

# Inter-County Community Council, Inc.

Financial Statements and  
Supplementary Information

Year Ended September 30, 2023



**WIPFLI**

# Inter-County Community Council, Inc.

Year Ended September 30, 2023

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## **Independent Auditor's Report**

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

### ***Report on the Audit of the Financial Statements***

#### ***Opinion***

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, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Inter-County Community Council, Inc. as of September 30, 2023, 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.

#### ***Emphasis of Matter***

As discussed in Note 6 to the financial statements, during the year ended September 30, 2023, Inter-County Community Council, Inc. changed its accounting policy for contributions receivable for discounted rent in-kind contributions. Our opinion is not modified with respect to this matter.

#### ***Basis for Opinion***

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Inter-County Community Council, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Inter-County Community Council, Inc.'s ability to continue as a going concern within one year after the date the financial statements are available to be issued.

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Inter-County Community Council, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Inter-County Community Council, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying 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 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. 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 19, 2024 on our consideration of the 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 the Organization's internal control over financial reporting and compliance.

*Wipfli LLP*

Wipfli LLP

Madison, Wisconsin

January 19, 2024

# Inter-County Community Council, Inc.

## Statement of Financial Position

September 30, 2023

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<i>Assets</i>	
Current assets:	
Cash	\$ 482,606
Certificates of deposit	680,462
Grants receivable	599,168
Revolving loans receivable, current portion	25,917
Contribution receivable - donated space	58,895
Prepaid expenses	53,219
<b>Total current assets</b>	<b>1,900,267</b>
Other assets:	
Revolving loans receivable, long-term, net	31,153
Contribution receivable - donated space	51,747
<b>Total other assets</b>	<b>82,900</b>
Right-of-use lease assets - operating	34,669
Property and equipment, net	210,775
<b>TOTAL ASSETS</b>	<b>\$ 2,228,611</b>
<i>Liabilities and Net Assets</i>	
Current liabilities:	
Operating lease obligations	\$ 17,743
Accounts payable	216,369
Accrued payroll and related liabilities	113,406
Compensated absences payable	180,907
<b>Total current liabilities</b>	<b>528,425</b>
Long-term liabilities:	
Operating lease obligations	15,255
<b>Total long-term liabilities</b>	<b>15,255</b>
<b>Total liabilities</b>	<b>543,680</b>
Net assets:	
Without donor restrictions	1,299,938
With donor restrictions	384,993
<b>Total net assets</b>	<b>1,684,931</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 2,228,611</b>

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See accompanying notes to financial statements

# Inter-County Community Council, Inc.

## Statement of Activities

Year Ended September 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue:			
Grant revenue	\$ 4,726,168	\$ 0	\$ 4,726,168
Contracts and program contributions	64,599	0	64,599
Contributions and donations	47,513	0	47,513
Interest	32,465	2,834	35,299
In-kind contributions	89,330	0	89,330
Other income	32	0	32
Net assets released from restrictions	82,575	( 82,575)	0
<b>Total revenue</b>	<b>5,042,682</b>	<b>( 79,741)</b>	<b>4,962,941</b>
Expenses:			
Program services expenses	4,385,026	0	4,385,026
Management and general expenses	654,271	0	654,271
<b>Total expenses</b>	<b>5,039,297</b>	<b>0</b>	<b>5,039,297</b>
Changes in net assets	3,385	( 79,741)	( 76,356)
Net assets - Beginning of year	1,296,553	274,086	1,570,639
Change in accounting policy	0	190,648	190,648
<b>Net assets - End of year</b>	<b>\$ 1,299,938</b>	<b>\$ 384,993</b>	<b>\$ 1,684,931</b>

## Inter-County Community Council, Inc.

### Statement of Functional Expenses

Year Ended September 30, 2023

	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	\$ 79,560	\$ 188,089	\$ 344,433	\$ 1,340,326	\$ 174,513	\$ 88,991	\$ 1,054	\$ 3,745	\$ 65,203	\$ 2,285,914	\$ 539,692	\$ 2,825,606	
Direct client support	0	526,408	210,347	0	196,281	5,339	0	0	52,645	991,020	0	991,020	
Contracted services	1,452	5,220	10,355	166,156	139,247	7,214	17	108	1,830	331,599	26,392	357,991	
Office expenses	4,225	6,658	11,566	124,395	12,957	3,232	30	130	1,500	164,693	12,150	176,843	
Occupancy	2,956	5,014	25,903	140,215	6,485	1,237	18	109	3,866	185,803	19,258	205,061	
Travel	1,895	6,611	6,048	43,210	5,915	8,387	38	604	411	73,119	0	73,119	
Depreciation	0	0	0	0	0	0	0	0	0	0	53,745	53,745	
Training	913	13,362	263	24,565	1,877	9,997	0	0	0	50,977	976	51,953	
Other program costs	4,933	17	1,849	108,965	1,695	12,812	0	0	2,294	132,565	2,058	134,623	
In-kind expenses	0	0	0	162,193	932	0	0	0	6,211	169,336	0	169,336	
<b>Total expenses</b>	<b>\$ 95,934</b>	<b>\$ 751,379</b>	<b>\$ 610,764</b>	<b>\$ 2,110,025</b>	<b>\$ 539,902</b>	<b>\$ 137,209</b>	<b>\$ 1,157</b>	<b>\$ 4,696</b>	<b>\$ 133,960</b>	<b>\$ 4,385,026</b>	<b>\$ 654,271</b>	<b>\$ 5,039,297</b>	

