

**COMMUNITY ACTION DULUTH, INC.
DULUTH, MINNESOTA**

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEARS ENDED
SEPTEMBER 30, 2016 AND 2015
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT**

COMMUNITY ACTION DULUTH, INC.
DULUTH, MINNESOTA

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Independent Auditor's Report

Board of Directors
Community Action Duluth, Inc.
Duluth, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of Community Action Duluth, Inc., which comprise the statements of financial position as of September 30, 2016 and 2015, and the related statements of activities, functional expenses, 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; 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from 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 Community Action Duluth, Inc. as of September 30, 2016 and 2015, 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.

Wipfli LLP

Wipfli LLP

January 26, 2017
Duluth, Minnesota

COMMUNITY ACTION DULUTH, INC.
DULUTH, MINNESOTA

STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30,

	2016	2015
<u>ASSETS</u>		
Current assets		
Cash and cash equivalents	\$ 396,763	\$ 136,852
Grants receivable	285,206	252,097
Prepaid expenses	10,242	3,900
Total current assets	692,211	392,849
Investments	2,163	2,445
Property and equipment	144,537	136,025
Less accumulated depreciation	(100,356)	(89,985)
Net property and equipment	44,181	46,040
Total assets	\$ 738,555	\$ 441,334
 <u>LIABILITIES AND NET ASSETS</u>		
Liabilities		
Accounts payable	\$ 47,370	\$ 42,221
Accrued expenses	85,797	92,138
Line of credit		15,000
Deferred revenue	12,739	
Total liabilities	145,906	149,359
Net assets		
Unrestricted	209,308	175,847
Temporarily restricted	383,341	116,128
Total net assets	592,649	291,975
Total liabilities and net assets	\$ 738,555	\$ 441,334

See accompanying notes to financial statements.

COMMUNITY ACTION DULUTH, INC.
DULUTH, MINNESOTA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Public support and other revenue			
Public support			
Federal grants	\$ 698,527	\$	\$ 698,527
State, county, and city grants	484,968		484,968
Foundation and local grants	310,848	347,698	658,546
Contributions	160,463		160,463
Total public support	<u>1,654,806</u>	<u>347,698</u>	<u>2,002,504</u>
Net assets released from restriction	<u>80,485</u>	<u>(80,485)</u>	
Revenue			
Garden sales	6,304		6,304
Program income	82,046		82,046
Interest and dividends	812		812
Unrealized loss on investments	(282)		(282)
Total revenue	<u>88,880</u>		<u>88,880</u>
Total public support and other revenue	<u>1,824,171</u>	<u>267,213</u>	<u>2,091,384</u>
Expenses			
Program services			
Employment Services	583,404		583,404
Community Engagement	116,545		116,545
Financial Services	451,185		451,185
Green Jobs	246,691		246,691
Tax Site	101,032		101,032
Total program services	<u>1,498,857</u>		<u>1,498,857</u>
Supporting services			
Management and general	243,094		243,094
Fundraising	48,759		48,759
Total supporting services	<u>291,853</u>		<u>291,853</u>
Total expenses	<u>1,790,710</u>		<u>1,790,710</u>
Change in net assets	33,461	267,213	300,674
Net assets, beginning of year	<u>175,847</u>	<u>116,128</u>	<u>291,975</u>
Net assets, end of year	<u>\$ 209,308</u>	<u>\$ 383,341</u>	<u>\$ 592,649</u>

See accompanying notes to financial statements.

COMMUNITY ACTION DULUTH, INC.
DULUTH, MINNESOTA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Unrestricted	Temporarily Restricted	Total
Public support and other revenue			
Public support			
Federal grants	\$ 783,306	\$	\$ 783,306
State and local grants	382,052		382,052
Foundation and local grants	217,020	38,617	255,637
Contributions	73,020		73,020
Total public support	1,455,398	38,617	1,494,015
Net assets released from restriction	118,983	(118,983)	
Revenue			
Garden sales	5,129		5,129
Program income	28,890		28,890
Interest and dividends	1,011		1,011
Unrealized loss on investments	(465)		(465)
Realized gain on sale of equipment	3,450		3,450
Other	12,151		12,151
Total revenue	50,166		50,166
Total public support and other revenue	1,624,547	(80,366)	1,544,181
Expenses			
Program services			
Employment Services	525,686		525,686
Community Engagement	182,952		182,952
Financial Services	491,081		491,081
Green Jobs	167,765		167,765
Tax Site	108,696		108,696
Total program services	1,476,180		1,476,180
Supporting services			
Management and general	245,031		245,031
Fundraising	27,018		27,018
Total supporting services	272,049		272,049
Total expenses	1,748,229		1,748,229
Change in net assets	(123,682)	(80,366)	(204,048)
Net assets, beginning of year	299,529	196,494	496,023
Net assets, end of year	\$ 175,847	\$ 116,128	\$ 291,975

