

Inter-County Community Council, Inc.

Financial Statements and
Supplementary Information

Years Ended September 30, 2020 and 2019



Inter-County Community Council, Inc.

Financial Statements and Supplementary Information
Years Ended September 30, 2020 and 2019

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Independent Auditor's Report

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., which comprise the statement of financial position as of September 30, 2020, and the related statements of activities, functional expenses, 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; 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 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, 2020, 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.

Adjustments to Prior Period Financial Statements

The financial statements of Inter-County Community Council, Inc. as of September 30, 2019, were audited by other auditors whose report dated March 5, 2020 expressed an unmodified opinion on those statements. As discussed in Note 12 to the financial statements, Inter-County Community Council, Inc. has adjusted its 2019 financial statements to properly report net assets with donor restrictions. In our opinion, such adjustments were appropriate and have been properly applied. We were not engaged to audit, review or apply any procedures to Inter-County Community Council, Inc.'s 2019 financial statements other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2019 financial statements as a whole.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the schedule of nonfederal assistance are presented for purposes of additional analysis, and are 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 audits 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. 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 January 20, 2021, 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 solely 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 effectiveness of Inter-County Community Council, Inc.'s 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.



Wipfli LLP

January 20, 2021
Madison, Wisconsin

Inter-County Community Council, Inc.

Statements of Financial Position

September 30, 2020 and 2019

<i>Assets</i>	2020	2019 (restated)
Current assets:		
Cash	\$ 343,488	\$ 268,608
Certificates of deposit	626,235	603,136
Grants receivable	462,646	467,149
Revolving loans receivable, current portion	10,800	9,659
Homes held for sale	60,000	0
Prepaid expenses	60,104	35,721
Total current assets	1,563,273	1,384,273
Property and equipment, net	340,248	434,719
Other assets:		
Revolving loans receivable, net	73,163	110,312
TOTAL ASSETS	\$ 1,976,684	\$ 1,929,304
<i>Liabilities and Net Assets</i>		
Current liabilities:		
Accounts payable	\$ 142,060	\$ 88,863
Accrued payroll and related liabilities	80,736	91,865
Compensated absences payable	138,420	116,272
Refundable advance liability	43,035	0
Total current liabilities	404,251	297,000
Net assets:		
Without donor restrictions	1,252,340	1,370,084
With donor restrictions	320,093	262,220
Total net assets	1,572,433	1,632,304
TOTAL LIABILITIES AND NET ASSETS	\$ 1,976,684	\$ 1,929,304

Inter-County Community Council, Inc.

Statements of Activities

Years Ended September 30, 2020 and 2019

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue:			
Grant revenue	\$ 3,880,780	\$ 58,370	\$ 3,939,150
Contracts and program contributions	36,144	0	36,144
Contributions and donations	16,461	0	16,461
Interest	20,081	0	20,081
Loss on disposal of property and equipment	(69,550)	0	(69,550)
In-kind contributions	123,630	0	123,630
Other income	32,678	0	32,678
Net assets released from restrictions	497	(497)	0
Total revenue	4,040,721	57,873	4,098,594
Expenses:			
Program services expenses	3,644,651	0	3,644,651
Management and general expenses	513,814	0	513,814
Total expenses	4,158,465	0	4,158,465
Changes in net assets	(117,744)	57,873	(59,871)
Net assets - Beginning of year	1,370,084	262,220	1,632,304
Net assets - End of year	\$ 1,252,340	\$ 320,093	\$ 1,572,433

See accompanying notes to financial statements.

Inter-County Community Council, Inc.

Statements of Activities (Continued)

Years Ended September 30, 2020 and 2019

	2019 (restated)		Total
	Without Donor Restrictions	With Donor Restrictions	
Revenue:			
Grant revenue	\$ 3,847,376	\$ 0	\$ 3,847,376
Contracts and program contributions	27,265	20,791	48,056
Contributions and donations	13,036	0	13,036
Interest	50,714	0	50,714
Loss on disposal of property and equipment	0	0	0
In-kind contributions	130,748	0	130,748
Other income	9,499	0	9,499
Net assets released from restrictions	0	0	0
Total revenue	4,078,638	20,791	4,099,429
Expenses:			
Program services expenses	3,597,831	0	3,597,831
Management and general expenses	460,544	0	460,544
Total expenses	4,058,375	0	4,058,375
Changes in net assets	20,263	20,791	41,054
Net assets - Beginning of year, as restated	1,349,821	241,429	1,591,250
Net assets - End of year	\$ 1,370,084	\$ 262,220	\$ 1,632,304

See accompanying notes to financial statements.

Inter-County Community Council, Inc.