See accompanying notes to financial statements.



# Inter-County Community Council, Inc.

## Statement of Cash Flows

Year Ended September 30, 2023

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Increase (decrease) in cash:	
Cash flows from operating activities:	
Changes in net assets	(\$ 76,356)
Adjustments to reconcile change in net assets to net cash from operating activities:	
Depreciation	53,745
Non-cash lease expense	15,608
Amortization of discount on revolving loans receivable	( 2,834)
Amortization of discount on contribution receivable to give to in-kind contributions	( 6,014)
Contribution receivable recognized in in-kind expenses	86,020
Changes in operating assets and liabilities:	
Grants receivable	( 34,174)
Prepaid expenses	( 270)
Accounts payable	71,111
Accrued payroll and related liabilities	8,266
Compensated absences payable	17,177
Operating lease obligations	( 17,279)
Net cash from operating activities	115,000
Cash flows from investing activities:	
Interest reinvested in certificates of deposit	( 25,265)
Purchase of property and equipment	( 22,995)
Collections on revolving loans	5,000
Issuance of revolving loans	( 3,126)
Net cash from investing activities	( 46,386)
Changes in cash	68,614
Cash - Beginning of year	413,992
Cash - End of year	\$ 482,606

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# Inter-County Community Council, Inc.

## Notes to Financial Statements

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### 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 40% of its grant revenue for the year ended September 30, 2023, from the U.S. Department of Health and Human Services (DHHS) under the federal Head Start program. Approximately 10% of total grant funding was received under its Workforce Innovation and Opportunity Act (WIOA) grants passed-through Northwest Private Industry Council for the year ended September 30, 2023. The Organization also received approximately 17% of total grant funding received under its Low-Income Home Energy Assistance (LIHEAP) grants passed-through Minnesota Department of Commerce for the year ended September 30, 2023.

#### 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 ("GAAP").

#### Classifications of Net Assets

Net assets and revenues, 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 the 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

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### **Note 1: Summary of Significant Accounting Policies** (Continued)

#### **Certificates of Deposit**

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

#### **Revenue Recognition**

##### Contributions and Grants

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 statement 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. 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

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### **Note 1: Summary of Significant Accounting Policies** (Continued)

#### **Contribution Receivables**

Unconditional contribution receivables are recorded as receivables in the year pledged. Conditional contribution receivables are recognized only when the conditions on which they depend are substantially met. Contribution receivables whose eventual uses are restricted by the donors are recorded as increases in net assets with donor restrictions. Contribution receivables without donor restrictions to be collected in future periods are also recorded as an increase to net assets with donor restrictions and reclassified to net assets without donor restrictions when received, unless the donor's intention is to support current-period activities.

Contribution receivables expected to be collected in less than one year are reported at net realizable value. Contribution receivables that are expected to be collected in future years are recorded at the present value of estimated future cash flows on a discounted basis applicable to the years in which the promises were received. The amortization of the discount is recognized as contribution income over the duration of the pledge.

#### **Revolving Loans Receivables**

The Organization operates a housing 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 of 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 and is followed up with a letter 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.

# Inter-County Community Council, Inc.

## Notes to Financial Statements

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### **Note 1: Summary of Significant Accounting Policies** (Continued)

#### **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.

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 \$115,970 as of September 30, 2023.

#### **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 of Expenses**

The costs of providing the various program and activities have been summarized on a functional basis in the statements of activities and statement of 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.

# Inter-County Community Council, Inc.

## Notes to Financial Statements

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### Note 1: Summary of Significant Accounting Policies (Continued)

#### In-Kind Contributions

The Organization has recorded in-kind contributions for space, supplies, and professional services on the statement of activities and statement 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, 2023, with a value of \$729,535 primarily for its Head Start and Early Head Start programs, which are not recorded in the statements of activities or statement of functional expenses. As describe in Note 6, the Organization changed its policy for accounting for promises to give for discounted rent in-kind contributions.

