

**CAPI USA**  
Minneapolis, Minnesota

---

Financial Statements  
Auditor's Report  
For the Years Ended  
December 31, 2015 and 2014



**CERTIFIED PUBLIC ACCOUNTANTS**

## CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT .....	1
EXHIBIT A:        Statements of Activities and Changes in Net Assets – For the Years Ended December 31, 2015 and 2014 .....	2
EXHIBIT B:        Statement of Functional Expense – For the Year Ended December 31, 2015 with Comparative Totals for 2014 .....	3
EXHIBIT C:        Statement of Functional Expense – For the Year Ended December 31, 2014 .....	4
EXHIBIT D:        Statements of Financial Position – December 31, 2015 and 2014 .....	5
EXHIBIT E:        Statements of Cash Flows – For the Years Ended December 31, 2015 and 2014 .....	6
NOTES TO FINANCIAL STATEMENTS .....	7-14



Carpenter Evert & Associates

Certified Public Accountants

7760 France Avenue S. Suite 940 Bloomington Minnesota 55016

952.831.0085 [carpenterevert.com](http://carpenterevert.com)

Independent Auditor's Report

Board of Directors  
CAPI USA  
Minneapolis, Minnesota

We have audited the accompanying financial statements of CAPI USA, which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities and changes in net assets, functional expense, 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

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CAPI USA as of December 31, 2015 and 2014, and the statements of activities and 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.

*Carpenter Evert and Associates, LTD.*  
Certified Public Accountants

Minneapolis, Minnesota  
May 20, 2016

CAPI USA  
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015		2014	
	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted
Support and Revenue:				
Contributions	\$ 260,023	\$ 210,500	\$ 470,523	\$ 239,456
United Way	75,160	-	75,160	-
Government Grants and Contracts	955,873	-	955,873	-
Program Service Fees	15,228	-	15,228	-
Investment Income	222	-	222	-
Miscellaneous Income	4,855	-	4,855	-
Net Assets Released from Restrictions:				
Satisfaction of Program Restrictions	210,456	(210,456)	-	(129,440)
Satisfaction of Time Restrictions	10,000	(10,000)	-	(73,000)
Total Support and Revenue	1,531,817	(9,956)	1,521,861	37,016
Expense:				
Program Services	1,338,017	-	1,338,017	-
Support Services:				
Management and General	181,963	-	181,963	-
Fundraising	38,554	-	38,554	-
Total Support Services	220,517	-	220,517	-
Total Expense	1,558,534	-	1,558,534	-
Change in Net Assets	(26,717)	(9,956)	(36,673)	37,016
Net Assets - Beginning of Year	2,022,219	239,456	2,261,675	202,440
Net Assets - End of Year	\$ 1,995,502	\$ 229,500	\$ 2,225,002	\$ 239,456
				\$ 2,261,675

The accompanying Notes to Financial Statements  
are an integral part of these statements.

EXHIBIT B

CAPI USA

STATEMENT OF FUNCTIONAL EXPENSE  
FOR THE YEAR ENDED DECEMBER 31, 2015  
WITH COMPARATIVE TOTALS FOR 2014

	2015				2014	
	Total Program Services	Management & General	Fund- raising	Total Support Services	Total All Services	Total All Services
Salaries	\$ 560,640	\$ 43,193	\$ 2,954	\$ 46,147	\$ 606,787	\$ 577,366
Employee Benefits	52,152	4,018	275	4,293	56,445	58,979
Payroll Taxes	59,007	4,546	311	4,857	63,864	51,120
Total Personnel Costs	671,799	51,757	3,540	55,297	727,096	687,465
Participant Expense	355,717	-	-	-	355,717	305,944
Professional Fees	115,278	107,020	39,800	146,820	262,098	214,215
Occupancy	50,180	2,898	229	3,127	53,307	47,011
Office Expense	23,394	4,395	16	4,411	27,805	24,483
Staff and Volunteer Development	22,067	3,031	-	3,031	25,098	8,654
Travel	19,613	278	15	293	19,906	14,753
Telecommunications	7,012	2,648	10	2,658	9,670	9,746
Miscellaneous	2,622	1,003	16	1,019	3,641	4,726
Depreciation	64,147	8,933	1,116	10,049	74,196	73,367
Total Expense	\$ 1,331,829	\$ 181,963	\$ 44,742	\$ 226,705	\$ 1,558,534	\$ 1,390,364

The accompanying Notes to Financial Statements  
are an integral part of this statement.

