

Lakes & Prairies Community Action Partnership, Inc.

Financial Statements

February 28, 2023 and 2022

Lakes & Prairies Community Action Partnership, Inc.
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Independent Auditor's Report

Board of Directors
Lakes & Prairies Community Action Partnership, Inc.
Moorhead, Minnesota

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

We have audited the financial statements of Lakes & Prairies Community Action Partnership, Inc., which comprise the statements of financial position as of February 28, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Lakes & Prairies Community Action Partnership, Inc. as of February 28, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Lakes & Prairies Community Action Partnership, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, on March 1, 2022, the entity adopted new accounting guidance related to Financial Accounting Standards Board Accounting Standards Codification Topic 842: *Leases*. Our opinion is not modified with respect to this matter.

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 of America, and for 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 Lakes & Prairies Community Action Partnership, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are 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 GAAS 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 GAAS 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 Lakes & Prairies Community Action Partnership, 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 Lakes & Prairies Community Action Partnership, 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 (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards 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 November 17, 2023, on our consideration of Lakes & Prairies Community Action Partnership, 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 Lakes & Prairies Community Action Partnership, 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 Lakes & Prairies Community Action Partnership, Inc.'s internal control over financial reporting and compliance.

BergankDV, Ltd.

St. Cloud, Minnesota
November 17, 2023

Lakes & Prairies Community Action Partnership, Inc.
Statements of Financial Position
As of February 28, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 1,011,301	\$ 1,092,007
Restricted cash - unemployment trust	25,519	96,801
Grants receivable	1,361,413	1,443,952
Other receivables	15,675	28,604
Prepaid expenses	81,529	75,888
Total current assets	<u>2,495,437</u>	<u>2,737,252</u>
Certificates of deposit	87,541	87,541
Property and equipment, net	2,438,276	2,566,407
Right-of-use assets - operating leases	1,438,101	-
Right-of-use assets - financing leases	<u>11,919</u>	<u>-</u>
Total assets	<u><u>\$ 6,471,274</u></u>	<u><u>\$ 5,391,200</u></u>
Liabilities and Net Assets		
Current liabilities		
Current maturities of long-term debt	\$ 55,393	\$ 53,096
Current portion of operating leases	196,192	-
Current portion of financing leases	4,433	-
Accounts payable	33,063	46,651
Accrued payroll, taxes and related benefits	430,791	372,660
Accrued compensated absences	345,961	377,843
Refundable advances	237,654	403,423
Total current liabilities	<u>1,303,487</u>	<u>1,253,673</u>
Long-term debt	1,986,434	2,042,077
Lease liabilities - operating	1,241,909	-
Lease liabilities - financing	<u>7,486</u>	<u>-</u>
Total liabilities	<u>4,539,316</u>	<u>3,295,750</u>
Net assets		
Without donor restrictions	1,225,572	1,345,488
With donor restrictions	706,386	749,962
Total net assets	<u>1,931,958</u>	<u>2,095,450</u>
Total liabilities and net assets	<u><u>\$ 6,471,274</u></u>	<u><u>\$ 5,391,200</u></u>

Lakes & Prairies Community Action Partnership, Inc.
Statement of Activities
Year Ended February 28, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Public Support and Revenues			
Grant revenue			
Federal	\$ 7,262,960	\$ -	\$ 7,262,960
State of Minnesota	3,566,512	-	3,566,512
Local	88,619	42,340	130,959
Foundations	132,833	242,917	375,750
Contributions	133,476	-	133,476
Charges for services	72,497	-	72,497
Interest	3,994	-	3,994
Net assets released from donor restrictions	328,833	(328,833)	-
Total public support and revenues	<u>11,589,724</u>	<u>(43,576)</u>	<u>11,546,148</u>
Expenses			
Program services			
Head Start	3,424,428	-	3,424,428
Child Care Connections	3,581,693	-	3,581,693
Economic Empowerment	931,021	-	931,021
Housing	2,490,651	-	2,490,651
Management and general	1,222,378	-	1,222,378
Fundraising	59,469	-	59,469
Total expenses	<u>11,709,640</u>	<u>-</u>	<u>11,709,640</u>
Change in net assets	(119,916)	(43,576)	(163,492)
Net Assets			
Beginning of year	<u>1,345,488</u>	<u>749,962</u>	<u>2,095,450</u>
End of year	<u><u>\$ 1,225,572</u></u>	<u><u>\$ 706,386</u></u>	<u><u>\$ 1,931,958</u></u>