#### Recently Adopted Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*. ASU No. 2016-02 is intended to improve financial reporting of leasing transactions by requiring organizations that lease assets to recognize assets and liabilities for the rights and obligations created by leases on the statement of financial position. This accounting update also requires additional disclosures surrounding the amount, timing, and uncertainty of cash flows arising from leases.

The Organization adopted this guidance for the year ended September 30, 2023, with modified retrospective application to October 1, 2022, through a cumulative-effect adjustment. The Organization has elected the package of practical expedients permitted in ASC Topic 842.

Accordingly, the Organization accounted for its existing operating leases as operating leases under the new guidance, without reassessing (a) whether the contracts contain a lease under ASC Topic 842, (b) whether the classification of the leases would be different in accordance with ASC Topic 842, or (c) whether any unamortized initial direct costs before transition adjustments (as of September 30, 2022) would have met the definition of initial direct costs in ASC Topic 842 at lease commencement. Similarly, the Organization did not reassess service contracts evaluated for lease treatment under ASC Topic 840 for embedded leases under ASC Topic 842.

As a result of the adoption of the new lease accounting guidance, the Organization recognized the following right-of-use (ROU) assets and lease obligations as of October 1, 2022:

Right of use leased assets	\$50,277
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Operating lease liability	\$50,277
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This standard did not have a material impact on the Organization's net assets or cash flows from operations and had an immaterial impact on its operating results. The most significant impact was the recognition of the ROU assets and lease obligations for operating leases.

# Inter-County Community Council, Inc.

## Notes to Financial Statements

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### **Note 1: Summary of Significant Accounting Policies** (Continued)

#### **Leases**

The Organization is a lessee in two noncancelable operating leases. If the contract provides the Organization the right to substantially all the economic benefits and the right to direct the use of the identified asset, it is considered to be or contain a lease. Right-of-use (ROU) assets and lease liabilities are recognized at the lease commencement date based on the present value of the future lease payments over the expected lease term. The ROU asset is also adjusted for any lease prepayments made, lease incentives received, and initial direct costs incurred.

The lease liability is initially and subsequently recognized based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. Increases (decreases) to variable lease payments due to subsequent changes in an index or rate are recorded as variable lease expense (income) in the future period in which they are incurred.

The Organization has elected to use a risk-free rate for a term similar to the underlying lease as the discount rate if the implicit rate in the lease contract is not readily determinable.

The ROU asset for operating leases is subsequently measured throughout the lease term at the amount of the remeasured lease liability (i.e., present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized. The ROU asset for finance leases is amortized on a straight-line basis over the lease term. For operating leases with lease payments that fluctuate over the lease term, the total lease costs are recognized on a straight-line basis over the lease term.

For all underlying classes of assets, the Organization has elected to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement and do not include an option to purchase the underlying asset that the Organization is reasonably certain to exercise. Leases containing termination clauses in which either party may terminate the lease without cause and the notice period is less than 12 months are deemed short-term leases with lease costs included in short-term lease expense. The Organization recognizes short-term lease cost on a straight-line basis over the lease term. For all other underlying classes of assets, the Organization separates lease and non-lease components to determine the lease payment.

#### **Subsequent Events**

Subsequent events have been evaluated through January 19, 2024, which is the date the financial statements were available to be issued.

# Inter-County Community Council, Inc.

## Notes to Financial Statements

### Note 2: Concentration of Credit Risk

The Organization maintains cash balances at financial institutions which are insured by the Federal Deposit Insurance Corporation (FDIC) for 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.

### 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, comprise the following as of September 30:

	2023
Cash	\$ 482,606
Certificates of deposit	680,462
Grants receivable	599,169
Revolving loan receivables, current portion	25,917
<b>Total financial assets</b>	<b>1,788,154</b>
Less: Accounts payable	216,369
Less: Accrued payroll and compensated absences	294,313
Less: Net assets with donor restriction included in the financial assets	243,198
<b>Total available financial assets</b>	<b>\$ 1,034,274</b>

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 \$3,520,000 as further described in Note 11.

### Note 4: Grants Receivable

Grants receivable consist of the following at September 30:

	2023
Federal programs	\$ 475,784
State programs	110,200
Other programs	13,184
<b>Total</b>	<b>\$ 599,168</b>



# Inter-County Community Council, Inc.

## Notes to Financial Statements

### Note 5: Revolving Loans Receivables

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.

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

	2023
Revolving loans receivable	\$ 84,937
Discount on revolving loans receivable	(27,867)
Revolving loans receivable, net	57,070
Current portion	25,917
Net long-term revolving loans receivable	\$ 31,153

### Note 6: Contribution Receivable and Change in Accounting Policy

During the year ended September 30, 2023, the Organization changed its accounting policy for contribution receivable for discounted rent in-kind contributions. The Organization now considers future in-kind contributions for discounted rent to be unconditional contributions and, accordingly has recorded contribution receivables for such contributions. This treatment is preferable as it more accurately reflects the long-term nature of these contributions. The impact of this change in accounting policy was to increase net assets with donor restrictions by \$190,648 as of October 1, 2022.

