

**INTER-COUNTY COMMUNITY
COUNCIL, INC.**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

Year Ended September 30, 2015

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INTER-COUNTY COMMUNITY COUNCIL, INC

OFFICERS AND DIRECTORS

CLEARWATER COUNTY

| | | | |
|-----|--------------|-----------------------|--------------|
| * | John Nelson | Clearbrook, Minnesota | Commissioner |
| ** | Jen Forsberg | Gonvick, Minnesota | 2018 |
| *** | Jessica Horn | Gonvick, Minnesota | 2018 |

EAST POLK COUNTY

| | | | |
|-----|----------------------------------|---------------------|--------------|
| * | Joan Lee | McIntosh, Minnesota | Commissioner |
| ** | Jennifer Kvaale | Gully, Minnesota | 2018 |
| *** | Louann McGlynn, Vice Chairperson | Mentor, Minnesota | 2015 |

PENNINGTON COUNTY

| | | | |
|-----|-----------------------|------------------------------|--------------|
| * | Oliver "Skip" Swanson | Thief River Falls, Minnesota | Commissioner |
| ** | Cassandra Reese | Thief River Falls, Minnesota | 2015 |
| *** | Roxann Coan | Goodridge, Minnesota | 2016 |

RED LAKE COUNTY

| | | | |
|-----|-----------------------------------|---------------------------|--------------|
| * | John Lehrol, Chairperson | Oklee, Minnesota | Commissioner |
| ** | Patty Purath, Secretary/Treasurer | Red Lake Falls, Minnesota | 2015 |
| *** | Clayton Haugen | Oklee, Minnesota | 2015 |

AT-LARGE MEMBERS

| | | | |
|-----|----------------|---------------------------|------|
| * | James DuChamp | Plummer, Minnesota | 2018 |
| ** | Karen Weller | Shevlin, Minnesota | 2018 |
| *** | Carol Sorenson | Red Lake Falls, Minnesota | 2018 |

POLICY COUNCIL LIASON

| | | | |
|--|-------------------|------------------------------|--------|
| | Stephanie Jenkins | Thief River Falls, Minnesota | Yearly |
|--|-------------------|------------------------------|--------|

| | |
|-----|-------------------------------------|
| * | Elected Official |
| ** | Eligible Participant Representative |
| *** | Special Interest Representative |

MANAGEMENT

| | |
|-------------------|----------------------------------|
| Catherine Johnson | Executive Director |
| Janet Halvorson | Financial Director |
| D'Anne Johnson | Head Start Director |
| Gayle Flateland | Energy Assistance Director |
| Paul Kaster | Weatherization Director |
| Jennifer Person | Employment and Training Director |
| Bonnie Paquin | Family Service Director |

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Inter-County Community Council, Inc.
Oklee, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of Inter-County Community Council, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2015, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Inter-County Community Council, Inc. as of September 30, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Inter-County Community Council, Inc.'s 2014 financial statements, and our report dated January 21, 2015, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of nonfederal assistance as listed on the Table of Contents is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 15, 2016, on our consideration of Inter-County Community Council, Inc.'s internal control over financial reporting and on 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Inter-County Community Council, Inc.'s internal control over financial reporting and compliance.

Carlson Highland & Co., LLP

Fergus Falls, Minnesota
March 15, 2016

INTER-COUNTY COMMUNITY COUNCIL, INC.
STATEMENT OF FINANCIAL POSITION

September 30, 2015
(With comparative totals for 2014)

| | <u>2015</u> | <u>2014</u> |
|---|----------------------------|----------------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 461,669 | \$ 443,546 |
| Certificates of deposit | 521,027 | 516,272 |
| Grants receivable | 223,862 | 199,391 |
| Other receivables | 2,047 | 1,428 |
| Prepaid expenses | 32,831 | 31,949 |
| Revolving loan receivable, net | 94,792 | 107,290 |
| Property and equipment, net | <u>132,940</u> | <u>174,030</u> |
| TOTAL ASSETS | <u>\$ 1,469,168</u> | <u>\$ 1,473,906</u> |
| LIABILITIES AND NET ASSETS | | |
| Liabilities | | |
| Accounts payable | \$ 60,558 | \$ 64,619 |
| Accrued expenses | 76,410 | 68,767 |
| Compensated absences payable | 113,048 | 118,030 |
| Deferred revenue | 38,630 | 59,297 |
| Total Liabilities | <u>288,646</u> | <u>310,713</u> |
| Net Assets | | |
| Unrestricted net assets | 1,011,845 | 1,005,121 |
| Temporarily restricted net assets | 168,677 | 158,072 |
| Total Net Assets | <u>1,180,522</u> | <u>1,163,193</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 1,469,168</u> | <u>\$ 1,473,906</u> |