Lakes & Prairies Community Action Partnership, Inc.
Statement of Activities
Year Ended February 28, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues			
Grant revenue			
Federal	\$ 6,248,345	\$ -	\$ 6,248,345
State of Minnesota	3,396,996	-	3,396,996
State of North Dakota	25,573	-	25,573
Local	202,209	-	202,209
Foundations	33,500	600,000	633,500
Contributions	258,273	-	258,273
Charges for services	133,973	-	133,973
Interest	503	-	503
Loss on sale of equipment	(5,336)	-	(5,336)
Net assets released from donor restrictions	468,914	(468,914)	-
Total revenues	<u>10,762,950</u>	<u>131,086</u>	<u>10,894,036</u>
Expenses			
Program services			
Head Start	3,346,372	-	3,346,372
Child Care Connections	2,548,748	-	2,548,748
Economic Empowerment	1,145,477	-	1,145,477
Housing	2,535,855	-	2,535,855
Management and general	1,036,022	-	1,036,022
Fundraising	65,645	-	65,645
Total expenses	<u>10,678,119</u>	<u>-</u>	<u>10,678,119</u>
Change in net assets	<u>84,831</u>	<u>131,086</u>	<u>215,917</u>
Net Assets			
Beginning of year	<u>1,260,657</u>	<u>618,876</u>	<u>1,879,533</u>
End of year	<u>\$ 1,345,488</u>	<u>\$ 749,962</u>	<u>\$ 2,095,450</u>

Lakes & Prairies Community Action Partnership, Inc.
Statement of Functional Expenses
Year Ended February 28, 2023

	Program Services					Management and General	Fundraising	Total
	Head Start	Child Care Connections	Economic Empowerment	Housing	Total			
Salary and wages	\$ 1,826,039	\$ 1,107,849	\$ 601,981	\$ 1,059,729	\$ 4,595,598	\$ 632,785	\$ 44,822	\$ 5,273,205
Fringe and payroll taxes	455,118	246,540	230,636	255,391	1,187,685	163,954	14,647	1,366,286
Insurance	24,966	6,911	1,993	7,556	41,426	5,649	-	47,075
Fees for services	158,773	73,646	19,155	312,976	564,550	76,984	-	641,534
Information technology	212,843	98,046	19,219	78,095	408,203	55,664	-	463,867
Travel	30,921	75,647	13,476	17,828	137,872	18,801	-	156,673
Occupancy	190,388	2,878	9,595	103,775	306,636	41,814	-	348,450
Office expenses	69,567	44,068	(9,333)	38,830	143,132	10,705	-	153,837
Program supplies	363,674	3,120	-	1,006	367,800	0	-	367,800
Advertising and promotion	24,504	6,644	402	451	32,001	4,364	-	36,365
Conferences, conventions, meetings	61,045	32,868	13,198	34,367	141,478	19,292	-	160,770
Depreciation	-	-	-	-	-	192,366	-	192,366
Other program expenses	6,590	269	2,093	24,754	33,706	-	-	33,706
Grants and other assistance to individuals	-	1,883,207	28,606	555,893	2,467,706	-	-	2,467,706
Total expenses	<u>\$ 3,424,428</u>	<u>\$ 3,581,693</u>	<u>\$ 931,021</u>	<u>\$ 2,490,651</u>	<u>\$ 10,427,793</u>	<u>\$ 1,222,378</u>	<u>\$ 59,469</u>	<u>\$ 11,709,640</u>

See notes to financial statements.

Lakes & Prairies Community Action Partnership, Inc.
Statement of Functional Expenses
Year Ended February 28, 2022