Contributions receivable for donated space consists of the following at September 30, 2023:

	2023
Contributed use of property	\$ 115,628
Less: unamortized discount	(4,986)
Total contribution receivable, net	110,642
Current portion	58,895
Long-term portion	51,747
Total contribution receivables, net	\$ 110,642

# Inter-County Community Council, Inc.

## Notes to Financial Statements

### Note 6: Contribution Receivable and Change in Accounting Policy (Continued)

Future maturities on the contribution receivables are as follows:

2024	\$	58,895
2025		26,523
2026		25,224
<hr/>		
Total	\$	110,642

Contribution receivables with anticipated collections of more than one year are discounted at rates of 3.85% and 3.97%. A reserve for uncollectible amounts was deemed not necessary as management expects to be able to occupy the facilities for the duration of the leases.

### Note 7: Property and Equipment

Property and equipment consist of the following at September 30:

		2023
Land	\$	21,961
Building		477,877
Equipment		450,173
<hr/>		
Subtotals		950,011
Less accumulated depreciation		(739,236)
<hr/>		
Total	\$	210,775

Depreciation expense was \$53,745 for the year ended September 30, 2023.

### Note 8: Lease Assets and Obligations

The Organization leases space for operation of its programs. The leases entered into include one or more options to renew. The renewal terms can extend the lease term from three to five years. The exercise of lease renewal options is at the Organization's sole discretion. Renewal option periods are included in the measurement of the ROU asset and lease obligation when the renewal is reasonably certain to occur. The depreciable life of assets and leasehold improvements are limited by the expected lease term, unless there is a transfer of title or purchase option reasonably certain of exercise. The Organization's lease agreements do not contain any material residual guarantees or material restrictive covenants. Payments due under the lease contracts include fixed payments.

# Inter-County Community Council, Inc.

## Notes to Financial Statements

### Note 8: Lease Assets and Obligations (Continued)

The Organization's components of lease expense and operating cash flows from operating leases were as follows for the year ended September 30, 2023:

*Lease cost*

Operating lease cost	\$	18,767
Short-term lease cost		186,294
<hr/>		
Total lease cost	\$	205,061

Weighted average remaining lease term - Operating lease	1.84 years
Weighted average discount rate - Operating lease	3.90%

Future minimum rentals under the existing leases are as follows:

2024	\$	18,767
2025		14,919
2026		631
<hr/>		
Total lease payments		34,317
Less imputed interest		(1,319)
<hr/>		
Subtotal		32,998
Less current portion		(17,743)
<hr/>		
Total long-term portion	\$	15,255

The Organization prepaid one month of lease payments as of September 30, 2023 and the payments are included in right-of-use lease assets.

### Note 9: Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following as of September 30, 2023:

		2023
<hr/>		
Purpose restricted:		
Revolving loan funds	\$	274,351
Time restricted:		
Donated space		110,642
<hr/>		
Total	\$	384,993

# Inter-County Community Council, Inc.

## Notes to Financial Statements

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### Note 9: Net Assets with Donor Restrictions (Continued)

The revolving loan funds are to be used for housing loans to eligible participants and to cover administrative costs of operating the program.

Net assets of \$82,575 were released from donor restrictions during the year ended September 30, 2023 through the satisfaction of program restrictions or occurrence of the passage of time.

### Note 10: 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 year ended September 30, 2023, was \$102,717.

### Note 11: Grant Award Commitments

At September 30, 2023, the Organization had commitments under various grants of approximately \$3,520,000. These commitments are not recognized in the accompanying financial statements as receivables and revenue as they are conditional awards.

### Note 12: Related Party Transactions

For the year ended September 30, 2023, the Organization recognized contract revenue of \$21,006, 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 fund of \$523,938 as the subrecipient of the award program from NWPIC for the year ended September 30, 2023, and had grants receivable of \$111,275 at September 30, 2023.

### Note 13: Contributed Nonfinancial Assets

Contributed nonfinancial assets included in in-kind revenue on the statement of activities are as follows for the year ended September 30:

	2023
Rent	\$ 6,014
Professional volunteer	5,824
Transportation	663
Food	6,211
Supplies	755
Contractual services	69,863
Total	\$ 89,330

# Inter-County Community Council, Inc.

## Notes to Financial Statements

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### **Note 13: Contributed Nonfinancial Assets** (Continued)

The Organization recognizes contributed nonfinancial assets as in-kind contributions revenue on the statement of activities. Contribution receivables related to contributed space are reported as net assets with donor restrictions due to the time restriction of the contributed receivable. Food is restricted to program participants that are eligible under the federal program TEFAP. Otherwise, contributed nonfinancial assets did not have donor-imposed restrictions.

