

OPERATION THRESHOLD

Waterloo, Iowa

**FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA
(OMB Circular A-133, Single Audit Report)**

September 30, 2009

(With Independent Auditor's Reports Thereon)

OPERATION THRESHOLD

Waterloo, Iowa

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OPERATION THRESHOLD
Board of Directors and Officers

Officers

Brian Quirk
Barry Haskins
Salina Bredow
Barbara Smith

Chairperson
Vice-Chairperson
Secretary
Treasurer

Board Members

Mike Ferreter
Scott Jordan
Danielle Engle
Rev. Larry Doughan

Clyde Moore
Denise Hawker
Allen Ricks
Dorothy McGrane

Management

Barbara A. Grant
Leian Kammeyer
Billie Allen-Williams
Nancy Anderson
Craig Boche
Clarissa Nicholson
Jeff Roe

Executive Director
Deputy Director
Community Resources Director
WIC Director
Human Resources Director
Planning and Compliance Director
Housing Director

WILLIAM H. BOORN, CPA
DENNIS L. MUELLER, CPA
STEPHEN L. KOEHN, CPA
SUSAN K. CHANTLAND, CPA
C. MARK LINCOLN, CPA
JOHN E. ORTHAUS, CPA
SCOTT W. MILLER, CPA
WILLIAM J. BAUER, CPA
WENDY G. WIEDNER, CPA
JON J. PAULSEN, CPA
MICHAEL T. BURTON, CPA
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Operation Threshold
Waterloo, Iowa

We have audited the accompanying Statement of Financial Position of Operation Threshold (a nonprofit organization) as of September 30, 2009, and the related Statements of Activities and Changes in Net Assets, and Cash Flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization's 2008 financial statements and, in our report dated March 16, 2009, we expressed an unqualified opinion on those financial statements.

We conducted our audit 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Operation Threshold as of September 30, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated January 15, 2010, on our consideration of Operation Threshold's internal control over financial reporting and our 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 our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Operation Threshold taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and is not a required part of the basic financial statements. The additional accompanying supplementary statements and schedules which follow are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects in relation to the basic financial statements taken as a whole.

Meriwether, Wilson and Company, P.L.C.
MERIWETHER, WILSON AND COMPANY, P.L.C.
Certified Public Accountants

January 15, 2010
West Des Moines, Iowa

OPERATION THRESHOLD

Statement of Activities and Changes in Net Assets

Year Ended September 30, 2009
(With Comparative Totals for 2008)

	Unrestricted	Temporarily Restricted	Total All Funds	
			2009	2008
Support and Revenue				
Government Awards and Contract Revenue	\$ 7,333,453	--	7,333,453	5,334,988
Contributions, Public Support, and Services	564,269	--	564,269	448,587
Rental Income	302,678	--	302,678	299,802
Proceeds from Sales of Properties	--	--	--	50,666
Investment Income	5,694	--	5,694	(3,309)
Other Revenue	16,444	--	16,444	7,250
Food Vouchers for Distribution	3,745,752	--	3,745,752	3,817,245
	<u>11,968,290</u>	<u>--</u>	<u>11,968,290</u>	<u>9,955,229</u>
Net Assets Released from Restrictions - Satisfaction of Usage Restrictions	25,516	(25,516)	--	--
Total Support and Revenue	<u>11,993,806</u>	<u>(25,516)</u>	<u>11,968,290</u>	<u>9,955,229</u>
Functional Expenses				
Program Services				
Women, Infants, and Children	4,705,529	--	4,705,529	4,642,814
Low Income Home Energy Assistance Program	3,795,168	--	3,795,168	2,431,841
Weatherization Assistance Programs	1,486,732	--	1,486,732	1,002,010
Rental Housing Programs	334,900	--	334,900	300,061
Outreach Offices	332,413	--	332,413	354,020
Family Development and Self-Sufficiency	250,823	--	250,823	256,124
Foreclosure Prevention Programs	161,526	--	161,526	89,100
Project Care/Share	102,254	--	102,254	36,394
Storks Nest	87,974	--	87,974	70,359
CSBG (net of co-funding provided)	79,096	--	79,096	101,503
Family Nest	70,211	--	70,211	72,904
Other Programs	402,477	--	402,477	371,481
Total Program Services	<u>11,809,103</u>	<u>--</u>	<u>11,809,103</u>	<u>9,728,611</u>
Administrative Support Services				
Management and General	186,050	--	186,050	262,462
Total Functional Expenses	<u>11,995,153</u>	<u>--</u>	<u>11,995,153</u>	<u>9,991,073</u>
Change in Net Assets Before Capital Items Acquired With Grant Funds	(1,347)	(25,516)	(26,863)	(35,844)
Capital Items Acquired With Grant Funds	<u>107,779</u>	<u>--</u>	<u>107,779</u>	<u>(154,242)</u>
Change in Net Assets	106,432	(25,516)	80,916	(190,086)
Net Assets - Beginning of Year	<u>1,002,195</u>	<u>834,787</u>	<u>1,836,982</u>	<u>2,027,068</u>
Net Assets - End of Year	<u>\$ 1,108,627</u>	<u>809,271</u>	<u>1,917,898</u>	<u>1,836,982</u>

The accompanying notes are an integral part of these financial statements.

OPERATION THRESHOLD

Statement of Cash Flows

Year Ended September 30, 2009
(With Comparative Totals for 2008)

	Total All Funds	
	2009	2008
Cash Flows from Operating Activities		
Change in Net Assets	\$ 80,916	(190,086)
Adjustments to Reconcile Change in Net Assets to Net Cash Flows from Operating Activities		
Net Change in Construction in Progress - Housing Programs	--	140,824
Depreciation	83,157	81,643
Unrealized Loss on Marketable Securities	8,678	10,565
Loss on Disposal of Assets	--	53,141
(Increase) Decrease in		
Receivables	(286,722)	(68,797)
Prepaid Expenses	(32,189)	31,624
Weatherization Work in Process	(148,782)	(132,430)
Increase (Decrease) in		
Accounts Payable and Accrued Expenses	13,533	57,933
Rent Deposits and Escrow	83	74
Due to Funding Sources	(1,163)	39,542
Deferred Revenue	38,819	1,776
Net Cash Flows from Operating Activities	<u>(243,670)</u>	<u>25,809</u>
Cash Flows from Investing Activities		
Cash Paid for Property and Equipment	(120,819)	(3,143)
Proceeds from Disposal of Assets	--	30,000
Net Cash Flows from Investing Activities	<u>(120,819)</u>	<u>26,857</u>
Cash Flows from Financing Activities		
(Increase) Decrease in Restricted Cash	(83)	58,724
Payments on Mortgages Payable	(9,947)	(49,316)
Net Cash Flows from Financing Activities	<u>(10,030)</u>	<u>9,408</u>
Net Change in Cash and Cash Equivalents	(374,519)	62,074
Cash and Cash Equivalents - Beginning of Year	<u>859,556</u>	<u>797,482</u>
Cash and Cash Equivalents - End of Year	<u>\$ 485,037</u>	<u>859,556</u>
Supplemental Disclosure of Cash Flow Data		
Cash Paid During the Year for Interest	<u>\$ 10,792</u>	<u>13,563</u>

The accompanying notes are an integral part of these financial statements.

OPERATION THRESHOLD

Notes to Financial Statements

September 30, 2009

1. Nature of Activities and Significant Accounting Policies**Reporting Entity**

Operation Threshold (the Organization) is a private nonprofit corporation organized and incorporated in 1981 under Chapter 504A of the Code of Iowa. The Organization is a community action agency as defined in Chapter 215A of the Code, and its purpose is to sponsor programs and coordinate efforts and activities to identify, mobilize, and utilize resources, public and private, in an attack on poverty. Operation Threshold principally has operations in Waterloo, Iowa, and surrounding areas.

Operation Threshold administers programs funded by federal, state, and local agencies. These programs are generally operated for the benefit of eligible participants under the guidelines of the respective funding agencies.

This report includes the financial statements of all programs administered by the Organization.

Basis of Accounting

The accompanying financial statements have been prepared in conformity with the accounting principles appropriate for nonprofit agencies. The following describes the significant accounting policies.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting.

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted. Differences in the classification of net assets are determined based on the nature or existence of donor restrictions.

Temporarily restricted net assets are amounts whose use by the Organization has been limited by donors or grantors to a specific time period or purpose. When donor restrictions are satisfied, temporarily restricted net assets are classified as unrestricted net assets and reported in the Statement of Activities and Changes in Net Assets as net assets released from restrictions. If a restriction on a contribution is fulfilled in the same time period in which it is received, the Organization reports the support as unrestricted.

In accordance with applicable grant agreements, proceeds from sales of certain properties acquired with grant funding are restricted for construction or purchase of additional properties to be used for eligible low-income families or other purposes specified by the grantor. Accordingly, such amounts are reflected as temporarily restricted net assets. Net assets that result from recording construction in progress where construction costs have been charged to grants as eligible expenses or have been paid by re-use funds generated by the grant activities are also considered temporarily restricted for additional housing or other specified purposes.

Permanently restricted net assets are required by the donor to be maintained in perpetuity by the Organization. Operation Threshold has no permanently restricted net assets as of September 30, 2009.

Revenue Recognition and Receivables

Revenues from grant awards and contract reimbursements are considered unrestricted because the revenue is earned as allowable program expenses are incurred. Program income and other amounts generated by grant awards are generally restricted for future use in the program or activity.

Receivables are comprised primarily of grant awards or contract reimbursements. Receivables are recorded when program expenses exceed reimbursements to date. Award or contract funds received in excess of program expenses are recorded as deferred revenue. All receivable amounts are considered collectible and accordingly, no provision for bad debts has been recorded.

Contributed Services

The Organization receives a significant amount of contributed services from unpaid volunteers assisting in the Organization's programs. No amounts have been recognized in the statement of activities because the criteria for recognition under FASB ASC 958-605-25-16 have not been satisfied.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Marketable Securities

Marketable securities consist of shares of common stock received in a prior year from the demutualization of an insurance company that had provided employee benefits to the Organization. These shares have a readily determinable fair market value, and they are recorded at fair value in the financial statements. Unrealized losses included as a component of investment income totaled \$8,678 for the year ended September 30, 2009. Management of the Organization has determined that marketable securities are not material to the financial statements taken as a whole; accordingly, the fair value disclosure provisions of FASB ASC 820-10-50 need not be applied.

Property and Equipment

Property and equipment is recorded at cost. Costs for maintenance, repairs, and minor replacements are charged to expense, while the cost of major replacements, betterments, and acquisitions is capitalized. The Organization's policy is to capitalize discrete items of property and equipment which cost more than \$5,000 and have a useful life of more than one year. Depreciation is computed using the straight-line method over the estimated useful life of the asset. Estimated useful lives are generally as follows:

Buildings and Improvements	10 to 30 Years
Furniture and Equipment	5 to 7 Years

The Organization's property and equipment were acquired primarily under grants with federal, state, or local governmental entities. Title to such property and equipment may revert back to these funding sources in the event these programs terminate or the use of the property changes from its original purpose.

Under generally accepted accounting principles, long-lived assets to be held and used are tested for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. No impairment losses were recorded by the Organization in 2009.

Construction in Progress – Housing Programs (2008)

Operation Threshold built and rehabilitated houses and other properties as part of its ongoing housing programs. Construction and rehabilitation costs were charged to the applicable grant or funding source as incurred, and reflected as expenses in the financial statements. If the Organization held title to the property during the construction phase, the ownership interest was reflected as Construction in Progress. Construction in progress acquisitions were credited directly to fund balance as an other change in fund balance. When these properties were sold to qualifying low-income individuals, construction in progress was removed from the statements by a direct charge to fund balance. Funding for these projects was provided by U.S. Department of Housing and Urban Development through HOME Investment Partnership funds and by the Iowa Department of Economic Development through its Local Housing Assistance Program.