	Program Services					Management and General	Fundraising	Total
	Head Start	Child Care Connections	Economic Empowerment	Housing	Total			
Salary and wages	\$ 1,953,419	\$ 584,264	\$ 620,641	\$ 1,113,938	\$ 4,272,262	\$ 534,458	\$ 51,988	\$ 4,858,708
Fringe and payroll taxes	510,657	141,127	149,849	250,879	1,052,512	131,774	13,657	1,197,943
Insurance	14,038	903	21,782	2,113	38,836	4,800	-	43,636
Fees for services	151,929	55,907	57,027	298,913	563,776	69,680	-	633,456
Information technology	125,600	66,113	13,724	73,822	279,259	34,515	-	313,774
Travel	14,105	10,941	19,286	3,816	48,148	5,849	-	53,997
Occupancy	180,787	6,743	137,055	70,571	395,156	53,783	-	448,939
Office expenses	51,575	26,517	22,076	28,943	129,111	9,054	-	138,165
Program supplies	181,166	31,421	30,477	1,025	244,089	-	-	244,089
Advertising and promotion	28,648	2,254	503	3,932	35,337	4,368	-	39,705
Conferences, conventions, meetings	53,401	32,132	10,798	14,978	111,309	13,757	-	125,066
Depreciation	-	-	-	-	-	173,984	-	173,984
Other program expenses	81,047	-	-	70,620	151,667	-	-	151,667
Grants and other assistance to individuals	-	1,590,426	62,259	602,305	2,254,990	-	-	2,254,990
Total expenses	<u>\$ 3,346,372</u>	<u>\$ 2,548,748</u>	<u>\$ 1,145,477</u>	<u>\$ 2,535,855</u>	<u>\$ 9,576,452</u>	<u>\$ 1,036,022</u>	<u>\$ 65,645</u>	<u>\$ 10,678,119</u>

See notes to financial statements.

Lakes & Prairies Community Action Partnership, Inc.
Statements of Cash Flows
Years Ended February 28, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash Flows - Operating Activities		
Change in net assets	\$ (163,492)	\$ 215,917
Adjustments to reconcile change in net assets to net cash flows - operating activities		
Depreciation	192,366	173,984
Amortization of right-of-use assets - operating leases	197,044	-
Amortization of right-of-use assets - financing leases	4,121	-
Loss on sale of equipment	-	5,336
Change in assets and liabilities:		
Grants receivable	82,539	(349,578)
Other receivables	12,929	(21,330)
Prepaid expenses	(5,641)	(19,521)
Operating lease liabilities	(197,044)	-
Accounts payable	(13,588)	37,952
Accrued payroll, taxes and related benefits	58,131	35,550
Accrued compensated absences	(31,882)	(20,314)
Refundable advances	(165,769)	262,660
Total adjustments	<u>133,206</u>	<u>104,739</u>
Net cash flows - operating activities	<u>(30,286)</u>	<u>320,656</u>
Cash Flows - Investing Activities		
Proceeds from sale of equipment	-	13,000
Purchases of property and equipment	(64,235)	(47,739)
Net cash flows - investing activities	<u>(64,235)</u>	<u>(34,739)</u>
Cash Flows - Financing Activities		
Principal payments on long-term debt	(53,346)	(130,491)
Payments on finance lease liabilities	(4,121)	-
Net cash flows - financing activities	<u>(57,467)</u>	<u>(130,491)</u>
Net change in cash and cash equivalents and restricted cash	(151,988)	155,426
Cash, Cash Equivalents and Restricted Cash		
Beginning of Year	<u>1,188,808</u>	<u>1,033,382</u>
End of Year	<u><u>\$ 1,036,820</u></u>	<u><u>\$ 1,188,808</u></u>

Lakes & Prairies Community Action Partnership, Inc.
Statements of Cash Flows
Years Ended February 28, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Reconciliation to Statements of Financial Position		
Cash and cash equivalents	\$ 1,011,301	\$ 1,092,007
Restricted cash - unemployment trust	<u>25,519</u>	<u>96,801</u>
Total cash, cash equivalents, and restricted cash	<u><u>\$ 1,036,820</u></u>	<u><u>\$ 1,188,808</u></u>
Supplemental Disclosure of Cash Flow Information		
Cash paid during the period for interest on long-term debt	\$ 74,153	\$ 46,117
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash outflows from finance leases	735	-
Financing cash outflows from finance leases	4,121	-
Operating cash outflows from operating leases	259,947	-
Supplemental Schedule of Noncash Investing and Financing Activities		
Financed property and equipment purchases	\$ -	\$ 1,510,000
ROU assets obtained in exchange for operating lease liabilities	1,635,145	-
ROU assets obtained in exchange for financing lease liabilities	16,040	-

Lakes & Prairies Community Action Partnership, Inc.
Notes to Financial Statements

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Lakes & Prairies Community Action Partnership, Inc. (the Organization) operates as a nonprofit organization to eliminate poverty, empower families, and engage communities. The Organization's main programs include:

- Head Start – the Head Start program offers comprehensive early childhood services to children ages birth to five and families with limited income and for children with special needs that reside within Clay and Wilkin Counties.
- Child Care Connections – the Child Care Connections program offers support to early childhood programs to improve quality through Parent Aware in Northwest Minnesota & Bright & Early quality rating system in North Dakota. Support provided to early childhood programs may be through grants, professional training and advising, and coaching. This program also helps families afford childcare by administering Early Learning Scholarships throughout 9 counties in west central Minnesota.
- Economic Empowerment – the Economic Empowerment program supports individuals and families in their goals of achieving employment, nutritional, medical, and economic security. All programs work together to provide holistic support to families.
- Housing – the Housing program provides assistance to people who are experiencing homelessness or are precariously housed.