The contributed space is used for agency operations. In valuing contributed space, the Organization estimated the fair value based on recent comparable rental prices in the City's real estate market. Professional volunteers and contractual services are based on current rates of donor services provided by the donor. Transportation is based on current rates of donor services provided by the donor, expected fuel and maintenance expenses. Food and supplies are based on the estimated fair value on the basis of wholesale values that would be received for selling similar products in the United States.

## **Supplementary Information**

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# Inter-County Community Council, Inc.

Schedule A-1

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2023

Federal Grantor/Pass-Through Grantor/Program Title	AL Number	Grant Number	Grant Period	Federal Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
<b>Passed-Through Minnesota Department of Education</b>				
Child and Adult Care Food Program	10.558	2MN300061	10/01/22-09/30/23	\$ 44,644
<b>Passed-Through Minnesota Department of Human Services</b>				
<b>SNAP CLUSTER</b>				
SNAP Outreach	10.561	GRK%219896	10/01/22-09/30/24	\$ 47,079
<b>SUBTOTAL U.S. DEPARTMENT OF AGRICULTURE</b>				<b>91,723</b>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>				
<b>Passed-Through Minnesota Department of Human Services</b>				
Emergency Solutions Grant (ESG-Rehousing)	14.231	GRK%203682	07/01/21-06/30/23	41,370
Emergency Solutions Grant (ESG-Shelter)	14.231	GRK%203093	07/01/21-06/30/23	35,441
<b>Subtotal 14.231</b>				<b>76,811</b>
<b>Direct Support</b>				
Supportive Housing Program	14.267	MN0176L5K062110	09/01/22-08/31/23	22,364
Supportive Housing Program	14.267	MN0176L5K062211	09/01/23-08/31/24	3,463
Youth Homeless Demonstration Grant	14.267	MN0442Y5K062102	10/01/22-09/30/23	247,311
<b>Subtotal 14.267</b>				<b>273,138</b>
<b>SUBTOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>				<b>349,949</b>
<b>U.S. DEPARTMENT OF LABOR</b>				
<b>Passed-Through the Minnesota Department of Employment &amp; Economic Development</b>				
Senior Community Service Employment Program	17.235	2255100	07/01/22-06/30/23	21,527
<b>Passed-Through the Minnesota Department of Employment &amp; Economic Development</b>				
<b>Northwest Private Industry Council</b>				
<b>WIOA CLUSTER</b>				
WIOA Adult	17.258	PY23-3013100	07/01/23-06/30/25	2,176
WIOA Adult	17.258	PY22-2013100	07/01/22-06/30/24	145,557
WIOA Adult	17.258	PY21-1013100	07/01/21-06/30/23	122,819
<b>Subtotal 17.258</b>				<b>270,552</b>
WIOA Youth In-School	17.259	PY21-1013600	04/01/21-06/30/23	30,844
WIOA Youth Out-of-School	17.259	PY21-1013600	04/01/21-06/30/23	2,275
WIOA Youth In-School	17.259	PY22-2013600	04/01/22-03/31/24	42,486
WIOA Youth Out-of-School	17.259	PY22-2013600	04/01/22-03/31/24	73,836
WIOA Youth In-School	17.259	PY23-3013600	04/01/23-03/31/25	919
WIOA Youth Out-of-School	17.259	PY23-3013600	04/01/23-03/31/25	32,282
<b>Subtotal 17.259</b>				<b>182,642</b>
WIOA Dislocated Worker	17.278	PY23-3018000	07/01/23-06/30/25	1,076
WIOA Dislocated Worker	17.278	PY21-1018000	07/01/21-06/30/23	3,581
WIOA Dislocated Worker	17.278	PY22-2018000	07/01/22-06/30/24	14,645
<b>Subtotal 17.278</b>				<b>19,302</b>
<b>WIOA CLUSTER SUBTOTAL</b>				<b>472,496</b>
<b>SUBTOTAL U.S. DEPARTMENT OF LABOR</b>				<b>494,023</b>