During 2008, the Organization ceased activity on building the last two houses it had undertaken in its construction program. During 2009, the Organization received permission from the funder to use these houses in its low-income rental housing program. Accordingly, during 2009, the Organization transferred the houses from Construction in Progress to Land, Buildings, and Improvements in its financial statements.

Cost Allocations, Management and General Expenses, and Fundraising Expenses

The Organization utilizes cost allocation pools to distribute indirect costs to the programs benefited. Indirect pooled costs are allocated to the programs each month on a consistent basis as described in its cost allocation plan. The cost pools are charged for the expenses incurred and the pools are reimbursed by the programs on a monthly basis. Inter-fund revenue and expense amounts arising from cost pool allocations are eliminated in the Organization's financial statements.

Certain management and general expenses are distributed to the programs through the cost pools and are properly charged to various funders as program expenses. There were no significant fundraising expenses for the year ended September 30, 2009.

Weatherization Work in Process

Weatherization work in process consists of labor, materials, and support costs incurred on weatherization projects in-process as of the year-end. These costs will be billed to the appropriate grantors (and expensed in the financial statements) when the projects are complete.

Advertising

Advertising costs totaling \$8,108 for the year ended September 30, 2009, were expensed as incurred.

Income Taxes

Operation Threshold is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and Chapter 504A of the Code of Iowa. Operation Threshold has been determined not to be a "private foundation" within the meaning of Section 509A of the Internal Revenue Code.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's estimates.

Fair Value of Financial Instruments

The carrying amounts of current assets and liabilities approximate their fair values due to the short-term maturities of these financial instruments.

The Organization secured below-market financing for the construction and rehabilitation of certain low-income housing properties. No adjustment to the financial statements has been made to approximate the fair value of this below-market financing.

Prior Year Summarized Information and Reclassifications

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended September 30, 2008, from which the summarized information was derived.

Certain reclassifications to the 2008 comparative totals have been made to conform to the 2009 presentation. As of September 30, 2008, the Organization reclassified net assets relating to its Lexington Square rental housing building. Because the building's use is subject to period-of-affordability requirements as a condition of its financing, the remaining book value of the building has been reclassified as temporarily restricted net assets, rather than unrestricted net assets. The amount of the reclassification totaled \$398,938, and the reclassification had no effect on revenue or expense for 2008 or 2009.

2. Principal Programs

The following is a description of the principal programs administered by the Organization:

Three principal programs are funded by the U.S. Department of Health and Human Services and passed through the Iowa Department of Human Rights. These programs are the Community Services Block Grant (CSBG), Low Income Home Energy Assistance Program (LIHEAP), and Family Development and Self-Sufficiency (FaDSS) (54% federally funded). CSBG provides funding for the administration of human service programs or provides direct support to individual programs which require co-funding to complete their activities. LIHEAP primarily provides assistance to low-income households in paying their heating bills. The FaDSS program provides family development and self-sufficiency counseling assistance to low-income households.

Weatherization Assistance Programs are funded through grants from the U.S. Department of Energy and the U.S. Department of Health and Human Services through the Iowa Department of Human Rights. Area utility companies also provide funding. These programs provide resources to increase the energy efficiency of homes of qualifying low-income households.

Special Supplemental Food Program for Women, Infants, and Children (WIC) is funded by the U.S. Department of Agriculture through the Iowa Department of Public Health under an annual grant. The program provides nutritional assistance to low-income women who are pregnant or who have an infant child and to children under the age of five years.

Funding for the Foreclosure Prevention Programs originate with the U.S. Department of Treasury and the U.S. Department of Housing and Urban Development, and is passed through the Iowa Finance Authority. These programs provide foreclosure counseling services including housing and loss mitigation counseling to homeowners in Iowa.

Rental Housing Programs - The Organization manages single and multi-family housing units for use by eligible families. Ongoing funding for these programs is principally provided by rental income.

Outreach Offices - The Organization maintains outreach offices in each of the areas served. Programs administered are charged for non-cofunded expenses of the outreach offices based on the number of clients served by the offices or the number of hours spent for the services.

Stork's Nest - This program is primarily funded through Cedar Valley's Promise Empowerment and the United Way. It provides an incentive-based prenatal education program benefiting expectant mothers and their babies.

Project Care/Share is funded by contributions to local utilities and other companies. These companies provide the Organization with funding to help provide assistance to low-income utility customers and others in local communities.

The Family Nest program is funded under contracts with the Iowa Department of Human Services, United Way, and others. The program provides parent education to promote child health and well being to families with children up to 18 years old.

A summary of other programs administered by the Organization not specifically set forth on the Statement of Activities is as follows:

<u>Program Title</u>	<u>Expenses</u>
Parents as Teachers	\$ 61,728
Career Ladders	45,360
Special Projects	45,248
WIC Peer Counseling	44,484
HOME Investment Partnership Program	34,280
Emergency Shelter Grants Program	31,876
Emergency Food and Shelter Program (FEMA)	28,583
Family Self-Sufficiency	24,236
Anti - Predatory Lending	21,228
Volunteer Programs	18,592
WIC Food Breast Pump	11,607
Pocket Change Project	8,198
Toy Project	7,192
Grundy County Food Pantry	5,245
Emergency Funds	4,972
Other Programs and Local Activities	9,648
	<u>\$ 402,477</u>

3. **Support from Governmental Agencies**

The Organization received approximately 92% of its total support and revenue from federal, state, and local governmental agencies. Changes in the level of government funding could have a major effect on the Organization's programs and activities.

4. **Concentration of Credit Risk**

The Organization maintains money market, checking and savings accounts at local banks. Accounts at these institutions are insured by the FDIC up to \$250,000. At September 30, 2009, the Organization had \$364,495 of cash deposited in excess of the insured limits. The risk is managed by maintaining all deposits accounts at high quality financial institutions.

5. **Cash and Restricted Cash**

A summary of cash and restricted cash balances at the year-end is as follows:

	Operating Accounts	Restricted Accounts
Petty Cash	\$ 400	--
Money Market, Checking, and Savings	484,637	--
Restricted Cash Deposits		
Tenant Security Deposits and Escrow	--	25,348
	<u>\$ 485,037</u>	<u>25,348</u>

6. **Awards and Contracts Receivables**

Receivables from grantor agencies resulting from program activities in effect at the year-end date are summarized as follows:

Funding Source	Program Activity	Amount
Iowa Department of Public Health	WIC	\$ 311,268
Iowa Department of Public Health	WIC Peer Counseling	10,419
Iowa Department of Public Health	WIC Breast Pump	4,307
Iowa Department of Human Rights	LIHEAP	172,115
Iowa Department of Human Rights	HEAP	89,341
Iowa Department of Human Rights	WX Utility Cos.	15,016
Iowa Department of Human Rights	CSBG	12,519
Iowa Department of Human Rights	DOE ARRA	11,171
Iowa Department of Human Rights	CSBG ARRA	5,807
IFA/Iowa Homeownership Education Project	HUD Counseling	42,815
Iowa Finance Authority	Foreclosure Mitigation	17,907
City of Waterloo	HPRP	15,793
City of Waterloo	Weatherization Plus	5,101
Community Foundation of N.E. Iowa	Workforce Career Ladders	15,000
Together 4 Families	Parents as Teachers	13,990
Together 4 Families	Family Nest	4,540
Cedar Valley Empowerment	Stork's Nest	6,501
Iowa Department of Human Services	Volunteer Program	3,071
Waterloo Housing Authority	Family Self Sufficiency	1,947
Iowa Institute for Community Alliances	ESGP	4,867
Other Sources	Other Programs	5,190
		<u>\$ 768,685</u>

7. **Noncurrent Contract Receivable and Noncurrent Deferred Revenue**

Operation Threshold has renovated a house originally donated to its housing program and sold the house to an eligible low-income family on a fifteen-year contract. The Organization has deferred revenue on the sale of the house until collection is made on the contract.

8. **Property and Equipment**

Property and equipment is summarized as follows:

	Cost	Current Depreciation	Accumulated Depreciation	Undepreciated Cost
Land	\$ 39,740	--	--	39,740
Buildings and Improvements	1,644,110	61,340	661,406	982,704
Furniture and Equipment	188,557	21,817	70,598	117,959
	<u>\$ 1,872,407</u>	<u>83,157</u>	<u>732,004</u>	<u>1,140,403</u>

9. **Accrued Expenses**

Accrued expenses are summarized as follows:

Salaries and Wages	\$ 75,993
Compensated Absences	63,189
Payroll Taxes, Withholding, and Benefits	2,217
Interest	1,410
	<u>\$ 142,809</u>

10. **Due to Funding Sources**

Amounts due to funding sources consist of the following:

City of Waterloo	
Program Income - LHAP	\$ 148,416
Resale Recapture Proceeds	22,333
Iowa Department of Public Health	
Advance for WIC Program Expenses	59,297
	<u>\$ 230,046</u>

11. **Long-Term Debt**

The Organization has obtained three loans to provide funding for the construction of the Independence Housing Project (Lexington Square). The Iowa Housing Corporation has provided a \$245,000 mortgage loan which carries monthly payments of \$1,362 including accrued interest at 4.5%. This note has a balloon payment of unpaid principal and interest due February 1, 2015. The note is secured by a first mortgage interest in the land and building financed, and the note balance at the year-end totals \$205,570.

The Iowa Department of Economic Development has provided a loan totaling \$99,992 under the Home Investment Partnership Program as additional funding for Lexington Square. This loan has a 20 year term and carries interest at 1%. Annual graduated payments began February 28, 2002, with the first five payments against interest only. A balloon payment of remaining principal and interest is due February 28, 2021. This loan is secured by a subordinate mortgage interest in the land and building financed. The note balance totals \$99,187 at the year-end.

The Iowa Finance Authority has provided additional financing for Lexington Square totaling \$52,474. This note carries quarterly payments of \$725 including accrued interest at 1%, with remaining interest and principal amounts due August 2022. This obligation is secured by a third mortgage interest in the land and building financed, and the note balance at the year-end totals \$35,922.

Following are maturities of all long-term notes through their final due dates:

2010	\$ 10,545
2011	11,161
2012	11,545
2013	12,445
2014	13,117
2015 through 2022	281,866
	<u>\$ 340,679</u>

Interest expense for the year ended September 30, 2009, totaled \$10,759.

12. Temporarily Restricted Net Assets

Temporarily restricted net assets are summarized as follows at the year-end date:

<u>Program and Funder</u>	
Lexington Square - IFA, IDED and IHC	\$ 278,091
HOME Investment Partnership - City of Waterloo	
Community Development HOME	
Rental Houses Funded by Program	265,200
New Construction Funds	36,777
Rehab Re-Use Funds	33,862
Rehab Funds	28,762
New Re-Use Funds	(13,201)
Hope 3 HOME	95,367
Local Housing Assistance - IDED	84,414
	<u>\$ 809,272</u>

13. Operating Leases

The Organization leases office equipment under noncancelable operating leases with terms in excess of one year. The Organization also leases facilities and equipment for administrative and program usage under leases running on an annual basis with options to renew. Lease expense for the year ended September 30, 2009, totaled \$89,796.

Remaining minimum future lease payments under noncancelable leases with terms in excess of one year as of the year-end date are as follows:

2010	\$ 6,253
2011	6,253
2012	6,253
2013	4,690
2014	--
	<u>\$ 23,449</u>

14. Retirement Plans

The Organization sponsors a defined contribution tax sheltered annuity plan for all regular employees with at least one year of service. The Organization will match an employee contribution up to 4 1/2% of gross wages. Contributions made during the year by the Organization totaled \$3,221.

The Organization also contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries.