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

INTER-COUNTY COMMUNITY COUNCIL, INC.
STATEMENT OF ACTIVITIES
Year Ended September 30, 2015
(With comparative totals for 2014)

| | 2015 | | | 2014 |
|--|----------------------------|--|----------------------------|----------------------------|
| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Total</u> | |
| REVENUES | | | | |
| Grants and contracts | \$ 2,409,174 | \$ - | \$ 2,409,174 | \$ 3,948,175 |
| Programs | 125,851 | - | 125,851 | 165,385 |
| Interest | 5,076 | 16,223 | 21,299 | 19,687 |
| Other | - | - | - | 1,000 |
| Net assets released from restrictions: | | | | |
| Satisfaction of grant restrictions | 5,618 | (5,618) | - | - |
| Total Revenues | <u>2,545,719</u> | <u>10,605</u> | <u>2,556,324</u> | <u>4,134,247</u> |
| EXPENSES | | | | |
| Personnel | 1,528,208 | - | 1,528,208 | 1,540,414 |
| Travel | 76,844 | - | 76,844 | 82,875 |
| Supplies | 29,770 | - | 29,770 | 29,621 |
| Direct assistance | 676,968 | - | 676,968 | 2,196,854 |
| Office expense | 152,728 | - | 152,728 | 152,306 |
| Other | 22,649 | - | 22,649 | 23,140 |
| Housing expense | 382 | - | 382 | 35,337 |
| Depreciation | 51,446 | - | 51,446 | 57,070 |
| Total Expenses | <u>2,538,995</u> | <u>-</u> | <u>2,538,995</u> | <u>4,117,617</u> |
| CHANGE IN NET ASSETS | 6,724 | 10,605 | 17,329 | 16,630 |
| NET ASSETS, BEGINNING OF YEAR | <u>1,005,121</u> | <u>158,072</u> | <u>1,163,193</u> | <u>1,146,563</u> |
| NET ASSETS, END OF YEAR | <u>\$ 1,011,845</u> | <u>\$ 168,677</u> | <u>\$ 1,180,522</u> | <u>\$ 1,163,193</u> |

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

INTER-COUNTY COMMUNITY COUNCIL, INC.
STATEMENT OF CASH FLOWS
Year Ended September 30, 2015
(With comparative totals for 2014)

| | <u>2015</u> | <u>2014</u> |
|---|--------------------------|--------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net assets | \$ 17,329 | \$ 16,630 |
| Adjustments to reconcile change in net assets to net cash provided (used) by operating activities: | | |
| Depreciation | 51,446 | 57,070 |
| Amortization | (16,223) | (15,182) |
| Decrease in deferred revenue | (20,667) | (21,081) |
| Issuance of revolving loan receivables, net of discount | - | (55,625) |
| Gain on disposal of equipment | - | (1,000) |
| Net operating changes in | | |
| Grants receivable | (24,471) | (17,501) |
| Other receivables | (619) | (1,428) |
| Housing inventory | - | 75,038 |
| Prepaid expenses | (882) | (2,572) |
| Other receivables in revolving loan fund | 3,614 | (3,614) |
| Accounts payable | (4,061) | 31,154 |
| Accrued expenses | 7,643 | (47,383) |
| Compensated absences payable | (4,982) | (13,857) |
| Net Cash Provided by Operating Activities | <u>8,127</u> | <u>649</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Interest reinvested in certificates of deposit | (4,755) | (4,202) |
| Purchase of equipment | (10,356) | (15,566) |
| Collections on revolving loans | 25,107 | 25,832 |
| Proceeds from sale of property and equipment | - | 1,000 |
| Net Cash Provided by Investing Activities | <u>9,996</u> | <u>7,064</u> |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 18,123 | 7,713 |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | <u>443,546</u> | <u>435,833</u> |
| CASH AND CASH EQUIVALENTS, END OF YEAR | <u><u>\$ 461,669</u></u> | <u><u>\$ 443,546</u></u> |
| NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Revolving loan receivables, net issued for mortgages | \$ - | \$ 55,625 |

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

INTER-COUNTY COMMUNITY COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS

September 30, 2015

(1) NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ORGANIZATION

Inter-County Community Council, Inc. ("the Council") is a nonprofit organization organized to provide health and welfare services as a Community Action Agency for Clearwater, East Polk, Pennington and Red Lake Counties. The Council's support comes primarily from state and federal grant awards. The Council provides services in a variety of areas including energy and weatherization assistance, head start and early head start, housing rehabilitation, youth employment and training and senior employment.

The following is a summary of significant accounting policies followed in the preparation of these financial statements:

BASIS OF ACCOUNTING

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

BASIS OF PRESENTATION

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

ESTIMATES

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

COMPARATIVE FINANCIAL INFORMATION

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 U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Council's financial statements for the year ended September 30, 2014, from which the summarized information was derived.

DONATED ASSETS

Noncash donations are recorded as contributions at their fair value at the date of donation.

DONATED PROPERTY AND EQUIPMENT

Donations of property and equipment are recorded as contributions at fair value at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long these donated assets must be maintained, the Council reports expirations of donor restrictions when the donated or acquired assets are placed in services as instructed by the donor. The Council reclassifies temporarily restricted net assets to unrestricted net assets at that time.

INTER-COUNTY COMMUNITY COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS

September 30, 2015

(1) NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

DONATED SERVICES

No amounts have been reflected in the financial statements for donated services. The Council generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Council with specific programs. The Council receives more than 12,000 volunteer hours per year.

CONCENTRATION OF RISK

The Council maintains its cash and temporary investments in financial institutions which, at times, may exceed federally insured limits. Accounts are guaranteed up to specified limits. The policy of the Council is to secure collateral for those deposits which are in excess of federal insurance. Federal Home Loan Bank bonds with a market value of \$1,500,000 were pledged as collateral by the financial institution to cover the credit risk.

CASH AND CASH EQUIVALENTS

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

GRANTS RECEIVABLE

Grants receivable are stated at the amount management expects to collect from balances outstanding. Grants receivable represent the amount expended during the grant period but reimbursed after fiscal year-end. Management believes that this amount is fully collectible; therefore, no allowance for doubtful accounts was recorded at September 30, 2015.

