

LONGFELLOW COMMUNITY COUNCIL
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012

PREPARED BY:

MICHAEL S. WILSON

REPORT OF CERTIFIED PUBLIC ACCOUNTANT

TABLE OF CONTENTS

Independent Auditor's Report 1

Financial Statements

Statement of Financial Position 2

Statement of Activities 3

Statement of Functional Expenses..... 4

Statement of Cash Flows 5

Notes To Financial Statements 6-10

Supplemental Information

Statement of City Activity 11

Schedule of Findings and Recommendations ... 12-15

Michael S. Wilson
Certified Public Accountants
Minneapolis, Minnesota
(612) 558-1692

Independent Auditor's Report

Board of Directors
Longfellow Community Council
Minneapolis, Minnesota

I have reviewed the accompanying Statement of Financial Position of Longfellow Community Council as of December 31, 2012 and the related statements of activities, functional expenses and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those Standards require me to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. I believe the results of our procedures provide a reasonable basis for our report.

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

My review was made primarily for the purpose of expressing a conclusion that there are no material modifications that should be made to the financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. The supplementary information included in the accompanying Schedule of City Activity is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and I did not become aware of any material modifications that should be made to such information.

Michael S. Wilson, CPA

Minneapolis, Minnesota
September 27, 2013

**LONGFELLOW COMMUNITY COUNCIL
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2012**

ASSETS

Current Assets	
Cash and short term investments	\$ 186,504
Contracts receivable	80,961
Pledges receivable	37,000
Total Current Assets	304,465
 Property and Equipment	
Office Equipment	8,986
Accumulated Depreciation	(8,986)
Total Property and Equipment	0
 Total Assets	 \$ 304,465

LIABILITIES AND NET ASSETS

Current Liabilities	
Accrued expenses	\$ -
Refundable advance	64,387
Total Current Liabilities	64,387
 Net Assets	
Unrestricted	203,078
Temporarily Restricted	37,000
Total Net Assets	240,078
 Total Liabilities and Net Assets	 \$ 304,465

**LONGFELLOW COMMUNITY COUNCIL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>Total</u>
Support and revenue:			
Public Support	\$ 41,838	\$ 37,000	\$ 78,838
City of Minneapolis awards	265,637		265,637
NPI Grant	8,000		8,000
Longfellow Business Association	8,736		8,736
LOLA	2,950		2,950
History project	2,675		2,675
Hennepin county awards	7,172	-	7,172
Interest income	412	-	412
Miscellaneous income	2,042	-	2,042
Net assets released from restrictions	-	-	-
Total support and Revenue	<u>339,462</u>	<u>37,000</u>	<u>376,462</u>
Expenses			
Environment	21,763	-	21,763
Housing	106,885	-	106,885
Engagement	103,005	-	103,005
River George	31,559	-	31,559
Administrative	48,847	-	48,847
Fundraising	<u>8,496</u>	<u>-</u>	<u>8,496</u>
Total expenses	<u>320,556</u>	<u>-</u>	<u>320,556</u>
Change in net assets	18,906	37,000	55,906
Net assets, beginning of year as stated	184,172	-	184,172
Net assets, end of year	<u>\$ 203,078</u>	<u>\$ 37,000</u>	<u>\$ 240,078</u>

