

**THREE RIVERS COMMUNITY ACTION, INC.  
AND SUBSIDIARIES**

Reporting Package

For the year ended September 30, 2009

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**Jelinek Metz McDonald, Ltd.**

A CERTIFIED PUBLIC ACCOUNTING & FINANCIAL SERVICES FIRM

JOHN G. JELINEK, CPA, PFS

WILLIAM METZ, CPA

DOUGLAS M. McDONALD, CPA

JUDD NORDQUIST, CPA

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

To the Board of Directors

**THREE RIVERS COMMUNITY ACTION, INC. AND SUBSIDIARIES**

Zumbrota, Minnesota

We have audited the consolidated statement of financial position of Three Rivers Community Action, Inc. and Subsidiaries (collectively, the Organization) as of September 30, 2009, and the related consolidated statements of activities and changes in net assets, cash flows and functional expenses for the year 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 audit. We did not audit the financial statements of the subsidiaries which statements reflect total assets of \$19,936,883 as of December 31, 2008, and total support and revenues of \$1,792,787 for the year ended December 31, 2008. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the subsidiaries, is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 audit provides a reasonable basis for our opinion.

In our opinion, based on our audit and the report of the other auditors, the consolidated financial statements referred to above present fairly, in all material aspects, the financial position of Three Rivers Community Action, Inc. and Subsidiaries as of September 30, 2009 and the changes in its net assets and its cash flows for the year 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 our report dated December 2, 2009, on our consideration of the Organization'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 on an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the Organization taken as a whole. The accompanying 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 consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic consolidated financial statements taken as a whole.

*Jelenek Metz McDonald, Ltd.*

December 2, 2009

**THREE RIVERS COMMUNITY ACTION, INC.**  
**Consolidated Statement of Financial Position**  
**September 30, 2009**

**ASSETS**

Current Assets	
Cash	\$ 2,555,378
Cash Restricted (Note 2)	628,776
Investments (Note 3)	40,572
Grants Receivable	415,976
Accounts Receivable	93,745
Contracts Receivable (Note 4)	24,174
Prepaid Expenses	<u>97,690</u>
Total Current Assets	<u>3,856,311</u>
Noncurrent Assets	
Contracts Receivable (Note 4)	326,829
Other Assets (Note 5)	1,213,955
Affordable Housing Projects (Note 6)	22,363,123
Property and Equipment (Note 7)	<u>823,342</u>
Total Noncurrent Assets	<u>24,727,249</u>
Total Assets	<u>\$ 28,583,560</u>

**LIABILITIES AND NET ASSETS**

Current Liabilities	
Current Maturities, Affordable Housing Projects (Note 8)	\$ 73,318
Accounts Payable and Accrued Expenses	939,506
Grant Advances	<u>435,896</u>
Total Current Liabilities	<u>1,448,720</u>
Noncurrent Liabilities, Affordable Housing Projects (Note 8)	<u>12,448,270</u>
Total Noncurrent Liabilities	<u>12,448,270</u>
Total Liabilities	<u>13,896,990</u>
Minority Interest in Combined Subsidiaries	8,503,378
Net Assets	
Unrestricted	6,183,192
Total Net Assets	<u>6,183,192</u>
Total Liabilities and Net Assets	<u>\$ 28,583,560</u>

*The accompanying notes are an integral part of the financial statements.*

**THREE RIVERS COMMUNITY ACTION, INC.**  
**Consolidated Statement of Activities and Changes in Net Assets**  
**For the Year Ended September 30, 2009**

**UNRESTRICTED REVENUE**

Federal Grant Revenue	\$ 3,315,708
State Grant Revenue	2,147,421
Other Grant Revenue	685,734
Other Program Revenue	919,116
Rental Income	1,878,660
Interest Income	42,280
	<hr/>
Total Unrestricted Revenue	8,988,919

**EXPENSES**

Program Services	8,705,440
Management and General	238,472
Fundraising	10,609
	<hr/>
Total Expenses	8,954,521

Total Change in Net Assets before Minority Interest	<hr/> 34,398
Change in Minority Interest in Affordable Housing Projects	451,006
Total Change in Net Assets	485,404
Beginning of year net assets	<hr/> 5,697,788
End of Year Net Assets	<u><u>\$ 6,183,192</u></u>

*The accompanying notes are an integral part of the financial statements.*

**THREE RIVERS COMMUNITY ACTION, INC.**  
**Consolidated Statement of Cash Flows**  
**For the Year Ended September 30, 2009**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Change in Net Assets	\$ 485,404
<b>Adjustments to reconcile change in net assets to net cash used by operating activities:</b>	
Minority interest in change in net assets	(1,353,299)
Depreciation and amortization	1,095,820
Loss on equipment	5,484
Unrealized gains on investments	(601)
<b>Changes in:</b>	
Cash restricted	(479,836)
Grants receivable	(60,772)
Accounts receivable	3,434
Contracts receivable	(297,394)
Prepaid expenses	(25,952)
Accounts payable and accrued expenses	(435,838)
Grant advances	(184,654)
<b>Net cash provided (used) by operating activities</b>	<b>(1,248,204)</b>

