

ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

YEARS ENDED DECEMBER 31, 2012 AND 2011



ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY

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INDEPENDENT AUDITOR'S REPORT

August 27, 2013

To the Board of Directors
Associated Ministries of Tacoma/Pierce County
Tacoma, Washington

Report on the Financial Statements

I have audited the accompanying financial statements of Associated Ministries of Tacoma/Pierce County (a nonprofit organization) which comprise the statements of financial position as of December 31, 2012 and 2011, and the related statements of activities, 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my 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 I plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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, I 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. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Associated Ministries of Tacoma/Pierce County 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 Matter

My audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 12 and schedule of expenditures of federal and state awards on page 13 are presented for purposes of additional analysis and are not required parts of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my 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*, I have also issued my report dated August 27, 2013, on my consideration of Associated Ministries of Tacoma/Pierce County's internal control over financial reporting and on my 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 my testing of 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 Associated Ministries of Tacoma/Pierce County's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Mary Jane Dubbs CPA". The signature is written in a cursive, flowing style.

Mary Jane Dubbs
Certified Public Accountant

ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
ASSETS		
Current assets		
Cash in bank	428,908	202,631
Investments	169,814	174,770
Grant receivable	287,141	511,608
Promise to give	69,221	13,625
Other receivables	-	3,775
Trust accounts	144,561	111,437
Prepaid expenses	<u>8,900</u>	<u>3,869</u>
Total current assets	1,108,545	1,021,715
Building and equipment		
Building	218,741	218,741
Building improvements	119,791	119,791
Office furniture and equipment	38,763	35,762
Less: accumulated depreciation	<u>(215,752)</u>	<u>(198,837)</u>
Sub-total	161,543	175,457
Construction in progress	<u>206,935</u>	<u>35,878</u>
Total building and equipment	<u>368,478</u>	<u>211,335</u>
TOTAL ASSETS	<u><u>1,477,023</u></u>	<u><u>1,233,050</u></u>
LIABILITIES AND NET ASSETS		
Liabilities		
Current liabilities		
Accounts payable	235,345	270,721
Trust accounts payable	144,561	111,437
Unearned revenue	<u>700</u>	<u>17,530</u>
TOTAL LIABILITIES	380,606	399,688
Net assets		
Unrestricted		
Board designated	122,448	123,697
Investment in plant	368,478	211,335
Undesignated	<u>182,991</u>	<u>225,378</u>
Total unrestricted	673,917	560,410
Temporarily restricted	<u>422,500</u>	<u>272,952</u>
TOTAL NET ASSETS	<u>1,096,417</u>	<u>833,362</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>1,477,023</u></u>	<u><u>1,233,050</u></u>

ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2012 AND 2011

	<u>2012</u>			<u>2011</u>		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT AND OTHER REVENUES						
Support:						
Churches	48,926	-	48,926	57,594	-	57,594
Individual	167,550	-	167,550	125,624	11,650	137,274
Foundations	272,101	286,252	558,353	243,179	172,726	415,905
Other support	22,111	-	22,111	86,974	38,384	125,358
Special event revenues, net of direct expense of \$13,705 (2011 - \$63,834)	39,241	-	39,241	50,917	-	50,917
Revenue:						
Program revenue	1,898,544	-	1,898,544	2,392,255	-	2,392,255
Generated revenue	1,396	-	1,396	12,686	-	12,686
Interest and dividends	7,361	2,728	10,089	4,315	1,001	5,316
Gain (loss) on sale of fixed assets	-	-	-	(9,676)	-	(9,676)
Net unrealized and realized gains/(losses) on long-term investments	8,387	4,381	12,768	(3,519)	(1,521)	(5,040)
Net assets released from restrictions	143,813	(143,813)	-	-	-	-
TOTAL SUPPORT AND OTHER REVENUES	2,609,430	149,548	2,758,978	2,960,349	222,240	3,182,589
EXPENSES						
Program services						
Access Point for Housing	774,596	-	774,596	733,671	-	733,671
Housing Assistance & Pass-throughs	566,494	-	566,494	1,194,504	-	1,194,504
Other Housing & Shelter Services	174,345	-	174,345	41,292	-	41,292
Pierce County Hunger Walk	209,215	-	209,215	232,760	-	232,760
Payee and Mail Services	93,882	-	93,882	205,952	-	205,952
Asset Building Coalition	93,447	-	93,447	129,766	-	129,766
Paint Tacoma/Pierce Beautiful	130,871	-	130,871	82,616	-	82,616
Congregational Relations	116,519	-	116,519	-	-	-
Group Health Plan	-	-	-	75,593	-	75,593
Other Programs	53,281	-	53,281	75,505	-	75,505
Total program services	2,212,650	-	2,212,650	2,771,659	-	2,771,659
Management and general	169,143	-	169,143	232,751	-	232,751
Fundraising	114,130	-	114,130	98,872	-	98,872
TOTAL EXPENSES	2,495,923	-	2,495,923	3,103,282	-	3,103,282
CHANGES IN NET ASSETS	113,507	149,548	263,055	(142,933)	222,240	79,307
NET ASSETS, BEGINNING OF YEAR	560,410	272,952	833,362	703,343	50,712	754,055
NET ASSETS, END OF YEAR	673,917	422,500	1,096,417	560,410	272,952	833,362

ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from contributions and public support	2,660,564	2,599,232
Cash paid to suppliers and employees	(2,453,168)	(2,756,346)
Interest revenue	10,090	5,316
Net cash provided (used) by operating activities	217,486	(151,798)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(181,518)	(2,750)
Proceeds from sale of investment	199,242	-
Purchase of equipment	(3,001)	(35,762)
Purchase of building improvements	(171,057)	(37,317)
Net cash provided (used) by investing activities	(156,334)	(75,829)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds of contributions from capital campaign	165,125	134,348
Repayment of loan	-	(287)
Net cash provided (used) by financing activities	165,125	134,061
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	226,277	(93,566)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	202,631	296,197
CASH AND CASH EQUIVALENTS AT END OF YEAR	428,908	202,631
RECONCILIATION OF NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Increase (decrease) in net assets	263,055	79,307
Adjustments to reconcile net assets to net cash provided (used) by operating activities:		
Depreciation	16,915	14,339
Unrealized (gain) loss on investments	(12,768)	5,040
Loss on disposal of assets	-	9,676
Proceeds of capital campaign	(165,125)	(134,348)
Donations in-kind received	(33,121)	(96,353)
Donations in-kind expensed	33,121	94,297
(Increase) decrease in:		
Grant receivable	224,467	(361,608)
Promise to give	(55,596)	(3,625)
Other receivables	3,775	(3,775)
Prepaid expenses	(5,031)	112
Increase (decrease) in:		
Accounts payable	(35,376)	227,610
Unearned revenue	(16,830)	17,530
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	217,486	(151,798)

ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY
NOTES TO FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

History of Organization

Associated Ministries of Tacoma/Pierce County (the Organization) was incorporated in the State of Washington on July 22, 1969 as a non-profit Organization. The Organization qualifies as a church controlled organization under Section 3121(w)(3) of the Internal Revenue Code.

Nature of Activities

The Organization is an interfaith organization partnering with 250 congregations and religious groups. The Organization mobilizes more than 3,000 people of faith and goodwill, while also providing direct services to over 2,000 households per month.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Organization considers all unrestricted highly liquid investments with initial maturity of three months or less to be cash equivalents.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Fair Value Disclosures

The fair value of financial instruments including cash and cash equivalents, receivables, prepaid expenses, accounts payable and trust accounts approximates the carrying values, principally because of the short maturity of those items.

Investments

The Organization carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities.

Property and Equipment

Property and equipment are stated at cost or fair value at date of donation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets which ranges from 5 to 40 years.

ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY
NOTES TO FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

Restricted and Unrestricted Revenue

Contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence and/or nature of any donor restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promise becomes unconditional.

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the organization.

Functional Expenses

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Income Taxes

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. The Organization has no unrelated business activities. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

Reclassifications

Certain amounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

NOTE B – DESCRIPTION OF PROGRAM AND SUPPORTING SERVICES

The following program and supporting services are included in the accompanying financial statements:

ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY
NOTES TO FINANCIAL STATEMENTS

NOTE B – DESCRIPTION OF PROGRAM AND SUPPORTING SERVICES – (continued)

Program Services:

Access Point for Housing offers a central point of entry for households experiencing homelessness or will be homeless within 72 hours. Households receive resources to secure housing and other needed services.