See accompanying notes to financial statements.

COMMUNITY ACTION DULUTH, INC.
DULUTH, MINNESOTA

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Program Services					Supporting Services			Total	
	Employment Services	Community Engagement	Financial Services	Green Jobs	Tax Site	Total Program Services	Management and General	Fund Raising		Supporting Services
Salaries	\$ 312,014	\$ 56,759	\$ 270,043	\$ 160,805	\$ 64,122	\$ 863,743	\$ 104,522	\$ 27,591	\$ 132,113	\$ 995,856
Employee benefits	70,079	13,958	59,809	14,262	12,853	170,961	25,535	4,721	30,256	201,217
Payroll taxes	32,006	5,395	27,224	16,863	6,101	87,589	10,125	2,539	12,664	100,253
Total salaries and related costs	414,099	76,112	357,076	191,930	83,076	1,122,293	140,182	34,851	175,033	1,297,326
Consultants, contract, and professional services	20,377	13,998	17,698	2,841	945	55,859	17,143	457	17,600	73,459
Travel	5,489	480	6,545	5,490	98	18,102	1,748		1,748	19,850
Occupancy	29,554	3,817	25,112	8,868	6,249	73,600	15,896		15,896	89,496
Consumable supplies	10,030	1,756	8,778	24,586	1,012	46,162	1,530	89	1,619	47,781
Insurance							10,731		10,731	10,731
Memberships	150		695			845	11,221		11,221	12,066
Client assistance	22,303	3,425	987	15		26,730	100		100	26,830
Transportation support	33,695					33,695	86		86	33,781
Childcare	9,289	2,903	3,460			15,652	982		982	16,634
Meetings and training	21,766	8,102	13,544	2,001	3,863	49,276	21,650	11,438	33,088	82,364
Equipment, rental, maintenance, and repair	7,175	2,226	7,855	5,698	1,503	24,457	9,136		9,136	33,593
Postage	544	78	803	181	191	1,797	764		764	2,561
Printing and publications	2,172	1,336	2,737	1,577	2,563	10,385	4,777	1,924	6,701	17,086
Telephone	753	420	1,278	860	450	3,761	780		780	4,541
Advertising and public relations	82	12	1,614			1,708	59		59	1,767
Miscellaneous	2,298	1,139	159	1,115	439	5,150	3,551		3,551	8,701
Total expenses before depreciation	579,776	115,804	448,341	245,162	100,389	1,489,472	240,336	48,759	289,095	1,778,567
Depreciation expense	3,628	741	2,844	1,529	643	9,385	2,758		2,758	12,143
Total functional expenses	\$ 583,404	\$ 116,545	\$ 451,185	\$ 246,691	\$ 101,032	\$ 1,498,857	\$ 243,094	\$ 48,759	\$ 291,853	\$ 1,790,710

See accompanying notes to financial statements.