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Purchases of property and equipment	(82,747)
Purchases of investments	(1,492)
Payments toward affordable housing projects	203,363
<b>Net cash provided (used) in investing activities</b>	<b>119,124</b>

**CASH FLOWS FROM FINANCING ACTIVITIES:**

Principal payments on long-term debt	(1,263,483)
Financing received for affordable housing projects	526,864
Partner contributions	1,561,684
Partner distributions and syndication fees	(31,325)
<b>Net cash provided (used) in financing activities</b>	<b>793,740</b>

**NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS** (335,340)

Cash and Cash Equivalents, beginning of year 2,890,718

**Cash and Cash Equivalents, End of Year** **\$ 2,555,378**

**Supplemental Disclosure of Cash Flow Information:**

Interest Paid **\$ 380,762**

*The accompanying notes are an integral part of the financial statements.*

**THREE RIVERS COMMUNITY ACTION, INC.**  
**Consolidated Statement of Functional Expenses**  
**For the Year Ended September 30, 2009**

	<u>Fundraising</u>	<u>Management and General</u>	<u>Program Services</u>	<u>Total</u>
Direct Services	\$ -	\$ -	\$ 2,041,561	\$ 2,041,561
Salaries & Wages	7,709	184,214	2,366,012	2,557,935
Fringe Benefits	2,522	32,735	719,342	754,599
Travel & Transportation	32	705	102,003	102,740
Telephone & Postage	10	1,081	90,044	91,135
Office Supplies	71	2,417	113,364	115,852
Space Costs & Utilities	-	520	198,938	199,458
Equipment & Maintenance	-	-	166,838	166,838
Other Costs	265	3,225	387,302	390,792
Housing Partnerships	-	-	1,342,138	1,342,138
Depreciation and Amortization	-	13,575	1,082,245	1,095,820
In Kind	-	-	95,653	95,653
Total Expenditures	<u>\$ 10,609</u>	<u>\$ 238,472</u>	<u>\$ 8,705,440</u>	<u>\$ 8,954,521</u>

*The accompanying notes are an integral part of the financial statements.*

**THREE RIVERS COMMUNITY ACTION, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

**NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities**

Three Rivers Community Action, Inc. (THREE RIVERS) is a nonprofit corporation implementing the policies and procedures of the Office of Economic Opportunity by providing financial assistance to individuals and communities for the development, conduct and administration of community action programs under Section 204 and 205 of Title II-A of the Economic Opportunity Act of 1964, as amended. THREE RIVERS' major programs consist of Housing, Head Start, Transportation, Senior Services and other community action programs in the Minnesota counties of Goodhue, Rice and Wabasha.

**Basis of Presentation**

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

**Unrestricted net assets:** Net assets that are not subject to donor-imposed stipulations.

**Temporarily restricted net assets:** Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time.

**Permanently restricted net assets:** Net assets subject to donor-imposed stipulations that be maintained permanently by the Organization. Generally the donors of these assets permit the use of all or part of the income earned on related investments for general or specific purposes.

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily restricted or permanently restricted net assets. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets as net assets released from restriction.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, THREE RIVERS considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents and excluded restricted cash.

**Investments**

Investments are considered available for sale and consist of mutual funds comprised of debt and equity securities and are stated at fair market value. Unrealized gains and losses are included in the change in net assets.

**THREE RIVERS COMMUNITY ACTION, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

**NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES,**  
**Continued**

**Grants Receivable**

Grants receivable represents grant award amounts from government and other nonprofit organizations.

**Accounts Receivable**

Accounts receivable are stated at the amount management expects to collect from outstanding balances determined from contractual agreements. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual receivables from grants, contracts and others. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to the applicable accounts receivable. The allowance for doubtful accounts at September 30, 2009 is estimated at \$0. Changes in the valuation allowance have not been material to the financial statements.

**Contracts Receivable**

Contracts receivable are amounts due on contracts for deed and are not discounted due to legal restrictions prescribed by governmental agencies.

**Other Assets**

Other Assets are investments, valued at cost, in future affordable housing projects and various reserves for affordable housing projects as required by certain loan covenants and restricted by funding source agreements.

**Affordable Housing Projects and Other Assets – Principles of Consolidation**

THREE RIVERS has adopted the provisions of Emerging Issues Task Force Issue 04-5 (EITF 04-5) “Determining Whether a General Partner, or the General Partners as a Group, Controls a Limited Partnership or Similar Entity When the Limited Partners Have Certain Rights.” As required by EITF - 04-5, THREE RIVERS has consolidated all limited partnerships and limited liability companies in which THREE RIVERS is the general partner or managing member.