Plan members contribute 4.30% (4.10% through June 2009) of their annual covered salary to IPERS and the Organization contributes 6.65% (6.35% through June 2009) of annual covered payroll. Contribution requirements are established by state statute. The Organization's contributions to IPERS for the year ended September 30, 2009, totaled \$108,402, equal to the required contribution for the year.

15. Major Disaster and Commitments

The Organization's main administrative building in Waterloo, Iowa suffered extensive damage from flooding in June, 2008. A neighboring building owned by the Organization containing administrative offices and rental space was also damaged. The flooding, along with related events, was declared a major disaster. The Federal Emergency Management Agency (FEMA) implemented disaster assistance programs under the Stafford Act to help communities affected by the flooding.

The Organization applied for and received disaster relief under FEMA's Public Assistance Grant Program. During 2009, the Organization expended \$25,487 in federal funds for approved projects, and at September 30, 2009 it has received commitments for substantial additional disaster-related funding. The Organization has approved a plan to construct a new building to replace its two damaged buildings, and has signed a Notice to Proceed with a general contractor. The new building will cost approximately \$4.3 million and will be completed in late 2010 or early 2011. The new building will be financed with grant funds, contributions, and proceeds from disposal of the flooded buildings, and the Organization believes it will not be necessary to borrow money for the project.

16. Evaluation of Subsequent Events

The Organization has evaluated events and transactions occurring after September 30, 2009 for recognition and disclosure in the financial statements. Subsequent events were evaluated through January 15, 2010, the date the financial statements were issued.

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**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**

Board of Directors
Operation Threshold
Waterloo, Iowa

We have audited the financial statements of Operation Threshold (a nonprofit organization) as of and for the year ended September 30, 2009, and have issued our report thereon dated January 15, 2010. We conducted our audit 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.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Operation Threshold's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Page Two

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Operation Threshold's financial statements are free of material misstatement, we 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 our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We noted certain other matters that we reported to management of Operation Threshold in a separate letter dated January 15, 2010.

This report is intended solely for the information and use of the Board of Directors, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Meriwether, Wilson and Company, P.L.C.

MERIWETHER, WILSON AND COMPANY, P.L.C.
Certified Public Accountants

January 15, 2010
West Des Moines, Iowa

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Directors
Operation Threshold
Waterloo, Iowa

Compliance

We have audited the compliance of Operation Threshold (a nonprofit organization) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended September 30, 2009. Operation Threshold's major federal programs are identified in the Summary of Independent Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Operation Threshold's management. Our responsibility is to express an opinion on Operation Threshold's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Nonprofit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Operation Threshold's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Operation Threshold's compliance with those requirements.

In our opinion, Operation Threshold complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2009.

Internal Control over Compliance

The management of Operation Threshold is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Operation Threshold's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

Page Two

Report on Compliance with Requirements Applicable to Each Major Program and on
Internal Control over Compliance in Accordance with OMB Circular A-133

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above.

This report is intended solely for the information of the Board of Directors, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified entities.

Meriwether, Wilson and Company, P.L.C.

MERIWETHER, WILSON AND COMPANY, P.L.C.
Certified Public Accountants

January 15, 2010
West Des Moines, Iowa

OPERATION THRESHOLD

Schedule of Findings and Questioned Costs

Year Ended September 30, 2009

Summary of Auditor's Results

1. We have issued an unqualified opinion in our report on the financial statements of Operation Threshold as of and for the year ended September 30, 2009.
2. No significant deficiencies relating to the audit of the financial statements are reported in the auditor's report on compliance and on internal control over financial reporting.
3. The results of our audit disclosed no instances of noncompliance which were considered material to the financial statements and which would be required to be reported in accordance with Government Auditing Standards.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the auditor's report on compliance with requirements applicable to each major program and internal control over compliance in accordance with OMB Circular A-133.
5. We issued an unqualified opinion in our report on compliance for major programs for the year ended September 30, 2009.
6. The results of our audit disclosed no audit findings relating to major programs which we are required to report under section 510(a) of OMB Circular A-133.
7. The dollar threshold used to distinguish between Type A and Type B programs was \$313,185.
8. The following federal expenditures were audited as major programs for the year ended September 30, 2009:

Major Program	CFDA No.	Expenditures	
Community Services Block Grant	93.569	\$ 385,573	
Community Services Block Grant (ARRA)	93.710	5,807	
Total CSBG Cluster			391,380
Weatherization Assistance for Low-Income Persons	81.042	447,116	
Weatherization Assistance for Low-Income Persons (ARRA)	81.042	113,300	560,416
Low-Income Home Energy Assistance	93.568		4,382,070
			<u>\$ 5,333,866</u>

9. Operation Threshold does qualify as a low-risk auditee.

Findings Related to the Financial Statements

None

Findings and Questioned Costs Related to Federal Awards

None

OPERATION THRESHOLD

Schedule of Expenditures of Federal Awards

October 1, 2008 Through September 30, 2009

Federal Grantor/Pass-Through Grantor/Program Title	CFDA* Number	Grant or Award Number	Expenses
U.S. Department of Health and Human Services			
Passed Through Iowa Department of Human Rights			
Low Income Home Energy Assistance Program	93.568	LIHEAP-09-11-A	\$ 3,795,168
Home Energy Assistance Program	93.568	HEAP-09-11A	424,335
Home Energy Assistance Program	93.568	HEAP-08-11A	162,567
Total CFDA # 93.568			<u>4,382,070</u> **
Family Development and Self Sufficiency (54% Federal)	93.558	FaDSS-10-11-FA	32,059
Family Development and Self Sufficiency (54% Federal)		FaDSS-09-11-FA	98,606
Total CFDA # 93.558			<u>130,665</u>
Community Services Block Grant Cluster	93.569	CSBG-08-11-CA	385,573 **
Community Services Block Grant Cluster (ARRA)	93.710	CSBG-R9-11	5,807 **
Total U.S. Department of Health and Human Services			<u>4,904,115</u>
U.S. Department of Housing and Urban Development			
Passed Through the City of Waterloo			
HOME Investment Partnership Program	14.239	HOME TBRA Hope 3 Home	18,082 1,774
Passed Through the Iowa Department of Economic Development			
HOME Program Promissory Note Dated 3/10/99	14.239	99-HM-204-731	99,187
Total CFDA #14.239			<u>119,043</u>
Passed Through the Iowa Institute for Community Alliances			
Emergency Shelter Grants Program	14.231	10-HES-001 09-HES-001 07-II-07032 07-II-07004	909 3,958 11,000 16,009
Total CFDA #14.231			<u>31,876</u>
Passed Through the Iowa Finance Authority			
HUD Counseling	14.169	08-09	53,536
Passed Through the City of Waterloo			
CDBG Weatherization Plus	14.218	FY 2009	33,822
Homeless Prevention/Rapid Re-Housing	14.257	S09-DY-09-0001	15,793
Total U.S. Department of Housing and Urban Development			<u>254,070</u>
U.S. Department of Agriculture			
Passed Through Iowa Department of Public Health			
Special Supplemental Food Program for Women, Infants, and Children			
WIC	10.557	5889AO43	959,737
WIC Food Breast Pump		5889AO43	11,607
WIC Peer Counseling		5889AO95	43,656
WIC Noncash - Food Vouchers for Distribution		5889AO43	3,745,752
Total CFDA #10.557 and U.S. Department of Agriculture			<u>4,760,752</u>

OPERATION THRESHOLD

Schedule of Expenditures of Federal Awards

October 1, 2008 Through September 30, 2009

Federal Grantor/Pass-Through Grantor/Program Title	CFDA* Number	Grant or Award Number	Expenses
U.S. Department of Energy			
Passed Through Iowa Department of Human Rights			
Weatherization Assistance for Low-Income Persons	81.042	DOE-09-11A	408,060
		DOE-ARRA-09-11A	113,300
		DOE-08-11A	39,056
Total CFDA #81.042 and U.S. Department of Energy			<u>560,416</u> **
Department of Homeland Security			
Passed Through the Iowa Northland Regional Council of Governments			
Emergency Food and Shelter National Board Program	97.024	285800-004	16,082
		286600-001	2,650
		292400-001	2,583
Total CFDA #97.024			<u>21,315</u>
Emerg. Food and Shelter National Board Program (ARRA)	97.114	285800-004	6,109
Emerg. Food and Shelter National Board Program (ARRA)		286600-001	947
Emerg. Food and Shelter National Board Program (ARRA)		292400-001	212
Total CFDA #97.114			<u>7,268</u>
Passed Through the State of Iowa			
Disaster Grants - Public Assistance	97.036	N/A	25,487
Total Department of Homeland Security			<u>54,070</u>
U.S. Department of Treasury			
Passed Through NeighborWorks America			
National Foreclosure Mitigation Counseling	21.000	PL110-161:95X1350	44,122
Total Expenditures of Federal Awards			<u>\$ 10,577,545</u>

*Catalog of Federal Domestic Assistance

**Audited as a Major Program

Note 1: Basis of Presentation

The Schedule of Expenditures of Federal Awards includes the federal grant activity of Operation Threshold, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Nonprofit Organization. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements.

SEE INDEPENDENT AUDITOR'S REPORT

OPERATION THRESHOLD

Combining Statement of Financial Position

September 30, 2009

	<u>Total All Funds</u>	<u>Inter- Fund Elimina- tions</u>	<u>Undesignated and Agency Cost Pool Funds</u>	<u>Total Designated Funds</u>
Assets				
Current Assets				
Cash and Cash Investments	\$ 485,037	--	691,199	(206,162)
Marketable Securities	14,763	--	14,763	--
Receivables				
Awards and Contracts	768,685	--	207	768,478
Interfund Receivable	--	(50,000)	50,000	--
Prepaid Expenses	52,603	--	45,465	7,138
Weatherization Work in Process	327,809	--	151,212	176,597
Total Current Assets	<u>1,648,897</u>	<u>(50,000)</u>	<u>952,846</u>	<u>746,051</u>
Noncurrent Assets				
Real Estate Contracts Receivable	11,684	--	--	11,684
Restricted Cash	25,348	--	1,158	24,190
Total Noncurrent Assets	<u>37,032</u>	<u>--</u>	<u>1,158</u>	<u>35,874</u>
Property and Equipment				
Land, Buildings, and Improvements	1,683,850	--	129,637	1,554,213
Furniture and Equipment	188,557	--	184,166	4,391
Accumulated Depreciation	(732,004)	--	(145,049)	(586,955)
Net Property and Equipment	<u>1,140,403</u>	<u>--</u>	<u>168,754</u>	<u>971,649</u>
 Total Assets	 <u>\$ 2,826,332</u>	 <u>(50,000)</u>	 <u>1,122,758</u>	 <u>1,753,574</u>
Liabilities and Net Assets				
Current Liabilities				
Accounts Payable	\$ 118,720	--	4,821	113,899
Interfund Payable	--	(50,000)	--	50,000
Accrued Expenses	142,809	--	141,399	1,410
Mortgages Payable - Current Portion	10,545	--	--	10,545
Rent Deposits	25,348	--	1,158	24,190
Due to Funding Sources	230,046	--	22,333	207,713
Deferred Revenue	39,148	--	--	39,148
Total Current Liabilities	<u>566,616</u>	<u>(50,000)</u>	<u>169,711</u>	<u>446,905</u>
Deferred Revenue - Noncurrent	<u>11,684</u>	<u>--</u>	<u>--</u>	<u>11,684</u>
Long-Term Debt				
Mortgages Payable - Net of Current Portion	<u>330,134</u>	<u>--</u>	<u>--</u>	<u>330,134</u>
Net Assets				
Temporarily Restricted	809,272	--	--	809,272
Unrestricted				
Designated for Program Activities	(30,172)	--	242,607	(272,779)
Invested in Property and Equipment	597,112	--	168,754	428,358
Undesignated	541,686	--	541,686	--
Total Net Assets	<u>1,917,898</u>	<u>--</u>	<u>953,047</u>	<u>964,851</u>
 Total Liabilities and Net Assets	 <u>\$ 2,826,332</u>	 <u>(50,000)</u>	 <u>1,122,758</u>	 <u>1,753,574</u>