PROPERTY AND EQUIPMENT

All acquisitions of property and equipment in excess of \$5,000 and all expenditures for repairs, maintenance, renewals and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using primarily the straight-line method over the estimated useful lives of the assets ranging from 3 to 30 years. When property and equipment is sold or retired, any resulting gain or loss is reflected in current operations.

Property and equipment purchased with grant funds are owned by the Council while used in the program for which it was purchased or in the future authorized programs. However, the various funding sources have reversionary interest in the property and equipment purchased with grant funds. Its disposition, as well as the ownership of any proceeds therefrom, is subject to funding source regulations. The net book value of grant funded equipment is \$38,630 which is reported as deferred revenue in the Statement of Financial Position as of September 30, 2015.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of current assets and current liabilities approximate fair value because of the terms and relatively short maturity of these financial instruments.

INTER-COUNTY COMMUNITY COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

(1) **NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** – Continued

COMPENSATED ABSENCES PAYABLE

At the time of an anticipated layoff or termination, an employee will be paid for accumulated personal leave time up to 520 hours. Based on hourly rates in effect as of September 30, 2015, compensated absences payable are \$113,048.

UNRESTRICTED NET ASSETS

The Council reports assets whose use is not restricted by donors as unrestricted net assets. Contributions are available for unrestricted use unless specifically restricted by the donor.

TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of donor-restricted contributions. Amounts restricted by the donor for a particular purpose are reported as temporarily restricted revenue when received and such unexpended amounts are reported as temporarily restricted net assets at year-end. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. Contributions restricted for capital improvements are released to unrestricted revenue at the time the funds are expended for the specified improvement.

CONTRIBUTIONS

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

GRANTS AND CONTRACTS

Grants and contracts consist mainly of payments from the State of Minnesota and the Federal Government. Revenues from payments are recognized when earned. Other state and federal funds represent contributions and are recorded as increases in net assets when promised to the Council. It is the policy of the Council to record restricted contributions whose restrictions are met in the same period as unrestricted contributions.

INTER-COUNTY COMMUNITY COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS

September 30, 2015

(1) NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

INCOME TAX STATUS

Inter-County Community Council, Inc. is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and similar state provisions. However, income from certain activities not directly related to the Council's tax-exempt purpose would be subject to taxation as unrelated business income. The Council has been classified as an entity that is not a private foundation within the meaning of Section 509(a) of the Code.

The Council's accounting policy is to present interest and penalties as a component of the provision for income taxes.

The Council's tax returns are subject to possible examination by taxing authorities. With few exceptions, the tax returns essentially remain open for possible examination for a period of three years after the respective filing deadlines of those returns.

DATE OF MANAGEMENT'S REVIEW

Management has evaluated subsequent events through March 15, 2016, the date on which the financial statements were available to be issued.

(2) CERTIFICATES OF DEPOSIT

Certificates of deposit totaling \$521,027 are listed as certificates of deposit in the accompanying financial statements. The certificates bear interest at 0.75% and have initial maturities of two years, with penalties for early withdrawal. Any penalties for early withdrawal would not have a material effect on the financial statements.

INTER-COUNTY COMMUNITY COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS

September 30, 2015

(3) **GRANTS RECEIVABLE**

Grants receivable as of September 30, 2015 are as follows:

| | |
|---|-------------------|
| Head Start and Early Head Start 05CH8391/02 | \$ 87,049 |
| Senior Community Service Employment Program (SCSEP) | 21,877 |
| EAPWX A2105 | 17,580 |
| Low Income Home Energy Assistance Program 2014-2015 | 12,045 |
| WIOA Youth Out of School | 11,247 |
| WIA Youth Out of School | 8,320 |
| CSBG 2015 | 7,204 |
| MCAG 2016-2017 | 6,682 |
| WIA Youth Inschool | 6,258 |
| Homeless Youth Act | 6,217 |
| SNAP Outreach | 5,916 |
| Minnesota Head Start and Early Head Start 2015-00274 | 13,795 |
| Minnesota Youth Program | 3,479 |
| Transitional Housing | 3,299 |
| Northwest CAA Wx Contract | 2,126 |
| Homeless Prevention (FHPAP) | 1,897 |
| Long-Term Homeless (LTH) | 1,859 |
| Emergency Food and Shelter | 1,665 |
| MNSure Outreach and Enrollment | 1,664 |
| Emergency Solutions Grant | 1,018 |
| TANF Youth | 908 |
| Higher Education Career Advisors Program (HECAP) | 555 |
| EAPWX A2106 | 517 |
| Supportive Housing | 439 |
| WIOA Youth Inschool | 307 |
| WAP DOE A2500 | 58 |
| Foreclosure Mitigation Counseling Round 8 (NPMC Rd 8) | 41 |
| Propane A2501 | 8 |
| Emergency Service Program | (168) |
| Total | \$ 223,862 |

INTER-COUNTY COMMUNITY COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

(4) REVOLVING LOANS RECEIVABLE

The Council operates a housing program that provides assistance to eligible participants in the form of non-interest bearing loans. Principal payments are based on the participants' ability to pay and repayment terms are adjusted annually. As loan funds are repaid, the funds must be used to construct homes, provide renovation loans to existing individuals under the program or cover a percentage of administrative costs. Loans receivable are stated at the amount of unpaid principal discounted at the prevailing market rate at the inception of the mortgage. There is no allowance provided on these loans as the Council holds the home as collateral and can cancel the contract if the individual is delinquent.