Statements of Functional Expenses

Years Ended September 30, 2020 and 2019

	2020											
	Program Services										Management and General	Total Expenses
Energy Assistance LIHEAP	Weatherization	Employment and Training	Head Start	Homeless Programs	Community Services	MURL Housing	Contracted Services	Other Program Services	Total Program Services			
Salaries and benefits	\$ 46,370	\$ 105,065	\$ 407,346	\$ 1,345,548	\$ 131,731	\$ 82,604	\$ 4,500	\$ 3,733	\$ 58,477	\$ 2,185,374	\$ 385,996	\$ 2,571,370
Direct client support	40,665	109,708	277,261	0	196,288	0	645	0	7,620	632,187	0	632,187
Contracted services	738	2,817	12,923	77,080	141,887	12,188	13,283	170	2,688	263,774	13,873	277,647
Office expenses	3,819	3,017	15,603	60,368	4,101	5,585	81	59	1,703	94,336	10,367	104,703
Occupancy	1,244	2,865	21,140	105,482	6,599	11,704	23	165	3,137	152,359	9,353	161,712
Travel	56	2,363	13,940	15,667	2,749	9,883	415	200	1,039	46,312	12,978	59,290
Depreciation	0	0	0	0	0	0	0	0	0	0	74,829	74,829
Training	0	16,473	4,724	13,104	1,076	11,747	0	0	75	47,199	2,453	49,652
Other program costs	2,481	339	5,419	65,552	967	12,826	11,896	0	0	99,480	3,965	103,445
In-kind expenses	0	0	0	123,630	0	0	0	0	0	123,630	0	123,630
Total expenses	\$ 95,373	\$ 242,647	\$ 758,356	\$ 1,806,431	\$ 485,398	\$ 146,537	\$ 30,843	\$ 4,327	\$ 74,739	\$ 3,644,651	\$ 513,814	\$ 4,158,465

See accompanying notes to financial statements.

Inter-County Community Council, Inc.

Statements of Functional Expenses (Continued)

Years Ended September 30, 2020 and 2019

	2019											
	Program Services								Contracted Services	Other Program Services	Total Program Services	Management and General
Energy Assistance LIHEAP	Weatherization	Employment and Training	Head Start	Homeless Programs	Community Services	MURL Housing						
Salaries and benefits	\$ 40,815	\$ 66,997	\$ 389,035	\$ 1,255,263	\$ 134,069	\$ 65,018	\$ 3,652	\$ 1,459	\$ 62,417	\$ 2,018,725	\$ 343,765	\$ 2,362,490
Direct client support	60,700	220,275	371,521	0	136,395	0	0	0	12,711	801,602	(10)	801,592
Contracted services	3,193	3,931	8,994	58,997	20,507	6,598	7,738	86	95,303	205,347	28,334	233,681
Office expenses	4,625	3,378	21,114	48,188	3,413	2,707	144	42	1,000	84,611	30,349	114,960
Occupancy	1,542	3,337	22,611	103,793	5,513	1,598	106	93	2,601	141,194	5,341	146,535
Travel	172	984	18,569	32,602	4,726	6,471	83	162	1,861	65,630	25,756	91,386
Depreciation	0	0	0	55,463	0	0	0	0	0	55,463	10,200	65,663
Training	0	0	1,335	5,207	1,202	11,048	0	0	0	18,792	16,409	35,201
Other program costs	2,000	1,033	3,277	56,027	401	10,081	589	(2,700)	5,011	75,719	400	76,119
In-kind expenses	0	0	0	130,748	0	0	0	0	0	130,748	0	130,748
Total expenses	\$ 113,047	\$ 299,935	\$ 836,456	\$ 1,746,288	\$ 306,226	\$ 103,521	\$ 12,312	(\$ 858)	\$ 180,904	\$ 3,597,831	\$ 460,544	\$ 4,058,375

See accompanying notes to financial statements.

Inter-County Community Council, Inc.

Statements of Cash Flows

Years Ended September 30, 2020 and 2019

	2020	2019
Increase (decrease) in cash:		
Cash flows from operating activities:		
Changes in net assets	(\$ 59,871)	\$ 41,054
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	74,829	65,663
Net mortgage discount amortization	(3,978)	(35,586)
Loss (gain) on disposal of property and equipment	69,550	(7,628)
Contribution of property and equipment	(9,000)	0
Gain on repossession of home	(23,051)	0
Changes in operating assets and liabilities:		
Grants receivable	4,503	46,012
Prepaid expenses	(24,383)	5,237
Accounts payable	53,197	(14,373)
Accrued payroll and related liabilities	(11,129)	10,748
Compensated absences payable	22,148	(17,327)
Refundable advance liability	43,035	0
Net cash provided by operating activities	135,850	93,800
Cash flows from investing activities:		
Interest reinvested in certificates of deposit	(23,099)	(3,154)
Purchase of property and equipment	(40,908)	(87,230)
Purchase of certificates of deposit	0	(66,791)
Collections on revolving loans	9,659	37,637
Issuance of revolving loans	(6,622)	0
Proceeds from sale of property and equipment	0	9,700
Net cash used in investing activities	(60,970)	(109,838)
Changes in cash	74,880	(16,038)
Cash - Beginning of year	268,608	284,646
Cash - End of year	\$ 343,488	\$ 268,608
Supplemental schedule of noncash investing and financing activities:		
Repossession of home	\$ 60,000	\$ 0

See accompanying notes to financial statements.