These financial statements consolidate the statements of Wazuweeta Woods Limited Partnership, Waseca Leased Housing Associates Limited Partnership, Eagle Ridge Apartments Limited Partnership, Harvest Ridge Townhomes Limited Partnership and Trailside Apartments of Albert Lea Limited Partnership (collectively, the Organization). Inter-organization balances and transactions have been eliminated in the combination.

Hayfield Greens Partnership and Opportunity Homes Limited Liability Company continue to be accounted for using the equity method of accounting for investments.

**THREE RIVERS COMMUNITY ACTION, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

**NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES,**  
**Continued**

Affordable housing projects owned solely by THREE RIVERS, Northern Oaks Townhomes, Clover Patch Apartments and Southside Apartments are valued at cost. Affordable housing projects that are interests in partnerships where THREE RIVERS and all partners have substantive participating rights, Hayfield Greens Partnership and Opportunity Homes Limited Liability Company, continue to be accounted for using the equity method of accounting based on amounts reported on calendar year ended Schedule K-1 (Form 1065) partnership tax returns.

**NORTHERN OAKS:** THREE RIVERS has completed construction on a larger family affordable rental housing project in Northfield, Minnesota (Northern Oaks). Northern Oaks resulted in the development of eight units (two triplexes and one duplex) of large family affordable housing. The units were completed for occupancy May, 1998. Northern Oaks was designed to address a critical housing shortage in the City of Northfield for large families earning less than 50% of area median income based on household. Four units have three bedrooms, four units have four bedrooms, and one unit is modified to accommodate handicapped individuals. Northern Oaks is owned solely by THREE RIVERS and is valued at cost.

**HAYFIELD GREENS PARTNERSHIP:** THREE RIVERS has entered into a general partnership agreement (HAYFIELD GREENS) to construct, develop, acquire, hold for investment, lease, and sell a 24 unit residential apartment development located in Hayfield, Minnesota. THREE RIVERS owns 50% of HAYFIELD GREENS and it continues to be accounted for using the equity method of accounting due to the substantial participating rights of all partners.

**WAZUWEETA WOODS, LP:** THREE RIVERS has entered into a limited partnership agreement (WAZUWEETA WOODS) to construct, develop, acquire, hold for investment, lease and sell a 24 unit residential apartment development located in Pine Island, Minnesota. THREE RIVERS serves as the general partner with 1% ownership. This partnership is reported as a consolidated subsidiary of THREE RIVERS due to the control THREE RIVERS has over the partnership as the partnership's general partner.

**WASECA LEASED HOUSING ASSOCIATES, LP:** THREE RIVERS has entered into a limited partnership agreement to own, develop, lease and operate five (5) buildings totaling a 33 unit affordable housing apartment rental complex also know as Charter Oaks Apartments (CHARTER OAKS) located in Waseca, Minnesota. THREE RIVERS serves as co-managing general partner with .005% ownership. This partnership is reported as a consolidated subsidiary of THREE RIVERS due to the control THREE RIVERS has over the partnership as the partnership's co-managing general partner.

**THREE RIVERS COMMUNITY ACTION, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

**NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES,**  
**Continued**

**OPPORTUNITY HOMES, LLC:** THREE RIVERS has entered into a limited partnership agreement (OPPORTUNITY HOMES) to construct, develop, acquire, hold for investment, lease and sell four (4) residential homes located in Kasson, Rochester and Faribault, Minnesota. THREE RIVERS owns 50% of OPPORTUNITY HOMES and it continues to be accounted for using the equity method of accounting due to the substantial participating rights of all partners.

**EAGLE RIDGE APARTMENTS, LP:** THREE RIVERS has entered into a limited partnership agreement (EAGLE RIDGE) to construct, develop, acquire, hold for investment, lease and sell a 48 unit residential apartment development located in Red Wing, Minnesota. THREE RIVERS serves as general partner with .01% ownership. This partnership is reported as a consolidated subsidiary of THREE RIVERS due to the control THREE RIVERS has over the partnership as the partnership's general partner.

**HARVEST RIDGE TOWNHOMES, LP:** THREE RIVERS has entered into a limited partnership agreement (HARVEST RIDGE) to construct, develop, acquire, hold for investment, lease and sell a 20 unit residential townhomes development located in Plainview, Minnesota. THREE RIVERS serves as general partner with .01% ownership. This partnership is reported as a consolidated subsidiary of THREE RIVERS due to the control THREE RIVERS has over the partnership as the partnership's general partner.