OPERATION THRESHOLD

Combining Statement of Financial Position - Continued

September 30, 2009

Designated Funds

LIHEAP	CSBG	CSBG ARRA	FaDSS	Weatherization Assistance			
				DOE ARRA	HEAP	Inventory	Utility Companies
(156,838)	(12,497)	(2,008)	510	(9,901)	(89,341)	(111,898)	\$ (15,016)
--	--	--	--	--	--	--	--
172,115	12,519	5,807	--	11,171	89,341	--	15,016
--	--	--	--	--	--	--	--
--	--	346	461	--	--	--	--
--	--	--	--	--	--	176,597	--
<u>15,277</u>	<u>22</u>	<u>4,145</u>	<u>971</u>	<u>1,270</u>	<u>--</u>	<u>64,699</u>	<u>--</u>
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
<u>15,277</u>	<u>22</u>	<u>4,145</u>	<u>971</u>	<u>1,270</u>	<u>--</u>	<u>64,699</u>	<u>\$ --</u>
15,277	22	4,145	602	1,270	--	12,270	\$ --
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
--	--	--	369	--	--	--	--
<u>15,277</u>	<u>22</u>	<u>4,145</u>	<u>971</u>	<u>1,270</u>	<u>--</u>	<u>12,270</u>	<u>--</u>
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
--	--	--	--	--	--	52,429	--
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
<u>15,277</u>	<u>22</u>	<u>4,145</u>	<u>971</u>	<u>1,270</u>	<u>--</u>	<u>64,699</u>	<u>\$ --</u>

OPERATION THRESHOLD

Combining Statement of Financial Position - Continued

September 30, 2009

Assets	Comm. Dev. HOME New Constr. Re-Use	Comm. Dev. HOME Rehab Re-Use	Comm. Dev. HOME Rehab Funds
Current Assets			
Cash and Cash Investments	\$ (13,201)	33,862	28,762
Marketable Securities	--	--	--
Receivables			
Awards and Contracts	--	--	--
Interfund Receivable	--	--	--
Prepaid Expenses	--	--	--
Weatherization Work in Process	--	--	--
Total Current Assets	<u>(13,201)</u>	<u>33,862</u>	<u>28,762</u>
Noncurrent Assets			
Real Estate Contracts Receivable	--	--	--
Restricted Cash	--	--	--
Total Noncurrent Assets	<u>--</u>	<u>--</u>	<u>--</u>
Property and Equipment			
Land, Buildings, and Improvements	--	--	--
Furniture and Equipment	--	--	--
Accumulated Depreciation	--	--	--
Net Property and Equipment	<u>--</u>	<u>--</u>	<u>--</u>
Total Assets	<u>\$ (13,201)</u>	<u>33,862</u>	<u>28,762</u>
Liabilities and Net Assets			
Current Liabilities			
Accounts Payable	\$ --	--	--
Interfund Payable	--	--	--
Accrued Expenses	--	--	--
Mortgages Payable - Current Portion	--	--	--
Rent Deposits	--	--	--
Due to Funding Sources	--	--	--
Deferred Revenue	--	--	--
Total Current Liabilities	<u>--</u>	<u>--</u>	<u>--</u>
Deferred Revenue - Noncurrent	<u>--</u>	<u>--</u>	<u>--</u>
Long-Term Debt			
Mortgages Payable - Net of Current Portion	<u>--</u>	<u>--</u>	<u>--</u>
Net Assets			
Temporarily Restricted	(13,201)	33,862	28,762
Unrestricted			
Designated for Program Activities	--	--	--
Invested in Property and Equipment	--	--	--
Undesignated	--	--	--
Total Net Assets	<u>(13,201)</u>	<u>33,862</u>	<u>28,762</u>
Total Liabilities and Net Assets	<u>\$ (13,201)</u>	<u>33,862</u>	<u>28,762</u>

OPERATION THRESHOLD

Combining Statement of Financial Position - Continued

September 30, 2009

Designated Funds

Comm. Dev. HOME New Constr.	Hope 3 Home	HOME TBRA	Homeless Prevention Rapid Re-Housing	Weatheri- zation Plus	LHCB/ CASH Course	Home Buyer Education
36,777	95,367	1,045	(10,361)	23,145	2,784	(562)
--	--	--	--	--	--	--
--	--	--	15,793	5,101	--	--
--	--	--	--	--	--	--
--	--	--	--	--	--	--
<u>36,777</u>	<u>95,367</u>	<u>1,045</u>	<u>5,432</u>	<u>28,246</u>	<u>2,784</u>	<u>(562)</u>
--	11,684	--	--	--	--	--
--	--	--	--	--	--	--
--	<u>11,684</u>	--	--	--	--	--
--	--	--	--	--	--	--
--	--	--	--	--	--	--
<u>36,777</u>	<u>107,051</u>	<u>1,045</u>	<u>5,432</u>	<u>28,246</u>	<u>2,784</u>	<u>(562)</u>
--	--	--	5,432	--	--	--
--	--	--	--	--	--	--
--	--	--	--	--	--	--
--	--	--	--	--	--	--
--	--	--	--	28,246	--	--
--	--	--	<u>5,432</u>	<u>28,246</u>	--	--
--	<u>11,684</u>	--	--	--	--	--
--	--	--	--	--	--	--
36,777	95,367	--	--	--	--	--
--	--	1,045	--	--	2,784	(562)
--	--	--	--	--	--	--
<u>36,777</u>	<u>95,367</u>	<u>1,045</u>	--	--	<u>2,784</u>	<u>(562)</u>
<u>36,777</u>	<u>107,051</u>	<u>1,045</u>	<u>5,432</u>	<u>28,246</u>	<u>2,784</u>	<u>(562)</u>

OPERATION THRESHOLD

Combining Statement of Financial Position - Continued

September 30, 2009

Assets	<u>WIC</u>	<u>WIC Food Breast Pump</u>	<u>WIC Peer Counseling</u>
Current Assets			
Cash and Cash Investments	(130,940)	(4,307)	(5,237)
Marketable Securities	--	--	--
Receivables			
Awards and Contracts	311,308	4,307	10,419
Interfund Receivable	--	--	--
Prepaid Expenses	210	--	--
Weatherization Work in Process	--	--	--
Total Current Assets	<u>180,578</u>	<u>--</u>	<u>5,182</u>
Noncurrent Assets			
Real Estate Contracts Receivable	--	--	--
Restricted Cash	--	--	--
Total Noncurrent Assets	<u>--</u>	<u>--</u>	<u>--</u>
Property and Equipment			
Land, Buildings, and Improvements	--	--	--
Furniture and Equipment	--	--	--
Accumulated Depreciation	--	--	--
Net Property and Equipment	<u>--</u>	<u>--</u>	<u>--</u>
Total Assets	<u>180,578</u>	<u>--</u>	<u>5,182</u>
Liabilities and Net Assets			
Current Liabilities			
Accounts Payable	59,531	--	3,010
Interfund Payable	--	--	--
Accrued Expenses	--	--	--
Mortgages Payable - Current Portion	--	--	--
Rent Deposits	--	--	--
Due to Funding Sources	59,297	--	--
Deferred Revenue	--	--	--
Total Current Liabilities	<u>118,828</u>	<u>--</u>	<u>3,010</u>
Deferred Revenue - Noncurrent	<u>--</u>	<u>--</u>	<u>--</u>
Long-Term Debt			
Mortgages Payable - Net of Current Portion	<u>--</u>	<u>--</u>	<u>--</u>
Net Assets			
Temporarily Restricted	--	--	--
Unrestricted			
Designated for Program Activities	61,750	--	2,172
Invested in Property and Equipment	--	--	--
Undesignated	--	--	--
Total Net Assets	<u>61,750</u>	<u>--</u>	<u>2,172</u>
Total Liabilities and Net Assets	<u>180,578</u>	<u>--</u>	<u>5,182</u>

OPERATION THRESHOLD

Combining Statement of Financial Position - Continued

September 30, 2009

Designated Funds

<u>WIC Farmers Market</u>	<u>WIC Special BF Fund</u>	<u>Project Care/Share</u>	<u>Parents as Teachers</u>	<u>Family Nest</u>	<u>Stork's Nest</u>
3,485	620	33,804	(13,974)	11,690	735
--	--	--	--	--	--
--	--	--	13,990	4,540	6,501
--	--	--	--	--	--
--	--	--	--	--	--
<u>3,485</u>	<u>620</u>	<u>33,804</u>	<u>16</u>	<u>16,230</u>	<u>7,236</u>
--	--	--	--	--	--
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
--	--	--	--	--	--
--	--	--	--	--	--
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u>3,485</u>	<u>620</u>	<u>33,804</u>	<u>16</u>	<u>16,230</u>	<u>7,236</u>
--	--	461	16	129	17
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
<u>--</u>	<u>--</u>	<u>461</u>	<u>16</u>	<u>129</u>	<u>17</u>
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
--	--	--	--	--	--
--	--	--	--	--	--
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
3,485	620	33,343	--	16,101	7,219
--	--	--	--	--	--
--	--	--	--	--	--
<u>3,485</u>	<u>620</u>	<u>33,343</u>	<u>--</u>	<u>16,101</u>	<u>7,219</u>
<u>3,485</u>	<u>620</u>	<u>33,804</u>	<u>16</u>	<u>16,230</u>	<u>7,236</u>

OPERATION THRESHOLD

Combining Statement of Financial Position - Continued

September 30, 2009

Assets	<u>Canterbury Court Apartments</u>	<u>924 Lafayette Street</u>	<u>Kingswood Apartments</u>
Current Assets			
Cash and Cash Investments	\$ (188,145)	13,048	163,497
Marketable Securities	--	--	--
Receivables			
Awards and Contracts	--	--	--
Interfund Receivable	--	--	--
Prepaid Expenses	--	--	--
Weatherization Work in Process	--	--	--
Total Current Assets	<u>(188,145)</u>	<u>13,048</u>	<u>163,497</u>
Noncurrent Assets			
Real Estate Contracts Receivable	--	--	--
Restricted Cash	15,534	850	2,731
Total Noncurrent Assets	<u>15,534</u>	<u>850</u>	<u>2,731</u>
Property and Equipment			
Land, Buildings, and Improvements	493,648	62,785	49,982
Furniture and Equipment	4,391	--	--
Accumulated Depreciation	(257,461)	(31,916)	(29,795)
Net Property and Equipment	<u>240,578</u>	<u>30,869</u>	<u>20,187</u>
 Total Assets	 <u>\$ 67,967</u>	 <u>44,767</u>	 <u>186,415</u>
Liabilities and Net Assets			
Current Liabilities			
Accounts Payable	\$ 866	265	111
Interfund Payable	--	--	--
Accrued Expenses	--	--	--
Mortgages Payable - Current Portion	--	--	--
Rent Deposits	15,534	850	2,731
Due to Funding Sources	--	--	--
Deferred Revenue	--	--	--
Total Current Liabilities	<u>16,400</u>	<u>1,115</u>	<u>2,842</u>
Deferred Revenue - Noncurrent	<u>--</u>	<u>--</u>	<u>--</u>
Long-Term Debt			
Mortgages Payable - Net of Current Portion	<u>--</u>	<u>--</u>	<u>--</u>
Net Assets			
Temporarily Restricted	--	--	--
Unrestricted			
Designated for Program Activities	(189,011)	12,783	163,386
Invested in Property and Equipment	240,578	30,869	20,187
Undesignated	--	--	--
Total Net Assets	<u>51,567</u>	<u>43,652</u>	<u>183,573</u>
 Total Liabilities and Net Assets	 <u>\$ 67,967</u>	 <u>44,767</u>	 <u>186,415</u>