**LONGFELLOW COMMUNITY COUNCIL
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Environment	Housing	Engagement	River George	Administrative	Fundraising	Total
EXPENSES							
Salaries	\$ 14,301	\$ 49,985	\$ 54,608	\$ 14,301	\$ 29,969	\$ 5,858	169,022
Payroll Taxes	993	6,990	3,938	993	2,905	407	16,225
Retirement	226	1,395	865	226	776	93	3,582
Professional Services	649	5,842	2,478	649	1,360	266	11,243
Benefits	1,854	10,024	7,080	1,854	3,835	759	25,407
Auto	20	188	76	20	42	8	354
Advertising newspaper	735	5,998	2,807	735	1,541	301	12,117
Bank Charge	43	151	165	43	120	18	540
Childcare	8	30	32	8	18	3	100
Computer Equipment	75	1,963	287	75	158	31	2,589
Computer Tech Support	148	518	565	148	310	61	1,750
Copier Lease	158	1,519	605	158	332	65	2,838
Equipment	-	-	-	-	-	-	-
Fees	3	9	10	3	5	1	31
Food	11	40	44	11	142	5	253
Gifts given	-	-	-	-	25	-	25
Membership	40	140	153	40	84	16	475
Office Supplies	103	614	395	103	217	42	1,475
Payroll Fees	230	804	878	230	581	94	2,817
Postage	56	481	212	56	116	23	943
Printing	75	261	286	75	157	31	884
Project Expenses	1,078	11,325	23,872	10,874	4,150	23	51,322
Special Events	10	34	37	10	20	4	115
Sponsorship	45	157	171	45	94	18	530
Professional development	20	318	76	20	42	8	484
Rent	571	4,246	2,181	571	1,197	234	9,000
Utilities	290	3,781	1,107	290	608	119	6,195
Web Site	20	71	78	20	43	8	240
TOTAL EXPENSES	\$ 21,763	\$ 106,885	\$ 103,005	\$ 31,559	\$ 48,847	\$ 8,496	\$ 320,556
	7%	33%	32%	10%	15%	3%	100%

**LONGFELLOW COMMUNITY COUNCIL
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2012**

Cash Flow From Operating Activity	
Increase (decrease) in net assets	\$ 55,906
Adjustments to reconcile changes in net assets to net cash provided by operating activities	
(Increase) decrease in accounts receivable	(80,961)
(Increase) decrease in pledges receivable	(37,000)
(Decrease) increase in refundable advances	<u>64,387</u>
Total adjustments	(53,574)
Cash Flow From Operating Activity	2,332
 Cash Flow from Financing Activities	
Purchase of equipment	0
Cash Flow From Financing Activities	0
Increase in Cash and Cash Equivalents	<u>2,332</u>
Cash and Cash Equivalents - Beginning of Year	<u>184,172</u>
Cash and Cash Equivalents - End of Year	<u><u>\$ 186,504</u></u>
 Cash paid for interest	
	\$ -

**LONGFELLOW COMMUNITY COUNCIL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Organization:

The Longfellow Community is bounded by the 27th Street East railroad tracks on the north, the Mississippi River on the east, Hiawatha Avenue railroad tracks on the west, and the southern boundary of Minnehaha Park on the south. The Longfellow Community includes the Longfellow, Cooper, Howe, and Hiawatha Neighborhoods. The mission of the Longfellow Community Council (LCC) is to improve the quality of life and develop a sense of community among the four neighborhoods and promote their well-being. The LCC involves and empowers the members of community in all of its diversity to take action on issues affecting their lives

Council of Representatives and Officers

The Council of Representatives consists of 15 members. Elections are held in April with representatives serving staggered terms. The Council consists of two members of each neighborhood three community representatives one member representing business, and three at-large members.

Method of Accounting:

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Under these provisions, net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of Longfellow Community Council and changes therein are classified and reported as follows.

Unrestricted Net Assets

This classification contains net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets

This category includes net assets subject to donor-imposed stipulations that may or will be met by actions of the Organization and/or the passage of time. Temporarily restricted net assets are released from restrictions when donor-imposed stipulations are satisfied.

Permanently Restricted Net Assets

These are net assets subject to donor-imposed stipulations that are required to be maintained permanently by Longfellow Community Council.

LONGFELLOW COMMUNITY COUNCIL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Income Taxes:

The Organization is a private nonprofit corporation, exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no income taxes are paid and contributions to the Organization may be tax deductible by the donor. The Organization is also exempt from Minnesota franchise or income tax. Generally, the Organization is no longer subject to examination by tax authorities for years before 2010.

Cash

Cash includes deposits into one checking account, which are available on demand. These deposits are FDIC insured.

Property and Equipment:

Property and equipment are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from 3 to 5 years for furniture and equipment. Upon retirement or other disposition of property and equipment, the applicable cost and accumulated depreciation is written-off. Donated equipment is valued at fair market value at the date of contribution.