**CLOVER PATCH:** THREE RIVERS has completed acquisition and rehabilitation of a multi-family affordable rental housing project in St. Charles, Minnesota (Clover Patch). Clover Patch resulted in the development of 32 affordable units. Clover Patch is owned solely by THREE RIVERS and is valued at cost.

**TRAILSIDE APARTMENTS, LP:** THREE RIVERS has entered into a limited partnership agreement (TRAILSIDE) to construct, develop, acquire, hold for investment, lease and sell a 110 unit residential rental housing development located in Albert Lea, Minnesota. THREE RIVERS serves as general partner with .01% ownership. This partnership is reported as a consolidated subsidiary of THREE RIVERS due to the control THREE RIVERS has over the partnership as the partnership's general partner.

**SOUTHSIDE APARTMENTS:** THREE RIVERS has completed acquisition and rehabilitation of a multi-family affordable housing project in Lonsdale, Minnesota (Southside). Southside resulted in the development of 12 affordable units. Southside is owned solely by THREE RIVERS and is valued at cost.

Minority interest presented in the consolidated financial statements is comprised of the ownership interest of the tax credit investors related to the partnerships described above.

**THREE RIVERS COMMUNITY ACTION, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

**NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES,**  
**Continued**

**Income Taxes**

THREE RIVERS is a private nonprofit corporation, exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code. It is also exempt from Minnesota franchise and income taxes.

THREE RIVERS has elected to defer application of FASB Interpretation No. 48 “Accounting for Uncertainty in Income Taxes.” THREE RIVERS follows Financial Accounting Standard No. 5 “Accounting for Contingencies” for evaluating uncertain tax positions.

**Affordable Housing Project, Notes and Mortgages**

THREE RIVERS does not discount noninterest or low interest loans for affordable housing projects due to legal restrictions prescribed by governmental agencies.

**Amortization**

Mortgage costs are amortized over the term of the mortgage loan using the straight-line method. Fees paid to Minnesota Housing Finance Agency are amortized over a 15 year period using the straight-line method.

**Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statement of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on managements estimates.

**Concentrations of Credit Risk**

Financial instruments that potentially subject THREE RIVERS to concentrations of credit risk consist principally of temporary cash investments. THREE RIVERS places its temporary cash investments with financial institutions and limits the credit exposure to any one financial institution by requiring specific collateral pledges of investment quality securities, (U.S. government or municipalities) for balances in excess of FDIC insurance limits. As of September 30, 2009, THREE RIVERS had obtained collateral pledges of these securities in excess of bank balance, and thereby limited credit exposure.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**THREE RIVERS COMMUNITY ACTION, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

**NOTE 2 – CASH RESTRICTED**

Cash Restricted consisted of the following at September 30, 2009:

Tenant Security Deposits	\$	88,045
Real Estate Tax and Insurance Escrow		35,490
Development Cost Escrow		80,737
Residual Receipts Reserve		30,256
Replacement Cost Reserve		160,082
Operating Reserve		<u>234,166</u>
	<u>\$</u>	<u>628,776</u>

**NOTE 3 – INVESTMENTS**

Investments consisted of the following at September 30, 2009:

	<u>Fair Value</u>	<u>Original Cost</u>
Mutual of America Institutional Funds, Inc.		
Bond Fund	\$ 30,698	\$ 29,258
All America Fund	<u>9,874</u>	<u>18,148</u>
	<u>\$ 40,572</u>	<u>\$ 47,406</u>

Realized gains of \$1,492 and unrealized gains of \$601 are included in investment income for the year ending September 30, 2009.

**THREE RIVERS COMMUNITY ACTION, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

**NOTE 4 – CONTRACTS RECEIVABLE**

THREE RIVERS purchased dilapidated houses, rehabilitated and later sold to eligible families on contracts for deed at 0% interest.

Contracts receivable are as follows:

Contracts Receivable	\$ 351,003
Less Current Portion	<u>(24,174)</u>
	<u>\$ 326,829</u>

Estimated future collections are as follows:

2010	\$ 24,174
2011	24,174
2012	24,174
2013	24,174
2014	24,174
2015 and thereafter	<u>230,133</u>
	<u>\$ 351,003</u>

**THREE RIVERS COMMUNITY ACTION, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

**NOTE 5 – OTHER ASSETS**

Other Assets consist of investments in future affordable housing projects and various reserves for affordable housing projects as required by certain loan covenants and restricted by funding source agreements as follows:

Scattered Single Family Housing Developments	\$ 441,300
Scattered Site - Mortgage Foreclosure Houses	284,143
MURL House in Rochester, Minnesota	204,766
Eagle Ridge	112,739
Harvest Ridge	60,531
Trailside Apartments	64,696
Charter Oaks	31,634
Wazuweeta Woods	<u>14,146</u>
	<u>\$ 1,213,955</u>

Amortization on other assets in the affordable housing projects was \$13,936 for the year ended September 30, 2009.