CAPI USA  
STATEMENT OF FUNCTIONAL EXPENSE  
FOR THE YEAR ENDED DECEMBER 31, 2014

	Support Services			
	Total Program Services	Management & General	Fund- raising	Total Support Services
Salaries	\$ 516,218	\$ 47,460	\$ 13,688	\$ 61,148
Employee Benefits	52,733	4,848	1,398	6,246
Payroll Taxes	45,706	4,202	1,212	5,414
Total Personnel Costs	<u>614,657</u>	<u>56,510</u>	<u>16,298</u>	<u>72,808</u>
Participant Expense	305,944	-	-	-
Professional Fees	97,066	90,610	26,539	117,149
Occupancy	43,609	2,811	591	3,402
Office Expense	21,547	2,923	13	2,936
Staff and Volunteer Development	6,900	1,754	-	1,754
Travel	14,367	386	-	386
Telecommunications	7,996	1,740	10	1,750
Miscellaneous	2,019	2,707	-	2,707
Depreciation	65,297	6,603	1,467	8,070
Total Expense	<u>\$ 1,179,402</u>	<u>\$ 166,044</u>	<u>\$ 44,918</u>	<u>\$ 210,962</u>
				<u>\$ 1,390,364</u>

The accompanying Notes to Financial Statements  
are an integral part of this statement.

CAPI USA  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2015 AND 2014

<u>ASSETS</u>	<u>2015</u>	<u>2014</u>
Current Assets:		
Cash and Cash Equivalents	\$ 485,200	\$ 534,816
Accounts Receivable	273,548	162,978
Pledges and Grants Receivable	60,000	49,000
Prepaid Expenses	47,590	49,281
Total Current Assets	866,338	796,075
Noncurrent Assets:		
Investments	11,829	11,942
Property and Equipment - Net	1,457,808	1,530,504
TOTAL ASSETS	\$ 2,335,975	\$ 2,338,521
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts Payable	\$ 57,994	\$ 26,939
Accrued Salaries and Payroll Withholding	51,979	48,347
Security Deposit	1,000	1,560
Total Liabilities	110,973	76,846
Net Assets:		
Unrestricted	1,995,502	2,022,219
Temporarily Restricted	229,500	239,456
Total Net Assets	2,225,002	2,261,675
TOTAL LIABILITIES AND NET ASSETS	\$ 2,335,975	\$ 2,338,521

The accompanying Notes to Financial Statements  
are an integral part of these statements.

CAPI USA  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

<u>Increase (Decrease) in Cash and Cash Equivalents</u>	<u>2015</u>	<u>2014</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ (36,673)	\$ 34,975
Total Adjustments	<u>(11,443)</u>	<u>(54,444)</u>
Net Cash Used by Operating Activities	(48,116)	(19,469)
Cash Flows from Investing Activities:		
Purchases of Property and Equipment	(1,500)	(16,904)
Cash Flows from Financing Activities:		
None	<u>-</u>	<u>-</u>
Net Decrease in Cash and Cash Equivalents	(49,616)	(36,373)
Cash and Cash Equivalents - Beginning of Year	<u>534,816</u>	<u>571,189</u>
Cash and Cash Equivalents - End of Year	<u>\$ 485,200</u>	<u>\$ 534,816</u>

The accompanying Notes to Financial Statements  
 are an integral part of these statements.



CAPI USA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014

1. Summary of Significant Accounting Policies

Organizational Purpose

CAPI USA (CAPI) , founded in 1982 as the Center for Asian Pacific Islanders, implements anti-poverty programs such as jobs, housing, food, health, and social services, to promote the leadership, economic independence, and self-determination of refugees and immigrants. The Organization's vision is that all refugees and immigrants lead successful lives and exercise fully their civic rights and responsibilities.