COMMUNITY ACTION DULUTH, INC.
DULUTH, MINNESOTA

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Program Services						Supporting Services			Total
	Employment Services	Community Engagement	Financial Services	Green Jobs	Tax Site	Program Services	Management and General	Fund Raising	Supporting Services	
Salaries	\$ 297,097	\$ 89,704	\$ 279,617	\$ 105,311	\$ 64,670	\$ 836,399	\$ 99,449	\$ 20,061	\$ 119,510	\$ 955,909
Employee benefits	77,813	37,990	85,599	7,240	17,817	226,459	32,820	5,069	37,889	264,348
Payroll taxes	28,869	8,563	27,083	10,532	6,047	81,094	9,425	1,888	11,313	92,407
Total salaries and related costs	403,779	136,257	392,299	123,083	88,534	1,143,952	141,694	27,018	168,712	1,312,664
Consultants, contract, and professional services	22,475	10,818	15,472	15,895	2,897	67,557	22,746		22,746	90,303
Travel	3,279	528	8,338	8,696	250	21,091	3,517		3,517	24,608
Occupancy	19,767	5,591	20,940	4,844	5,108	56,250	15,567		15,567	71,817
Consumable supplies	15,496	5,517	17,374	5,561	4,663	48,611	4,620		4,620	53,231
Insurance	194	72	303	162	48	779	7,169		7,169	7,948
Memberships	175		1,145	125		1,445	8,952		8,952	10,397
Client assistance	10,131	2,661	3,715	163	1,363	18,033	269		269	18,302
Transportation support	18,113	8,113	2,867			29,093	37		37	29,130
Childcare	8,242	8,119	5,202			21,563	2,849		2,849	24,412
FAIM Match Savings			250			250				250
Meetings and training	9,426	2,418	11,182	1,705	2,553	27,284	13,332		13,332	40,616
Equipment, rental, maintenance, and repair	5,905	1,046	5,156	4,018	764	16,889	8,917		8,917	25,806
Postage	443	133	513	121	122	1,332	383		383	1,715
Printing and publications	305		804	51	640	1,800	7,114		7,114	8,914
Telephone	607	497	1,255	543	487	3,389	1,635		1,635	5,024
Advertising and public relations	776		323	1,086		2,185	93		93	2,278
Miscellaneous	3,334	49	877	686	576	5,522	3,153		3,153	8,675
Total expenses before depreciation	522,447	181,819	488,015	166,739	108,005	1,467,025	242,047	27,018	269,065	1,736,090
Depreciation expense	3,239	1,133	3,066	1,026	691	9,155	2,984		2,984	12,139
Total functional expenses	\$ 525,686	\$ 182,952	\$ 491,081	\$ 167,765	\$ 108,696	\$ 1,476,180	\$ 245,031	\$ 27,018	\$ 272,049	\$ 1,748,229

See accompanying notes to financial statements.

COMMUNITY ACTION DULUTH, INC.
DULUTH, MINNESOTA

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30,

	2016	2015
Cash flows from operating activities		
Change in net assets	\$ 300,674	\$ (204,048)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	12,143	12,139
Unrealized loss on investments	282	465
Realized gain on sale of equipment		(3,450)
Donated stock		(2,130)
Changes in assets and liabilities		
(Increase) decrease in		
Grants receivable	(33,109)	20,344
Prepaid expenses	(6,342)	
Increase (decrease) in		
Accounts payable	5,149	13,734
Accrued expenses	(6,341)	12,073
Deferred revenue	12,739	
Net cash provided by (used in) operating activities	285,195	(150,873)
Cash flows from investing activities		
Proceeds from sale of equipment		3,450
Purchase of property and equipment	(10,284)	
Net cash provided by (used in) investment activities	(10,284)	3,450
Cash flows from financing activities		
Draws (payments) on line of credit	(15,000)	15,000
Net increase (decrease) in cash and cash equivalents	259,911	(132,423)
Cash and cash equivalents, beginning of year	136,852	269,275
Cash and cash equivalents, end of year	\$ 396,763	\$ 136,852

See accompanying notes to financial statements.

COMMUNITY ACTION DULUTH, INC.
DULUTH, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization - Community Action Duluth, Inc. (Organization) is a nonprofit organization operating a variety of federal, state, and locally funded programs providing assistance to low-income individuals. The primary mission of the Organization is to use innovative strategies to mobilize low-income individuals and the broader community to build assets that prevent poverty, create equality, and strengthen our social fabric.

Community Action Duluth, Inc. is the sole owner of a limited liability company, Green Duluth, LLC, which was organized on June 8, 2010. There was no activity in this LLC during the years ended September 30, 2016 and 2015.

Basis of Accounting - The financial statements of Community Action Duluth, Inc. have been prepared on the accrual basis of accounting in conformity with generally accepted accounting principles in the United States.