Inter-County Community Council, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

Nature of Operations

Inter-County Community Council, Inc. (the “Organization”) is a nonprofit organization that provides health and welfare services as a Community Action Agency for Clearwater, East Polk, Pennington, and Red Lake Counties. The Organization 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 Organization’s support comes primarily from state and federal grant awards. The Organization received approximately 39% and 40% of its grant revenue for the years ended September 30, 2020, and 2019, from the U.S. Department of Health and Human Services (DHHS) under the Federal Head Start program. Approximately 16% of total grant funding was received under its Workforce Innovation and Opportunity Act (WIOA) grants passed-through Northwest Private Industry Council during the years ended September 30, 2020 and 2019.

Basis of Presentation

The financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States.

Classification of Net Assets

Net assets and revenue, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations or where donor-imposed stipulations are met in the year of the contribution.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed stipulations that may or may not be met either by actions of the Organization and/or the passage of time. When a restriction expires, net assets with donor restrictions are transferred to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. If a restriction is satisfied in the year of contribution, the contribution is recorded as revenue without restrictions.

Use of Estimates

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

Inter-County Community Council, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Recently Adopted Accounting Pronouncement

On June 21, 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-08 *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this ASU assist in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) subject to Subtopic 958-605 or as exchange (reciprocal) transactions subject to Accounting Standards Codification 606 and (2) determining whether a contribution is conditional. The contribution guidance in Subtopic 958-605 requires an entity to determine whether a transaction is conditional, which affects the timing of the revenue recognized. The Organization has applied the amendments in this ASU on a modified prospective basis. There was no change on opening balances of net assets and no prior period results were restated as a result of adopting this standard.

Revenue Recognition

Contributions, including promises to give, are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions. A contribution or promise to give contains a donor or grantor condition when both of the following are present:

- An explicit identifying of a barrier, that is more than trivial, that must be overcome before the revenue can be earned and recognized
- An implicit right of return of assets transferred or a right of release of a donor or grantor's obligation to transfer assets promised, if the condition is not met

Unconditional contributions or conditional contributions in which the conditions have been substantially met or explicitly waived by the donor are recorded as support with or without donor restrictions, depending on the existence and nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Conditional contributions are recognized when the barriers to entitlement are overcome and the promises become unconditional. Unconditional contributions are recognized as revenue when received.

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

A. Grant Awards That Are Contributions

Grants that qualify as contributions are recorded as invoiced to the funding sources in accordance with the terms of the award and ASC Subtopic 958-605. Revenue is recognized in the accounting period when the related expenses are incurred. Amounts received or receivable in excess of expenses are reflected as a refundable advance liability.

B. Grant Awards That Are Exchange Transactions

Exchange transactions are reimbursed based on a predetermined rate for services performed. The revenue is recognized in the period the service is performed.

Inter-County Community Council, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Certificates of Deposit

Certificates of deposit are stated at cost, which approximates fair value.

Homes Held for Sale

Homes held for sale are stated at the lower of cost or net realized value. Net realizable value is the estimated selling price in the ordinary course of business, less reasonably predicted costs of completion, disposal, and transportation.

Revolving Loans Receivable

The Organization operates a revolving loan program funded by Minnesota Housing and Finance Authority (MHFA). The Organization receives funds from MHFA to construct or renovate homes and then sell those homes under land contracts to eligible individuals. Any funds repaid 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. The loans are non-interest-bearing.

Management generally has the intent and ability to hold all loans for the foreseeable future or until maturity or pay-off and has reported the loans at their outstanding unpaid principal balances. Loan origination fees, net of certain direct origination costs, are recognized as income or expense when received or incurred since capitalization of these fees or costs would not have a significant impact on the financial statements.

Allowance for Loan Losses

The Organization does not maintain an allowance for the loan loss account due to the fact that in the event of non-payment by a homeowner, the Organization will start eviction proceedings and take back possession of the home. The home is then put back on the market to be contracted to another qualifying individual or family. The Organization classifies a receivable as delinquent if the individual is two or more months in arrears, has abandoned the home, or if the home is at risk of incurring damage. Delinquent payments are treated on a case-by-case basis but, generally, if a homeowner is late more than 30 days with a payment and no forbearance has been granted, verbal contact is made with the homeowner. A letter follows up the verbal contact confirming the conversation. If the terms outlined during the verbal contact are not met and/or the homeowner becomes 60 days late, cancellation proceedings are started. All cancellations are handled by the Organization's attorney in accordance with the laws of the State of Minnesota.

Property and Equipment

Property and equipment are recorded at cost and depreciated using the straight-line method over the estimated useful life of the asset. The Organization capitalizes property and equipment purchased with a cost greater than \$5,000 and a useful life of more than one year. Donations of property and equipment are recorded as support at their estimated fair value on the date of donation. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose.

Inter-County Community Council, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Property and Equipment (Continued)

Property and equipment purchased with grant funds are owned by the Organization while used in the program for which they were purchased or in other future authorized programs. However, the various funding sources have a 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 property and equipment purchased with grant funds was \$212,348 and \$343,836 as of September 30, 2020 and 2019.