CAPI's programs are as follows:

Workforce Development

CAPI's Workforce programs help individuals secure sustainable career pathways via educational and vocational training programs, job placement, and other support services. In 2015, CAPI's MFIP, Refugee Employment, and Immigrant Career Pathways programs served 707 individuals and facilitated 250 job placements during the year. During the year, a new Volunteer Income Tax Assistance (VITA) program was launched with plans to begin serving CAPI clients in 2016 for the first time. Also, during the year, 28 clients participated in financial literacy training. CAPI's workforce development capacity was enhance by four full-time AmeriCorps/VISTA. Refugee Settlement Services – CAPI's RSS Advocate assisted 26 unduplicated enrollments new arrivals achieve outcomes associated with housing, naturalization and securing supportive resources than enhance independent functioning.

Food and Nutrition Services

An average of 443 insecure Asian households received nutritious food each month from CAPI's Asian-specific food shelf. In 2015, a total of 432,274 pounds of foods were distributed to insecure Asian households received nutritious food each month from CAPI's Asian-specific food shelf. A total of 389 heads of households were screened for federal programs and provided information and referrals for economic support services including Minnesota Food Help Line and employment services. The program also sponsored different community gardens during the year and assigned gardening plots to 396 immigrant gardeners. Further, the program facilitated 2 intensive small group cooking and nutrition classes with 12 participants and engaged in a new SNAP Outreach and Enrollment Project which resulted in 14 new SNAP enrollments. Between the months of July – September 2015, CAPI worked closely with New Millennium Academy and Kashia Adult Day Services to distribute fresh produce and bakery goods to more than 950 households in North Minneapolis and Brooklyn Center. We distributed a total of 60,938 pounds of produce during the distributions.

CAPI USA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014

1. Summary of Significant Accounting Policies (continued)

Health and Human Services

Health and Human Services included 3 distinct programs:

Hmong Seniors Program – this program has grown with new funding and now offers comprehensive support to 60 Hmong seniors and 30 adult caregivers. A new volunteer home visitation component was launched and CAPI aimed to secure at least 30 volunteers by the end of the year. Given the vulnerability of CAPI’s seniors in the program, we intentionally recruited and secured bilingual and cultural volunteers for the program, and currently have 7 strong volunteers matched with seniors. The program also established a partnership with The Family Partnership for mental health referrals and connections for mental health-related needs and services for the seniors. CAPI’s Hmong Caregiver Program – this program 154 caregivers and indirectly supported 85 Hmong elders providing access assistance and counseling.

Immunization Partner Network – this program assisted 189 immigrants and refugees become fully immunized or up to date with their immunizations, and also assisted clients secure medical homes for ongoing preventative care. The program established a promising partnership with the Minneapolis Public Schools to place two of its Immunization Navigators in their New Family/Enrollment Centers.

MN Sure Enrollment – In collaboration with Portico Healthnet, CAPI’s 6 certified Navigators provided personal assistance to immigrants, resulting in a total of 715 enrollments in a health plan (i.e., MA, MN Care or QHP). In addition, we conducted outreach to many immigrants and refugees with 169 outreach and promotional strategy.

Civic and Community Engagement:

In 2015, CAPI launched the Immigrant Women’s Network, an initiative to elevate immigrant women’s voices with decision-makers and promote greater immigrant female participation on city leadership structures (i.e., boards, commissions, task forces, etc.). A total of 22 different women have so far participated in monthly network meetings. CAPI also engaged 186 community members in organizing and education efforts associated with transit development, facilitated voter participation efforts pertaining to St. Paul elections, and began ramping up for robust voter participation efforts in the 2016 election.

Fund Accounting

In order to observe the limitation and restrictions placed on resources available to CAPI, the accounts are maintained in accordance with the principles of fund accounting. This is the procedure whereby resources are classified for accounting and reporting purposes into net asset groupings established according to their nature and restrictions. A description of the groupings is as follows:

CAPI USA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014

1. Summary of Significant Accounting Policies (continued)

Unrestricted Net Assets – Net assets that are neither permanently nor temporarily restricted by donor-imposed stipulations. These net assets include both board designated and undesignated amounts. Property and equipment is reported as unrestricted net assets.

Temporarily Restricted Net Assets – The part of net assets of CAPI resulting from contributions and other inflows of assets whose use is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions pursuant to those stipulations.

Cash and Cash Equivalents

For purposes of the statement of cash flows, CAPI considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Investments

CAPI carries its investments at market value.