Accounting Estimates

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

Cash Equivalents

Cash equivalents include highly liquid investments with original maturities of three months or less, that are recorded at cost plus accrued interest, which approximates market.

Restricted Cash

The Organization has elected out of Minnesota state unemployment insurance and participates in a grantor trust to cover unemployment insurance claims. Restricted cash represents the Organization's estimated cash balance for potential unemployment insurance claims. If claims exceed payments into the trust the Organization could become liable for those claims.

Grants Receivable

Grants receivable are government and pass-through grant funds received subsequent to year-end and are specifically allocated to the Organization's operations for the years 2023 and 2022. No allowance is deemed necessary due to the nature of the government grants.

Lakes & Prairies Community Action Partnership, Inc.
Notes to Financial Statements

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Concentrations

Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash, cash equivalents, and receivables. The Organization places its cash and cash equivalents with a limited number of financial institutions. At times, the Organization's cash and cash equivalents are in excess of the FDIC insurance limit.

The Organization is subject to a degree of vulnerability due to concentrations of grant receivables and revenue from major funding sources. As of February 28, 2023, two foundation grants accounted for approximately 27% of grant receivables. As of February 28, 2022, three foundation grants accounted for approximately 40% of grant receivables. The Organization received approximately 93% and 85% of its total funding sources from grants through federal and state agencies for 2023 and 2022, respectively.

Property and Equipment

Property and equipment are carried at cost, or fair value if donated, with depreciation computed under the straight-line method over the economic useful lives of the assets. The Organization follows the policy of capitalizing all property and equipment expenditures over \$5,000 and an estimated useful life greater than one year.

The property and equipment acquired is owned by the Organization while used in the program for which it was purchased or in other future authorized programs. However, certain funding sources have a revisionary interest in the property and equipment purchased with grant funds; their disposition, as well as the ownership of any proceeds and the assets are subject to the regulations of the funding source.

Long-Lived Assets

The Organization records impairment losses on long-lived assets used in operations when events and circumstances indicate that the assets might be impaired and the undiscounted cash flows estimated to be generated by those assets are less than the carrying amounts of those assets. There were no impairment losses for the years ended February 28, 2023 and 2022.

Leases

Effective March 1, 2022, the Organization classifies leases as either operating or finance leases at the commencement date of the lease. A lease is classified as a finance lease if any of the five criteria are met: (1) ownership transfers at the end of the lease term, (2) there is an option to purchase the underlying assets and the lessee is reasonably certain to exercise the option, (3) the term of the lease is for a major part of the remaining economic life of the underlying assets, (4) the present value of the sum of the lease payments and any residual value guaranteed by the lessee equals or exceeds substantially all of the fair value of the underlying assets or (5) the underlying assets are of such a specialized nature that they are expected to have no alternative use to the lessor at the end of the lease term. Leases that do not meet any of the five criteria above for a finance lease are classified as operating leases.

Lakes & Prairies Community Action Partnership, Inc.
Notes to Financial Statements

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

The Organization recognizes a right-of-use (ROU) asset and lease liability for each operating and finance lease with a term greater than 12 months at the time of lease inception. The Organization does not record a ROU asset or lease liability for leases with an initial term of 12 months or less but continues to record rent expense on a straight-line basis over the lease term. Options to extend or terminate at the sole discretion of the Organization are included in the determination of lease term when they are reasonably certain to be exercised. The lease liability represents the present value of future lease payments over the lease term. The Organization has elected the practical expedient that allows for private companies to utilize the risk-free rate based on asset class.

Prior to March 1, 2022, the Organization accounted for its leases as either operating or capital leases. Assets and liabilities for operating leases were not recorded but were recorded within operations on a straight-line basis over the term of the lease.