The loans were discounted to their net present value using discount rates ranging from 4.5 – 7.5%. The revolving loan receivable balance is as follows at September 30, 2015:

| | |
|---------------------------------------|-------------------------|
| Revolving loan receivable | \$ 320,130 |
| Discount on revolving loan receivable | (225,338) |
| Net revolving loan receivable | <u>\$ 94,792</u> |

The unamortized discount is the difference between the face amount of the contract for deed and its present value discounted at the applicable interest rate. The discount is amortized over the life of the contract for deed. Amortization for the year ended September 30, 2015 was \$16,223.

(5) PROPERTY AND EQUIPMENT

The cost of property and equipment consists of the following at September 30, 2015:

| | |
|-------------------------------|--------------------------|
| Land | \$ 21,961 |
| Building | 419,344 |
| Equipment | 394,332 |
| | <u>835,637</u> |
| Less accumulated depreciation | (702,697) |
| Total, net | <u>\$ 132,940</u> |

Depreciation expense on property and equipment amounted to \$51,446 for the year ended September 30, 2015.

(6) RETIREMENT PLAN

The Council has a 403(b) pension plan that covers substantially all employees. Employees are eligible to participate in and contribute to the plan immediately upon being hired. The Council contributes 5% of employees' compensation for eligible employees who have met a six-month service requirement. The Council's contribution for the year ended September 30, 2015 was \$50,481.

(7) LEASES

The Council rents office space under non-cancelable operating leases. During the year ended September 30, 2015, rent expenses for the leases amounted to \$29,661. Future minimum non-cancelable lease payments for the next two years are as follows: 2016 \$16,524 and 2017 \$2,250.

INTER-COUNTY COMMUNITY COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS

September 30, 2015

(8) CONCENTRATION OF GRANTS

A significant portion of the Council's revenues are from grants. These grants are paid for primarily by state and federal agencies. The Council's operations and funding are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies. Such administrative directives, rules and regulations are subject to change by an Act of Congress or acts of state or local regulatory agencies. Such changes may occur with little notice or inadequate funding to pay for the related costs, including the administrative burden, to comply with a change.

(9) CONTINGENT LIABILITIES

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of the expense which may be disallowed by the grantor cannot be determined at this time although the Council expects such amounts, if any, to be immaterial.

(10) FUNCTIONAL CLASSIFICATION OF EXPENSES

| Program Activity | 2015 | 2014 |
|--------------------------------------|---------------------|---------------------|
| Head Start and Early Head Start | \$ 1,175,312 | \$ 1,104,913 |
| Energy Assistance and Weatherization | 429,239 | 2,082,217 |
| Housing | 4,518 | 38,935 |
| Employment | 386,309 | 365,028 |
| Block Grant Activities | 110,965 | 78,836 |
| Emergency Services | 40,989 | 30,233 |
| Homeless/Shelter Programs | 214,143 | 163,902 |
| Health | 12,079 | - |
| Other | 37,617 | 103,764 |
| Total Program Activities | 2,411,171 | 3,967,828 |
| Management and general expenses | 127,824 | 149,789 |
| Total Expenses | \$ 2,538,995 | \$ 4,117,617 |

(11) RESTRICTED CASH

Cash restricted for use in the revolving loan fund totaling \$73,794 is included in cash and cash equivalents on the Statement of Financial Position at September 30, 2015.

(12) TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for housing and to provide renovation loans to existing individuals under the program in the amount of \$168,677 as of September 30, 2015.

**FEDERAL AWARDS INFORMATION
AND OTHER REPORTS**

INTER-COUNTY COMMUNITY COUNCIL, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2015