Accounts Receivable and Doubtful Accounts

CAPI extends credit to its customers based on standardized terms. Receivables are recorded at amounts billed and are generally due when billed. Amounts outstanding for more than 30 days are considered delinquent receivables. Accounts receivable are generally uncollateralized and the Organization does not charge interest on accounts receivable balances. CAPI reviews accounts receivable balances on a periodic basis and writes off delinquent receivables when they are considered uncollectible. CAPI provides an allowance for doubtful accounts based on historical experience and management's evaluation of outstanding accounts receivable at the end of each year. No allowance for doubtful accounts has been provided as receivables are considered collectable.

Property and Equipment

Land, building and equipment in excess of \$1,500 are recorded at cost if purchased, or an estimated market value if donated. Depreciation is provided using the straight-line method, over an estimated useful life.

CAPI USA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014

1. Summary of Significant Accounting Policies (continued)

Contributions

Contributions are recorded when received and recognized as support in the period received. If donor-imposed restrictions accompany the contribution, the amount is recorded as temporarily or permanently restricted until the donor-imposed restrictions expire or are fulfilled. Temporarily restricted net assets are reclassified to unrestricted in the period donor-imposed restrictions expire or are fulfilled, and are reported in the Statements of Activities under the Support and Revenue Category – Net Assets Released from Restrictions except when the receipt and expiration occur in the same period in which case the contribution is shown as unrestricted.

Promises-To-Give (Pledges Receivable)

Unconditional promises-to-give are recognized in the period the promises are made. Conditional promises-to-give are recognized when the conditions on which they depend are substantially met, that is, when the conditional promise becomes unconditional.

Government Grants and Contracts

Government grants and contract funds are recorded as revenue when earned. Revenue is earned when eligible expenditures, as defined in each grant or contract, are made. Funds received but not yet earned are shown as refundable advances. Expenditures under government contracts are subject to review by the granting authority. To the extent, if any, that such a review reduces expenditures allowable under these contracts, CAPI will record such disallowance at the time the final assessment is made.

Functional Allocation of Expense

Expenses are recorded in functional categories when incurred. In certain cases, allocations between categories must be made. When allocations are required, they are based on the best estimates of management.

Income Tax

CAPI has a tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and has adopted *Accounting for Uncertainty in Income Taxes*, ASC 740-10. CAPI's policy is to evaluate uncertain tax positions, at least annually, for the potential for income tax exposure from unrelated business income or from loss of nonprofit status. CAPI continues to operate consistent with its original exemption application and each year takes the necessary actions to maintain its exempt status. It has been classified as an organization that is not a private foundation under the Internal Revenue Code and charitable contributions by donors are tax deductible. In compliance with its exempt status, CAPI annually files an Return of Organization Exempt From Income Tax (Form 990). The returns for the years ending December 31, 2012 and later remain subject to examination by the Internal Revenue Service.

CAPI USA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014

1. Summary of Significant Accounting Policies (continued)

Risks and Uncertainties

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

Subsequent Events

CAPI has evaluated the effect that subsequent events would have on the financial statements through May 20, 2016, which is the date financial statements were available to be issued.

2. Financial Instruments

Significant Concentrations of Credit Risk

CAPI provides services within the Twin Cities area. Accounts, grants and pledges receivable are from governments or institutions within the Twin Cities area.

Concentrations of Credit Risk Arising from Cash Deposits in Excess of Insured Limits

At December 31, 2015 and 2014, CAPI held funds at a local financial institution in excess of federally insured limits.

3. Fair Value

CAPI adopted Financial Accounting Standards Board Accounting Standards Codification Topic 820 Fair Value Measurements and Disclosures ("ASC 820"). In accordance with ASC 820, "fair value" is defined as the price that an organization would receive upon selling an investment in an orderly transaction to an independent buyer in the principal or most advantageous market for the investment. Various inputs are used in determining the value of investments. ASC 820 established a three-tier hierarchy of inputs to establish a classification of fair value measurements for disclosure purposes. The three-tier hierarchy of inputs is summarized in the three broad levels listed below:

- Level 1 – Quoted prices in active markets for identical investments.
- Level 2 – Other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)
- Level 3 – Significant unobservable inputs.