Net Assets

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

Net Assets Without Donor Restrictions

Net assets available for use in general operations and not subject to donor or grantor restrictions.

Net Assets With Donor Restrictions

Net assets subject to donor or grantor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends, or purpose restrictions is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with 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.

Revenue Recognition

Contributions are recognized when cash, securities, or other assets, an unconditional promise to give, or notification of an irrevocable beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. Amounts collected in advance of conditions being met are recorded as refundable advances.

Lakes & Prairies Community Action Partnership, Inc.
Notes to Financial Statements

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Grant awards without substantial conditions are recognized in the period in which they are approved by the governing bodies. Grants with substantial conditions are not recognized until the conditions on which they depend are met. Federal and state contracts and grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. Consequently, as of February 28, 2023 and 2022, conditional contributions of approximately \$6,220,786 and \$8,918,455, for which no amounts have been received in advance, have not been recognized in the accompanying financial statements.

Program service fee revenue is recognized as performance obligations are satisfied. Performance obligations are satisfied at a point in time and revenue is recognized when goods or services are provided to customers, and it is not required to provide additional goods or services. The Organization determines the transaction price based on standard charges for goods and services provided. Program service fees paid in advance are deferred to the period in which the underlying performance obligation is met. The majority of program service fees are billed monthly and are due net 30 days. Accounts receivable as of March 1, 2021 totaled \$7,274.

In-Kind Contributions

In-kind contributions are valued at fair value on the date of the donation. The Organization recognizes the fair value of contributed services received if such services (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. A substantial number of volunteers have donated significant amounts of their time in the Organization's program services. However, no amounts have been reflected in the statements for donated services because they do not meet recognition criteria prescribed by U.S. GAAP.

Functional Allocation of Expenses

The costs of providing the program and supporting services have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated to the programs and supporting services benefited. The cost allocation plan outlines the type of costs as well as the process for allocating the shared expenses. Office space and rental costs are allocated based on actual square footage occupied by each program. Office related costs are allocated to individual programs based on their actual usage. Employee overhead costs are allocated based on the amount of time an employee works for a program. Insurance costs are allocated based on type and whether the policies are specifically written and required for an individual program or a universal policy that is required for the entire Organization.

Income Taxes

The Organization is a nonprofit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes pursuant to Section 501(a) of the Code.

Lakes & Prairies Community Action Partnership, Inc.
Notes to Financial Statements

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Issued Accounting Pronouncement

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. This ASU amends the guidance on the impairment of financial instruments and adds an impairment model, known as the current expected credit losses model, that is based on expected losses rather than incurred losses. Under the new guidance, an entity recognizes, as an allowance, its estimate of expected credit losses over the contractual life of a financial asset. In November 2019, the FASB issued ASU 2019-10, *Financial Instruments – Credit Losses (Topic 326)*, which defers the effective date to annual reporting periods beginning after December 15, 2022, with early adoption permitted. The provisions of this ASU are to be applied using the modified retrospective approach. The Organization is currently evaluating the impact this standard will have on its financial statements.

Recently Adopted Accounting Pronouncements

Effective March 1, 2022, the Organization adopted FASB ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which is intended to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind, for not-for-profit organizations. In addition to enhanced disclosures for contributed nonfinancial assets, this ASU requires not-for-profit organizations to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. The amendments in this ASU were applied on a retrospective basis and did not have a material impact on the financial statements.

Effective March 1, 2022, the Organization adopted the new lease accounting guidance in ASU No. 2016-02, *Leases (Topic 842)*, utilizing the modified retrospective optional method, where the cumulative catch-up adjustment is recorded at the date of adoption. The Organization has elected the package of practical expedients permitted in Topic 842. Accordingly, the Organization did not reassess at adoption (a) whether the contract contains a lease under Topic 842, (b) whether classification of the lease would be different in accordance with Topic 842, or (c) initial direct costs for existing leases. The Organization also elected the practical expedients (1) to discount the lease liability using the risk-free implicit rate, (2) to use hindsight for assessing the lease term and impairment of the ROU asset, and (3) to not separate lease and non-lease components.

As a result of the adoption of the new lease accounting standard, the Organization's statement of financial position was materially impacted by the recognition of its ROU assets and lease liabilities of \$1,651,185. There was no significant impact on the statements of activities, functional expenses, or cash flows as a result of the adoption.

Subsequent Events

The Organization has evaluated subsequent events through November 17, 2023, the date which the financial statements were available to be issued.