OPERATION THRESHOLD

Combining Statement of Financial Position - Continued

September 30, 2009

Designated Funds						
302 Locust Street	1619 Franklin St.	Ankeny Single Family	Lexington Square	316/318 West 3rd Street	313 Cottage Street	118 Irving Street
15,650	7,465	(22,676)	(72,203)	(110,704)	(775)	422
--	--	--	--	--	--	--
--	--	--	--	--	--	--
--	--	--	--	--	--	--
--	--	--	1,362	--	--	--
--	--	--	--	--	--	--
<u>15,650</u>	<u>7,465</u>	<u>(22,676)</u>	<u>(70,841)</u>	<u>(110,704)</u>	<u>(775)</u>	<u>422</u>
--	--	--	--	--	--	--
285	388	678	2,724	1,000	--	--
<u>285</u>	<u>388</u>	<u>678</u>	<u>2,724</u>	<u>1,000</u>	<u>--</u>	<u>--</u>
96,857	12,013	68,811	412,433	87,573	116,076	154,035
--	--	--	--	--	--	--
<u>(53,391)</u>	<u>(6,445)</u>	<u>(38,460)</u>	<u>(134,342)</u>	<u>(30,234)</u>	<u>(2,110)</u>	<u>(2,801)</u>
<u>43,466</u>	<u>5,568</u>	<u>30,351</u>	<u>278,091</u>	<u>57,339</u>	<u>113,966</u>	<u>151,234</u>
<u>59,401</u>	<u>13,421</u>	<u>8,353</u>	<u>209,974</u>	<u>(52,365)</u>	<u>113,191</u>	<u>151,656</u>
108	83	--	377	90	--	244
--	--	--	--	50,000	--	--
--	--	--	1,410	--	--	--
--	--	--	10,545	--	--	--
285	388	678	2,724	1,000	--	--
--	--	--	--	--	--	--
--	--	--	--	--	--	--
<u>393</u>	<u>471</u>	<u>678</u>	<u>15,056</u>	<u>51,090</u>	<u>--</u>	<u>244</u>
--	--	--	--	--	--	--
--	--	--	330,134	--	--	--
--	--	--	278,091	--	113,966	151,234
15,542	7,382	(22,676)	(413,307)	(160,794)	(775)	178
43,466	5,568	30,351	--	57,339	--	--
--	--	--	--	--	--	--
<u>59,008</u>	<u>12,950</u>	<u>7,675</u>	<u>(135,216)</u>	<u>(103,455)</u>	<u>113,191</u>	<u>151,412</u>
<u>59,401</u>	<u>13,421</u>	<u>8,353</u>	<u>209,974</u>	<u>(52,365)</u>	<u>113,191</u>	<u>151,656</u>

OPERATION THRESHOLD

Combining Statement of Financial Position - Continued

September 30, 2009

Assets	<u>Local Housing Assist.</u>	<u>FHLB Affordable Housing</u>
Current Assets		
Cash and Cash Investments	\$ 232,830	(66,593)
Marketable Securities	--	--
Receivables		
Awards and Contracts	--	--
Interfund Receivable	--	--
Prepaid Expenses	--	--
Weatherization Work in Process	--	--
Total Current Assets	<u>232,830</u>	<u>(66,593)</u>
Noncurrent Assets		
Real Estate Contracts Receivable	--	--
Restricted Cash	--	--
Total Noncurrent Assets	<u>--</u>	<u>--</u>
Property and Equipment		
Land, Buildings, and Improvements	--	--
Furniture and Equipment	--	--
Accumulated Depreciation	--	--
Net Property and Equipment	<u>--</u>	<u>--</u>
Total Assets	<u>\$ 232,830</u>	<u>(66,593)</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable	\$ --	--
Interfund Payable	--	--
Accrued Expenses	--	--
Mortgages Payable - Current Portion	--	--
Rent Deposits	--	--
Due to Funding Sources	148,416	--
Deferred Revenue	--	--
Total Current Liabilities	<u>148,416</u>	<u>--</u>
Deferred Revenue - Noncurrent	<u>--</u>	<u>--</u>
Long-Term Debt		
Mortgages Payable - Net of Current Portion	<u>--</u>	<u>--</u>
Net Assets		
Temporarily Restricted	84,414	--
Unrestricted		
Designated for Program Activities	--	(66,593)
Invested in Property and Equipment	--	--
Undesignated	--	--
Total Net Assets	<u>84,414</u>	<u>(66,593)</u>
Total Liabilities and Net Assets	<u>\$ 232,830</u>	<u>(66,593)</u>

OPERATION THRESHOLD

Combining Statement of Financial Position - Continued

September 30, 2009

Designated Funds

<u>Toy Project</u>	<u>Family Self-Sufficiency</u>	<u>Pocket Change Project</u>	<u>Fan Program</u>	<u>Emergency Shelter Grants Program</u>	<u>Teen Trust</u>	<u>School Supplies and Coats</u>	<u>Outreach Offices</u>
4,535	4,236	2,001	50	(3,432)	32	3,263	216,821
--	--	--	--	--	--	--	--
--	1,947	--	--	4,867	--	--	--
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	4,067
--	--	--	--	--	--	--	--
<u>4,535</u>	<u>6,183</u>	<u>2,001</u>	<u>50</u>	<u>1,435</u>	<u>32</u>	<u>3,263</u>	<u>220,888</u>
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
<u>4,535</u>	<u>6,183</u>	<u>2,001</u>	<u>50</u>	<u>1,435</u>	<u>32</u>	<u>3,263</u>	<u>220,888</u>
--	--	--	--	1,435	30	--	6,113
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
--	--	--	--	1,435	30	--	6,113
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
4,535	6,183	2,001	50	--	2	3,263	214,775
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
<u>4,535</u>	<u>6,183</u>	<u>2,001</u>	<u>50</u>	<u>--</u>	<u>2</u>	<u>3,263</u>	<u>214,775</u>
<u>4,535</u>	<u>6,183</u>	<u>2,001</u>	<u>50</u>	<u>1,435</u>	<u>32</u>	<u>3,263</u>	<u>220,888</u>

OPERATION THRESHOLD

Combining Statement of Financial Position - Continued

September 30, 2009

Assets	<u>Emergency Food and Shelter (FEMA)</u>	<u>IHOEP HUD Counseling</u>	<u>National Fore- Closure Mitigation</u>
Current Assets			
Cash and Cash Investments	\$ 10,677	(42,815)	(65,996)
Marketable Securities	--	--	--
Receivables			
Awards and Contracts	--	42,815	17,907
Interfund Receivable	--	--	--
Prepaid Expenses	--	--	462
Weatherization Work in Process	--	--	--
Total Current Assets	<u>10,677</u>	<u>--</u>	<u>(47,627)</u>
Noncurrent Assets			
Real Estate Contracts Receivable	--	--	--
Restricted Cash	--	--	--
Total Noncurrent Assets	<u>--</u>	<u>--</u>	<u>--</u>
Property and Equipment			
Land, Buildings, and Improvements	--	--	--
Furniture and Equipment	--	--	--
Accumulated Depreciation	--	--	--
Net Property and Equipment	<u>--</u>	<u>--</u>	<u>--</u>
Total Assets	<u>\$ 10,677</u>	<u>--</u>	<u>(47,627)</u>
Liabilities and Net Assets			
Current Liabilities			
Accounts Payable	\$ 144	--	412
Interfund Payable	--	--	--
Accrued Expenses	--	--	--
Mortgages Payable - Current Portion	--	--	--
Rent Deposits	--	--	--
Due to Funding Sources	--	--	--
Deferred Revenue	10,533	--	--
Total Current Liabilities	<u>10,677</u>	<u>--</u>	<u>412</u>
Deferred Revenue - Noncurrent	<u>--</u>	<u>--</u>	<u>--</u>
Long-Term Debt			
Mortgages Payable - Net of Current Portion	<u>--</u>	<u>--</u>	<u>--</u>
Net Assets			
Temporarily Restricted	--	--	--
Unrestricted			
Designated for Program Activities	--	--	(48,039)
Invested in Property and Equipment	--	--	--
Undesignated	--	--	--
Total Net Assets	<u>--</u>	<u>--</u>	<u>(48,039)</u>
Total Liabilities and Net Assets	<u>\$ 10,677</u>	<u>--</u>	<u>(47,627)</u>

OPERATION THRESHOLD

Combining Statement of Financial Position - Continued

September 30, 2009

Designated Funds

<u>Special Projects</u>	<u>Anti- Predatory Lending</u>	<u>Career Ladders</u>	<u>Hawkeye Valley on Aging</u>	<u>Grundy Co. Food Pantry</u>	<u>Volunteer Programs</u>
(4,943)	1,071	(23,307)	169	13,330	(3,071)
--	--	--	--	--	--
4,943	--	15,000	--	--	3,071
--	--	--	--	--	--
--	115	115	--	--	--
--	--	--	--	--	--
<u>--</u>	<u>1,186</u>	<u>(8,192)</u>	<u>169</u>	<u>13,330</u>	<u>--</u>
--	--	--	--	--	--
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
--	--	--	--	--	--
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
--	--	--	--	--	--
<u>--</u>	<u>1,186</u>	<u>(8,192)</u>	<u>169</u>	<u>13,330</u>	<u>--</u>
--	1,436	3	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
<u>--</u>	<u>1,436</u>	<u>3</u>	<u>--</u>	<u>--</u>	<u>--</u>
--	--	--	--	--	--
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
--	--	--	--	--	--
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
--	(250)	(8,195)	169	13,330	--
--	--	--	--	--	--
<u>--</u>	<u>(250)</u>	<u>(8,195)</u>	<u>169</u>	<u>13,330</u>	<u>--</u>
--	1,186	(8,192)	169	13,330	--
<u>--</u>	<u>1,186</u>	<u>(8,192)</u>	<u>169</u>	<u>13,330</u>	<u>--</u>

SEE INDEPENDENT AUDITOR'S REPORT

OPERATION THRESHOLD

Combining Statement of Activities

Year Ended September 30, 2009

	<u>Total All Funds</u>	<u>Undesignated and Agency Cost Pool Funds</u>	<u>Total Designated Funds</u>
Support and Revenue			
Government Awards and Contract Revenue	\$ 7,333,453	--	7,333,453
Food Vouchers for Distribution	3,745,752	--	3,745,752
CSBG Co-funding Provided	--	91,596	(91,596)
Rental Income	302,678	--	302,678
Contributions, Public Support, and Services	564,269	93,246	471,023
Investment Income	5,694	5,618	76
Other Revenue	16,444	871	15,573
Total Support and Revenue	<u>11,968,290</u>	<u>191,331</u>	<u>11,776,959</u>
Expenses			
Program and General Expenses	8,166,244	1,733,221	6,433,023
Food Vouchers for Distribution	3,745,752	--	3,745,752
Depreciation	83,157	26,148	57,009
Interfund Expense Transfers	--	(1,573,319)	1,573,319
Total Expenses	<u>11,995,153</u>	<u>186,050</u>	<u>11,809,103</u>
Excess (Deficiency) of Support and Revenue Over Expenses	(26,863)	5,281	(32,144)
Capital Items Acquired With Grant Funds	107,779	--	107,779
Transfers	--	107,779	(107,779)
Net Assets - Beginning of Year	<u>1,836,982</u>	<u>839,987</u>	<u>996,995</u>
Net Assets - End of Year	<u>\$ 1,917,898</u>	<u>953,047</u>	<u>964,851</u>