Grants and Contracts

The LCCs funding includes cost reimbursement grants from the City of Minneapolis. Government grants and contracts recognize revenue as earned when eligible expenses, as defined in each grant or contract, are made. Funds advanced and received on the above grants but not yet earned are shown as refundable advances. Expenses under government contracts are subject to review by the granting authority. To the extent, if any, that such a review reduces expenses allowed under these grants, the LCC would record such disallowance at the time the final assessment is made.

Contributions

The following types of contributions are recorded as revenue at their fair market value when they are received unconditionally: cash, promises to give, certain contributed services and gifts of long-lived assets. Conditional contributions are recognized as revenue when the conditions on which they depend have been substantially met.

Donated Services

There are no donated services or materials included in the 2012 financial statements that met the conditions for recognition.

**LONGFELLOW COMMUNITY COUNCIL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012**

Major Funding Sources

The Council receives funds from the Minneapolis City of Minneapolis (NRP) Policy Board. These funds were used primarily for administrative support and programs. Longfellow Community Council also receives Community Development Block Grant funds for Citizen Participation. This grant LCCs used to staff an Executive Director to promote community involvement and participation. Residents also provided support primarily for community events.

Revenue Recognition

Government grants and contracts are recognized as revenue when eligible expenses, as defined in each grant or contract, are made. Funds advanced and received on the above grants but not yet earned are shown as refundable advances. Expenses under government grants are subject to review by the granting authority. To the extent, if any, that such a review reduces expenses allowed under these grants, Longfellow Community Council would record such disallowance at the time the final assessment is made.

Functional Accounting for Expenses

The costs of providing the various programs have been presented on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting service benefited. 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 relation to grant budgets.

Fundraising Expenses

Fundraising expenses are considered immaterial to the financial statements and are included in management and general expenses.

Contingencies

Longfellow Community Council relies on the City of Minneapolis for a significant portion their support and revenue, creating a financial dependency on this funding source to carry out their programs. If the City of Minneapolis decreased funding, some programs would be financially challenged to continue providing services.

Compensated Absences

Longfellow Community Council allows employees to carryover vacation pay up to the maximum that is allowed based on years of service. Once they reach the maximum number of hours they may no longer accrue paid time off until their paid time off hours fall below the maximum. A liability for compensated absences has not been accrued on the financial statements.

Subsequent Events

Management has evaluated subsequent events through September 27, 2013.

**LONGFELLOW COMMUNITY COUNCIL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012**

NOTE 2 - RETIREMENT PLAN

The Organization has a SIMPLE IRA retirement plan and matches employee contributions up to 2% percent of gross salary. Employer contributions were \$3,415 for the year ended December 31, 2012.

NOTE 3. ACCOUNTS AND GRANTS RECEIVABLE

Accounts receivable at December 31, 2012 are as follows:

Costs to be reimbursed under government contracts	
CPP 2011	\$904
CPP 2012	42,868
NRP Phase II	9,971
NRP Community Connections	1,370
NRP Housing	<u>25,848</u>
Total NRP reimbursements	<u>\$80,961</u>

NOTE 4. EQUIPMENT AND DEPRECIATION

Equipment at December 31, 2012 consisted of:

Equipment	\$ 8,986
Less: Accumulated Depreciation	<u>(8,986)</u>
Net book value	<u>\$ ----</u>

NOTE 5. REFUNDABLE ADVANCES

Advances on government contracts for cost reimbursement contracts include:

Contract 96-23462	\$10,000
Contract 96-24882	1,933
Contract 96-24886	7,180
Contract 97-25000	10,000
Contract 97-26721	10,000
Contract 97-25011	10,000
Contract 25429	10,000
Contract 28881	<u>10,000</u>
Total contract advances	<u>\$64,387</u>

**LONGFELLOW COMMUNITY COUNCIL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012**

NOTE 6. LEASE COMMITMENTS

Longfellow Community Council leases office space under an annual lease at \$750 per month with a 30 day notice. The lease payment for 2012 was \$9,000. The LCC leased a copier under a three year lease that expired in September 2012. A new three year lease agreement was signed in October, 2012. Total lease payment for the copier was \$2,037 for 2012.