# Inter-County Community Council, Inc.

Schedule A-2

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2023

Federal Grantor/Pass-Through Grantor/Program Title	AL Number	Grant Number	Grant Period	Federal Expenditures
<b>U.S. DEPARTMENT OF THE TREASURY</b>				
<b>Passed-Through Hunger Solutions</b>				
COVID-19 ARPA Food Support Grant	21.027	N/A	05/01/22-06/30/23	<u>8,415</u>
<b>SUBTOTAL U.S. DEPARTMENT OF THE TREASURY</b>				<b>8,415</b>
<b>U.S. DEPARTMENT OF ENERGY</b>				
<b>Passed-Through the Minnesota Department of Commerce</b>				
Bipartisan Infrastructure Law (BIL)	81.042	DE-EE0009995	07/01/22-06/30/23	7,380
Bipartisan Infrastructure Law (BIL)	81.042	DE-EE0009995	07/01/23-06/30/24	26,893
WAP DOE A2500	81.042	DE-EE0009910	07/01/22-06/30/23	150,898
WAP DOE A2500	81.042	DE-EE0009910	07/01/23-06/30/24	<u>20,482</u>
<b>Subtotal 81.042</b>				<b><u>205,653</u></b>
<b>SUBTOTAL U.S. DEPARTMENT OF ENERGY</b>				<b>205,653</b>
<b>U.S. DEPARTMENT OF EDUCATION</b>				
<b>Passed-Through the Minnesota Department of Employment &amp; Economic Development</b>				
Pre-Employment Transition Services	84.126	166929	10/01/19-06/30/22	662
Pre-Employment Transition Services	84.126	214023	07/01/22-06/30/24	<u>1,200</u>
<b>Subtotal 84.126</b>				<b>1,862</b>
<b>SUBTOTAL U.S. DEPARTMENT OF EDUCATION</b>				<b>1,862</b>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				
<b>Passed-Through the Minnesota Department of Human Services</b>				
MNsure Navigator/In-Person Assister	93.525	69965	01/01/15-06/30/22	<u>4,372</u>
<b>Passed-Through the Minnesota Department of Commerce</b>				
Low-Income Home Energy Assistance	93.568	2202MNLIEA	10/01/22-09/30/23	54,071
Low-Income Home Energy Assistance	93.568	2203MNLIEA	10/01/22-09/30/23	181,791
Low-Income Home Energy Assistance Water Admin	93.568	2102MNLWC5	10/01/22-09/30/23	4,240
COVID-19 Low-Income Home Energy Assistance				
American Rescue Plan Act	93.568	2102MNLWC6	10/01/22-09/30/23	8,711
COVID-19 American Rescue Plan Act Weatherization A2114	93.568	2102MNE5C6	07/01/20-09/30/22	(1,300)
EAPWX A2117	93.568	2202MNLIEA	07/01/22-09/30/23	559,244
EAPWX A2119	93.568	2102MNLIEA	07/01/23-09/30/24	15,320
Energy Assistance - Direct Client Payments	93.568	N/A	10/01/22-09/30/23	<u>2,156,647</u>
<b>Subtotal 93.568</b>				<b><u>2,978,724</u></b>
<b>Passed-Through the Minnesota Department of Human Services</b>				
CSBG 2022-2023	93.569	GRK%197464	10/01/21-12/31/23	<u>98,127</u>
<b>Direct Funding</b>				
<b>HEAD START CLUSTER</b>				
COVID-19 Head Start/Early Head Start ARPA	93.600	05HE000787-01	04/01/21-03/31/23	109,635
Head Start/Early Head Start Program	93.600	05CH010866-04	04/01/22-03/31/23	935,722
Head Start/Early Head Start Program	93.600	05CH010866-05	04/01/23-03/31/24	<u>832,986</u>
<b>Subtotal Head Start Cluster 93.600</b>				<b><u>1,878,343</u></b>
<b>SUBTOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				<b>4,959,566</b>
<b>TOTAL FEDERAL EXPENDITURES</b>				<b>\$ 6,111,191</b>



# Inter-County Community Council, Inc.

## Notes to the Schedule of Expenditures of Federal Awards

September 30, 2023

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### **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, 2023. 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. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

### **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 AL # 14.267 during the year ended September 30, 2023.

### **Note 5 - Energy Assistance Payments**

Included in AL 93.568 are client benefits paid by the State of Minnesota of \$2,156,647. These expenditures are not included on the statement of activities.