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.

Unrestricted Net Assets - Used to account for resources currently available for use over which the Governing Board has discretionary control in carrying on the operations of the Organization.

Temporarily Restricted Net Assets - Used to account for resources whose use is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations.

Permanently Restricted Net Assets - Used to account for resources required by the donor to be maintained in perpetuity by the Organization. The Organization had no permanently restricted net assets as of September 30, 2016 or 2015.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents - For purposes of the statements of cash flows, cash and cash equivalents include cash in the checking and savings accounts, cash on hand, and certificates of deposit. The certificates of deposit bear interest from .848 to 1.197 percent and have maturities of twenty-four months, with penalties for early withdrawal. Any penalties for early withdrawal would not have a material effect on the financial statements.

Grants Receivable - These are amounts due for grants from private and governmental entities. Management has evaluated outstanding balances at year-end and believes the amounts are fully collectible and a valuation allowance is not necessary.

Property and Equipment - Property and equipment purchased is carried at cost, with normal maintenance and repair items charged to operating expense when incurred. Donated property and equipment is capitalized at its fair market value when received. Property and equipment is depreciated using the straight-line method over the estimated useful lives of the assets.

COMMUNITY ACTION DULUTH, INC.
DULUTH, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015
(Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Revenue - Income from revenue not yet earned is deferred and recognized over the period to which the revenue and other support relate.

Investments - Investments are generally recorded at fair value based upon quoted market prices, when available, or estimates of fair value. Donated assets are recorded at fair value at the date of donation, or, if sold immediately after receipt, at the amount of sales proceeds received (which are considered a fair measure of the value at the date of donation). Those investments for which fair value is not readily determinable are carried at cost or, if donated, at fair value at the date of donation, or if no value can be estimated, at a nominal value. Investment income or loss and unrealized gains or losses are included in the statements of activities as increases or decreases in unrestricted net assets unless the income or loss is restricted by donor or law. At September 30, 2016 and 2015 the Organization had donated stock with a fair value of \$2,163 and \$2,445, respectively, based on quoted market prices.

Grant Revenue - Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award.

- Grant Awards that are Contributions

Grants that qualify as contributions are recorded and recognized as revenue in the year promised as unrestricted, temporarily restricted or permanently restricted based on the nature of any donor restrictions.

- Grant Awards that are Exchange Transactions

Grants that qualify as exchange transactions are recorded as invoiced to the funding sources or as expenses are incurred. Revenue is recognized in the accounting period when the related allowable expenses are incurred. Amounts received in excess of expenses are reflected as grant funds received in advance.

Functional Expenses - Expenses incurred for a specific program or supporting service is assigned directly to that program or supporting service by management. Expenses that affect more than one program or supporting service are allocated among the program or supporting service in a manner to reflect a fair breakdown of expense by function.

Income Taxes - The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and under similar provisions of the Minnesota Income Tax Act. The financial statements do not include a provision for income taxes because the Organization is a tax exempt organization. However, income derived from activities, if any, not directly related to the Organization's tax-exempt purpose would be subject to taxation as unrelated business income. The Organization's tax years prior to 2013 are closed for examination by the IRS.

COMMUNITY ACTION DULUTH, INC.
DULUTH, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015
(CONTINUED)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted and Unrestricted Support - Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Donated Services - No amounts have been reflected in the financial statements for donated services. The Organization pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that help the Organization with specific assistance, programs, and various committee assignments.

Subsequent Events - In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through January 26, 2017, the date the financial statements were available to be issued.

NOTE 2 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of the following at September 30:

	2016	2015
Cash	\$ 320,298	\$ 61,177
Certificates of deposit	76,465	75,675
Cash and cash equivalents	\$ 396,763	\$ 136,852

COMMUNITY ACTION DULUTH, INC.
DULUTH, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015
(Continued)

NOTE 3 PROPERTY AND EQUIPMENT

A summary of property and equipment of the Organization at September 30 was as follows:

	Estimated Life	2016		
		Cost	Accumulated Depreciation	Net
Office and program furniture and equipment	4 - 6 yrs	<u>\$ 144,537</u>	<u>\$ 100,356</u>	<u>\$ 44,181</u>

	Estimated Life	2015		
		Cost	Accumulated Depreciation	Net
Office and program furniture and equipment	4 - 6 yrs	<u>\$ 136,025</u>	<u>\$ 89,985</u>	<u>\$ 46,040</u>

Depreciation expense for the years ended September 30, 2016 and 2015 is \$12,143 and \$12,139, respectively.

