy	9,999	-
Wells Fargo	4,375	-
Thrivent Financial for Lutherans	20,000	-
Deluxe Corp. Foundation	13,750	15,000
Mental Health Program:		
FR Bigelow	-	100,000
St. Paul Foundation	20,000	70,000
Family Services Program:		
Otto Bremer Foundation	125,000	75,000
Health Program:		
Boston Scientific Foundation	-	20,000
Medtronic	-	10,000
Susan G Komen	34,864	44,519
Minnesota Medical Foundation	-	50,000
Trustmark	-	7,500
Education Program:		
Comcast Foundation	29,856	11,550
Best Buy	20,830	30,000
Minneapolis Foundation	-	30,000
Capital Campaign:		
Mardag Foundation	8,725	8,725
3M Foundation	7,892	13,886
Administrative:		
Individuals	7,793	9,224
McKnight Foundation	165,000	-
Blue Cross Blue Shield	-	20,000
Total	$ 1,252,152	$ 1,424,189

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 $783,437 and $452,361 for the years ended December 31, 2012 and 2011, 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 Literacy (in Spanish), Citizenship courses, CD Counseling, Outpatient Psychotherapy, Case Management, Interns, Child Care, and Clerical and Research work. In 2012 and 2011, the Organization received 11,713 and 7,912 volunteer hours, respectively, at estimated hourly rates of $15 to $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 services expenses, totaled $229,034 and $175,754 during the years ended December 31, 2012 and 2011, respectively.

INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY INFORMATION

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 years ended December 31, 2012 and 2011, and our report thereon dated April 24, 2013, which expressed an unmodified opinion on those financial statements, appears on page 1. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Revenue and Expense by Program, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
April 24, 2013

COMUNIDADES LATINAS UNIDAS EN SERVICIO, INC.
SCHEDULE OF REVENUE AND EXPENSE BY PROGRAM - UNRESTRICTED
YEAR ENDED DECEMBER 31, 2012
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	Chemical Health	Mental Health	Education	Employment
SUPPORT AND REVENUE				
Government Grants	$ 358,976	$ 556,518	$ 131,119	$ 869,107
Contributions	6,500	77,064	141,376	394,634
Interest	-	-	-	-
Client Paid and Private Insurance	123,805	393,786	1,541	1,432
Rent Income	-	-	-	-
In-Kind Contributions	150	14,838	169,404	19,173
Disposal of Fixed Assets	-	-	-	-
Miscellaneous Income	-	72	-	-
Net Assets Released from Restrictions	-	170,000	137,532	37,709
Total Support and Revenue	489,431	1,212,278	580,972	1,322,055
EXPENSE				
Salaries and Wages	307,572	641,084	218,070	685,965
Payroll Taxes and Fringe Benefits	74,671	156,596	50,547	181,968
Consultants and Professional Fees	27,911	34,469	13,870	42,773
Travel	1,324	16,005	3,521	6,059
Occupancy Costs	50,375	107,918	33,701	127,685
Supplies	8,199	14,862	67,900	20,686
Equipment Rental and Maintenance	4,226	7,981	2,842	8,513
Telephone	3,870	11,485	3,285	7,691
Insurance	1,938	4,154	1,282	4,925
Conferences and Training	1,281	5,931	3,873	10,606
Financial Assistance and Client Transportation	-	1,267	-	120,710
Subscriptions and Dues	1,634	318	500	1,680
Printing and Postage	4,293	5,518	4,871	7,150
Bad Debt	-	-	-	-
Interest	-	-	-	-
Other	86	192	9,789	448
In-Kind Services	150	14,798	152,676	19,173
Depreciation	13,051	27,945	8,774	33,237
Total Expense before Capital Campaign	500,581	1,050,523	575,501	1,279,269
Program Development Cost Allocation	12,189	26,155	8,193	31,193
Administrative Expense Allocation	57,820	124,059	38,812	147,380
CHANGE IN NET ASSETS	$ (81,159)	$ 11,541	$ (41,534)	$ (135,787)

Health Promotion	Aging Well Services	Family Services	Total Program	Management and General	Capital Campaign & Fundraising	Total
$ 228,569	$ 48,212	$ 517,937	$ 2,710,438	$ -	$ -	$ 2,710,438
326,949	89,393	236,662	1,272,578	(1,693)	74,773	1,345,658
-	-	-	-	309	-	309
-	188,791	-	709,355	5,868	-	715,223
-	-	-	-	135,238	-	135,238
10,401	10,075	3,000	227,041	1,523	470	229,034
-		-	-	-	-	-
-	-	-	72	45,793	-	45,865
197,155	-	-	542,396	124,693	116,348	783,437
763,074	336,471	757,599	5,461,880	311,731	191,591	5,965,202
389,624	166,916	348,898	2,758,129	329,652	316,969	3,404,750
118,655	42,765	95,340	720,542	92,418	57,450	870,410
99,601	16,390	14,388	249,402	88,424	45,219	383,045
23,410	1,669	18,963	70,951	1,607	1,067	73,625
33,070	42,455	68,129	463,333	9,266	33,532	506,131
6,470	23,488	25,809	167,414	43,757	15,234	226,405
2,332	1,317	5,504	32,715	2,492	1,403	36,610
3,228	4,043	7,000	40,602	3,578	1,756	45,936
3,485	1,233	2,600	19,617	32,950	1,304	53,871
20,135	961	2,725	45,512	15,634	8,566	69,712
-	16,394	2,697	141,068	-	-	141,068
-	1,189	-	5,321	3,171	872	9,364
5,408	1,331	3,462	32,033	4,398	22,685	59,116
-	-	-	-	-	-	-
-	-	177	177	27,564	-	27,741
151	67	21	10,754	52,760	2,418	65,932
10,401	10,000	3,000	210,198	964	470	211,632
8,718	8,091	17,681	117,497	157,672	8,576	283,745
724,688	338,309	616,394	5,085,265	866,307	517,521	6,469,093
18,166	7,541	16,563	120,000	-	(120,000)	-
103,580	36,028	78,476	586,155	(624,574)	38,419	-
$ (83,360)	$ (45,407)	$ 46,166	$ (329,540)	$ 69,998	$ (244,349)	$ (503,891)