**NOTE 6 – AFFORDABLE HOUSING PROJECTS**

Affordable Housing projects are recorded at cost or equity. A listing of the projects for the year ending September 30, 2009 is as follows:

Hayfield Greens	\$ 100,427
Opportunity Homes	88,199
Wazuweeta Woods	1,790,693
Charter Oaks	2,471,055
Eagle Ridge	4,121,687
Harvest Ridge	2,238,833
Trailside Apartments	9,314,615
Albert Lea Lot	9,471
Northern Oaks	506,413
Clover Patch	1,232,127
Southside	<u>489,603</u>
	<u>\$ 22,363,123</u>

Depreciation on affordable housing projects was \$888,357 for the year ended September 30, 2009.

**THREE RIVERS COMMUNITY ACTION, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

**NOTE 7 – PROPERTY AND EQUIPMENT**

Property and equipment are recorded at cost. A reconciliation of property and equipment during the year is as follows:

Furniture and Equipment	\$ 1,341,069
Building and Improvements	711,592
Land	<u>41,032</u>
	2,093,693
Accumulated Depreciation	<u>(1,270,351)</u>
	<u>\$ 823,342</u>

Capital purchases in the amount of \$5,000 or more are capitalized at cost. Donated property and equipment are valued at fair value based on estimated value on date of donation. Depreciation is provided over the estimated useful life of the asset, generally 25 years for the building and 5-7 years for the equipment, on the straight-line method.

Property, equipment and furniture acquired is owned by THREE RIVERS while used in the program for which it was purchased or in other future authorized programs. However, the funding sources have a reversionary interest in equipment purchased with grant funds and its disposition, as well as the ownership of any proceeds there of, is subject to funding source regulations.

Depreciation on parent property and equipment was \$193,527 for the year ended September 30, 2009.

**THREE RIVERS COMMUNITY ACTION, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

**NOTE 8 – AFFORDABLE HOUSING PROJECTS DEBT**

Affordable Housing Projects long-term debt consists of the following:

**Northern Oaks**

MHFA, Home Targeted Program, deferred loan, proceeds using in Northern Oaks purchase. This loan is to be forgiven if all conditions are met, May 1, 2018 \$ 320,000

Northfield Community National Bank, mortgage payable, secured by Northern Oaks, payable in monthly installments of \$1,065 including interest at 7.5 percent, final payment due December 2022 95,918

GMHF, mortgage payable, secured by Northern Oaks, payable on December 4, 2022, including zero percent 60,000

**Wazuweeta Woods**

MHFA, mortgage payable, secured by Wazuweeta Woods, personally guaranteed by two limited partners, payable in monthly installments of \$5,480, including interest at 5.75%, final payment due August 2032. 860,491

MHFA, Challenge Program, secured by Wazuweeta Woods, payable on July 1, 2032, including zero percent 567,701

GMHF, mortgage payable, secured by Wazuweeta Woods, payable on July 1, 2032, including zero percent interest. 360,000

First Homes, mortgage payable, secured by Wazuweeta Woods, payable July 1, 2032, including zero percent 388,000

**THREE RIVERS COMMUNITY ACTION, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

<b>NOTE 8 – AFFORDABLE HOUSING PROJECTS DEBT, Continued</b>
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**Charter Oaks**

Glaser Financial Group, Inc., mortgage payable, secured by Charter Oaks, payable in monthly installments of \$6,768.92 from December 1, 2003 to December 1, 2022 and monthly installments of \$6,084.68 from January 1, 2023 until final payment due January 1, 2042, including interest at 8.05 percent .	909,518
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GMHF, mortgage payable, secured by Charter Oaks, payable on January 1, 2042, including zero percent interest.	280,000
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Waseca Woods, LLC, developer's fee payable, capitalized as a cost of the rental property, payable as escrows are released.	142,712
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**Eagle Ridge**

MHFA, mortgage payable, secured by Eagle Ridge, payable in monthly installments of \$5,165, including interest at 5.75%, final payment due November 1, 2035.	848,812
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MHFA, mortgage payable, secured by Eagle Ridge, payable on November 1, 2035, including one percent interest	456,670
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GMHF, mortgage payable, secured by Eagle Ridge, payable on September 16, 2034, including one percent interest	665,000
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**THREE RIVERS COMMUNITY ACTION, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

<b>NOTE 8 – AFFORDABLE HOUSING PROJECTS DEBT, Continued</b>
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**Harvest Ridge**

GMHF, mortgage payable, secured by Harvest Ridge, payable on June 8, 2035,, including one percent interest.	400,000
First Homes, mortgage payable, secured by Harvest Ridge, payable June 8, 2035, including one percent interest.	300,000
MHFA, mortgage payable, secured by Harvest Ridge, payable March 1, 2036, including one percent interest.	262,031
MHFA, mortgage payable, secured by Harvest Ridge, payable in monthly installments of \$1,128, including interest at 6.05%, final payment due March 1, 2036.	181,478