NOTE 4 RETIREMENT PLANS

All non-probationary employees of the Organization who work a minimum of 1,248 hours during the Organization's fiscal year are eligible to participate in a voluntary self-directed retirement plan authorized under Section 403(b) of the Internal Revenue Code. The Organization makes a contribution equal to 5 percent of an employee's annual gross wage and employees vest immediately upon entering the plan. The Organization's contributions for the years ended September 30, 2016 and 2015 were \$29,227 and \$25,117, respectively.

NOTE 5 CONCENTRATIONS OF CREDIT RISK

The Organization maintains its cash balances at several area financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At September 30, 2016 and 2015, the Organization had uninsured cash balances of \$76,062 and \$0, respectively.

COMMUNITY ACTION DULUTH, INC.
DULUTH, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015
(Continued)

NOTE 6 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at September 30:

<u>Contributor</u>	<u>Restricted for</u>	<u>2016</u>	<u>2015</u>
Northland Foundation	Jumpstart	\$	\$ 8,362
Generations Health Care Initiatives	Health and Wellness Coaching	6,171	9,760
United Way	Family Assets for Independence (FAIM)	20,537	15,831
Duluth Superior Area Community Foundation	Transportation Opportunities	99,098	
Duluth Superior Area Community Foundation	Jumpstart	14,986	7,930
United Way	Tax Site	1,542	8,163
United Way	Jumpstart	8,569	8,206
Pachel Foundation	Transitional Employee		4,500
Ordean Foundation	Financial and Employment Coach	5,482	15,083
Minnesota Council of Nonprofits	Organizational Inclusion	4,000	
Bush Foundation	Family Freedom School Initiative	200,000	
Zeppa Foundation	Jumpstart	6,740	
Zeitgeist Arts Center for Arts & Community	Seeds of Success Value Added Program	4,568	
CN Railroad	Stream Corps Tree Planting	5,412	32,057
CN Railroad	Stream Corps	6,236	6,236
		<u>\$ 383,341</u>	<u>\$ 116,128</u>
Total		<u>\$ 383,341</u>	<u>\$ 116,128</u>

NOTE 7 OPERATING LEASE

On October 16, 2012, the Organization signed a five year lease agreement to rent office and program space beginning on April 22, 2013, at \$3,000 per month (increasing by \$100 each year) plus \$500 per month for the use of kitchen and cafeteria space (increasing \$50 each year) and \$989 per month (increasing by \$30 each year) for additional expansion space. Total rental expense for the years ended September 30, 2016 and 2015 was \$58,914 and \$56,904, respectively. Future minimum rent payments for the years ending September 30, are as follows:

2017	\$ 60,937
2018	<u>36,252</u>
Total	<u>\$ 97,189</u>

NOTE 8 LINE OF CREDIT

The Organization has a line of credit for \$25,000 with a local bank that expires on November 29, 2017. The line of credit bears interest at 4 percent. The balance on the line of credit was \$0 and \$15,000 at September 30, 2016 and 2015, respectively.

COMMUNITY ACTION DULUTH, INC.
DULUTH, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015
(Continued)

NOTE 9 MAJOR SOURCES OF REVENUES

The Organization received a substantial amount of its revenue from various federal, state and county government agencies.

NOTE 10 ACCOUNTING STANDARDS UPDATE

On August 18, 2016, the FASB issued ASU 2016-14 (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities ("Update"). The Update reduces the number of net asset classes from three to two, those with donor restrictions and those without, requires all nonprofits to report expenses by nature and function and improves information presented in financial statements and notes that is useful in assessing a not-for-profit's liquidity, financial performance, and cash flows. The amendments in this Update are effective for annual financial statements issued for fiscal years beginning after December 15, 2017, and for interim periods within fiscal years beginning after December 15, 2018. Early application of the amendments in this Update is permitted. The Organization has not elected to early implement the amendments.