Income Taxes

The Organization is qualified for tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and a similar provision of Minnesota law.

The Organization is required to assess whether it is more likely than not that a tax position will be sustained upon examination on the technical merits of the position assuming the taxing authority has full knowledge of all information. If the tax position does not meet the more likely than not recognition threshold, the benefit of that position is not recognized in the financial statements. The Organization has determined there are no amounts to record as assets or liabilities related to uncertain tax positions.

Functional Allocation

The costs of providing the various programs and activities have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Personnel costs are allocated based on time and effort reporting. Occupancy and related costs are allocated based on square footage. Other costs may be allocated to multiple programs using a basis determined to be appropriate to that particular cost.

In-Kind Contributions

The Organization has recorded in-kind contributions for space, supplies, and professional services on the statements of activities and statements of functional expenses in accordance with a financial accounting standard that requires that only contributions of service received that create or enhance a nonfinancial asset or required specialized skill by the individual possessing those skills and would typically need to be purchased if not provided by donation be recorded. The requirements of this standard are different than the in-kind requirements of several of the Organization's grant awards. The Organization received contributions during the years ended September 30, 2020, and 2019, with a value of \$117,596 and \$164,559, primarily for its Head Start and Early Head Start programs, which are not recorded in the statements of activities or statements of functional expenses.

Inter-County Community Council, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

New Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09 *Revenue From Contracts with Customers (Topic 606)*. This ASU, as amended, provides comprehensive guidance on the recognition revenue from customers arising from the transfer of goods and services, guidance on accounting for certain contract costs, and new disclosures. When adopted, the amendments in this ASU must be applied using one of two retrospective methods. ASU No. 2014-09 was originally effective for nonpublic entities for annual periods beginning after December 15, 2018. On June 3, 2020, FASB issued ASU No. 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842)* that extended the effective date for certain entities, including the Organization, to annual periods beginning after December 15, 2019.

In 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which is intended to improve financial reporting on leasing transactions. ASU No. 2016-02 will require lessees to recognize right of use assets and lease obligations for operating and finance leases under terms greater than 12 months. ASU No. 2016-02 is effective for fiscal years beginning after December 15, 2020, with early adoption permitted. ASU No. 2016-02 must be applied modified retrospectively. On June 3, 2020, FASB issued ASU No. 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842)* that extended the effective date for certain entities, including the Organization, to annual periods beginning after December 15, 2021.

Reclassifications

Certain amounts presented in the 2019 financial statements have been reclassified to conform with the 2020 presentation. There was no effect on net assets or the changes in net assets.

Subsequent Events

Subsequent events have been evaluated through January 20, 2021, which is the date the financial statements were available to be issued.

Note 2: Concentration of Credit Risk

The Organization maintains their cash balance at various financial institutions which are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Balances in the Organization's operating account in excess of the FDIC limit are swept to a savings account at an affiliated financial institution.

Inter-County Community Council, Inc.

Notes to Financial Statements

Note 3: Liquidity and Availability of Financial Assets

Financial assets available for general expenditure, that is, without donor or other restrictions or designations limiting their use, within twelve months of the statement of financial position date, are comprised of the following as of September 30:

	2020	2019
Cash	\$ 343,488	\$ 268,608
Certificates of deposit	626,235	603,136
Grants receivable	462,646	467,149
Revolving loans receivable, current portion	10,800	9,659
Total financial assets	1,443,169	1,348,552
Less: Accounts payable	142,060	88,863
Less: Accrued payroll and compensated absences	219,156	208,137
Less: Refundable advance liability	43,035	0
Less: Net assets with donor restrictions included in financial assets	186,930	151,908
Total available financial assets	\$ 851,988	\$ 899,644

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenses, liabilities, and other obligations become due. As part of its liquidity plan, excess cash is invested in short-term investments, including savings accounts and certificates of deposit. The Organization can rely on a lower cash balance as they are primarily funded with cost reimbursement grants. Under cost reimbursement grants, once expenses are incurred an organization can request reimbursement from the funding source. Their grants have varying renewal dates. The Organization has grant commitments for future expenses of approximately \$4,100,000.

Note 4: Grants Receivable

Grants receivable consist of the following at September 30:

	2020	2019
Federal programs	\$ 376,440	\$ 306,178
State programs	74,417	140,225
Other programs	11,789	20,746
Total grants receivable	\$ 462,646	\$ 467,149

Note 5: Revolving Loans Receivable

The Organization operates a housing revolving loan fund that provides assistance to eligible participants in the form of non-interest-bearing loans which are secured by various property owned by the recipients. Principal payments are based on the participants' ability to pay and repayment terms are adjusted annually. As loan funds are repaid, they are available to be re-loaned to eligible participants and to cover a fixed percentage of administrative and program costs. The loans are due and payable on the occurrence of various events, including sale, transfer, or reassignment of the property, death of the homeowner, the homeowner no longer occupying the property, or the passage of time.