CAPI USA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014

3. Fair Value (Continued)

Below is a summary of the inputs used to determine the fair value of the investments at:

December 31, 2015:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Funds Held at Minneapolis Foundation	<u>\$ 11,829</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,829</u>

December 31, 2014:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Funds Held at Minneapolis Foundation	<u>\$ 11,942</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,942</u>

4. Major Sources of Support and Revenue

Major sources of support and revenue were as follows as of:

	<u>December 31,</u>	
	<u>2015</u>	<u>2014</u>
State of Minnesota	\$ 403,573	\$ 402,647
Hennepin County	534,658	322,234

5. Property and Equipment

CAPI owned the following as of:

	<u>December 31,</u>		
	<u>2015</u>	<u>2014</u>	<u>Estimated Useful Lives</u>
Land	\$ 73,641	\$ 73,641	
Building	224,421	224,421	20-39 years
Building Improvements	1,668,513	1,668,513	20-39 years
Furniture and Equipment	244,701	244,701	5-10 years
Computers	33,542	32,042	3-5 years
Vehicles	<u>26,209</u>	<u>26,209</u>	3-5 years
	2,271,027	2,269,527	
Less Accumulated Depreciation	<u>813,219</u>	<u>739,023</u>	
	<u>\$ 1,457,808</u>	<u>\$ 1,530,504</u>	

Depreciation expense of \$74,196 and \$73,367 was recorded for the years ended December 31, 2015 and 2014, respectively.

CAPI USA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014

6. Funds Held at the Minneapolis Foundation

CAPI has funds held at the Minneapolis Foundation. The assets are stated at fair value, which was determined based on quoted market prices. The fund was transferred from CAPI to the Minneapolis Foundation to enhance investment return opportunity. Under the agreement with the Minneapolis Foundation, the fund will remain at the Minneapolis Foundation designated as the CAPI Opportunity Fund.

7. Temporarily Restricted Net Assets

Temporarily restricted net assets consisted of amounts from the following as of:

	December 31,	
	2015	2014
Immigrant Career Pathways	\$ 125,000	\$ 90,000
Food and Nutrition	30,000	15,000
Workforce Development	30,000	-
Nutrition Services	27,000	-
Electric Pallet Jack and Loading Carts	5,500	-
Food Shelf	5,000	53,956
Hmong Senior Program	5,000	-
Others	2,000	-
Future Operations	-	27,250
Immunization Partner Network	-	17,500
Financial Literacy	-	15,000
Hmong Elder & Caregiver Support	-	15,000
Gardens for Go	-	5,750
	\$ 229,500	\$ 239,456

8. In-kind Contributions

CAPI records in-kind contributions at fair market value at date of donation. In-kind contributions include the following as of:

	December 31,	
	2015	2014
Food	\$ 214,509	\$ 207,221

9. Pension Plan

CAPI participates in a section 401(k) retirement plan that covers those employees who meet eligibility requirements. Contributions of \$7,605 and \$6,912 were made in the years ended December 31, 2015 and 2014, respectively.

CAPI USA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014

10. Leased Facilities

Rental commitments under noncancelable leases for office space and office equipment in effect at December 31, 2015, total \$15,696. The future annual rental commitments are as follows:

<u>Due in the Year Ending December 31,</u>	<u>Office Space</u>	<u>Office Equipment</u>	<u>Total</u>
2016	7,244	4,226	11,470
2017	-	4,226	4,226
Total	<u>\$ 7,244</u>	<u>\$ 8,452</u>	<u>\$ 15,696</u>

Rental expense was \$10,220 and \$10,483 for the years ended December 31, 2015 and 2014, respectively.

11. Cash Flow Operating Adjustments

Adjustments to reconcile Change in Net Assets to Net Cash used by Operating Activities were as follows as of:

	<u>December 31,</u>	
	<u>2015</u>	<u>2014</u>
Depreciation	\$ 74,196	\$ 73,367
Unrealized Loss on Investment	113	115
Increases (Decreases) in Current Liabilities:		
Accounts Payable	31,055	(10,982)
Accrued Salaries and Payroll Withholding	3,632	12,866
Security Deposit	(560)	(12,427)
Decreases (Increases) in Current Assets:		
Accounts Receivable	(110,570)	(67,541)
Grants Receivable	(11,000)	(38,800)
Prepaid Expense	1,691	(11,042)
Total Adjustments	<u>\$ (11,443)</u>	<u>\$ (54,444)</u>