Lakes & Prairies Community Action Partnership, Inc.
Notes to Financial Statements

NOTE 2 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that this, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 1,011,301	\$ 1,092,007
Grants receivable	1,361,413	1,443,952
Other receivable	15,675	28,604
Less net assets with donor restrictions	<u>532,644</u>	<u>749,962</u>
Total financial assets available for general expenditure	<u><u>\$ 1,855,745</u></u>	<u><u>\$ 1,814,601</u></u>

The Organization does not have a formal policy however it structures its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, as part of its liquidity management, the Organization would invest cash in excess of daily requirements in various short-term investments, including certificates of deposit. The Organization also has a line of credit agreement which it could draw upon in the event of an unanticipated liquidity need.

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of February 28, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Buildings	\$ 2,653,490	\$ 2,558,764
Vehicles	510,407	510,407
Equipment	<u>320,212</u>	<u>454,277</u>
	3,484,112	3,523,448
Less accumulated depreciation	<u>1,045,836</u>	<u>957,041</u>
Property and equipment, net	<u><u>\$ 2,438,276</u></u>	<u><u>\$ 2,566,407</u></u>

NOTE 4 – LINE OF CREDIT

The Organization obtained an \$80,000 line of credit from a bank to help finance its short-term capital needs. This line is collateralized by substantially all assets of the Organization. The interest rate on the line is subject to change from time to time based on changes in an index which is the reference rate set by the lender. The agreement matures November 2024 and interest is payable monthly on outstanding balances. As of February 28, 2023, the effective interest rate on the line of credit was 7.75%. There were no outstanding borrowings as of February 28, 2023 and 2022. In October 2023, the Organization increased the line of credit limit to \$500,000.

Lakes & Prairies Community Action Partnership, Inc.
Notes to Financial Statements

NOTE 5 – LONG-TERM DEBT

Long-term debt consists of the following as of February 28, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Bank		
Monthly installments of \$9,277, including interest at 4.73%, with a balloon payment due October 2046, secured by real estate.	\$ 1,739,304	\$ 1,783,598
Monthly installments of \$1,663, including interest at 3.50%, with a balloon payment due June 2025, secured by real estate.	<u>302,523</u>	<u>311,575</u>
	2,041,827	2,095,173
Less current maturities	<u>55,393</u>	<u>53,096</u>
Total long-term debt	<u><u>\$ 1,986,434</u></u>	<u><u>\$ 2,042,077</u></u>

Future principal payments on long-term debt are as follows for the years ending February 28/29:

2024	\$ 55,393
2025	57,396
2026	333,013
2027	51,420
2028	53,382
Thereafter	<u>1,491,223</u>
Total	<u><u>\$ 2,041,827</u></u>

In connection with the line of credit and bank debt agreements, the Organization has agreed to certain restrictive covenants. For both 2023 and 2022, the Organization violated one of these covenants; however, the violation is not being considered an event of default by the lender.

Lakes & Prairies Community Action Partnership, Inc.
Notes to Financial Statements

NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes as of February 28, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Purpose restrictions		
Child care programming	\$ 136,755	\$ 27,078
Workforce development	4,167	-
Homework starts at home	9,352	12,183
Economic empowerment	42,340	-
Eliminate poverty	31,162	-
Whole family	-	8,656
Time restrictions	<u>482,610</u>	<u>711,552</u>
 Total net assets with donor restrictions	 <u><u>\$ 706,386</u></u>	 <u><u>\$ 759,469</u></u>

Net assets released from restrictions consist of the following during the years ended February 28, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Satisfaction of purpose restrictions		
Child care programming	\$ 27,078	\$ 131,809
Workforce development	-	37,224
Economic empowerment	-	49,131
Homework starts at home	2,831	23,918
Head start summer school	-	1,737
Whole family	8,656	8,011
Expiration of time restrictions	<u>290,268</u>	<u>217,084</u>
 Total net assets released from donor restrictions	 <u><u>\$ 328,833</u></u>	 <u><u>\$ 468,914</u></u>

NOTE 7 – RETIREMENT PLAN

The Organization sponsors a voluntary 403(b) retirement plan that covers all employees. The Organization matches up to 2% of employee deferrals after one year of service with 1,000 hours. The Organization also contributes a base contribution amount equal to 5% of wages for each eligible participant after they complete one year of service with 1,000 hours. The employer contributions for 2023 and 2022 were \$277,408 and \$264,824, respectively.