OPERATION THRESHOLD
Combining Statement of Activities

Year Ended September 30, 2009

Iowa Department of Human Rights/Division of Community Action Agencies

LIHEAP	CSBG	CSBG ARRA	FaDSS	Weatherization Assistance				Utility Companies
				DOE	DOE ARRA	HEAP	Inventory	
3,795,168	385,573	5,807	241,972	447,116	113,300	586,902	--	\$ 300,238
--	--	--	--	--	--	--	--	--
--	(312,284)	--	--	--	--	--	--	--
--	--	--	8,851	--	--	--	--	--
--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--	--
<u>3,795,168</u>	<u>73,289</u>	<u>5,807</u>	<u>250,823</u>	<u>447,116</u>	<u>113,300</u>	<u>586,902</u>	<u>--</u>	<u>300,238</u>
3,691,275	26,540	5,509	225,574	101,206	12,485	151,136	--	80,311
--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--	--
103,893	46,749	298	25,249	345,910	100,815	435,766	--	219,927
<u>3,795,168</u>	<u>73,289</u>	<u>5,807</u>	<u>250,823</u>	<u>447,116</u>	<u>113,300</u>	<u>586,902</u>	<u>--</u>	<u>300,238</u>
--	--	--	--	--	--	--	--	--
--	--	--	--	--	58,580	--	--	--
--	--	--	--	--	(58,580)	--	--	--
--	--	--	--	--	--	--	52,429	--
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>52,429</u>	<u>\$ --</u>

OPERATION THRESHOLD

Combining Statement of Activities - Continued

Year Ended September 30, 2009

	Comm. Dev. HOME New Constr. Re-Use	Comm. Dev. HOME Rehab Re-Use	Comm. Dev. HOME Rehab Funds
Support and Revenue			
Government Awards and Contract Revenue	\$ --	--	--
Food Vouchers for Distribution	--	--	--
CSBG Co-funding Provided	--	--	--
Rental Income	--	--	--
Contributions, Public Support, and Services	--	--	--
Investment Income	--	--	--
Other Revenue	--	--	--
Total Support and Revenue	<u>--</u>	<u>--</u>	<u>--</u>
Expenses			
Program and General Expenses	--	--	--
Food Vouchers for Distribution	--	--	--
Depreciation	--	--	--
Interfund Expense Transfers	--	--	--
Total Expenses	<u>--</u>	<u>--</u>	<u>--</u>
Excess (Deficiency) of Support and Revenue over Expenses	--	--	--
Capital Items Acquired With Grant Funds	--	--	--
Transfers	(191,672)	--	--
Net Assets - Beginning of Year	<u>178,471</u>	<u>33,862</u>	<u>28,762</u>
Net Assets - End of Year	<u>\$ (13,201)</u>	<u>33,862</u>	<u>28,762</u>

OPERATION THRESHOLD

Combining Statement of Activities - Continued

Year Ended September 30, 2009

Housing and Urban Development

Comm. Dev. HOME New Constr.	Hope 3 Home	HOME TBRA	Homeless Prevention Rapid Re-Housing	Weatherization Plus	LHCB/CASH Course	Home Buyer Education
--	--	18,082	15,793	33,822	--	--
--	--	--	--	--	--	--
--	--	--	--	--	--	--
--	2,500	13,408	--	5,354	--	--
--	--	--	--	--	--	--
--	--	--	--	--	--	--
<u>--</u>	<u>2,500</u>	<u>31,490</u>	<u>15,793</u>	<u>39,176</u>	<u>--</u>	<u>--</u>
--	1,774	32,506	14,636	39,176	994	1,233
--	--	--	--	--	--	--
--	--	--	--	--	--	--
--	--	--	1,157	--	--	2,055
<u>--</u>	<u>1,774</u>	<u>32,506</u>	<u>15,793</u>	<u>39,176</u>	<u>994</u>	<u>3,288</u>
--	726	(1,016)	--	--	(994)	(3,288)
--	--	--	--	--	--	--
(16,360)	--	--	--	--	--	--
<u>53,137</u>	<u>94,641</u>	<u>2,061</u>	<u>--</u>	<u>--</u>	<u>3,778</u>	<u>2,726</u>
<u>36,777</u>	<u>95,367</u>	<u>1,045</u>	<u>--</u>	<u>--</u>	<u>2,784</u>	<u>(562)</u>

OPERATION THRESHOLD

Combining Statement of Activities - Continued

Year Ended September 30, 2009

	Iowa Department of Public		
	WIC	WIC Food Breast Pump	WIC Peer Counseling
Support and Revenue			
Government Awards and Contract Revenue	959,737	11,607	43,656
Food Vouchers for Distribution	3,745,752	--	--
CSBG Co-funding Provided	--	--	--
Rental Income	--	--	--
Contributions, Public Support, and Services	7,918	--	3,000
Investment Income	--	--	--
Other Revenue	--	--	--
Total Support and Revenue	<u>4,713,407</u>	<u>11,607</u>	<u>46,656</u>
Expenses			
Program and General Expenses	869,590	11,607	37,148
Food Vouchers for Distribution	3,745,752	--	--
Depreciation	--	--	--
Interfund Expense Transfers	90,187	--	7,336
Total Expenses	<u>4,705,529</u>	<u>11,607</u>	<u>44,484</u>
Excess (Deficiency) of Support and Revenue over Expenses	7,878	--	2,172
Capital Items Acquired With Grant Funds	49,199	--	--
Transfers	(49,199)	--	--
Net Assets - Beginning of Year	<u>53,872</u>	<u>--</u>	<u>--</u>
Net Assets - End of Year	<u><u>61,750</u></u>	<u><u>--</u></u>	<u><u>2,172</u></u>

OPERATION THRESHOLD

Combining Statement of Activities - Continued

Year Ended September 30, 2009

Health		Local Government and Miscellaneous Funding Sources				
WIC Farmers Market	WIC Special BF Fund	Project Care/Share	OT Family Development	Parents as Teachers	Family Nest	Stork's Nest
1,936	--	--	--	61,728	58,967	76,439
--	--	--	--	--	--	--
--	--	--	1,421	--	--	--
--	--	--	--	--	--	--
--	--	126,400	--	--	13,418	11,213
--	--	--	--	--	--	--
--	--	--	--	--	--	--
<u>1,936</u>	<u>--</u>	<u>126,400</u>	<u>1,421</u>	<u>61,728</u>	<u>72,385</u>	<u>87,652</u>
--	15	102,254	11,972	56,168	57,212	76,889
--	--	--	--	--	--	--
--	--	--	--	--	--	--
--	--	--	(10,551)	5,560	12,999	11,085
<u>--</u>	<u>15</u>	<u>102,254</u>	<u>1,421</u>	<u>61,728</u>	<u>70,211</u>	<u>87,974</u>
1,936	(15)	24,146	--	--	2,174	(322)
--	--	--	--	--	--	--
--	--	--	--	--	--	--
<u>1,549</u>	<u>635</u>	<u>9,197</u>	<u>--</u>	<u>--</u>	<u>13,927</u>	<u>7,541</u>
<u>3,485</u>	<u>620</u>	<u>33,343</u>	<u>--</u>	<u>--</u>	<u>16,101</u>	<u>7,219</u>

OPERATION THRESHOLD

Combining Statement of Activities - Continued

Year Ended September 30, 2009

	Canterbury Court Apartments	924 Lafayette Street	Kingswood Apartments
Support and Revenue			
Government Awards and Contract Revenue	\$ --	--	--
Food Vouchers for Distribution	--	--	--
CSBG Co-funding Provided	--	--	--
Rental Income	190,445	9,655	39,778
Contributions, Public Support, and Services	--	--	--
Investment Income	76	--	--
Other Revenue	6,603	--	311
Total Support and Revenue	<u>197,124</u>	<u>9,655</u>	<u>40,089</u>
Expenses			
Program and General Expenses	110,253	5,770	13,586
Food Vouchers for Distribution	--	--	--
Depreciation	20,069	2,661	2,298
Interfund Expense Transfers	42,402	2,338	4,758
Total Expenses	<u>172,724</u>	<u>10,769</u>	<u>20,642</u>
Excess (Deficiency) of Support and Revenue over Expenses	24,400	(1,114)	19,447
Capital Items Acquired With Grant Funds	--	--	--
Transfers	--	--	--
Net Assets - Beginning of Year	<u>27,167</u>	<u>44,766</u>	<u>164,126</u>
Net Assets - End of Year	<u>\$ 51,567</u>	<u>43,652</u>	<u>183,573</u>

OPERATION THRESHOLD

Combining Statement of Activities - Continued

Year Ended September 30, 2009

Local Government and Miscellaneous Funding Sources						
<u>302</u> <u>Locust</u> <u>Street</u>	<u>1619</u> <u>Franklin</u> <u>Street</u>	<u>Ankeny</u> <u>Single</u> <u>Family</u>	<u>Lexington</u> <u>Square</u>	<u>316/318</u> <u>West 3rd</u> <u>Street</u>	<u>313</u> <u>Cottage</u> <u>Street</u>	<u>118</u> <u>Irving</u> <u>Street</u>
--	--	--	--	--	--	--
--	--	--	--	--	--	--
--	--	--	--	--	--	--
10,140	5,541	8,076	34,200	--	993	3,850
--	--	--	--	--	--	--
--	--	--	--	--	--	--
23	--	--	1,320	4,746	--	550
<u>10,163</u>	<u>5,541</u>	<u>8,076</u>	<u>35,520</u>	<u>4,746</u>	<u>993</u>	<u>4,400</u>
7,472	4,020	3,262	34,955	15,697	5,360	2,858
--	--	--	--	--	--	--
4,030	591	5,349	13,916	3,184	2,110	2,801
3,593	1,543	3,048	14,933	4,271	(3,592)	1,364
<u>15,095</u>	<u>6,154</u>	<u>11,659</u>	<u>63,804</u>	<u>23,152</u>	<u>3,878</u>	<u>7,023</u>
(4,932)	(613)	(3,583)	(28,284)	(18,406)	(2,885)	(2,623)
--	--	--	--	--	--	--
--	--	--	--	--	116,076	154,035
<u>63,940</u>	<u>13,563</u>	<u>11,258</u>	<u>(106,932)</u>	<u>(85,049)</u>	<u>--</u>	<u>--</u>
<u>59,008</u>	<u>12,950</u>	<u>7,675</u>	<u>(135,216)</u>	<u>(103,455)</u>	<u>113,191</u>	<u>151,412</u>

OPERATION THRESHOLD

Combining Statement of Activities - Continued

Year Ended September 30, 2009

	Local Housing Assist.	FHLB Affordable Housing	Emergency Funds
Support and Revenue			
Government Awards and Contract Revenue	\$ --	--	--
Food Vouchers for Distribution	--	--	--
CSBG Co-funding Provided	--	--	--
Rental Income	--	--	--
Contributions, Public Support, and Services	--	--	15,167
Investment Income	--	--	--
Other Revenue	--	--	--
Total Support and Revenue	<u>--</u>	<u>--</u>	<u>15,167</u>
Expenses			
Program and General Expenses	--	--	4,972
Food Vouchers for Distribution	--	--	--
Depreciation	--	--	--
Interfund Expense Transfers	--	--	--
Total Expenses	<u>--</u>	<u>--</u>	<u>4,972</u>
Excess (Deficiency) of Support and Revenue over Expenses	--	--	10,195
Capital Items Acquired With Grant Funds	--	--	--
Transfers	(62,079)	--	--
Net Assets - Beginning of Year	<u>146,493</u>	<u>(66,593)</u>	<u>2,701</u>
Net Assets - End of Year	<u>\$ 84,414</u>	<u>(66,593)</u>	<u>12,896</u>