Inter-County Community Council, Inc.

Notes to Financial Statements

Note 5: Revolving Loans Receivable (Continued)

The loans were discounted to their net present value using discount rates ranging from 4% to 6%. The loans receivable are as follows:

	2020	2019
Revolving loans receivable	\$ 135,692	\$ 207,817
Discount on revolving loans receivable	(51,729)	(87,846)
Revolving loans receivable, net	83,963	119,971
Current portion	10,800	9,659
<u>Net long-term revolving loans receivable</u>	<u>\$ 73,163</u>	<u>\$ 110,312</u>

The unamortized discount is the difference between the face amount of the land contract and its present value discounted at a compound interest rate. This discount is then amortized over the life of the land contract.

Note 6: Property and Equipment

Property and equipment consist of the following at September 30:

	2020	2019
Land	\$ 21,961	\$ 21,961
Building	463,072	463,072
Equipment	418,047	583,968
Subtotals	903,080	1,069,001
Less accumulated depreciation	(562,832)	(634,282)
<u>Totals</u>	<u>\$ 340,248</u>	<u>\$ 434,719</u>

Depreciation expense was \$74,829 and \$65,663 for the years ended September 30, 2020 and 2019, respectively.

Note 7: Net Assets with Donor Restrictions

Net assets with donor restrictions consist of revolving loan funds and program contributions. The revolving loan funds are to be used for housing loans to eligible participants and to cover administrative costs of operating the program. The emergency response funds are to be used to provide additional shelter capacity or the purchase of supplies in response to the COVID-19 pandemic. Net assets with donor restrictions as September 30, 2020 and 2019, are as follows:

	2020	2019
Revolving loan funds	\$ 261,723	\$ 262,220
Emergency response	58,370	0
<u>Totals</u>	<u>\$ 320,093</u>	<u>\$ 262,220</u>

Inter-County Community Council, Inc.

Notes to Financial Statements

Note 8: Operating Leases

The Organization leases various facilities under operating leases. Lease expense for the years ended September 30, 2020 and 2019, was \$119,156 and \$100,529. Minimum future rental payments under the operating leases are as follows:

2021	\$ 105,072
2022	82,393
2023	53,324
<hr/>	
Total	\$ 240,789

Note 9: Retirement Plan

The Organization has a defined contribution retirement plan authorized under Section 403(b) of the Internal Revenue Code. The plan is open to substantially all employees. The Organization contributes 5% of employees' compensation for eligible employees who have met a six-month service requirement. The Organization's contributions for the years ended September 30, 2020 and 2019, were \$84,792 and \$82,241.

Note 10: Grant Awards

At September 30, 2020, the Organization had commitments under various grants of approximately \$4,100,000. These commitments are not recognized in the accompanying financial statements as receivables and revenue as they are conditional awards.

Note 11: Related Party Transactions

For the years ended September 30, 2020 and 2019, the Organization recognized contract revenue of \$17,233 and \$18,800, respectively, for accounting and reporting services provided to Northwest Private Industry Council (NWPIC). NWPIC is the pass-through entity for one of the Organization's programs and the Organization received grant funds of \$641,396 and \$706,683 as the subrecipient of the award program from NWPIC for the years ended September 30, 2020 and 2019. The grants receivable to the Organization related to this program were \$136,484 and \$82,086 at September 30, 2020 and 2019.

Note 12: Restatement

During the year ended September 30, 2020, the Organization discovered it had improperly reclassified net assets related to the revolving loan program to net assets without donor restrictions in the prior year, when these funds should have continued to be reported as net assets with donor restrictions. The Organization reclassified \$241,429 of net assets without donor restrictions to net assets with donor restrictions as of October 1, 2018. There was no effect of this restatement on total net assets.

Note 13: Risks and Uncertainties

In March 2020, the World Health Organization declared the outbreak of the novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout the United States. Future potential impacts to the Organization may include disruptions to its operations. While business disruptions are expected to be temporary, management cannot reasonably estimate the length or severity of this pandemic, including any direct or indirect negative impact on the Organization's financial position, results of operations and cash flows.

Supplementary Information

Inter-County Community Council, Inc.