INDEPENDENT AUDITORS' 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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Comunidades Latinas Unidas En Servicio, Inc., which comprise the balance sheet as of December 31, 2012, and the related statements of activity, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 24, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Comunidades Latinas Unidas En Servicio, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Comunidades Latinas Unidas En Servicio, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Comunidades Latinas Unidas En Servicio, Inc.'s internal control.

A *deficiency in internal* control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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 from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
April 24, 2013

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR FEDERAL PROGRAM, ON INTERNAL CONTROL OVER COMPLIANCE, AND ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Report on Compliance for Each Major Federal Program

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, 2012. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Comunidades Latinas Unidas En Servicio, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Comunidades Latinas Unidas En Servicio, Inc.'s compliance.

Board of Directors
Comunidades Latinas Unidas En Servicio, Inc.

Opinion on Each Major Federal Program

In our opinion, Comunidades Latinas Unidas En Servicio, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012.

Report on 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 types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Comunidades Latinas Unidas En Servicio, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
April 24, 2013

COMUNIDADES LATINAS UNIDAS EN SERVICIO, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2012

Federal Grantor/Program Title	Federal CFDA Number	Contract Number	Grant Period	Expenditures
U.S. Department of Health and Human Services:				
Passed through:				
Ramsey County Minnesota Family Investment Program	93.558	G201508	1/1/12-12/31/12	748,858
				748,858
Minnesota Governor's Council on Developmental Disabilities:				
Development Disabilities	93.630	33731	8/19/11-8/15/12	32,636
Development Disabilities	93.630	51396	8/16/12-8/15/13	17,578
				50,214
Goodwill Easterseals Minnesota:				
Promoting Responsible Fatherhood	93.086	HHS-2011-ACF-OFA-FK-0194	10/01/11-9/30/12	112,258
Promoting Responsible Fatherhood	93.086	90FK0016-01-00	10/01/12-9/30/13	42,959
				155,217
Metropolitan Area Agency on Aging:				
Title III-B Older Americans Act	93.052	311-12-003E-194	01/01/12-12/31/12	25,000
				25,000
Minnesota Department of Human Services:				
Refugee Act of 1980:				
Refugee Program	93.566	443940	10/01/11-09/30/12	38,015
Refugee Program	93.566	52972	10/01/12-09/30/13	13,562
				51,577
Minnesota Department of Human Services:				
Famlias Unidas	93.959	48460	07/01/12-06/30/13	42,167
				42,167
Minnesota Department of Human Services				
Children's Mental Health Division:				
Ethnic and Cultural Minority Infrastructure	93.958	444191	07/01/11-06/30/12	19,923
Ethnic and Cultural Minority Infrastructure	93.958	444191	07/01/12-06/30/13	16,639
				36,562
Minnesota Department of Health	93.283	B53368	01/01/12-1/31/13	220,925
Total U.S. Department of Health and Human Services				**1,330,520**
U.S. Department of Housing and Urban Development (HUD):				
Passed Through:				
National Council of La Raza	14.169	HC120011013	10/01/11-09/30/12	20,000
National Council of La Raza	14.169	N/A	07/17/12-12/31/12	27,533
Total U.S. Department of Housing and Urban Development (HUD)				**47,533**
U.S. Department of Education:				
Passed Through:				
MN Department of Education:				
Roseville Area Schools	84.184	Q184L070294-08	09/01/11-06/30/12	79,860
Total U.S. Department of Education				**79,860**
U.S. Department of Corrections:				
Passed Through:				
Minnesota Center for Crime Victim Services:				
Sexual Assault Education and Prevention	16.017	A-CVS-2012-CLUES- 154	10/01/11-09/30/12	30,351
Sexual Assault Education and Prevention	16.017	A-CVS-2013-CLUES-00125	10/01/12-09/30/13	9,097
Total U.S. Department of Corrections				**39,448**
Corporation for National and Community Service:				
Passed Through:				
Local Initiatives Support Corporation (LISC):				
Financial Opportunity Center	94.019	45185	02/01/11 - 01/31/12	4,011
Financial Opportunity Center	94.019	45185	02/01/12-01/31/13	73,792
				77,803
TOTAL FEDERAL AWARDS				$ 1,575,164

COMUNIDADES LATINAS UNIDAS EN SERVICIO, INC.
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2012

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, 2012

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 Comunidades Latinas Unidas En Servicio, Inc.
3. No instances of material noncompliance were disclosed during the audit of the financial statements of Comunidades Latinas Unidas En Servicio, Inc.
4. No material weaknesses were identified during the audit of the major federal award programs for Comunidades Latinas Unidas En Servicio, Inc.
5. The auditors' report on compliance for the major federal award programs for 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:

Program	CFDA Number
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