# Inter-County Community Council, Inc.

Schedule B-1

Schedule of Nonfederal Assistance

Year Ended September 30, 2023

Grantor/Pass-through Grantor/Program Title	Grant Number	Grant Period	Grant Award	Grant/ Contract		Expenditures
				Revenue	Other Revenue	
<b>STATE OF MINNESOTA FUNDING</b>						
<b>Minnesota Department of Employment &amp; Economic Development</b>						
Minnesota Youth Program	3256400	07/01/22-09/30/23	\$ 66,289	\$ 60,440	\$ 0	\$ 60,440
Minnesota Youth Program	4256400	07/01/23-09/30/24	108,292	23,467	0	23,467
<b>Total Minnesota Youth Program</b>				<b>83,907</b>	<b>0</b>	<b>83,907</b>
<b>Northwest Private Industry Council</b>						
State Dislocated Worker	PY22-2018500	07/01/22-06/30/24	145,790	29,797	0	29,797
State Dislocated Worker	PY21-1018500	07/01/21-06/30/23	166,822	21,345	0	21,345
<b>Total State Dislocated Worker</b>				<b>51,142</b>	<b>0</b>	<b>51,142</b>
<b>Minnesota Department of Commerce</b>						
Propane A2501	N/A	07/01/22-06/30/23	20,698	20,654	0	20,654
Propane A2501	N/A	07/01/23-06/30/24	44,941	65	0	65
<b>Total Propane A2501</b>				<b>20,719</b>	<b>0</b>	<b>20,719</b>
<b>Minnesota Housing</b>						
<b>Tri-Valley Opportunity Council Inc.</b>						
Homeless Prevention (FHPAP)	N/A	10/01/21-09/30/23	58,307	18,464	0	18,464
Homeless Prevention (FHPAP) Fast Track		06/07/23-09/30/23	50,000	20,224	0	20,224
<b>Total Homeless Prevention</b>				<b>38,688</b>	<b>0</b>	<b>38,688</b>
<b>Minnesota Department of Education</b>						
Minnesota Head Start	6045	07/01/22-06/30/23	211,867	155,088	0	155,088
Minnesota Head Start	6789	07/01/23-06/30/24	333,899	53,956	0	53,956
<b>Total Minnesota Head Start</b>				<b>209,044</b>	<b>0</b>	<b>209,044</b>
Pathways II Early Learning Scholarships 2022-23	N/A	07/01/21-06/30/23	150,000	63,319	0	63,319
Pathways II Early Learning Scholarships 2023-24	N/A	07/01/23-06/30/25	75,000	16,089	0	16,089
<b>Total Pathways</b>				<b>79,408</b>	<b>0</b>	<b>79,408</b>
<b>Minnesota Department of Human Services</b>						
MN CAG 2023	197464	07/01/22-06/30/23	55,522	51,274	0	51,274
MN CAG 2024	229516	07/01/23-06/30/25	74,821	8,281	0	8,281
<b>Total MN CAG</b>				<b>59,555</b>	<b>0</b>	<b>59,555</b>
Emergency Services Program (ESP)	235095	07/01/23-06/30/25	110,000	12,555	0	12,555
Transitional Housing (THP)	201122	07/01/21-06/30/23	125,000	50,059	0	50,059
Transitional Housing (THP)	235095	07/01/23-06/30/25	145,000	33,443	0	33,443
<b>Total Transitional Housing</b>				<b>83,502</b>	<b>0</b>	<b>83,502</b>
Homeless Youth Act (HYA)	233211	07/01/23-06/30/25	170,000	26,832	0	26,832
Homeless Youth Act (HYA)	199160	07/01/21-06/30/23	150,000	45,365	0	45,365
<b>Total Homeless Youth Act</b>				<b>72,197</b>	<b>0</b>	<b>72,197</b>
Hunger Solutions-Fall 2022	N/A	07/01/22-12/31/22	N/A	1,184	0	1,184
Hunger Solutions-Spring 2023	N/A	01/01/23-06/30/23	N/A	5,513	0	5,513
<b>Total Hunger Solutions</b>				<b>6,697</b>	<b>0</b>	<b>6,697</b>
<b>Mahube-OTWA Community Action Partnership, Inc.</b>						
Long-term Homeless	N/A	01/01/22-12/31/23	31,396	12,329	0	12,329