NOTE 7. TEMPORARY RESTRICTED NET ASSETS

Temporary restricted net assets include contributions restricted for time or specific purposes and include the following amount:

McKnight future funding commitment	\$35,000
MWMO future funding commitment	<u>2,000</u>
Total	<u>\$37,000</u>

NOTE 8. HOME IMPROVEMENT PROGRAM

The LCC has initiated the “Longfellow Home Improvement Program.” Funding for this program of the LCC is provided by the NRP. The program consists of loans and grants for exterior improvements, basic home improvements, major remodeling, and emergency loans. As of December 31, 2012, 192 loans have been closed utilizing \$ 1,731,020. Total funds remaining at year-end for additional loans LCCs \$10.390. During 2012, there were a total of 10 home improvement loans totaling \$43,443. The program is administered by the Center for Energy and Environment/Community Revitalization Resources.

NOTE 9. LINE OF CREDIT

The LCC has a \$25,000 line of credit with US Bank. The line of credit is secured by assets of LCC. There were no draws against the line of credit in 2012, and there as a zero outstanding balance at 12/31/2012.

**LONGFELLOW COMMUNITY COUNCIL
SCHEDULE OF CITY OF MINNEAPOLIS ACTIVITY
FOR THE YEAR ENDED DECEMBER 31, 2012**

	CPP 2011	CPED 2012	NRP Phase I&II	NRP Community Connections	NRP E&T	NRP Housing	NRP River	NRP Planbook	Save NRP	CPED	Total
Cash Collections											
January	\$ 13,457	-	\$ 33,920	\$ 6,051	\$ 2,723	\$ 12,621	\$ 200	-	-	-	68,973
February	-	-	-	-	-	-	-	-	-	-	-
March	30,780	-	15,220	-	-	7,938	3,088	-	-	-	57,026
April	-	-	-	-	-	-	-	-	-	-	-
May	20,924	-	11,371	-	-	9,614	-	-	-	-	41,909
May	-	-	-	-	-	-	-	-	-	-	-
June	-	-	-	-	-	-	-	-	-	6,680	6,680
July	15,045	-	-	-	-	-	-	-	-	-	15,045
August	-	-	37,333	-	-	15,545	-	-	-	-	52,878
September	-	-	-	-	-	-	-	-	-	6,650	6,650
October	-	-	-	-	-	-	-	-	-	-	-
November	-	-	-	-	-	-	-	-	-	-	-
December	-	-	-	-	-	-	-	-	-	-	-
Total cash collections	80,206	-	97,844	6,051	2,723	45,718	3,288	-	-	13,330	249,161
Less: 2011 revenues collected in 2012	(13,457)	-	(33,920)	(6,051)	(2,723)	(12,171)	(200)	-	-	-	(68,523)
Add: 2012 revenues collected in 2013	904	42,868	9,971	1,370	-	25,848	-	-	-	-	80,961
Refundable advance transferred to income	-	-	-	-	-	-	3,269	-	769	-	4,038
Accrued revenue	67,653	42,868	73,895	1,370	-	59,395	6,357	-	769	13,330	265,637
Expenses											
Salaries	40,171	16,636	42,788	-	-	35,684	-	-	-	-	78,472
Payroll Taxes	4,335	1,355	4,113	-	-	3,520	-	-	-	-	7,633
Retirement	1,003	394	778	-	-	604	-	-	-	-	1,382
Professional Services	405	1,328	5,056	-	-	3,574	-	-	-	-	8,630
Insurance	9,347	8,453	4,113	-	-	3,544	-	-	-	-	7,657
Auto	116	68	51	-	-	119	-	-	-	-	170
Advertising	2,719	3,896	1,994	-	-	3,428	-	-	-	-	5,422
Bank Charge	210	-	300	-	-	-	-	-	-	-	300
Childcare	50	-	-	-	-	-	-	-	-	-	-
Computer Equipment	-	889	-	-	-	1,700	-	-	-	-	1,700
Computer Tech Support	650	1,100	-	-	-	-	-	-	-	-	-
Copier Lease	999	692	182	-	-	965	-	-	-	-	1,147
Equipment	-	-	-	-	-	-	-	-	-	-	-
Fees	-	-	31	-	-	-	-	-	-	-	31
Food	135	-	-	-	-	-	-	-	-	-	-
Gifts given	-	-	-	-	-	-	-	-	-	-	-
Membership	250	125	100	-	-	-	-	-	-	-	100
Office Supplies	569	480	47	-	-	253	-	-	-	-	300
Payroll Fees	1,373	1,025	320	-	-	-	-	-	-	-	320
Postage	285	202	169	-	-	287	-	-	-	-	456
Printing	708	176	-	-	-	-	-	-	-	-	-
Project Expenses	-	-	12,000	1,370	-	-	7,269	-	769	11,325	21,408
Special Events	100	-	15	-	-	-	-	-	-	-	15
Sponsorship	-	530	-	-	-	-	-	-	-	-	-
Professional development	-	235	-	-	-	249	-	-	-	-	249
Rent	2,625	3,375	750	-	-	2,250	-	-	-	-	3,000
Utilities	1,804	1,470	153	-	-	2,768	-	-	-	-	2,921
Web Site	-	-	240	-	-	-	-	-	-	-	240
Total Expenses	67,854	42,429	73,200	1,370	-	58,945	7,269	-	769	11,325	141,553
Excess Revenues	(201)	439	695	-	-	450	(912)	-	-	2,005	2,476