Housing Assistance & Pass-throughs help homeless people find shelter and those facing eviction find resources to stay in their homes.

Other Housing & Shelter Services provide expanded services to homeless people through rapid rehousing, temporary shelter in hotels for severe weather and housing programs for youth.

Pierce County Hunger Walk is an annual event to generate support for the local food banks.

Payee and Mail Services strive to create and maintain support networks for families moving from dependence on welfare to self-sufficiency through employment.

Asset Building Coalition is continually developing programs to give low-income wage-earners the tools they need to control, manage and increase their financial resources.

Paint Tacoma/Pierce Beautiful organizes volunteer crews to paint the homes of low-income seniors and disabled residents.

Congregational Relations mobilizes people of faith in Pierce County to engage in education, worship, service and advocacy.

Group Health Plan provides a health plan for member congregations that can make health coverage available to their clergy and staff.

Other Programs include those designed to relieve poverty and hunger, eradicate homelessness and address other housing needs, other pastoral care and assistance, disaster response and a variety of other needs.

Management and General:

Includes the functions necessary to maintain an equitable employment program; ensure an adequate working environment; provide coordination and articulation of the Organization's program strategy; secure proper administrative functioning of the Board of Directors; and manage the financial and budgetary responsibilities of the Organization.

Fundraising:

Provides the structure necessary to encourage and secure private financial support from individuals, foundations, corporations, and churches.

**ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY
NOTES TO FINANCIAL STATEMENTS**

NOTE C – INVESTMENTS

The carrying amounts of the investments approximate their fair values, which are determined using quoted market prices in active markets for identical assets (Level 1).

Investments as of December 31, 2012 and 2011 are as follows:

	<u>2012</u>	<u>2011</u>
Equity Securities	140,953	174,770
Bonds	28,861	-
	<u>169,814</u>	<u>174,770</u>

NOTE D – TRUST ACCOUNTS

The trust accounts are deposit accounts held by the Organization for individuals under two programs with balances as December 31, as follows:

	<u>2012</u>	<u>2011</u>
Asset Building Coalition	-	45,496
Payee and Mail Services	144,561	65,941
	<u>144,561</u>	<u>111,437</u>

Under the Pierce County Asset Building Coalition program, the State of Washington encourages savings to low-income individuals through matching the participant’s savings goal towards the purchase of an asset, such as a home, education or work-related expenses. The Organization holds funds for participating individuals under trust deposits. The State of Washington funding for individual development account program was discontinued in 2012.

In Payee and Mail Services, the Organization acts as an agent for the Social Security Administration and the Department of Social and Health Services. The Organization holds and disburses social security funds and welfare funds for individuals that need assistance managing their finances for a minimal fee.

NOTE E – LINE OF CREDIT

December 7, 2012, the Organization has entered in a revolving line of credit agreement with a bank to borrow up to \$150,000 at the bank’s prime rate plus 1.5%. The interest rate at December 31, 2012 was 4.75%. The Organization is required to pay monthly payments of all accrued unpaid interest. Any outstanding principal and interest is due at maturity on August 1, 2013. The line of credit is collateralized by substantially all assets of the Organization. The line remained unused as of December 31, 2012.

**ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY
NOTES TO FINANCIAL STATEMENTS**

NOTE F – CONSTRUCTION LOAN

On December 7, 2012, the Organization has entered in a construction loan agreement with a bank to borrow up to \$250,000 at the bank’s prime rate plus 2%. The Organization had not drawn on the construction loan as of December 31, 2012. Upon completion of construction project and other certain conditions, the construction loan will convert to a 5 year permanent loan.

NOTE G – DONATIONS IN-KIND

The fair value of donations in-kind included as contributions in the financial statements and the corresponding program expenses for the years ended December 31, 2012 and 2011 are as follows:

	2012	2011
Asset Building Coalition	19,864	32,665

NOTE H – PROGRAM REVENUES

Program revenues included in the financial statements for the years ended December 31, 2012 and 2011, respectively, were for the following programs:

	2012	2011
Access Point for Housing	713,961	603,091
Housing Assistance & Pass-throughs	555,108	1,178,954
Other Housing & Shelter Services	126,013	41,594
Pierce County Hunger Walk	234,002	233,040
Payee and Mail	99,664	124,420
Asset Building Coalition	51,505	54,373
Paint Tacoma Pierce Beautiful	83,540	58,895
Congregational Relations	23,882	-
Group Health	-	77,888
Other Programs	10,869	20,000
Total	1,898,544	2,392,255

NOTE I – CONCENTRATION OF SUPPORT

The Organization receives approximately 60% and 68% of its revenues from governmental units for the years ended December 31, 2012 and 2011, respectively. A significant reduction in the level of this support, if it were to occur, would have a significant effect on the Organization’s programs and activities.

ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY
NOTES TO FINANCIAL STATEMENTS

NOTE J – CONCENTRATION OF CREDIT RISK

The Organization maintains its cash balances in a financial institution located in the South Puget Sound. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2012 and 2011, the Organization had no uninsured balances.

In addition, the Organization has investments in uninsured mutual funds and common stocks. At December 31, 2012 and 2011 the balances were \$171,741 and \$236,835, respectively.

NOTE K – DEFINED CONTRIBUTION PLAN

The Organization sponsors a defined contribution pension plan (the Plan) under Section 403(b) of the Internal Revenue Code covering employees that meet specified age and service requirements. The Organization makes a contribution to the Plan approximately 3% and 3% of total employee wages for the years ended December 31, 2012 and 2011, respectively. Total expenses for the years ended December 31, 2012 and 2011 were \$31,505 and \$26,207, respectively.

Clergy employees are also covered under various other denominational plans. Contributions made to these denominational pension plans in 2012 and 2011 totaled \$14,678 and \$19,800, respectively.

NOTE L – ENDOWMENT FUND

The Organization is a beneficiary of an endowment fund maintained by Greater Tacoma Community Foundation. The earnings on this fund are distributed to the Organization annually. The fund had not made any distribution for the years 2012 and 2011. The balance of the fund as of December 31, 2012 and 2011 was \$5,943 and \$5,564, respectively.

NOTE M – SUBSEQUENT EVENTS

Subsequent events were evaluated through August 27, 2013, which is the date the financial statements were available to be issued. There were no subsequent events that are material to the financial statements, except as described below.

By April 2013, the Organization had used its \$250,000 construction loan described on Note F to the financial statements, and had converted it to a 5 year loan requiring monthly payments of \$1,313.94 monthly for 59 months starting on May 15, 2013 and a balloon payment of \$218,754.09 on April 15, 2018. The note bears interest of 3.91%.

SUPPLEMENTARY INFORMATION

ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY
SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2012
(WITH COMPARATIVE TOTALS FOR 2011)

	Access Point for Housing	Housing Assistance & Pass-throughs	Other Housing & Shelter Services	Pierce County Hunger Walk	Payee and Mail Services	Asset Building Coalition	Paint Tacoma/ Pierce Beautiful	Congregational Relations	Other Programs	Total program services	Management and general	Fundraising	2012	2011
Program services	137,733	512,402	50,053	153,604	29	21,247	27,789	23,856	7,090	933,803	205	29	934,037	1,460,285
Salaries	451,047	37,085	90,974	21,733	63,006	41,692	66,853	58,855	32,498	863,743	103,244	72,838	1,039,825	980,918
Benefits	78,909	6,803	17,120	4,220	12,205	6,976	9,395	11,643	5,441	152,712	15,375	13,307	181,394	173,003
Payroll taxes	44,880	3,629	8,918	1,246	6,904	4,127	6,684	1,774	2,979	81,141	7,056	5,227	93,424	98,928
Professional expense	3,560	220	(306)	129	559	12,726	599	3,005	1,102	21,594	11,603	372	33,569	73,043
Occupancy	12,927	761	2,059	447	1,931	1,009	2,485	995	696	23,310	6,124	1,283	30,717	65,145
Supplies	4,956	238	650	16,966	2,544	1,090	5,730	9,771	301	42,246	4,006	6,859	53,111	83,855
Telephone and technolog	17,267	658	2,300	2,711	1,907	1,280	1,693	1,583	725	30,124	5,177	2,271	37,572	44,846
Travel and training	7,063	3,570	420	652	266	1,807	3,082	3,080	1,094	21,034	9,117	1,453	31,604	42,895
Printing and copying	4,863	291	127	5,381	922	462	3,279	741	496	16,562	1,158	3,363	21,083	32,558
Postage	543	140	143	1,716	1,840	107	1,546	316	221	6,572	626	5,953	13,151	24,150
Depreciation	6,993	444	1,201	261	1,126	588	1,105	573	406	12,697	3,470	748	16,915	14,339
Insurance	3,855	253	686	149	643	336	631	327	232	7,112	1,982	427	9,521	9,317
TOTAL EXPENSES	774,596	566,494	174,345	209,215	93,882	93,447	130,871	116,519	53,281	2,212,650	169,143	114,130	2,495,923	3,103,282

**ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED DECEMBER 31, 2012**

<u>Agency Name</u>	CFDA <u>Number</u>	Grant Name/ <u>ID Number</u>	<u>Expenditures</u>
FEDERAL AWARDS			
Internal Revenue Services			
Voluntary Income Tax Assistance	21.009	V12349	24,047
Total Internal Revenue Service			<u>24,047</u>
U.S. Department of Homeland Security			
Emergency Food and Shelter Program	97.024	30-8914-00	27,086
	97.024	891400-033	
	97.024	891400-048	
Total U.S. Department of Homeland Security			<u>27,086</u>
U.S. Department of Housing and Urban Development			
Pass-through from Pierce County			
Community Development Block Grant/Entitlement Grant	14.218	91212	9,500
Pass-through from City of Tacoma			
Community Development Block Grant/Entitlement Grant	14.218	13771	63,395
	14.218	12400	1,416
Pass-through from City of Lakewood			
Community Development Block Grant/Entitlement Grant	14.218	FY2012-02	10,646
Total U.S. Department of Housing and Urban Development			<u>84,957</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>136,090</u>
STATE AWARDS			
Washington Department of Commerce			
Asset Building Coalition	N/A	S12-32110-001	27,458
Individual Development Accounts	N/A	S-08-32108-001	869
Total Washington Department of Commerce			<u>28,327</u>
Pass-through from Pierce County Community Connections			
Dispute Resolution	97.067	84857	10,000
Homeless Housing Program	N/A	90691	579,730
Homeless Housing Program	N/A	78591	199,746
Emergency Shelter Operations and Maintenance	N/A	90480	10,248
Emergency Shelter Operations and Maintenance	14.231	10-46000-226	420,515
Emergency Shelter Operations and Maintenance	N/A	90632	123,384
Total EXPENDITURES OF STATE AWARDS			<u>1,371,950</u>
TOTAL AWARDS			<u><u>1,508,040</u></u>

**ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED DECEMBER 31, 2012**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal and State Awards (the Schedule) includes the federal and state grant activity of Associated Ministries of Tacoma/Pierce County (the Organization) under programs of the federal and state government. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- (1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) Pass-through entity identifying numbers are presented where available.

NOTE C – SUBRECIPIENTS

Of the federal and state expenditures presented in the Schedule, the Organization provided state awards to subrecipients as follows:

<u>Subrecipients</u>	<u>Emergency Shelter & Homeless Prevention</u>	<u>Emergency Shelter Operations and Maintenance</u>
CCS/Phoenix Housing Network	67,219	7,353
CCS/Tacoma Avenue Shelter	45,000	23,125
Helping Hand House	25,960	9,239
LASA	40,159	5,762
Metropolitan Development Council	15,000	-
Network Tacoma	-	4,058
New Phoebe House	41,100	6,903
Salvation Army	56,442	14,903
Share and Care House	44,122	-
Tacoma Rescue Mission	-	24,143
The Rescue Mission	-	1,743
YWCA Women’s Support Shelter	45,000	13,119
Total	<u>380,002</u>	<u>110,348</u>

**INDEPENDENT AUDITOR'S 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**

August 27, 2013

To the Board of Directors
Associated Ministries of Tacoma/Pierce County
Tacoma, Washington

I have audited, 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, the financial statements of Associated Ministries of Tacoma/Pierce County (a nonprofit organization) as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise Associated Ministries of Tacoma/Pierce County's basic financial statements, and have issued my report thereon dated August 27, 2013.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Associated Ministries of Tacoma/Pierce County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Associated Ministries of Tacoma/Pierce County's internal control. Accordingly, I do not express an opinion on the effectiveness of the Organization'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, 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.

My 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 my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Associated Ministries of Tacoma/Pierce County's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my 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 my testing of internal control and compliance and the results 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.



Mary Jane Dubbs
Certified Public Accountant