# Inter-County Community Council, Inc.

Schedule B-2

Schedule of Nonfederal Assistance

Year Ended September 30, 2023

Grantor/Pass-through Grantor/Program Title	Grant Number	Grant Period	Grant Award	Grant/Contract		Expenditures
				Revenue	Other Revenue	
<b>STATE OF MINNESOTA FUNDING (Continued)</b>						
<b>Minnesota Department of Health</b>						
Evidence Based Home Visiting	156992	05/01/19-12/31/22	252,401	\$ 10,865	\$ 0	\$ 10,865
<b>Minnesota Insurance Marketplace</b>						
<b>Northwest Community Action</b>						
Community Education & Outreach Services	214311	07/01/23-06/30/24	10,000	3,093	0	3,093
Community Education & Outreach Services	214311	07/01/22-06/30/23	14,150	10,436	0	10,436
<b>Total Community Education &amp; Outreach Services</b>				<b>13,529</b>	<b>0</b>	<b>13,529</b>
<b>TOTAL STATE OF MINNESOTA FUNDING</b>				<b>\$ 754,137</b>	<b>\$ 0</b>	<b>\$ 754,137</b>
<b>OTHER PROGRAMS</b>						
<b>Otter Tail Power Company</b>						
Conservation Improvement Program 2023	N/A	01/01/23-12/31/23	10,000	11,168	0	11,168
Conservation Improvement Program 2022	N/A	01/01/22-12/31/22	7,000	950	0	950
<b>City of Thief River Falls</b>						
Conservation Improvement Program 2022	N/A	01/01/22-12/31/22	9,411	1,934	0	1,934
<b>Wild Rice Electric</b>						
Conservation Improvement Program 2023	N/A	01/01/23-12/31/23	10,979	2,525	0	2,525
Conservation Improvement Program 2022	N/A	01/01/22-12/31/22	5,480	910	0	910
<b>Food Shelf Donations</b>	N/A	10/01/22-09/30/23	N/A	0	16,310	13,492
<b>Reach out for Warmth Donations</b>	N/A	10/01/22-09/30/23	N/A	0	3,148	1,315
<b>The Schuett Companies Inc</b>						
Riverside Terrace Limited Partnership Project	N/A	10/01/22-09/30/23	N/A	0	172	172
<b>DW Jones Management</b>						
River Pointe Project	N/A	10/01/22-09/30/23	N/A	0	737	737
<b>Northwest Minnesota Foundation</b>						
HUB Grant	N/A	04/01/21-06/30/23	N/A	0	0	30,815
Margaret A Cargil Foundation	N/A	N/A	N/A	0	20,000	20,000
Building Systems to End or Prevent Youth Homelessness	N/A	07/01/22 - 06/30/24	N/A	0	37,500	3,510
Emergency Assistance and Related Support	APP-22-12376	06/28/22 - 09/30/23	N/A	0	0	9,851
<b>Northwest Community Action Programs-Weatherization Audits</b>						
	N/A	07/01/16-06/30/23	N/A	0	6,070	5,053
<b>Northwest Community Action Programs-Accounting</b>						
	N/A	05/19/20-09/30/23	N/A	0	19,261	19,261
<b>Northwest Private Industry Council - Accounting &amp; MIS Services</b>						
	N/A	07/01/23-06/30/24	N/A	0	4,700	4,826
<b>Northwest Private Industry Council - Accounting &amp; MIS Services</b>						
	N/A	07/01/22-06/30/23	N/A	0	13,109	16,180
<b>TOTAL OTHER PROGRAMS</b>				<b>\$ 17,487</b>	<b>\$ 121,007</b>	<b>\$ 142,699</b>
<b>TOTAL NONFEDERAL ASSISTANCE</b>				<b>\$ 771,624</b>	<b>\$ 121,007</b>	<b>\$ 896,836</b>

## **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 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, 2023 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 19, 2024.

### **Report on 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 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 or significant deficiencies may exist that have not been identified.

## Report on 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### 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 entity'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 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

Madison, Wisconsin  
January 19, 2024

## **Independent Auditor's Report on Compliance for the Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance**

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

### **Report on Compliance for the Major Federal Program**

#### ***Opinion on the Major Federal Program***

We have audited Inter-County Community Council, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on Inter-County Community Council, Inc.'s major federal program for the year ended September 30, 2023. 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.

In our opinion, Inter-County Community Council, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2023.

#### ***Basis for Opinion on the Major Federal Program***

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Inter-County Community Council, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of Inter-County Community Council, Inc.'s compliance with the compliance requirements referred to above.

#### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Inter-County Community Council, Inc.'s federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Inter-County Community Council, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Inter-County Community Council, Inc.'s compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Inter-County Community Council, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Inter-County Community Council, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Inter-County Community Council, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## ***Report on 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 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 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over-compliance. Accordingly, no such opinion is expressed.

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.

*Wipfli LLP*

Wipfli LLP

Madison, Wisconsin  
January 19, 2024



# Inter-County Community Council, Inc.

## Schedule of Federal Findings and Questioned Costs

Year Ended September 30, 2023

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### Section I - Summary of Auditor's Results

#### Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting:

    Material weakness(es) identified?  yes  no

    Significant deficiency(ies) identified?  yes  none reported

Noncompliance material to financial statements noted?  yes  no

#### Federal Awards

Internal control over major programs:

    Material weakness(es) identified?  yes  no

    Significant deficiency(ies) identified?  yes  none reported

Type of auditor's report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance [2 CFR 200.516(a)]?  yes  no

Identification of major federal programs:

<u>AL Number</u>	<u>Name of Federal Program or Cluster</u>
93.568	Low-Income Home Energy Assistance Program (LIHEAP)

Dollar threshold used to distinguish between Type A and Type B programs:

Federal	\$750,000
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Auditee qualified as low-risk auditee? Yes

### Section II - Financial Statement Findings

None

### Section III – Federal Award Findings and Questioned Costs

None

### Section IV – Summary Schedule of Prior Year Findings

None