**Clover Patch**

USDA, Rural Development, mortgage payable, secured by Clover Patch Apartments purchase, payable in monthly installments of \$5,113.80 including interest at 6.0 percent, final payment due February 25, 2035	931,721
MHFA, Preservation Affordable Rental Investment Fund Program mortgage payable, secured by Clover Patch Apartments, payable in full on February 25, 2035, including zero percent interest	350,000
Greater Minnesota Housing Fund, mortgage payable, secured by Clover Patch Apartments, payable in full on June 30, 2035, including zero percent interest	120,000
First Homes Properties, mortgage payable, secured by Clover Patch Apartments, payable in full on June 30, 2035, including zero percent interest	50,000

**THREE RIVERS COMMUNITY ACTION, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

<b>NOTE 8 – AFFORDABLE HOUSING PROJECTS DEBT, Continued</b>
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**Trailside**

Minnwest Bank, M.V., mortgage payable, secured by Trailside Apartments, payable in monthly installments of \$12,850 including interest at 7.48 percent, final payment due December 10, 2024.	1,809,750
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MHFA, HOME, mortgage payable, secured by Trailside Apartments, payable in full on December 19, 2036, including one percent interest	1,184,921
---	-----------

GMHF, mortgage payable, secured by Trailside Apartments, payable on December 19, 2036, including one percent interest.	400,000
--	---------

SWMHP, mortgage payable, secured by Trailside Apartments, payable on December 19, 2025, including one percent interest.	50,000
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**Southside Apartments**

USDA, Rural Development, mortgage payable, secured by Southside Apartments purchase, payable in monthly installments of \$820.51 including interest at 5.375 percent, final payment due January 1, 2049	160,865
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MHFA, HOME, Preservation Affordable Rental Investment Fund Program Loan, secured by Southside Apartments, payable in full on December 9, 2048, including zero percent interest	175,000
--	---------

GMHF, mortgage payable, secured by Southside Apartments, payable on December 9, 2048, including zero percent interest.	175,000
--	---------

SWMHP, mortgage payable, secured by Southside Apartments, payable on December 9, 2048, including zero percent interest.	<u>16,000</u>
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	12,521,588
Less current maturities	<u>(73,318)</u>

	<u><u>\$ 12,448,270</u></u>
--	-----------------------------

**THREE RIVERS COMMUNITY ACTION, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

**NOTE 8 – AFFORDABLE HOUSING PROJECTS DEBT, Continued**

Scheduled maturities of long-term debt are as follows:

2010	\$	73,318
2011		78,335
2012		83,702
2013		89,445
2014		95,585
2015 and thereafter		<u>12,101,203</u>
		<u>\$ 12,521,588</u>

Interest expense paid for the year ending September 30, 2009 was \$380,762.

**THREE RIVERS COMMUNITY ACTION, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

**NOTE 9 – LEASES**

THREE RIVERS is subject to operating leases covering primarily premises and office equipment. Lease expense was \$115,819 the year ended September 30, 2009. Minimum future lease obligations are as follows:

Year Ending <u>September 30,</u>	
2010	\$ 102,066
2011	49,728
2012	43,081
2013	39,696
2014	39,696
2015 and thereafter	<u>13,231</u>
	<u>\$ 287,498</u>

**NOTE 10 – RETIREMENT PLAN**

THREE RIVERS maintains a defined contribution retirement plan covering substantially all employees.

THREE RIVERS' contributions to the Plan are based on employee contributions and length of service. This Plan is intended to qualify under Internal Revenue Code Section 403(b).

THREE RIVERS contributed \$102,759 to the Plan for the year ended September 30, 2009.

**THREE RIVERS COMMUNITY ACTION, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

**NOTE 11 – DONATED FACILITIES AND SERVICES**

Each program is responsible for keeping records to support the in kind contribution claimed. To calculate the value of services, space, or material donated, a rate at or below current market rate is used.

A substantial number of unpaid volunteers have made significant contributions of their time. The value of this contributed time is at a fair value wage plus fringe and is reported as revenue and expense in the period in which the volunteer hours are provided. Volunteer hours are not recorded in the audited financial statements. The estimated value of the unrecorded volunteer hours was \$320,930 for the year ending September 30, 2009.

The Head Start program received \$95,653 in donated space, supplies and other items for the year ending September 30, 2009.

**NOTE 12 – CONTINGENCIES**

THREE RIVERS was awarded a \$105,000, three-year grant from the Minnesota Housing Partnership under the Organizational Investment Program. The grant is to be repaid at a rate of \$100 per housing unit developed by THREE RIVERS or in partnership with others. This repayment obligation shall continue until the repayment in full of the MHP investment or March 2009. The amount repaid during 2009 was \$-0-. The total amount repaid to date was \$20,100.