Schedule A-1

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2020

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Grant Number	Grant Period	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
Passed-Through Minnesota Department of Human Services				
SNAP CLUSTER				
SNAP Outreach	10.561	GRK%163786	10/01/19-09/30/22	\$ 49,699
SUBTOTAL U.S. DEPARTMENT OF AGRICULTURE				49,699
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed-Through Minnesota Department of Human Services				
Emergency Solutions Grant (ESG-Rehousing)	14.231	GRK%126815	07/01/17-06/30/21	31,407
Direct Support				
Supportive Housing Program	14.235	MN0176L5K061908	09/01/20-08/31/21	1,948
Supportive Housing Program	14.235	MN0176L5K061807	09/01/19-08/31/20	25,585
Subtotal 14.235				27,533
Direct Support				
Youth Homeless Demonstration Grant	14.276	MN0442Y5K061700	10/02/19-09/30/21	200,064
SUBTOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				259,004
U.S. DEPARTMENT OF LABOR				
Passed-Through the Minnesota Department of Employment & Economic Development				
Senior Community Service Employment Program	17.235	1255100	07/01/20-06/30/21	17,667
Senior Community Service Employment Program	17.235	0255100	07/01/19-06/30/20	49,892
Subtotal 17.235				67,559
Passed-Through the Minnesota Department of Employment & Economic Development				
Northwest Private Industry Council				
WIOA CLUSTER				
WIOA Adult	17.258	PY18-8013100	07/01/18-06/30/20	68,487
WIOA Adult	17.258	PY19-9013100	07/01/19-06/30/21	157,335
Subtotal 17.258				225,822
WIOA Youth In-School	17.259	PY18-8013600	04/01/18-06/30/20	75,133
WIOA Youth Out-of-School	17.259	PY18-8013600	04/01/18-06/30/20	107,134
WIOA Youth In-School	17.259	PY19-9013600	04/01/19-03/31/21	64,016
WIOA Youth Out-of-School	17.259	PY19-9013600	04/01/19-03/31/21	93,971
WIOA Youth In-School	17.259	PY20-0013600	04/01/20-03/31/22	3,208
WIOA Youth Out-of-School	17.259	PY20-0013600	04/01/20-03/31/22	3,637
Subtotal 17.259				347,099
WIOA Dislocated Worker	17.278	PY18-8018000	07/01/18-06/30/20	10,997
WIOA Dislocated Worker	17.278	PY19-9018000	07/01/19-06/30/21	5,918
Subtotal 17.278				16,915
WIOA CLUSTER SUBTOTAL				589,836
SUBTOTAL U.S. DEPARTMENT OF LABOR				657,395

See Independent Auditor's Report.

See Notes to Schedule of Expenditures of Federal Awards.

Inter-County Community Council, Inc.

Schedule A-2

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2020

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Grant Number	Grant Period	Federal Expenditures
U.S. DEPARTMENT OF THE TREASURY				
Passed-Through the Minnesota Housing Finance Agency				
COVID-19 Housing Assistance Grant	21.019	N/A	08/20/20-01/30/21	53,395
Passed-Through Polk County				
COVID-19 Polk County Funds	21.019	N/A	03/11/20-11/30/20	1,827
Subtotal 21.019				55,222
SUBTOTAL U.S. DEPARTMENT OF THE TREASURY				55,222
U.S. DEPARTMENT OF ENERGY				
Passed-Through the Minnesota Department of Commerce				
WAP DOE A2500	81.042	DE-EE0007928	07/01/20-06/30/21	24,206
WAP DOE A2500	81.042	DE-EE0007928	07/01/19-06/30/20	128,493
Subtotal 81.042				152,699
SUBTOTAL U.S. DEPARTMENT OF ENERGY				152,699
U.S. DEPARTMENT OF EDUCATION				
Passed-Through the Minnesota Department of Employment & Economic Development				
Pre-Employment Transition Services	84.126	145604	10/01/19-09/30/21	858
SUBTOTAL U.S. DEPARTMENT OF EDUCATION				858
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed-Through the Minnesota Department of Human Services				
MNSUre Navigator/In-Person Assister	93.525	69965	01/01/15-06/30/19	2,257
Passed-Through the Minnesota Department of Commerce				
Low-Income Home Energy Assistance	93.568	1563	10/01/19-09/30/20	190,945
EAPWX A2111	93.568	20B1MNLIEA	07/01/20-09/30/21	5,353
EAPWX A2110	93.568	19B1MNLIEA	07/01/19-09/30/20	106,308
Subtotal 93.568				302,606
Passed-Through the Minnesota Department of Human Services				
COVID-19 CSBG 2001MNCSC3	93.569	177895	03/27/20-09/30/22	3,626
CSBG 2020	93.569	GRK%160078	10/01/19-09/30/21	78,710
CSBG 2019	93.569	GRK%127518	10/01/18-12/31/19	10,742
Subtotal 93.569				93,078
Direct Funding				
HEAD START CLUSTER				
COVID-19 Head Start/Early Head Start	93.600	05CH010866-02	04/01/20-03/31/21	42,324
Head Start/Early Head Start Program	93.600	05CH010866-02	04/01/20-03/31/21	726,868
Head Start/Early Head Start Program	93.600	05CH010866-01	04/01/19-03/31/20	770,529
Subtotal Head Start Cluster 93.600				1,539,721
SUBTOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				1,937,662
U.S. DEPARTMENT OF HOMELAND SECURITY				
Passed-Through United Way Worldwide				
Emergency Food and Shelter Program-Red Lake County	97.024	LRO 265200-001	10/01/18-03/31/20	2,800
SUBTOTAL U.S. DEPARTMENT OF HOMELAND SECURITY				2,800
TOTAL FEDERAL EXPENDITURES				\$ 3,115,339

See Independent Auditor's Report.

See Notes to Schedule of Expenditures of Federal Awards.