**LONGFELLOW COMMUNITY COUNCIL
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
DECEMBER 31, 2012**

12-1 Separation of Duties in the Accounting Function

Due to the limited number of office personnel within Longfellow Community Council, segregation of the accounting functions necessary to ensure adequate internal control is not possible. This is not unusual for operations of this size; however, management should constantly be aware of this condition and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable for strong internal controls.

Client Response

The Longfellow Community Council recognizes and understands the concerns noted by Auditor . The LCC will continue to make every effort to improve these functions. Furthermore, the LCC staff will make sure the LCC Executive Committee and Board of Directors are constantly aware of this condition and will encourage them to take an active and informed role in all of the organization's financial matters.

12-2 Restricted Donations

When a not-for-profit organization collects contributions with donor restrictions attached such as for Buckthorn removal, it is the responsibility of the Organization to use the funds in accordance with the donor restrictions, or continue to maintain the funds as restricted, or ask the funder for permission to use the funds for other purposes, or return the funds to the donor.

Client Response

LCC has determined that all restricted funds have been accounted for at 12/31/2012.

12-3 Compliance Testing

Audit procedures were applied to cash disbursements, cash receipts, and payroll by selecting a small population of transactions and testing the items for compliance with LCC financial procedures. There were no errors found in the testing. Based on the tests applied it appears that disbursements are properly authorized, approved, and recorded. Receipts are safeguarded and deposited timely. In addition, payroll is properly prepared and approved before being processed.

Client Response

We agree with the audit comments

**LONGFELLOW COMMUNITY COUNCIL
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
DECEMBER 31, 2012**

NEW ITEMS

12-4 Internal Controls Over Financial Reporting

Based on the number of accounting adjustments required during the financial review process that LCC's financial statements do not include all of the necessary adjustments to provide financial statements comparable to audited statements distributed to outside users. This is a material internal control weakness. We recommend the LCC Treasurer compare the content of the audit report to current financial reporting and determine if internal accounting practices and reporting need to be adjusted.

In consideration of the increasingly numerous, and costly requirements to adjust financial reporting generally accepted accounting principles, LCC seems to be a good candidate for a modified cash basis of accounting. Under the modified, cash basis, the financial statements would continue to include transactions that increase or decrease cash since the business is relatively simple, and there are limited capital assets, and no debt. However LCC would need to improve reconciliation procedures for balance sheet items.

Client Response

The LCC will explore the idea of moving to an accrual basis accounting system, but must keep in mind the cost, as well as staff time that would go into managing such a system. The bookkeeper will work with the executive director to update balances on a quarterly basis. Financial reporting will be reviewed by the Treasurer.

12-5 Reconciliation of Accounts

In order to make the financial reports generated by the accounting system as meaningful as possible. LCC should reconcile the ledger to supporting documents on a monthly basis. One benefit is that errors do not accumulate but can be identified to a particular period. In addition, the financial statements can then be used by officers to help in the decision making process.