Lakes & Prairies Community Action Partnership, Inc.
Notes to Financial Statements

NOTE 8 – LEASES

The Organization has operating and finance lease agreements for office and classroom space, storage, and various equipment with remaining lease terms of one to seven years. Payments under these lease arrangements are fixed.

Lease costs for 2023 were as follows:

	<u>2023</u>
Finance lease costs	\$ 5,143
Operating lease costs	260,626
Short-term lease costs	<u>7,167</u>
Total lease costs	<u><u>\$ 272,936</u></u>

Rent expense for year ended February 28, 2022, which was accounted for in accordance with ASC 840, was \$264,303.

As of February 28, 2023, operating leases and finance leases had weighted-average remaining lease terms of 82 and 33 months, respectively, and the weighted-average discount rates were 4.44% and 4.17%, respectively.

Future minimum lease payments under non-cancellable leases are as follows for the years ending February 28/29:

	<u>Finance</u>	<u>Operating</u>
2024	\$ 4,856	\$ 247,319
2025	4,856	243,581
2026	3,555	239,981
2027	-	234,751
2028	-	234,276
Thereafter	<u>-</u>	<u>450,746</u>
Total lease payments	13,267	1,650,654
Less amounts representing interest	<u>1,348</u>	<u>212,553</u>
Present value of lease liabilities	<u><u>\$ 11,919</u></u>	<u><u>\$ 1,438,101</u></u>

Lakes & Prairies Community Action Partnership, Inc.
Notes to Financial Statements

NOTE 9 – CONTINGENCIES

Financial awards from federal and state governmental entities in the form of grants are subject to special audit. Such audits could result in claims against the Organization for disallowed costs or noncompliance with grantor restrictions. In the opinion of the Organization, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

NOTE 10 – RELATED PARTY TRANSACTIONS

A member of the Board of Directors has ownership in a childcare facility that provides services to families that received an Early Learning Scholarships totaling \$160,674. The childcare also participates in the Parent Aware Quality rating program and can be eligible to receive grants that would help in providing quality childcare.

NOTE 11 – RECLASSIFICATIONS

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform to the current year presentation with no effect on previously reported net assets. Specifically, the Child Care Connections program was separated from the Economic Empowerment program on the statement of activities and functional expenses. The prior year statement of activities and statement of functional expenses were also reclassified to remove internal reimbursement revenue and related internal expenses for the same amount, resulting in no impact to the change in net assets. Amounts included in Note 6 were also reclassified, there were no changes to total net assets with donor restrictions and total net assets released.

SUPPLEMENTARY INFORMATION

**Lakes & Prairies Community Action Partnership,
Inc. Schedule of Expenditures of Federal Awards
Year Ended February 28, 2023**

Federal Grantor/Program or Cluster Title	Assistance Listing No.	Pass-Through Entity Identifying Number	Pass-Through Entity	Total Federal Expenditures
U.S. Department of Agriculture:				
Child and Adult Care Food Program	10.558		Direct	\$ 85,148
SNAP Cluster				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	GRK%133077	MDHS	185,043
Total SNAP Cluster				185,043
Total U.S. Department of Agriculture				270,191
U.S. Department of Housing and Urban Development:				
CDBG-Entitlement Grants Cluster				
Community Development Block Grants/Entitlement Grants	14.218	N/A	City of Moorhead	5,000
Total CDBG-Entitlement Grants Cluster				5,000
Emergency Solutions Grant Program	14.231	GRK%126818	MDHS	497,837
Continuum of Care Program	14.267		Direct	185,310
Total U.S. Department of Housing and Urban Development				688,147
U.S. Department of Treasury:				
Volunteer Income Tax Assistance Matching Grant (VITA)	21.009	N/A	Direct	14,646
COVID-19 Coronavirus Relief Fund	21.019	N/A	Clay County	774
COVID-19 Emergency Rental Assistance	21.023	N/A	MN Housing Auth.	136,319
Total U.S. Department of Treasury				151,739
U.S. Department of Education:				
Education Stabilization Fund				
COVID-19 Governor's Emergency Education Relief Fund	84.425C	N/A	MDE	26,361
COVID-19 American Rescue Plan Emergency Assistance to Non-Public Schools	84.425V	N/A	Clay County	58,622
Total Education Stabilization Fund				84,983
Total U.S. Department of Education				84,983
U.S. Department of Health and Human Services:				
Aging Cluster				
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	314-17-003B-416	NWRDC	28,403
Total Aging Cluster				28,403
State Planning and Establishment Grants for Affordable Care Act (ACA)'s Exchanges	93.525	N/A	United CAP	10,166
Refugee and Entrant Assistance State/Replacement				
Designee Administered Programs	93.566	GRK%167580	MDHS	123,174
Community Services Block Grant	93.569	GRK%127521	MDHS	55,908
COVID-19 Community Services Block Grant	93.569	177899	MDHS	61,778
Total Community Services Block Grant				117,686
CCDF Cluster				
Child Care and Development Block Grant	93.575	GRK%131020	MDHS	1,908,711
COVID-19 Child Care and Development Block Grant	93.575	GRK%208787	MDHS	59,807
Child Care and Development Block Grant	93.575	300-12530	NDDHS	602,503
Total ALN 93.575 and CCDF Cluster				2,571,021
Head Start Cluster				
Head Start	93.600		Direct	3,214,950
Total Head Start Cluster				3,214,950
Total U.S. Department of Health and Human Services				6,065,400
U.S. Department of Homeland Security:				
Emergency Food and Shelter National Board Program	97.024		Direct	2,500
Total expenditures of federal awards				\$ 7,262,960