| Grantor / Pass-Through Grantor / Program Title | CFDA # | Pass-Through | Grant Period | Grant Award | Grant/Contract | Expenditure |
|--|---------|-----------------|--------------|-------------|----------------|-------------|
| <u>U.S. Department of Housing and Urban Development</u> | | | | | | |
| Direct Support | | | | | | |
| Supportive Housing Program | 14.235 | MN0176LSK061302 | 07/31/2014 | \$ 38,101 | \$ 34,647 | \$ 34,647 |
| Supportive Housing Program | 14.235 | MN0176LSK061403 | 09/01/2015 | 38,509 | 4,147 | 4,147 |
| Northwest MN CoC Planning Grant | 14.235 | MN0289LSK061200 | 12/23/2013 | 8,000 | 8,000 | 8,000 |
| Northwest MN CoC Planning Grant | 14.235 | MN0289LSK061300 | 09/22/2015 | 6,388 | - | - |
| Passed through Minnesota Department of Human Services Emergency Solutions Grant (ESG-Rehousing) | 14.231 | GRK%94473 | 07/01/2015 | 37,500 | 3,817 | 3,817 |
| Total U.S. Department of Housing and Urban Development | | | | | 50,611 | 50,611 |
| <u>U.S. Department of Treasury</u> | | | | | | |
| Passed through Minnesota Housing Finance Agency | 21.000 | PL113-6X1350 | 06/01/2013 | 5,445 | 124 | - |
| Foreclosure Mitigation Counseling Round 7 | 21.000 | PL113-76X1350 | 07/01/2014 | 2,147 | (351) | 249 |
| Making Homes Affordable Outreach and Intake Project | UNKNOWN | | 05/01/2013 | 1,406 | - | 396 |
| Total U.S. Department of Treasury | | | | | (227) | 645 |
| <u>U.S. Department of Labor</u> | | | | | | |
| Minnesota Department of Employment & Economic Development | | | | | | |
| Northwest Private Industry Council | | | | | | |
| WIA Youth In-school | 17.259 | PY13-3013600 | 04/01/2013 | 148,276 | - | - |
| WIA Youth Out of School | 17.259 | PY13-3013600 | 03/31/2015 | 99,889 | 11,875 | 11,875 |
| WIA Youth In-school | 17.259 | PY14-4013600 | 04/01/2014 | 158,215 | 86,709 | 86,709 |
| WIA Youth Out of School | 17.259 | PY14-4013600 | 04/01/2014 | 67,001 | 54,889 | 54,889 |
| WIOA Youth In-school | 17.259 | PY14-4013600 | 04/01/2015 | 307 | 307 | 307 |
| WIOA Youth Out of School | | | 04/01/2015 | 11,247 | 11,247 | 11,247 |
| Minnesota Department of Employment & Economic Development | | | | | | |
| Senior Community Service Employment Program (SCSEP) | 17.235 | 5255100 | 07/01/2014 | 72,000 | 52,190 | 52,190 |
| Senior Community Service Employment Program (SCSEP) | 17.235 | 6255100 | 07/01/2015 | 93,194 | 21,877 | 21,877 |
| Senior Community Service Employment Program (SCSEP) Limited | 17.235 | 5255101 | 07/01/2014 | 18,601 | 17,364 | 17,364 |
| Total U.S. Department of Labor | | | | | 256,458 | 256,458 |
| <u>U.S. Department of Energy</u> | | | | | | |
| Minnesota Department of Commerce | | | | | | |
| WAP DOE A2500 | 81.042 | 79585 | 07/01/2014 | 120,864 | 98,806 | 98,806 |
| WAP DOE A2500 | 81.042 | 95376 | 07/01/2015 | 155,851 | 5,475 | 5,475 |
| Northwest Community Action | | | | | | |
| WAP DOE A2500 | 81.042 | 79597 | 07/01/2014 | 10,648 | 10,648 | 10,648 |
| WAP DOE A2500 | 81.042 | 95408 | 07/01/2015 | 1,938 | 1,938 | 1,938 |
| Total U.S. Department of Energy | | | | | 116,867 | 116,867 |
| <u>U.S. Department of Agriculture</u> | | | | | | |
| Minnesota Community Action Partnership | | | | | | |
| SNAP Outreach | 10.561 | GRK%85300 | 10/01/2014 | 28,870 | 26,547 | 26,547 |
| Total U.S. Department of Agriculture | | | | | 26,547 | 26,547 |

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

INTER-COUNTY COMMUNITY COUNCIL, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED
For the Year Ended September 30, 2015

| Grantor / Pass-Through Grantor / Program Title | CFDA # | Pass-Through | Grant Period | | Grant Award | Grant/Contract | Expenditure |
|---|--------|----------------|--------------|------------|-------------|----------------|-------------|
| <u>U.S. Department of Health and Human Services</u> | | | | | | | |
| <u>Direct Support</u> | | | | | | | |
| Head Start and Early Head Start | 93.600 | 05CH8391/01 | 04/01/2014 | 03/31/2015 | \$1,120,390 | \$ | \$ 612,405 |
| Head Start and Early Head Start | 93.600 | 05CH8391/02 | 04/01/2015 | 03/31/2016 | 1,120,390 | 450,789 | 450,789 |
| Total Direct U.S. Department of Health and Human Services | | | | | | 1,063,194 | 1,063,194 |
| <u>Indirect Support</u> | | | | | | | |
| Minnesota Department of Commerce | | | | | | | |
| Low Income Home Energy Assistance Program | 93.568 | 67009 1563 | 10/01/2014 | 09/30/2015 | 209,526 | 203,951 | 203,951 |
| EAPWX A2104 | 93.568 | 79585 | 07/01/2014 | 01/15/2015 | 42,748 | 29,102 | 29,102 |
| EAPWX A2105 | 93.568 | 79585 | 07/01/2014 | 09/30/2015 | 67,577 | 49,310 | 49,310 |
| EAPWX A2105 | 93.568 | 95376 | 07/01/2015 | 09/30/2015 | 24,375 | 24,375 | 24,375 |
| EAPWX A2106 | 93.568 | 79585 | 05/12/2015 | 09/30/2016 | 80,487 | 2,339 | 2,339 |
| EAPWX A2106 | 93.568 | 95376 | 07/01/2015 | 09/30/2016 | 115,508 | 1,930 | 1,930 |
| Minnesota Department of Commerce | | | | | | | |
| Northwest Community Action Agency, Inc. | 93.568 | 79597 | 07/01/2014 | 01/15/2015 | | 1,443 | 1,443 |
| EAPWX A2104 | 93.568 | 79597 | 07/01/2014 | 06/30/2015 | | 735 | 735 |
| EAPWX A2105 | 93.568 | 95408 | 07/01/2015 | 06/30/2016 | | 2,531 | 2,531 |
| EAPWX A2106 | | | | | | | |
| Minnesota Department of Commerce | | | | | | | |
| Clearwater County | 93.568 | | 10/01/2014 | 09/30/2015 | | 607 | 607 |
| Clearwater County ERR Audits | | | | | | | |
| Minnesota Department of Employment & Economic Development | | | | | | | |
| Northwest Private Industry Council | 93.558 | SFY 15-5017400 | 07/01/2014 | 12/31/2014 | 9,500 | 4,515 | 4,515 |
| TANF Youth | 93.558 | SFY 15-5017400 | 04/01/2015 | 12/31/2015 | 9,500 | 3,590 | 3,590 |
| TANF Youth | | | | | | | |
| Minnesota Department of Human Services | | | | | | | |
| CSBG 2014 | 93.569 | GRK%64973 | 10/01/2013 | 09/30/2015 | 73,838 | 26,049 | 26,049 |
| CSBG 2015 | 93.569 | GRK%64973 | 10/01/2014 | 06/30/2016 | 73,838 | 36,327 | 36,327 |
| Professional and Technical Service Contract | 93.525 | 69965 | 10/14/2013 | 12/31/2014 | | 2,970 | 75 |
| Minnesota Insurance Marketplace | | | | | | | |
| Northwest Community Action | 93.525 | 96056 | 07/02/2015 | 06/30/2016 | | 1,823 | 1,823 |
| MiniSure Outreach and Enrollment Program | | | | | | | |
| Total Indirect U.S. Department of Health and Human Services | | | | | | 391,597 | 388,702 |
| Total U.S. Department of Health and Human Services | | | | | | 1,454,791 | 1,451,896 |