Inter-County Community Council, Inc.

Notes to the Schedule of Expenditures of Federal Awards

September 30, 2020

Note 1 - Basis of Presentation

The Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of Inter-County Community Council, Inc. under programs of the federal government for the year ended September 30, 2020. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Inter-County Community Council, Inc., 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.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 - Indirect Cost Allocation

Inter-County Community Council, Inc. has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 4 - Subrecipients

Inter-County Community Council, Inc. had \$134,612 in subrecipient expenditures under CFDA # 14.276 during the year ended September 30, 2020.

Inter-County Community Council, Inc.

Schedule B-1

Schedule of Nonfederal Assistance

Year Ended September 30, 2020

Grantor/Pass-through Grantor/Program Title	Grant Number	Grant Period	Grant Award	Grant/ Contract Revenue	Other Revenue	Expenditures
STATE OF MINNESOTA FUNDING						
Minnesota Department of Employment & Economic Development						
Minnesota Youth Program	1256400	07/01/20-06/30/21	66,289	\$ 11,627	\$ 0	\$ 11,627
Minnesota Youth Program	0256400	07/01/19-12/30/20	66,289	49,112	0	49,112
Total Minnesota Youth Program				60,739	0	60,739
Northwest Private Industry Council						
State Dislocated Worker	PY20-0018500	07/01/20-06/30/22	276,467	0	0	0
State Dislocated Worker	PY19-9018500	07/01/19-06/30/21	212,991	14,926	0	14,926
State Dislocated Worker	PY18-8018500	07/01/18-06/30/20	224,340	36,634	0	36,634
Total State Dislocated Worker				51,560	0	51,560
Minnesota Department of Commerce						
Propane A2501	N/A	07/01/20-06/30/21	58,306	198	0	198
Propane A2501	N/A	07/01/19-06/30/20	28,862	3,969	0	3,969
Total Propane A2501				4,167	0	4,167
Minnesota Housing						
Tri-Valley Opportunity Council Inc.						
Homeless Prevention (FHPAP)	N/A	07/01/19-09/30/21	69,127	31,668	0	31,668
Northwest Minnesota Foundation						
Building Systems to Prevent and End Youth Homelessness	N/A	05/11/20-10/31/21	150,000	7,358	0	7,358
Minnesota Department of Education						
Minnesota Head Start	5141	07/01/20-06/30/21	215,307	71,017	0	71,017
Minnesota Head Start	4807	07/01/19-06/30/20	206,825	146,116	0	146,117
Total Minnesota Head Start				217,133	0	217,134
Pathways II Early Learning Scholarships 2020-21	N/A	07/01/19-06/30/21	150,000	60,153	0	60,153
Minnesota Department of Human Services						
MN CAG 2020	GRK%160078	07/01/19-06/30/20	47,957	43,651	0	4,306
MN CAG 2021	GRK%160078	07/01/20-06/30/21	47,957	24,836	0	24,836
Total MN CAG				68,487	0	29,142
Transitional Housing	GRK%127194	07/01/17-06/30/21	261,000	48,111	0	48,111
Emergency Service Program	GRK%160645	07/01/19-06/30/21	85,000	41,267	0	41,267
Homeless Youth Act	GRK%127149	07/01/17-06/30/21	300,000	64,010	0	64,010

Inter-County Community Council, Inc.

Schedule B-2

Schedule of Nonfederal Assistance

Year Ended September 30, 2020

Grantor/Pass-through Grantor/Program Title	Grant Number		Grant Award	Grant/ Contract Revenue	Other Revenue	Expenditures
STATE OF MINNESOTA FUNDING (Continued)						
Hunger Solutions-Fall 2019	N/A	07/01/19-12/31/19	171	171	0	0
Hunger Solutions-Spring 2020	N/A	01/01/20-06/30/20	164	164	0	164
Hunger Solutions COVID-19	N/A	04/14/20-06/30/21	2,414	2,414	0	0
Total Hunger Solutions				2,749	0	164
Catholic Charities						
Emergency Services Program COVID-19 Response Fund	N/A	04/01/20-02/01/21	59,167	59,167	0	797
Mahube-OTWA Community Action Partnership, Inc						
Long-term Homeless	N/A	01/01/16-12/31/19	69,898	2,361	0	2,361
Long-term Homeless	N/A	01/01/20-12/31/21	31,800	10,380	0	10,380
Total Long-term Homeless				12,741	0	12,741
Minnesota Department of Health						
Evidence Based Home Visiting	156992	05/01/19-12/31/22	252,401	74,863	0	74,863
Minnesota Insurance Marketplace						
Northwest Community Action						
Community Education & Outreach Services	143117	07/01/19-08/31/20	24,894	19,344	0	19,344
Community Education & Outreach Services	182273	09/01/20-06/30/21	14,150	294	0	294
Total Community Education & Outreach Services				19,638	0	19,638
TOTAL STATE OF MINNESOTA FUNDING				\$ 823,811	\$ 0	\$ 723,512
OTHER PROGRAMS						
Otter Tail Power Company						
Conservation Improvement Program 2019	N/A	01/01/19-12/31/19	7,000	0	1,674	257
Conservation Improvement Program 2020	N/A	01/01/20-12/31/20	7,000	0	0	2,896
City of Thief River Falls						
Conservation Improvement Program 2019	N/A	01/01/19-12/31/19	9,033	0	0	0
Conservation Improvement Program 2020	N/A	01/01/20-12/31/20	8,812	0	0	0
Wild Rice Electric						
Conservation Improvement Program 2019	N/A	01/01/19-12/31/19	4,547	0	0	0
Conservation Improvement Program 2020	N/A	01/01/20-12/31/20	5,670	0	0	0
Win-E-Mac School District 2609	N/A	07/01/19-06/30/20	N/A	0	8,211	6,999
Win-E-Mac School District 2609	N/A	07/01/20-06/30/21	N/A	0	0	2,006