THREE RIVERS provides a self-insured short-term disability program to certain qualifying employees, which may provide 67% of an employee's weekly earnings up to a maximum of 26 weeks. Under this program the historical average annual payout has been \$6,934. For the year ending September 30, 2009, \$5,771 was paid out in benefits under this program.

**THREE RIVERS COMMUNITY ACTION, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

**NOTE 13 – FAIR VALUE MEASUREMENTS**

As of the beginning of year October 1, 2008, the Organization implemented FASB 157, *Fair Value Measurements*. FASB 157 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB 157 are described below:

Basis of Fair Value Measurement

Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 - Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly;

Level 3 – Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

A financial instrument’s level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The following tables present by level, within the fair value hierarchy, the Organization assets at fair value, as of October 1, 2008. As required by FASB 157, assets are classified in their entirety based upon the lowest level of input that is significant to the fair value measurement.

		<u>Fair Value Measurements at Reporting Date Using</u>				
		Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		
September 30, 2009		(Level 1)	(Level 2)	(Level 3)		
Mutual Funds	\$	40,572	\$ 40,572	\$ -	\$	-

**THREE RIVERS COMMUNITY ACTION, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

**NOTE 14 – RECENT ACCOUNTING PRONOUNCEMENTS AND ACCOUNTING CHANGES**

SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities, gives us the irrevocable option to carry many financial assets and liabilities at fair value, with changes in fair value recognized in changes in net assets. SFAS No. 159 is effective as of the beginning 2008. THREE RIVERS did not elect to report any additional financial assets or liabilities at fair value under SFAS No. 159.

**SUPPLEMENTARY INFORMATION**

**THREE RIVERS COMMUNITY ACTION, INC.**  
**CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED SEPTEMBER 30, 2009**

Federal Grantor	Pass-through Grantor	Program Title	Federal CFDA Number	Agency or Pass-through Number	Federal Disbursements/ Expenditures
USDA	MN DEd	CACFP	10.558	8-260-501	\$ 89,050
		TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>\$ 89,050</u>
		SHP - RHASP	14.235	MN46B702007	\$ 123,007
		SHP - RHASP		MN0065B5K020801	58,161
		SHP - THP		MN46B702005	106,325
		SHP - THP		MN0056B5K020801	54,590
		TOTAL U.S. HOUSING & URBAN DEVELOPMENT			<u>\$ 342,083</u>
DOT	MN DOT	TRANSIT	20.509	94553	\$ 66,222
		TRANSIT		92039	56,798
		TRANSIT		93563	154,388
		TOTAL U.S. DEPARTMENT OF TRANSPORTATION			<u>\$ 277,408</u>
DOE	MN DOC	DOE/WX	81.042	B14618-1553	\$ 108,839
		DOE/WX		B29041-1553	176,181
		DOE/WX - ARRA		B14618-1653	32,639
		DOE/WX - ARRA		B29154-1653	21,012
		TOTAL U.S. DEPARTMENT OF ENERGY			<u>\$ 338,671</u>
		Aging Cluster			
HHS	SEMAAA	Wabasha Transportation	93.044	310-08-003B-063	\$ 2,600
		Wabasha Transportation		310-09-003B-063	8,563
	SEMAAA	HDM	93.045	310-08-03C2-002	18,410
		HDM		310-09-03C2-002	36,722
	SEMAAA	HDM	93.053	310-08-03C2-002	3,544
		HDM		310-09-03C2-002	6,362
	SEMAAA	HDM - ARRA	93.705	310-09-03C2-002	14,995
					<u>\$ 91,196</u>
	SEMAAA	CAREGIVER	93.052	310-08-003E-005	\$ 7,137
		CAREGIVER		310-09-003E-005	40,384
					<u>\$ 47,521</u>
HHS	MN DOC	EAP/WX Carryover	93.568	B14618-1564	\$ 46,543
		EAP/WX		B14618-1564	142,037
		EAP		B16319-1563	426,287
					<u>\$ 614,867</u>

**THREE RIVERS COMMUNITY ACTION, INC.**  
**CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED SEPTEMBER 30, 2009**