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

INTER-COUNTY COMMUNITY COUNCIL, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED
For the Year Ended September 30, 2015

| Grantor / Pass-Through Grantor / Program Title | CFDA # | Pass-Through | Grant Period | | Grant Award | Grant/Contract | Expenditure |
|---|--------|--------------|--------------|------------|-------------|----------------|--------------|
| U.S. Department of Homeland Security | | | | | | | |
| Federal Emergency Management Agency | | | | | | | |
| United Way Worldwide | | | | | | | |
| Emergency Food and Shelter Program | | | | | | | |
| Red Lake County | 97.024 | 32-5036-00 | 07/01/2014 | 10/31/2015 | \$2,800 | \$ 1,666 | \$ 1,666 |
| Total U.S. Department of Homeland Security | | | | | | 1,666 | 1,666 |
| Total Federal Awards Before Contributed Services | | | | | | 1,906,713 | 1,904,690 |
| U.S. Department of Labor | | | | | | | |
| Minnesota Department of Employment & Economic Development | | | | | | | |
| Senior Community Service Employment Program (SCSEP) | 17.235 | 5255100 | 07/01/2014 | 06/30/2015 | 10,798 | - | 10,798 |
| Senior Community Service Employment Program (SCSEP) | 17.235 | 6255100 | 07/01/2015 | 06/30/2015 | - | - | - |
| U.S. Department of Health and Human Services | | | | | | | |
| Direct Support | | | | | | | |
| Head Start and Early Head Start | 93.600 | 05CH8391/01 | 04/01/2014 | 03/31/2015 | 280,098 | - | 168,014 |
| Head Start and Early Head Start | 93.600 | 05CH8391/02 | 04/01/2015 | 03/31/2016 | 280,098 | - | 167,458 |
| Total Federal Awards After Contributed Services | | | | | | \$ 1,906,713 | \$ 2,250,960 |

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

INTER-COUNTY COMMUNITY COUNCIL, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
September 30, 2015

(1) **BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Inter-County Community Council, Inc. for the year ended September 30, 2015. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations, it is not intended to and does not present the financial position, changes in net assets or cash flows of Inter-County Community Council, Inc.

(2) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the schedule are reported on the accrual basis of accounting. Pass through entity identifying numbers are presented where available.

(3) **CONTRIBUTED SERVICES**

Inter-County Community Council, Inc. receives significant amounts of services donated by volunteers in carrying out the program's objectives. No amounts have been reflected in the financial statements for these donated services because the contributed services do not meet the criteria for recognition.

(4) **HEAD START AND EARLY HEAD START**

A schedule reconciling the expenditures per the accompanying Schedule of Expenditures of Federal Awards to the Federal Financial Status Reports is as follows:

Head Start and Early Head Start (05CH8391/01)

| | |
|--|-------------------------------|
| Amount per Schedule of Expenditures of Federal Awards | \$ 612,404.63 |
| Contributions (In-Kind) | 168,013.78 |
| Capital asset expenditure | (15,511.74) |
| Depreciation | 10,355.75 |
| Expenditures and Contributions (In-Kind) for the year ended 09/30/14 | 568,738.75 |
| Total Outlays - Financial Status Report 03/31/15 | <u><u>\$ 1,344,001.17</u></u> |

Head Start and Early Head Start (05CH8391/02)

| | |
|---|-----------------------------|
| Amount per Schedule of Expenditures of Federal Awards | \$ 450,789.41 |
| Contributions (In-Kind) | 167,457.50 |
| Depreciation | (15,511.74) |
| Accrued expenses | (5,299.95) |
| Total Outlays - Financial Status Report 09/30/15 | <u><u>\$ 597,435.22</u></u> |

INTER-COUNTY COMMUNITY COUNCIL, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
September 30, 2015

(5) **CSBG**

A schedule reconciling the expenditures per the accompanying Schedule of Expenditures of Federal Awards to the Federal Financial Status Report is as follows:

CSBG (GRK% 64973)

Amount per Schedule of Expenditures of Federal Awards:

| | |
|--|-----------------------------|
| Grant period 10/01/13 to 09/30/15 | \$ 26,049.14 |
| Grant period 10/01/14 to 06/30/16 | 36,327.39 |
| Expenditures for the year ended 09/30/14 | <u>47,788.86</u> |
| Total Outlays - Financial Status Report 09/30/15 | <u><u>\$ 110,165.39</u></u> |

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors
Inter-County Community Council, Inc.
Oklee, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Inter-County Community Council, Inc. ("the Council"), (a nonprofit organization), which comprise the statement of financial position as of September 30, 2015, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 15, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Council's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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 Council's internal control. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain a deficiency in internal control that we consider to be a significant deficiency, described in the accompanying schedule of current year findings and questioned costs as item 2015-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Council's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance 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 non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