- A cash reconciliation that reconciles the bank balance to the general ledger balance should be prepared to determine that all cash transactions have been recorded properly and to discover bank errors. This reconciliation should be approved by a responsible official.
- A monthly reconciliation of accounts receivable from the general ledger to the accounts receivable detail ledger should be prepared to check that the recording of transactions is accurate and proper and that any adjustments to or write-offs of accounts receivable have been approved.
- A reconciliation of accounts payable from the general ledger to the outstanding accounts payable register should be prepared to determine that all additions to and payments of accounts payable are correctly recorded and to determine whether there are any disputed items.

**LONGFELLOW COMMUNITY COUNCIL
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
DECEMBER 31, 2012**

- Other account balances such as loan balances, fixed assets, etc.. should also be adjusted to the correct balances on a monthly basis. These reconciliations and adjustments will ensure meaningful and accurate financial statements.

Client Response

The bank reconciliation reports are on file in the LCC office. The LCC will consider providing supporting documentation for balance sheet items on a regular basis. These amounts will be presented to the Treasurer for review.

12-6 Monitoring

LCC engages in contracts with other organizations/individuals to accomplish program goals. During the review of cash disbursements, it was unclear how LCC monitors these activities are satisfactory before payment is made. In addition, a competitive bid process is a recommended process for selecting partners.

Client Response

The majority of projects that LCC supports where consultants or partners are paid are projects that are generated through a “scope of service” process through LCC committees. The committees, the LCC staff and the Board of Directors review the scopes of service before they are approved. A competitive bid process for every LCC program would be costly, labor intensive and prevent LCC from implementing community generated programs, projects and activities. We rely on our conflict of interest policy to ensure all board members perform their fiduciary responsibilities in regards to contracts. The process for awarding contracts includes a careful review to match LCC needs with the appropriate contractor.

LCC controls include supporting documentation for every check made to contractors or programs. The supporting documentation includes a “green sheet/check request” form which details the following.

- Date of request
- Staff person submitting request
- Payor information
- Amount of request
- Reason for expense
- Funding source
- Approval from Executive Director and 2 members of the Executive Committee
- Sources and uses

Attached to the check request form is an invoice or explanation of funds used. No checks are issued from LCC with out all of this information filled out on the form. The form, invoices and checks are reviewed and approved by the Executive Director and Executive Committee.

**LONGFELLOW COMMUNITY COUNCIL
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
DECEMBER 31, 2012**

12-7 Personnel Files

The LCC should maintain personnel files for every employee. Each file should contain:

- Signed and dated application of employment.
- Form I-9 Employment Eligibility Verification.
- Date of hire.
- Approved pay rate (updated as changes occur).
- Signed W-4 form.
- Paid time off forms.
- Beneficiary designation form.
- Employee's current address and phone number.
- Next of kin's or other emergency contact's name, address, and current daytime phone number.
- Employee evaluations.
- Employment separation and termination procedures.

A responsible official (Board member) should approve all documents.

Client Response

LCC does and has always maintained personnel files. Per LCC's Personnel Policy, only the Executive Director and the Executive Committee of LCC will have access to these records.

12-8 Fixed Assets

The LCC should maintain fixed asset records that itemize the cost of each piece of equipment. In addition, the equipment should be marked as Property of LCC. Some organizations use a minimum threshold of \$500 for inclusion on the list.

Client Response

LCC does keep a list of our fixed assets that is used annually to assess our organizational liability insurance needs. Laptop computers are not allowed outside of the office unless staff are using the equipment to record meeting minutes.

12-9 Contract Management

LCC has various cost reimbursement contracts with the City of Minneapolis. We noted that the amount owed the City owed to LCC at year-end was a significant amount representing approximately 25% of the annual budget. We encourage LCC to increase the frequency of cost reimbursement to promote timely reporting to more easily identify differences.

Client Response

LCC uses a quarterly schedule to submit payment requests to the City. If there is a more uniform schedule that has been developed by the City of Minneapolis and NCR Department we have not been made aware of it.