Federal Grantor	Pass-through Grantor	Program Title	Federal CFDA Number	Agency or Pass-through Number	Federal Disbursements/ Expenditures
		CSBG Cluster			
HHS	MN DHS	CSBG Discretionary	93.569	0810056	\$ 136,006
	MN DHS	CSBG - ARRA	93.710	1010056	50,189
					<u>\$ 186,195</u>
		Head Start Cluster			
		Head Start	93.600	05CH4171/43	\$ 1,012,688
		Head Start		05CH4171/44	247,819
		Head Start - ARRA	93.708	05SE4171/01	20,107
					<u>\$ 1,280,614</u>
		Medicaid Cluster			
	MN DHS	Medical Assistance	93.778	462713000	\$ 7,545
		TOTAL U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES			<u>\$ 2,227,938</u>
		Emergency Food and Shelter Program Cluster			
DHS	UNITED WAY	EFSP	97.024	27-4859-02-001	\$ 25,983
		EFSP - ARRA	97.114	AR-4859-02-001	14,575
		TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			<u>\$ 40,558</u>
		TOTAL FEDERAL FINANCIAL ASSISTANCE			<u>\$ 3,315,708</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying schedule of expenditures of federal awards is presented on the same basis of accounting as the financial statements of THREE RIVERS.

**NOTE B - HUD, HOME TARGETED PROGRAM, DEFERRED LOAN (CFDA #14.239)**

THREE RIVERS is obligated on a Home Targeted deferred loan in the amount of \$320,000. This deferred loan requires significant continuing compliance, primarily eligibility and allowability.

**NOTE C - USDA, RURAL DEVELOPMENT, RENTAL ASSISTANCE AND INTEREST CREDIT LOAN (CFDA #10.415)**

THREE RIVERS is obligated on two Rental Assistance and Interest Credit loans in the amount of \$931,721 and \$160,864. These loans require significant continuing compliance, primarily eligibility and allowability.



# Jelinek Metz McDonald, Ltd.

A CERTIFIED PUBLIC ACCOUNTING & FINANCIAL SERVICES FIRM

JOHN G. JELINEK, CPA, PFS

WILLIAM METZ, CPA

DOUGLAS M. McDONALD, CPA

JUDD NORDQUIST, CPA

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

To the Board of Directors

**THREE RIVERS COMMUNITY ACTION, INC. AND SUBSIDIARIES**

Zumbrota, Minnesota

We have audited the consolidated financial statements of Three Rivers Community Action, Inc. and Subsidiaries (collectively, the Organization), as of and for the year ended September 30, 2009, and have issued our report thereon dated December 2, 2009. 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 the Organization'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 the Organization'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 *control deficiency* 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control.



A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization'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*.

This report is intended solely for the information and use of management, Board of Directors, others within the Organization, 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.

*Jelene Metz McDonald, Ltd.*

December 2, 2009



**Jelinek Metz McDonald, Ltd.**

A CERTIFIED PUBLIC ACCOUNTING & FINANCIAL SERVICES FIRM

JOHN G. JELINEK, CPA, PFS

WILLIAM METZ, CPA

DOUGLAS M. McDONALD, CPA

JUDD NORDQUIST, CPA

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH  
OMB CIRCULAR A-133

To the Board of Directors

**THREE RIVERS COMMUNITY ACTION, INC. AND SUBSIDIARIES**

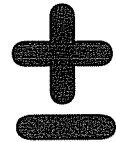
Zumbrota, Minnesota

Compliance

We have audited the compliance of Three Rivers Community Action, Inc. and Subsidiaries (collectively, the Organization) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2009. The Organization'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 the Organization's management. Our responsibility is to express an opinion on the Organization'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 The Organization'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 the Organization's compliance with those requirements.

In our opinion, the Organization complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2009.



### Internal Control Over Compliance

The management of the Organization 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 the Organization's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 the Organization's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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, Board of Directors, others within the Organization, 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.

*Jelenek Metz McDonald, Ltd.*

December 2, 2009

**THREE RIVERS COMMUNITY ACTION, INC. AND SUBSIDIARIES**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
 Year Ended September 30, 2009

**Section I - Summary Of Auditors' Results**

*Financial Statements*

Type of auditors' report issued: unqualified opinion on the financial statements.

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ Yes      X   No
- Reportable condition(s) identified that are not considered material weaknesses? \_\_\_\_\_ Yes      X   None reported

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes      X   No

*Federal Awards*

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_ Yes      X   No
- Reportable condition(s) identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes      X   None reported

Type of auditors' report issued on compliance for major programs: unqualified opinion

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? \_\_\_\_\_ Yes      X   No

Identification of major programs:

<u>Program Name</u>	<u>CFDA #</u>
Head Start - Cluster	93.600, 93.708
Community Service Block Grant - Cluster	93.569, 93.710

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

- Auditee qualified as a low-risk auditee:   X   Yes    \_\_\_\_\_ No

**Section II – Financial Statement Findings**

We reported no findings relative to the financial statements.

**Section III – Federal Award Findings and Questioned Costs**

We reported no findings or questioned costs relative to major Federal award programs.

**THREE RIVERS COMMUNITY ACTION, INC. AND SUBSIDIARIES**  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
Year Ended September 30, 2009

**None.**