Organization's Response to Findings

The Council's response to the findings identified in our audit is described in the accompanying Schedule of Current Year Findings and Questioned Costs. The Council's response was not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Council's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Carlson Highland & Co., LLP

Fergus Falls, Minnesota
March 15, 2016

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Board of Directors
Inter-County Community Council, Inc.
Oklee, Minnesota

Report on Compliance for Each Major Federal Program

We have audited Inter-County Community Council, Inc.'s ("the Council") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Council's major federal programs for the year ended September 30, 2015. The Council's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Current Year Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to the Council's federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Council's major federal programs based on our audit of the types of compliance requirements referred to above. 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 Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance 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 the Council'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 on compliance for each major federal program. However, our audit does not provide a legal determination of the Council's compliance.

Opinion on Each Major Federal Program

In our opinion, the Council complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2015.

Report on Internal Control over Compliance

Management of the Council is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Council's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 Council's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, non-compliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material non-compliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Carson Highland & Co., LLP

Fergus Falls, Minnesota
March 15, 2016

INTER-COUNTY COMMUNITY COUNCIL, INC.
SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS

September 30, 2015

(1) Summary of Auditor's Results

1. The auditor's report expresses an unqualified opinion on the financial statements of the Council.
2. One significant deficiency was disclosed during the audit of the financial statements of the Council. No material weaknesses are reported.
3. No instances of non-compliance material to the financial statements of the Council were disclosed during the audit.
4. The auditor's report on compliance for the major federal programs for the Council expresses an unqualified opinion.
5. Audit findings relative to the major federal programs for the Council are reported in Part 3 of this schedule.
6. EAP and EAPWX, CFDA number 93.568 and Head Start and Early Head Start, CFDA number. 93.600 were tested as major programs.
7. The dollar threshold for distinguishing between Type A and Type B programs was \$300,000.
8. The Council qualified as a low-risk auditee.

(2) Findings - Financial Statements Audit

2015-001. Preparation of Financial Statements and Related Footnotes

Condition: The Council does not have an internal control system designed to provide for the preparation of the financial statements being audited. Council personnel do prepare periodic financial statements and other financial information for internal use that meets the needs of management and the Board of Directors. However, the Council does not have the internal resources to prepare full-disclosure financial statements required by generally accepted accounting principles (GAAP) for external reporting. As auditors, we were requested to draft the financial statements and accompanying footnotes.

Criteria: Internal controls over financial reporting include those related to the actual preparation and review of the audited financial statements. In order to prepare a complete set of financial statements in conformity with GAAP, the preparer must have the necessary expertise.

Cause: The Council does not have the resources to compile its own financial statements.

Effect: This control deficiency could result in a misstatement to the financial statements that would not be prevented or detected.

INTER-COUNTY COMMUNITY COUNCIL, INC.
SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS

September 30, 2015

2015-001. Preparation of Financial Statements and Related Footnotes - continued

Recommendation: The Council's small accounting department and limited resources limit the extent to which the Council may obtain the knowledge necessary to prepare its complete financial statements appropriately; however, the Council should review the financial statements thoroughly each year so as to determine the appropriate disclosure of its activities to its readers.

Corrective Action Plan

- a. *Actions Planned in Response to the Findings:* The Council does not plan to take any action but is aware of the condition. Based on the cost of correcting this deficiency, the Council has decided to accept the risk associated with this deficiency.
- b. *Officials Responsible for Ensuring Corrective Action:* The Executive Director and Board of Directors will review the financial statements and related footnotes to approve them.
- c. *Planned Completion Date for the Corrective Action:* The corrective action plan for this finding will be ongoing.
- d. *Explanation of Disagreement:* There is no disagreement with the audit finding.
- e. *Plan to Monitor Completion of Corrective Action:* The Board of Directors will be monitoring this corrective action plan to review the recommendations and take appropriate action.

(3) Findings and Questioned Costs – Major Federal Programs Audit

None.

INTER-COUNTY COMMUNITY COUNCIL, INC.
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

September 30, 2015

STATUS OF PRIOR YEAR AUDIT FINDINGS

The prior year audit contained no findings.

SUPPLEMENTARY INFORMATION

INTER-COUNTY COMMUNITY COUNCIL, INC.
SCHEDULE OF NONFEDERAL ASSISTANCE
For the Year Ended September 30, 2015