Inter-County Community Council, Inc.

Schedule B-3

Schedule of Nonfederal Assistance

Year Ended September 30, 2020

Grantor/Pass-through Grantor/Program Title	Grant Number	Grant Award	Grant/ Contract Revenue	Other Revenue	Expenditures	
OTHER PROGRAMS (Continued)						
Food Shelf Donations	N/A	10/01/19-09/30/20	N/A	0	12,117	5,022
Reach out for Warmth Donations	N/A	10/01/19-09/30/20	N/A	0	1,550	620
The Schuett Companies Inc Riverside Terrace Limited Partnership Project	N/A	10/01/19-09/30/20	N/A	0	2,791	2,791
DW Jones Management River Pointe Project	N/A	10/01/19-09/30/20	N/A	0	1,569	1,569
Northwest Community Action Programs- Weatherization Audits	N/A	07/01/16-06/30/20	N/A	0	1,773	1,773
Northwest Private Industry Council - Accounting & MIS Services	N/A	07/01/19-06/30/20	N/A	0	14,100	12,763
	N/A	07/01/20-06/30/21	N/A	0	3,133	6,263
TOTAL OTHER PROGRAMS				<u>\$ 0</u>	<u>\$ 46,918</u>	<u>\$ 42,959</u>
TOTAL NONFEDERAL ASSISTANCE				<u>\$ 823,811</u>	<u>\$ 46,918</u>	<u>\$ 766,471</u>

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

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 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., which comprise the statement of financial position as of September 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 20, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Inter-County Community Council, Inc.'s internal control over financial reporting ("internal control") as a basis for designing 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 Inter-County Community Council, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Inter-County Community Council, Inc.'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.

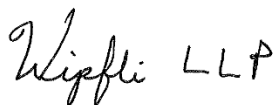
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Inter-County Community Council, Inc.'s financial statements are free from 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 financial statements. 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*.

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 Inter-County Community Council, Inc.'s internal control or on compliance. This 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 and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Wipfli LLP". The signature is written in a cursive, flowing style.

Wipfli LLP

January 20, 2021
Madison, Wisconsin

Independent Auditor's Report on Compliance for the Major Federal Program and on Internal Control Over Compliance

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

Report on Compliance for the Major Federal Program

We have audited Inter-County Community Council, Inc.'s compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended September 30, 2020. Inter-County Community Council, Inc.'s major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility for Compliance

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Inter-County Community Council, Inc.'s major federal program 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 Inter-County Community Council, Inc.'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 the major federal program. However, our audit does not provide a legal determination on Inter-County Community Council, Inc.'s compliance.

Opinion

In our opinion, Inter-County Community Council, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2020.

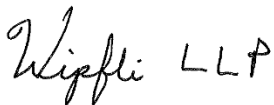
Report on Internal Control Over Compliance

Management of Inter-County Community Council, Inc. 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 Inter-County Community Council, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 Inter-County Community Council, Inc.'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, noncompliance 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

The image shows a handwritten signature in black ink that reads "Wipfli LLP". The signature is written in a cursive, flowing style.

Wipfli LLP

January 20, 2021
Madison, Wisconsin

Inter-County Community Council, Inc.

Schedule of Federal Findings and Questioned Costs
Year Ended September 30, 2020

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued?	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified?	No
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major federal programs:	
Material weaknesses identified?	No
Significant deficiencies identified?	No
Type of auditor's report issued on compliance for major program	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance [2 CFR 200.516(a)]?	No
Identification of major federal programs:	
<u>Name of Federal Major Program or Cluster</u>	<u>CFDA No.</u>
Head Start Cluster	93.600
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

Inter-County Community Council, Inc.

Schedule of Federal Findings and Questioned Costs
Year Ended September 30, 2020

Section IV – Summary Schedule of Prior Year Findings

Finding 2019-001: Inadequate Segregation of Duties

Current Status: The prior year corrective action plan was implemented, and this finding was not repeated for the September 30, 2020 audit.

Finding 2019-002: Financial Statement Preparation

Current Status: The prior year corrective action plan was implemented, and this finding was not repeated for the September 30, 2020 audit.