OPERATION THRESHOLD

Combining Statement of Activities - Continued

September 30, 2009

Local Government and Miscellaneous Funding Sources

<u>Toy Project</u>	<u>Family Self-Sufficiency</u>	<u>Pocket Change Project</u>	<u>Fan Program</u>	<u>Emergency Shelter Grants Program</u>	<u>Teen Trust</u>	<u>School Supplies and Coats</u>	<u>Outreach Offices</u>
--	--	--	--	31,876	--	--	--
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	219,267
--	--	--	--	--	--	--	--
9,040	26,163	9,433	50	--	2,600	2,701	97,677
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	1,984
<u>9,040</u>	<u>26,163</u>	<u>9,433</u>	<u>50</u>	<u>31,876</u>	<u>2,600</u>	<u>2,701</u>	<u>318,928</u>
7,192	20,907	8,198	--	28,376	2,598	1,560	277,923
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
--	3,329	--	--	3,500	--	--	54,490
<u>7,192</u>	<u>24,236</u>	<u>8,198</u>	<u>--</u>	<u>31,876</u>	<u>2,598</u>	<u>1,560</u>	<u>332,413</u>
1,848	1,927	1,235	50	--	2	1,141	(13,485)
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
<u>2,687</u>	<u>4,256</u>	<u>766</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>2,122</u>	<u>228,260</u>
<u>4,535</u>	<u>6,183</u>	<u>2,001</u>	<u>50</u>	<u>--</u>	<u>2</u>	<u>3,263</u>	<u>214,775</u>

OPERATION THRESHOLD

Combining Statement of Activities - Continued

Year Ended September 30, 2009

	Emergency Food and Shelter (FEMA)	IHOEP	IHOEP Anti- Predatory Lending
Support and Revenue			
Government Awards and Contract Revenue	\$ 28,583	--	--
Food Vouchers for Distribution	--	--	--
CSBG Co-funding Provided	--	--	--
Rental Income	--	--	--
Contributions, Public Support, and Services	--	--	--
Investment Income	--	--	--
Other Revenue	--	--	--
Total Support and Revenue	<u>28,583</u>	<u>--</u>	<u>--</u>
Expenses			
Program and General Expenses	28,583	--	--
Food Vouchers for Distribution	--	--	--
Depreciation	--	--	--
Interfund Expense Transfers	--	(228)	500
Total Expenses	<u>28,583</u>	<u>(228)</u>	<u>500</u>
Excess (Deficiency) of Support and Revenue over Expenses	--	228	(500)
Capital Items Acquired With Grant Funds	--	--	--
Transfers	--	--	--
Net Assets - Beginning of Year	<u>--</u>	<u>(228)</u>	<u>500</u>
Net Assets - End of Year	<u>\$ --</u>	<u>--</u>	<u>--</u>

OPERATION THRESHOLD

Combining Statement of Activities - Continued

Year Ended September 30, 2009

Local Government and Miscellaneous Funding Sources							
<u>IHOEP HUD Counseling</u>	<u>National Fore- Closure Mitigation</u>	<u>Special Projects</u>	<u>Anti- Predatory Lending</u>	<u>Career Ladders</u>	<u>Hawkeye Valley on Aging</u>	<u>Grundy Co. Food Pantry</u>	<u>Volunteer Programs</u>
53,536	44,122	--	--	--	--	--	17,493
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
--	--	45,248	20,908	30,251	--	18,624	1,099
--	--	--	--	--	--	--	--
--	36	--	--	--	--	--	--
<u>53,536</u>	<u>44,158</u>	<u>45,248</u>	<u>20,908</u>	<u>30,251</u>	<u>--</u>	<u>18,624</u>	<u>18,592</u>
--	103,789	45,099	39,155	39,948	--	5,245	9,035
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
<u>53,536</u>	<u>(11,592)</u>	<u>149</u>	<u>(18,427)</u>	<u>5,412</u>	<u>--</u>	<u>--</u>	<u>9,557</u>
<u>53,536</u>	<u>92,197</u>	<u>45,248</u>	<u>20,728</u>	<u>45,360</u>	<u>--</u>	<u>5,245</u>	<u>18,592</u>
--	(48,039)	--	180	(15,109)	--	13,379	--
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
--	--	--	(430)	6,914	169	(49)	--
<u>--</u>	<u>(48,039)</u>	<u>--</u>	<u>(250)</u>	<u>(8,195)</u>	<u>169</u>	<u>13,330</u>	<u>--</u>

SEE INDEPENDENT AUDITOR'S REPORT

OPERATION THRESHOLD

**Combining Statement of Financial Position -
Undesignated and Agency Cost Pool Funds**

September 30, 2009

Assets	<u>Total</u>	<u>Payroll Clearing</u>	<u>Agency</u>
Current Assets			
Cash and Cash Investments	\$ 691,199	129,310	489,463
Marketable Securities	14,763	--	14,763
Receivables			
Awards and Contracts	207	--	--
Interfund	50,000	--	50,000
Prepaid Expenses	45,465	12,089	11,596
Weatherization Work in Process	151,212	--	--
Total Current Assets	<u>952,846</u>	<u>141,399</u>	<u>565,822</u>
Noncurrent Assets			
Restricted Cash	<u>1,158</u>	<u>--</u>	<u>--</u>
Property and Equipment			
Land, Buildings, and Improvements	129,637	--	129,637
Furniture and Equipment	184,166	--	--
Accumulated Depreciation	<u>(145,049)</u>	<u>--</u>	<u>(74,451)</u>
Net Property and Equipment	<u>168,754</u>	<u>--</u>	<u>55,186</u>
 Total Assets	 <u>\$ 1,122,758</u>	 <u>141,399</u>	 <u>621,008</u>
Liabilities and Net Assets			
Current Liabilities			
Accounts Payable	\$ 4,821	--	35
Accrued Expenses	141,399	141,399	--
Rent Deposits	1,158	--	--
Due to Funding Sources	22,333	--	--
Total Current Liabilities	<u>169,711</u>	<u>141,399</u>	<u>35</u>
Net Assets			
Temporarily Restricted	--	--	--
Unrestricted			
Designated for Program Activities	242,607	--	24,101
Invested in Property and Equipment	168,754	--	55,186
Undesignated	<u>541,686</u>	<u>--</u>	<u>541,686</u>
Total Net Assets	<u>953,047</u>	<u>--</u>	<u>620,973</u>
 Total Liabilities and Net Assets	 <u>\$ 1,122,758</u>	 <u>141,399</u>	 <u>621,008</u>

OPERATION THRESHOLD

**Combining Statement of Financial Position -
Undesignated and Agency Cost Pool Funds**

September 30, 2009

Undesignated and Agency Cost Pools								
<u>Equipment</u>	<u>Fiscal</u>	<u>Personnel</u>	<u>Admin. Services</u>	<u>Planning and Compliance</u>	<u>Building Operations</u>	<u>WX Admin. Support</u>	<u>Housing Support</u>	<u>Home Repair</u>
35,325	22,485	11,472	13,196	99	11,521	(36,697)	3,085	11,940
--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--	207
--	--	--	--	--	--	--	--	--
620	1,650	--	1,639	--	3,500	14,371	--	--
--	--	--	--	--	--	151,212	--	--
<u>35,945</u>	<u>24,135</u>	<u>11,472</u>	<u>14,835</u>	<u>99</u>	<u>15,021</u>	<u>128,886</u>	<u>3,085</u>	<u>12,147</u>
--	--	--	--	--	--	--	--	1,158
--	--	--	--	--	--	--	--	--
184,166	--	--	--	--	--	--	--	--
(70,598)	--	--	--	--	--	--	--	--
<u>113,568</u>	--	--	--	--	--	--	--	--
<u>149,513</u>	<u>24,135</u>	<u>11,472</u>	<u>14,835</u>	<u>99</u>	<u>15,021</u>	<u>128,886</u>	<u>3,085</u>	<u>13,305</u>
60	94	70	189	99	280	2,825	1,169	--
--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--	1,158
--	--	--	--	--	--	--	--	22,333
<u>60</u>	<u>94</u>	<u>70</u>	<u>189</u>	<u>99</u>	<u>280</u>	<u>2,825</u>	<u>1,169</u>	<u>23,491</u>
--	--	--	--	--	--	--	--	--
35,885	24,041	11,402	14,646	--	14,741	126,061	1,916	(10,186)
113,568	--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--	--
<u>149,453</u>	<u>24,041</u>	<u>11,402</u>	<u>14,646</u>	<u>--</u>	<u>14,741</u>	<u>126,061</u>	<u>1,916</u>	<u>(10,186)</u>
<u>149,513</u>	<u>24,135</u>	<u>11,472</u>	<u>14,835</u>	<u>99</u>	<u>15,021</u>	<u>128,886</u>	<u>3,085</u>	<u>13,305</u>

SEE INDEPENDENT AUDITOR'S REPORT

OPERATION THRESHOLD

**Combining Statement of Activities -
Undesignated and Agency Cost Pool Funds**

Year Ended September 30, 2009

	<u>Total</u>	<u>Agency</u>	<u>Equipment</u>
Support and Revenue			
CSBG Co-funding Provided	\$ 91,596	--	--
Rental Income	--	--	--
Contributions, Public Support, and Services	93,246	21,772	7,833
Investment Income	5,618	5,618	--
Other Revenue	871	871	--
Total Support and Revenue	<u>191,331</u>	<u>28,261</u>	<u>7,833</u>
Expenses			
Management and General Expenses	1,733,221	3,269	27,077
Depreciation	26,148	4,331	21,817
Interfund Expense Transfers	(1,573,319)	28	(29,115)
Total Expenses	<u>186,050</u>	<u>7,628</u>	<u>19,779</u>
Excess (Deficiency) of Support and Revenue over Expenses	5,281	20,633	(11,946)
Transfers	107,779	--	107,779
Net Assets - Beginning of Year	<u>839,987</u>	<u>600,340</u>	<u>53,620</u>
Net Assets - End of Year	<u>\$ 953,047</u>	<u>620,973</u>	<u>149,453</u>

OPERATION THRESHOLD
**Combining Statement of Activities -
 Undesignated and Agency Cost Pool Funds**

Year Ended September 30, 2009

Undesignated and Agency Cost Pools

Wellness	Fiscal	Personnel	Admin. Services	Planning and Compliance	Bldg. Operations	WX Admin Support	Housing Support	Home Repair
2,216	--	--	--	89,380	--	--	--	--
--	--	--	--	--	--	--	--	--
--	--	--	23,523	--	--	37,566	2,552	--
--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--	--
2,216	--	--	23,523	89,380	--	37,566	2,552	--
2,216	156,788	76,490	213,883	76,926	81,980	1,054,841	39,751	--
--	--	--	--	--	--	--	--	--
--	(156,788)	(76,490)	(191,199)	12,454	(81,980)	(1,017,275)	(37,199)	4,245
2,216	--	--	22,684	89,380	--	37,566	2,552	4,245
--	--	--	839	--	--	--	--	(4,245)
--	--	--	--	--	--	--	--	--
--	24,041	11,402	13,807	--	14,741	126,061	1,916	(5,941)
--	24,041	11,402	14,646	--	14,741	126,061	1,916	(10,186)

SEE INDEPENDENT AUDITOR'S REPORT

OPERATION THRESHOLD
Iowa Department of Human Rights

Schedule of Expenses Compared to Budget

Community Services Block Grant / ARRA

Contract No. CSBG-R9-11
(Contract Period 4/10/09 - 9/30/10)

<u>Cost Category</u>	<u>Approved Budget</u>	<u>Actual Expenses 4/10/09 - 9/30/09</u>
Consultants	\$ 10,000	--
New CSBG ARRA Programs	709,722	5,807
Total	<u>\$719,722</u>	<u>5,807</u>

Community Services Block Grant

Contract No. CSBG-08-11-CA
(Contract Period 10/01/07 - 9/30/09)

<u>Cost Category</u>	<u>Approved Budget</u>	<u>Total</u>	<u>Actual Expenses</u>	
			<u>10/1/08 - 9/30/2009</u>	<u>10/01/07 - 9/30/2008</u>
Space Costs	\$ 13,960	10,152	8,741	1,411
Equipment Costs	1,060	--	--	--
Consultants	15,000	16,500	16,500	--
Co-Funded Programs	367,551	371,000	312,293	58,707
Other Costs	56,300	56,219	48,039	8,180
Total	<u>\$453,871</u>	<u>453,871</u>	<u>385,573</u>	<u>68,298</u>

