

ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

YEARS ENDED DECEMBER 31, 2013 AND 2012



ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY

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INDEPENDENT AUDITOR'S REPORT

August 27, 2014

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, 2013 and 2012, 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, 2013 and 2012, 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 13 and schedule of expenditures of federal and state awards on page 14 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, 2014, 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.



Mary Jane Dubbs
Certified Public Accountant
University Place, WA

ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012
ASSETS		
Current assets		
Cash and cash equivalents	59,948	428,908
Investments	192,727	169,814
Grants receivable	447,398	287,141
Promises to give	61,566	69,221
Trust accounts	150,636	144,561
Prepaid expenses	6,451	7,206
Total current assets	918,726	1,106,851
Building and equipment		
Building	837,883	338,532
Office furniture and equipment	69,521	38,763
Less: accumulated depreciation	(245,641)	(215,752)
Sub-total	661,763	161,543
Construction in progress	-	206,935
Total building and equipment	661,763	368,478
Other assets		
Loan cost, net of amortization of \$339 (2012 - \$0)	1,355	1,694
TOTAL ASSETS	1,581,844	1,477,023
LIABILITIES AND NET ASSETS		
Liabilities		
Current liabilities		
Accounts payable	69,865	235,345
Trust accounts payable	150,636	144,561
Unearned revenue	-	700
Current portion of long-term debt	6,300	-
Line of credit	18,000	-
Total current liabilities	244,801	380,606
Long-term debt		
Loan payable, net of current portion	240,071	-
Total long-term debt	240,071	-
TOTAL LIABILITIES	484,872	380,606
Net assets		
Unrestricted		
Board designated	137,512	122,448
Investment in plant	661,763	368,478
Undesignated	46,391	182,991
Total unrestricted	845,666	673,917
Temporarily restricted	251,306	422,500
TOTAL NET ASSETS	1,096,972	1,096,417
TOTAL LIABILITIES AND NET ASSETS	1,581,844	1,477,023

ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2013 AND 2012

	<u>2013</u>			<u>2012</u>		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND OTHER REVENUES						
Support:						
Churches	35,409	-	35,409	48,926	-	48,926
Individuals	113,944	-	113,944	167,550	-	167,550
Foundations	182,633	49,025	231,658	272,101	286,252	558,353
Other support	52,814	-	52,814	23,507	-	23,507
Grants	105,000	-	105,000	-	-	-
Special event revenues, net of direct expense of \$3,545 (2012 - \$13,705)	35,034	-	35,034	39,241	-	39,241
Revenue:						
Program revenue	1,541,763	-	1,541,763	1,898,544	-	1,898,544
Interest and dividends	14,181	-	14,181	7,361	2,728	10,089
Net unrealized and realized gains/(losses) on long-term investments	11,704	6,041	17,745	8,387	4,381	12,768
Net assets released from restrictions	226,260	(226,260)	-	143,813	(143,813)	-
TOTAL SUPPORT AND OTHER REVENUES	2,318,742	(171,194)	2,147,548	2,609,430	149,548	2,758,978
EXPENSES						
Program services						
Access Point for Housing	726,993	-	726,993	774,596	-	774,596
Housing Assistance & Pass-throughs	164,364	-	164,364	566,494	-	566,494
Housing & Shelter Services	390,010	-	390,010	174,345	-	174,345
Pierce County Hunger Walk	178,339	-	178,339	209,215	-	209,215
Payee and Mail Services	74,967	-	74,967	93,882	-	93,882
Asset Building Coalition	122,792	-	122,792	93,447	-	93,447
Paint Tacoma/Pierce Beautiful	133,656	-	133,656	130,871	-	130,871
Congregational Relations	59,498	-	59,498	116,519	-	116,519
Other Programs	65,171	-	65,171	53,281	-	53,281
Total program services	1,915,790	-	1,915,790	2,212,650	-	2,212,650
Management and general	148,491	-	148,491	169,143	-	169,143
Fundraising	82,712	-	82,712	114,130	-	114,130
TOTAL EXPENSES	2,146,993	-	2,146,993	2,495,923	-	2,495,923
CHANGES IN NET ASSETS	171,749	(171,194)	555	113,507	149,548	263,055
NET ASSETS, BEGINNING OF YEAR	673,917	422,500	1,096,417	560,410	272,952	833,362
NET ASSETS, END OF YEAR	845,666	251,306	1,096,972	673,917	422,500	1,096,417

ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from contributions and public support	1,786,013	2,660,565
Cash paid to suppliers and employees	(2,134,661)	(2,550,523)
Interest revenue	14,181	10,089
Net cash provided (used) by operating activities	(334,467)	120,131
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(42,391)	(181,518)
Proceeds from sale of investment	37,223	199,242
Purchase of equipment	(30,758)	(3,001)
Purchase of building improvements	(367,938)	(73,702)
Net cash (used) by investing activities	(403,864)	(58,979)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds of contributions from capital campaign	105,000	165,125
Borrowings on line of credit	18,000	-
Proceeds from long-term debt	246,371	-
Net cash provided by financing activities	369,371	165,125
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(368,960)	226,277
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	428,908	202,631
CASH AND CASH EQUIVALENTS AT END OF YEAR	59,948	428,908
RECONCILIATION OF NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Increase in net assets	555	263,055
Adjustments to reconcile net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	30,228	16,915
Unrealized (gain) on investments	(17,745)	(12,768)
Proceeds of capital campaign	(105,000)	(165,125)
(Increase) decrease in:		
Grant receivable	(160,257)	224,467
Promise to give	7,655	(55,596)
Other receivables	-	3,775
Prepaid expenses	755	(5,031)
(Decrease) in:		
Accounts payable	(89,958)	(132,731)
Unearned revenue	(700)	(16,830)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(334,467)	120,131
Purchase of building improvements		
Cost of remodeling	389,771	171,057
Accounts payable	(21,833)	(97,355)
Cash payment of remodeling	367,938	73,702

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 that are restricted by the donor are reported as increases in unrestricted net assets if the restriction expires in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the nature of the 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.

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

NOTE B – DESCRIPTION OF PROGRAM AND SUPPORTING SERVICES

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

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.

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.

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, 2013 and 2012 are as follows:

	2013	2012
Equity Securities	127,165	140,953
Bonds	65,562	28,861
	192,727	169,814

NOTE D – TRUST ACCOUNTS

The trust accounts are deposit accounts held by the Organization for individuals under Payee and Mail Services program. 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

The Organization has 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, 2013 and 2012 was 4.75%. The Organization is required to pay monthly payments of all accrued unpaid interest. The line of credit is collateralized by substantially all assets of the Organization.

NOTE F – LONG-TERM DEBT

Long-term notes payable at December 31, 2013 and 2012 consist of the following:

	2013	2012
3.910% bank note secured by substantially all assets of the Organization, requiring 59 monthly payments of \$1,313.94 and one irregular last payment estimated at \$218,754 at maturity on April 15, 2018	246,371	-

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

NOTE F – CONSTRUCTION LOAN – (continued)

The maturity of long term debt is as follows:

Year Ending <u>December 31,</u>	
2014	6,300
2015	6,511
2016	6,770
2017	7,040
2018	<u>219,750</u>
	<u><u>246,371</u></u>

NOTE G – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were available for the following purposes at December 31:

	<u>2013</u>	<u>2012</u>
Remodeling	-	15,867
Housing & Shelter Services: general activities	180,520	337,669
Other Programs: general activities	<u>70,786</u>	<u>68,964</u>
Total	<u><u>251,306</u></u>	<u><u>422,500</u></u>

NOTE H – DONATED SERVICES

The fair value of donated services included as contributions in the financial statements and the corresponding program expenses for the years ended December 31, 2013 and 2012 are as follows:

	<u>2013</u>	<u>2012</u>
Asset Building Coalition – Tax return preparation	<u><u>31,609</u></u>	<u><u>19,864</u></u>

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

NOTE I – PROGRAM REVENUES

Program revenues included in the financial statements for the years ended December 31, 2013 and 2012, respectively, were for the following programs:

	<u>2013</u>	<u>2012</u>
Access Point for Housing	726,240	713,961
Housing Assistance & Pass-throughs	127,020	555,108
Housing & Shelter Services	237,664	126,013
Pierce County Hunger Walk	176,914	234,002
Payee and Mail Services	109,129	99,664
Asset Building Coalition	57,743	51,505
Paint Tacoma/Pierce Beautiful	90,143	83,540
Congregational Relations	3,912	23,882
Other Programs	<u>12,998</u>	<u>10,869</u>
 Total	 <u>1,541,763</u>	 <u>1,898,544</u>

NOTE J– CONCENTRATION OF SUPPORT

The Organization receives approximately 68% and 60% of its revenues from governmental units for the years ended December 31, 2013 and 2012, 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.

NOTE K – CONCENTRATION OF CREDIT RISK

The Organization maintains cash balances in banks located in the South Puget Sound. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000.

Also, the Organization maintains cash in deposit accounts with a high credit quality financial institution. The accounts are not federally insured. At December 31, 2013 and 2012, the Organization had uninsured balances of \$120 and \$1,927, respectively.

In addition, the Organization has investments in uninsured mutual funds and common stocks. At December 31, 2013 and 2012 the balances were \$192,727 and \$169,814, respectively.

ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY
NOTES TO FINANCIAL STATEMENTS

NOTE L – 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 contributed to the Plan 6% of employee wages for the first half of year 2012, and then 3% thereafter. Total expenses for the years ended December 31, 2013 and 2012 were \$18,441 and \$31,505, respectively.

Clergy employees are covered under various other denominational plans. Contributions made to these denominational pension plans in 2013 and 2012 totaled \$16,176 and \$14,678, respectively.

NOTE M – 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 Organization received \$200 and \$248 distribution for the years 2013 and 2012. The balance of the fund as of December 31, 2013 and 2012 was \$6,450 and \$5,564, respectively.

NOTE N – SUBSEQUENT EVENTS

Subsequent events were evaluated through August 27, 2014, 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.

SUPPLEMENTARY INFORMATION

ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY
SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2013
(WITH COMPARATIVE TOTALS FOR 2012)

	Access Point for Housing	Housing Assistance & Pass- throughs	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	2013	2012
Assistance	-	117,259	36,915	100,246	-	-	-	-	16,841	271,261	-	-	271,261	934,037
Salaries	527,139	30,452	247,331	23,525	49,583	48,500	65,334	30,728	24,161	1,046,753	79,638	55,994	1,182,385	1,039,825
Benefits	78,522	3,964	33,144	3,487	7,616	6,610	9,066	5,162	3,430	151,001	13,735	9,469	174,205	181,394
Payroll taxes	50,319	2,681	21,474	2,002	4,923	4,483	6,087	1,560	2,161	95,690	5,736	3,826	105,252	93,424
Professional expense	11,653	312	5,137	24,259	114	47,446	223	5,658	2,242	97,044	14,347	118	111,509	33,569
Occupancy	8,773	2,110	12,247	1,748	795	1,238	1,365	843	1,887	31,006	3,365	796	35,167	30,717
Supplies	4,906	1,156	7,949	14,944	5,556	5,721	41,493	8,111	1,181	91,017	5,272	721	97,010	53,111
Telephone and technology	20,812	2,286	9,959	2,046	1,517	2,621	1,820	1,390	9,653	52,104	4,693	3,240	60,037	37,572
Travel and training	8,848	424	8,983	655	596	2,705	1,045	4,001	302	27,559	4,822	939	33,320	31,604
Interest	-	-	-	-	-	-	-	-	-	-	8,051	-	8,051	-
Printing and copying	4,665	178	1,059	1,102	532	1,224	3,183	793	173	12,909	1,704	2,891	17,504	21,083
Postage	139	59	87	1,440	2,462	200	1,832	273	25	6,517	373	3,404	10,294	13,151
Depreciation and amortizat	8,468	2,629	3,786	2,178	961	1,543	1,667	739	2,352	24,323	4,913	992	30,228	16,915
Insurance	2,749	854	1,939	707	312	501	541	240	763	8,606	1,842	322	10,770	9,521
TOTAL EXPENSES	726,993	164,364	390,010	178,339	74,967	122,792	133,656	59,498	65,171	1,915,790	148,491	82,712	2,146,993	2,495,923

**ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED DECEMBER 31, 2013**

<u>Agency Name</u>	<u>CFDA Number</u>	<u>Grant Name/ ID Number</u>	<u>Expenditure</u>
FEDERAL AWARDS			
Internal Revenue Services			
Voluntary Income Tax Assistance	21.009	V13308	40,560
	21.009	V14308	<u>12,486</u>
Total Internal Revenue Service			53,046
U.S. Department of Homeland Security			
Emergency Food and Shelter Program	97.024	30-8914-00	<u>16,454</u>
Total U.S. Department of Homeland Security			16,454
U.S. Department of Housing and Urban Development			
Pass-through from City of Lakewood			
Community Development Block Grant/Entitlement C	14.218	FY2012-02	11,090
	14.218	FY2013	11,803
Pass-through from City of Tacoma			
Community Development Block Grant/Entitlement C	14.218	13771	<u>76,272</u>
Total U.S. Department of Housing and Urban Development			<u>99,165</u>
 TOTAL EXPENDITURES OF FEDERAL AWARDS			 <u>168,665</u>
STATE AWARDS			
Washington Department of Commerce			
Asset Building Coalition	N/A	S12-32110-001	20,534
Asset Building Coalition	N/A	N/A	1,809
Asset Building Coalition	N/A	S15-32010-001	14,281
Construction Grant	N/A	14-93213-001	<u>101,850</u>
Total Washington Department of Commerce			138,474
Washington Housing Finance Commission			
Foreclosure	N/A	N/A	<u>59,295</u>
Total Washington Housing Finance Commission			59,295
Washington Department of Social and Health Services			
Pass-through from Pierce County Community Connections			
Dispute Resolution	97.067	84857	8,221
Homeless Housing Program	N/A	90691	691,835
Emergency Shelter Operations and Maintenance	N/A	90480	163,854
Emergency Shelter Operations and Maintenance	N/A	90632	49,861
Emergency Shelter Operations and Maintenance	N/A	91004	73,966
Pass-through from City of Tacoma			
Homeless Housing Program	N/A	N/A	79,939
Total Washington Department of Social and Health Services			<u>1,067,676</u>
 TOTAL EXPENDITURES OF STATE AWARDS			 <u>1,265,445</u>
 TOTAL AWARDS			 <u>1,434,110</u>

**ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED DECEMBER 31, 2013**

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 sub-recipients as follows:

Sub-recipients	Emergency Shelter Operations and Maintenance
CCS/Phoenix Housing Network	6,880
CCS/Tacoma Avenue Shelter	18,341
Helping Hand House	12,891
LASA	8,243
Network Tacoma	3,496
New Phoebe House	3,784
Salvation Army	19,108
Tacoma Rescue Mission	24,829
YWCA Camp Seymour	774
YWCA Women’s Support Shelter	9,631
Total	107,977

**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, 2014

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), which comprise the statement of financial position as of December 31, 2013, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated August 27, 2014.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, 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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Mary Jane Dubbs
Certified Public Accountant
University Place, WA