Lakes & Prairies Community Action Partnership, Inc.
Notes to Schedule of Expenditures of Federal Awards

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of Lakes & Prairies Community Action Partnership, Inc. under programs of the federal government for the year ended February 28, 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 Lakes & Prairies Community Action Partnership, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Lakes & Prairies Community Action Partnership, Inc..

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting which conform to accounting principles generally accepted in the United States of America. 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 RATE

Lakes & Prairies Community Action Partnership, Inc. has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 4 – PASS THROUGH ENTITY IDENTIFICATION NUMBERS

Several of the programs, grants, and/or awards included in the schedule are missing the pass-through entity identification numbers. The missing numbers are due to the pass-through entities not providing the pass-through entity identification numbers.

**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
Lakes & Prairies Community Action Partnership, Inc.
Moorhead, Minnesota

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Lakes & Prairies Community Action Partnership, Inc., which comprise the statement of financial position as of February 28, 2023, and the related statements of activities, functional expenses and cash flows for the year ended February 28, 2023, and the related notes to financial statements and have issued our report thereon dated November 17, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lakes & Prairies Community Action Partnership, Inc.'s internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lakes & Prairies Community Action Partnership, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Lakes & Prairies Community Action Partnership, 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 or significant deficiencies may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lakes & Prairies Community Action Partnership, 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 the 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "BergankDV, Ltd." in a cursive, slightly stylized font.

St. Cloud, Minnesota
November 17, 2023

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

Board of Directors
Lakes & Prairies Community Action Partnership, Inc.
Moorhead, Minnesota

Report on Compliance for Each Major Federal Program

Opinion on Compliance for Each Major Federal Program

We have audited Lakes & Prairies Community Action Partnership, Inc.'s compliance with requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of Lakes & Prairies Community Action Partnership, Inc.'s major federal programs for the year ended February 28, 2023. Lakes & Prairies Community Action Partnership, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Lakes & Prairies Community Action Partnership, 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 programs for the year ended February 28, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 Lakes & Prairies Community Action Partnership, 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 each major federal program. Our audit does not provide a legal determination of Lakes & Prairies Community Action Partnership, 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 Lakes & Prairies Community Action Partnership, Inc.'s major 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 Lakes & Prairies Community Action Partnership, 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 GAAS, *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 Lakes & Prairies Community Action Partnership, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *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 Lakes & Prairies Community Action Partnership, 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 Lakes & Prairies Community Action Partnership, 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 Lakes & Prairies Community Action Partnership, 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 federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material 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 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.

BergankDV, Ltd.

St. Cloud, Minnesota
November 17, 2023

Lakes & Prairies Community Action Partnership, Inc.
Schedule of Findings and Questioned Costs
Year Ended February 28, 2023

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?	No
• Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major federal programs	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None reported
Type of auditor's report issued on compliance for major federal programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of Major Programs

Assistance Listing No.	93.575
Name of Federal Program or Cluster	CCDF Cluster
Assistance Listing No.	14.231
Name of Federal Program or Cluster	Emergency Solutions Grant Program
Dollar threshold used to distinguish between type A and type B programs	\$750,000
Auditee qualified as low risk auditee?	No

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.