| Grantor / Pass-Through Grantor / Program Title | Grantor- Number or Reference | Grant Period | Grant Award | Grant/Contract Revenue | Other Revenue | Expenditure |
|---|------------------------------------|--------------|------------------|---------------------------|---------------|----------------|
| State of Minnesota Funding | | | | | | |
| Minnesota Department of Employment & Economic Development | | | | | | |
| Minnesota Youth Program SFY 2015 | 5256400 | 07/01/2014 | \$ 63,652 | \$ 56,299 | \$ - | \$ 56,299 |
| Minnesota Youth Program SFY 2016 | 6256400 | 07/01/2015 | 73,654 | 8,208 | - | 8,208 |
| Higher Education Career Advisors Program (HECAP) | 6256301 | 07/01/2015 | 4,786 | 641 | - | 641 |
| Northwest Private Industry Council | | | | | | |
| Youth Competitive Grant | PY14-5018800 | 10/01/2014 | 76,000 | 74,154 | - | 74,154 |
| Minnesota Department of Commerce | | | | | | |
| Propane A2501 | 79585 A2501 | 07/01/2014 | 13,119 | 12,922 | - | 12,922 |
| Propane A2501 | 95376 A2501 | 07/01/2015 | 19,774 | 14 | - | 14 |
| State WAP A2001 | 79585 A2001 | 07/01/2014 | 2,632 | 717 | - | 717 |
| Northwest Community Action Agency, Inc. | | | | | | |
| Propane A2501 | 28645 | 07/01/2014 | - | 2,426 | - | 2,426 |
| Minnesota Housing | | | | | | |
| Home Ownership Education, Counseling and Training | | 10/01/2013 | 4,200 | 4,200 | - | 4,200 |
| Tri-Valley Opportunity Council, Inc. | | | | | | |
| Homeless Prevention (FHPAP) | | 07/01/2013 | 56,050 | 15,650 | - | 15,650 |
| Homeless Prevention (FHPAP) | | 07/01/2015 | 61,346 | 7,404 | - | 7,404 |
| The Schuett Companies, Inc. | | | | | | |
| Riverside Terrace Limited Partnership Project | | 03/31/2012 | - | 2,727 | - | 3,471 |
| Minnesota Department of Education | | | | | | |
| Minnesota Head Start | 2014-00269 | 07/01/2014 | 160,706 | 131,697 | - | 131,697 |
| Minnesota Head Start | 2015-00274 | 07/01/2015 | 160,706 | 31,481 | - | 31,481 |
| Minnesota Department of Human Services | | | | | | |
| MN CAG 2015 | GRK%64973 | 07/01/2014 | 48,323 | 42,365 | - | 42,365 |
| MN CAG 2016 | GRK%64770 | 07/01/2015 | 47,193 | 14,318 | - | 14,318 |
| Transitional Housing | GRK%63853 | 07/19/2013 | 70,000 | 22,811 | - | 22,811 |
| Transitional Housing | GRK%64583 | 07/01/2015 | 35,000 | 8,853 | - | 8,853 |
| Emergency Service Program | GRK%63432 | 07/11/2013 | 45,000 | 14,908 | - | 14,908 |
| Emergency Service Program | GRK%64512 | 07/01/2015 | 22,500 | 5,113 | - | 5,113 |
| Homeless Youth Act | GRK%68617 | 10/16/2013 | 100,000 | 71,861 | - | 71,861 |
| Homeless Youth Act | GRK%64552 | 07/01/2015 | 75,000 | 17,268 | - | 17,268 |
| Mahube-OTWA Community Action Partnership, Inc. | | | | | | |
| Long-term Homeless | | 07/01/2013 | 39,750 | 13,487 | - | 15,345 |
| Total State of Minnesota Funding | | | <u>1,179,391</u> | <u>559,524</u> | <u>-</u> | <u>562,126</u> |

INTER-COUNTY COMMUNITY COUNCIL, INC.
SCHEDULE OF NONFEDERAL ASSISTANCE - CONTINUED
For the Year Ended September 30, 2015

| Grantor / Pass-Through Grantor / Program Title | Grantor- Number or Reference | Grant Period | Grant Award | Grant/Contract Revenue | Other Revenue | Expenditure |
|--|------------------------------------|--------------|---------------------|---------------------------|------------------|-------------------|
| Other Funding | | | | | | |
| Blue Cross & Blue Shield Foundation | | | | | | |
| Mahube-OTWA Community Action Partnership, Inc. | | | | | | |
| Northwest Region Health Insurance Access Project | | 04/01/2013 | \$ - | \$ 10,000 | \$ - | \$ 11,729 |
| Otter Tail Power Company | | 01/01/2014 | - | - | 2,473 | 5,793 |
| Conservation Improvement Program | | 01/01/2015 | - | - | 209 | 690 |
| Red Lake Electric Cooperative, Inc. | | 01/01/2014 | - | - | 1,801 | 5,625 |
| Conservation Improvement Program | | 01/01/2015 | - | - | 2,932 | 2,742 |
| City of Thief River Falls | | 01/01/2014 | - | - | - | 88 |
| Conservation Improvement Program | | 01/01/2015 | - | - | - | 1,805 |
| Wild Rice Electric | | 01/01/2014 | - | - | 820 | 2,850 |
| Conservation Improvement Program | | 01/01/2015 | - | - | - | 33 |
| Clearwater-Polk Electric | | 01/01/2014 | - | - | 1,843 | 1,300 |
| Conservation Improvement Program | | 01/01/2015 | - | - | - | 88 |
| Bagley Public Utilities | | 01/01/2014 | - | - | - | 128 |
| Conservation Improvement Program | | 01/01/2015 | - | - | - | 80 |
| City of Fosston | | 01/01/2014 | - | - | - | 108 |
| Conservation Improvement Program | | 01/01/2015 | - | - | - | 9 |
| H MURL | | | | | | |
| Housing | | | | | 16,223 | 5,618 |
| Clearwater County | | | | | | |
| Adult Mental Health Initiative | | 01/01/2007 | - | - | - | 792 |
| Win-E-Mac School District 2609 | | 10/01/2014 | - | - | 8,581 | 8,682 |
| Food Shelf Donations | | 10/01/2014 | - | - | 9,484 | 8,273 |
| Reach out for Warmth Donations | | 10/01/2014 | - | - | 1,706 | 1,696 |
| Total Other Funding | | | - | 10,000 | 46,072 | 58,129 |
| Total Nonfederal Assistance | | | \$ 1,179,391 | \$ 569,524 | \$ 46,072 | \$ 620,255 |