SEE INDEPENDENT AUDITOR'S REPORT

OPERATION THRESHOLD
Iowa Department of Human Rights

Schedule of Expenses Compared to Budget

Low Income Home Energy Assistance Program

Contract No. LIHEAP-09-11-A
(Contract Period 10/01/08 - 9/30/09)

<u>Cost Category</u>	<u>Approved Budget</u>	<u>Actual Expenses 10/01/08 - 9/30/09</u>
Assistance Awards		
Regular Assistance	\$ 3,215,716	3,205,744
Energy Crisis Intervention	203,337	155,972
Client Services Assessment and Resolution	87,040	65,793
Summer Deliverable Fuel	129,891	129,891
Administration	<u>237,768</u>	<u>237,768</u>
 Total Grant Expenses	 <u><u>\$ 3,873,752</u></u>	 <u><u>3,795,168</u></u>

SEE INDEPENDENT AUDITOR'S REPORT

OPERATION THRESHOLD
Iowa Department of Human Rights

Schedule of Expenses Compared to Budget

Weatherization Assistance Programs

Contract No. DOE-ARRA-09-11A
(Contract Period 4/01/09 - 3/31/12)

<u>Cost Category</u>	<u>Approved Budget</u>	<u>Actual Expenses 4/01/09 - 9/30/09</u>
Administration	\$ 124,889	--
Health and Safety	337,587	--
Support	438,863	--
Labor	455,743	--
Materials	455,743	--
Administration - Equipment	102,230	88,509
Training and Technical Assistance	370,800	24,791
Total	<u>\$ 2,285,855</u>	<u>113,300</u>

Contract No. DOE-09-11A
(Contract Period 4/01/09 - 3/31/11)

<u>Cost Category</u>	<u>Approved Budget</u>	<u>Actual Expenses 4/01/09 - 9/30/09</u>
Administration	\$ 26,508	26,508
Health and Safety	76,311	79,053
Support	98,921	134,369
Labor	103,160	101,348
Materials	103,160	66,782
Total	<u>\$ 408,060</u>	<u>408,060</u>

Contract No. DOE-08-11A
(Contract Period 4/01/08 - 3/31/09)

<u>Cost Category</u>	<u>Approved Budget</u>	<u>Actual Expenses</u>		
		<u>Total</u>	<u>10/01/08 - 3/31/09</u>	<u>4/01/08 - 9/30/08</u>
Administration	\$ 21,810	21,810	3,152	18,658
Health and Safety	48,387	49,208	9,633	39,575
Support	62,723	33,304	--	33,304
Labor	65,412	96,462	20,557	75,905
Materials	65,412	62,960	5,714	57,246
Total	<u>\$ 263,744</u>	<u>263,744</u>	<u>39,056</u>	<u>224,688</u>

SEE INDEPENDENT AUDITOR'S REPORT

OPERATION THRESHOLD
Iowa Department of Human Rights

Schedule of Expenses Compared to Budget

Weatherization Assistance Programs

Contract No. HEAP-09-11A
(Contract Period 1/01/09 - 12/31/09)

<u>Cost Category</u>	<u>Approved Budget</u>	<u>Actual Expenses 1/01/09 - 9/30/09</u>
Administration	\$ 31,426	22,508
Health and Safety	107,180	84,607
Support	138,937	116,229
Labor	144,892	116,139
Materials	144,892	74,083
Equipment/Training	18,659	10,769
Total	<u>\$ 585,986</u>	<u>424,335</u>

Contract No. HEAP-08-11A
(Contract Period 1/01/08 - 12/31/08)

<u>Cost Category</u>	<u>Approved Budget</u>	<u>Actual Expenses</u>		
		<u>Total</u>	<u>10/01/08 - 12/31/08</u>	<u>1/01/08 - 9/30/08</u>
Administration	\$ 21,647	21,647	8,303	13,344
Health and Safety	76,355	99,565	24,230	75,335
Support	98,979	132,557	55,301	77,256
Labor	103,221	84,835	40,550	44,285
Materials	103,221	64,820	33,497	31,323
Equipment/Training	16,767	8,108	686	7,422
Total	<u>\$ 420,190</u>	<u>411,532</u>	<u>162,567</u>	<u>248,965</u>

SEE INDEPENDENT AUDITOR'S REPORT

OPERATION THRESHOLD
Iowa Department of Human Rights

Schedule of Expenses Compared to Budget

Weatherization Assistance Programs

Contract No. IPL-09-11A
(Contract Period 1/01/09 - 12/31/09)

<u>Cost Category</u>	<u>Approved Budget</u>	<u>Actual Expenses 1/01/09 - 9/30/09</u>
Administration	\$ 1,478	1,478
Support	2,956	2,157
Labor	12,562	14,332
Materials	12,562	11,591
Total	\$ 29,558	29,558

Contract No. IPL-08-11A
(Contract Period 1/01/08 - 12/31/08)

<u>Cost Category</u>	<u>Approved Budget</u>	<u>Total</u>	<u>Actual Expenses</u>	
			<u>10/01/08 - 12/31/08</u>	<u>1/01/08 - 9/30/08</u>
Administration	\$ 1,822	1,822	1,277	545
Support	3,645	3,146	2,154	992
Labor	15,490	14,437	10,168	4,269
Materials	15,490	17,042	11,394	5,648
Total	\$ 36,447	36,447	24,993	11,454

SEE INDEPENDENT AUDITOR'S REPORT

OPERATION THRESHOLD
Iowa Department of Human Rights

Schedule of Expenses Compared to Budget

Weatherization Assistance Programs

Contract No. MEC-09-11A
(Contract Period 1/01/09 - 12/31/09)

<u>Cost Category</u>	<u>Approved Budget</u>	<u>Actual Expenses 1/01/09 - 9/30/09</u>
Administration	\$ 11,582	11,582
Support	23,163	19,542
Labor	98,443	112,226
Materials	98,443	88,281
Total	<u>\$ 231,631</u>	<u>231,631</u>

SEE INDEPENDENT AUDITOR'S REPORT

OPERATION THRESHOLD
Iowa Department of Human Rights

Schedule of Expenses Compared to Budget

Weatherization Assistance Programs

Contract No. BHE-09-11A
(Contract Period 1/01/09 - 12/31/09)

<u>Cost Category</u>	<u>Approved Budget</u>	<u>Actual Expenses 1/01/09 - 9/30/09</u>
Administration	\$ 422	422
Support	842	94
Labor	3,582	5,309
Materials	<u>3,582</u>	<u>2,603</u>
Total	<u>\$ 8,428</u>	<u>8,428</u>

Contract No. AQU-08-11A
(Contract Period 1/01/08 - 12/31/08)

<u>Cost Category</u>	<u>Approved Budget</u>	<u>Total</u>	<u>Actual Expenses</u>	
			<u>10/01/08 - 12/31/08</u>	<u>1/01/08 - 9/30/08</u>
Administration	\$ 597	597	296	301
Support	1,194	973	427	546
Labor	5,074	6,510	3,266	3,244
Materials	<u>5,074</u>	<u>3,859</u>	<u>1,639</u>	<u>2,220</u>
Total	<u>\$ 11,939</u>	<u>11,939</u>	<u>5,628</u>	<u>6,311</u>

SEE INDEPENDENT AUDITOR'S REPORT

OPERATION THRESHOLD
Iowa Department of Human Rights

Schedule of Expenses Compared to Budget

**Family Development and Self-Sufficiency
Demonstration Grant**

Contract No. FaDSS-10-11-FA
(Contract Period 7/01/09 - 06/30/10)

<u>Cost Category</u>	<u>Approved Budget</u>	<u>Actual Expenses 7/01/09- 9/30/09</u>
Grant Expenses		
Administrative	\$ 22,075	4,554
Personnel	216,791	52,105
Travel	3,258	878
Space/Utilities	778	778
Other	1,017	1,054
Total Grant Expenses	<u>243,919</u>	<u>59,369</u>
Local Funds		
Travel	1,040	--
Space/Utilities	1,422	93
Other	5,366	4,814
Third Party Payments	662	228
Total Expenses	<u>\$ 252,409</u>	<u>64,504</u>

Contract No. FaDSS-09-11-FA
(Contract Period 7/01/08 - 06/30/09)

<u>Cost Category</u>	<u>Approved Budget</u>	<u>Actual Expenses</u>		
		<u>Total</u>	<u>10/01/08 - 6/30/09</u>	<u>7/01/08 - 9/30/08</u>
Grant Expenses				
Administrative	\$ 23,060	25,336	17,167	8,169
Personnel	215,806	214,349	161,930	52,419
Travel	6,192	5,373	3,506	1,867
Space/Utilities	778	778	--	778
Other	1,017	1,017	--	1,017
Total Grant Expenses	<u>246,853</u>	<u>246,853</u>	<u>182,603</u>	<u>64,250</u>
Local Funds				
Travel	540	--	--	--
Space/Utilities	1,422	3,616	1,378	2,238
Other	5,366	10,445	5,807	4,638
Third Party Payments	1,162	552	522	30
Total	<u>\$ 255,343</u>	<u>261,466</u>	<u>190,310</u>	<u>71,156</u>

SEE INDEPENDENT AUDITOR'S REPORT

OPERATION THRESHOLD
Iowa Department of Public Health

Schedule of Expenses Compared to Budget

Special Supplemental Food Program for Women, Infants, and Children

Contract No. 5889A043

(Contract Period 10/01/08 - 9/30/09)

Cost Category	Approved Budget	Actual Expenses 10/01/08 - 9/30/09
Cash Grant Expenses		
Salary/Fringe	\$717,540	650,775
Contracted/Outside Services	3,000	10,603
Equipment / Other	120,646	236,375
Indirect	121,769	61,984
Total Cash Grant Expenses	962,955	959,737
Noncash Expenses		
Food Vouchers Distributed		3,745,752
Local Funds		
Staff Travel		40
Total Expenses		4,705,529

SEE INDEPENDENT AUDITOR'S REPORT


MERIWETHER, WILSON AND COMPANY, P.L.C.
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January 15, 2010

Board of Directors and Senior Management
Operation Threshold
Waterloo, Iowa

We have audited the financial statements of Operation Threshold for the year ended September 30, 2009, and have issued our report thereon dated January 15, 2010. Professional standards require that we provide you information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 2, 2009. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Operation Threshold are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended September 30, 2009. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. We proposed and management recorded a significant adjustment to inventory in the weatherization pool. We had a similar adjustment in 2008. We also proposed and management recorded a significant adjustment to capitalize fixed asset additions in 2009. In our judgment, except for the adjustments to inventory and to capitalize fixed asset additions, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

We suggest that management of the Organization calculate and record the year-end adjustment to weatherization inventory and capitalize fixed asset additions prior to year-end. This will help better reflect the financial position of the Organization as of the year-end.

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Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 15, 2010.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship, and our responses were not a condition to our retention.

Other Matters

During our compliance testing of the weatherization program, we noted three files where the Release of Liability form required by the State had been signed by someone other than the approved applicant. In two of the cases, the form was signed by another adult member of the household who was listed on the application, but in the third case the form was signed by an unknown individual. The Weatherization Policies and Procedures manual of the Iowa Weatherization Program requires the form to be signed by the "client", and we understand the Organization's position that all adult members of the household are clients of the weatherization program. We also acknowledge that the Organization had already identified this area as one in which changes in internal policies would be made to better comply with state guidelines, but we are bringing this matter to your attention under our professional responsibilities.

This communication is intended solely for the information and use of the Board of Directors, management, and others within the Organization and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

Meriwether, Wilson and Company, P.L.C.

MERIWETHER, WILSON AND COMPANY, P.L.C.
Certified Public Accountants