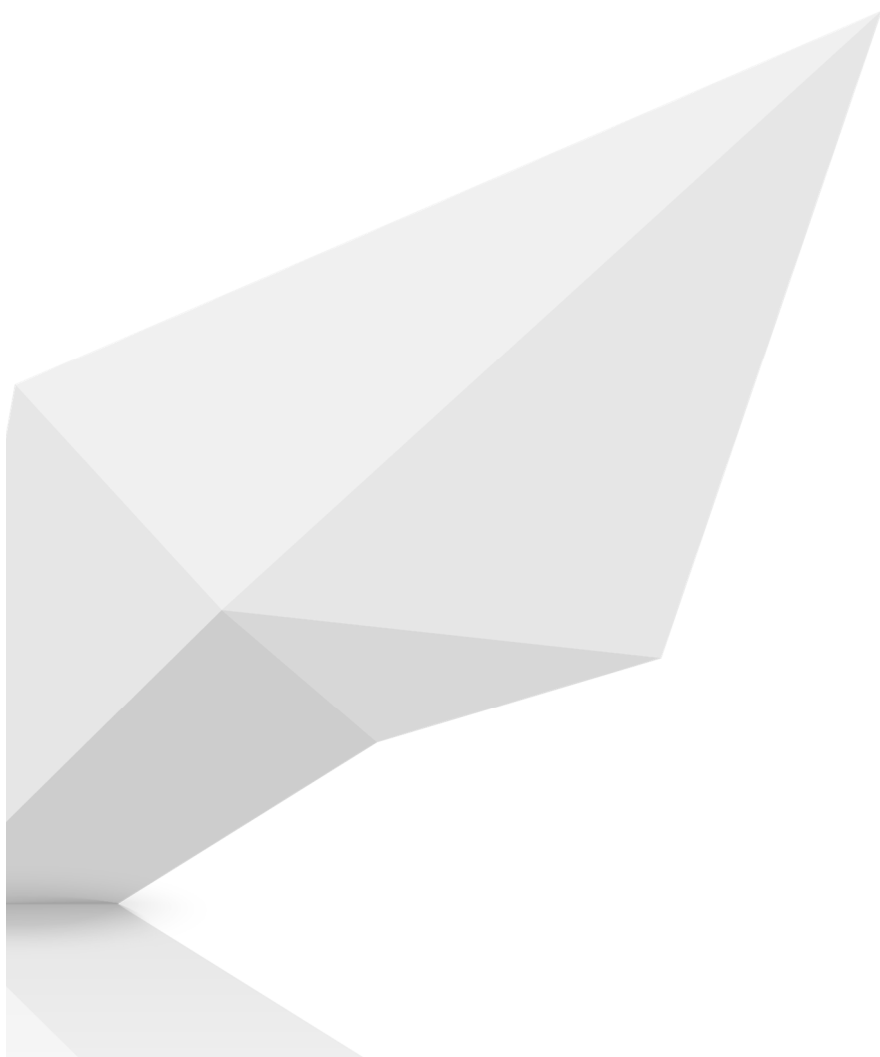


Inter-Lakes Community Action Partnership, Inc. and Subsidiary

Madison, South Dakota

Consolidated Financial Statements and
Supplementary Information

Year Ended September 30, 2020



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Inter-Lakes Community Action Partnership, Inc.

Year Ended September 30, 2020

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Independent Auditor's Report

Board of Directors
Inter-Lakes Community Action Partnership, Inc.
Madison, South Dakota

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Inter-Lakes Community Action Partnership, Inc. and Subsidiary, which comprise the consolidated statement of financial position as of September 30, 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. The financial statements of the subsidiary of Inter-Lakes Community Action Partnership, Inc. was not audited in accordance with *Government Auditing Standards*.

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Inter-Lakes Community Action Partnership, Inc. and Subsidiary as of September 30, 2020, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards and list of programs and the notes to the schedule of expenditures of federal awards and list of programs 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”), the consolidating statement of financial position and the consolidating statement of activities are presented for the purpose of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated 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 21, 2021, on our consideration of Inter-Lakes 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 Inter-Lakes 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 Inter-Lakes Community Action Partnership, Inc.'s internal control over financial reporting and compliance.



Wipfli LLP

January 21, 2021
Madison, Wisconsin

Inter-Lakes Community Action Partnership, Inc.

Consolidated Statement of Financial Position

September 30, 2020

Assets

Current assets:	
Cash and cash equivalents	\$ 1,390,430
Investments	685,164
Grants receivable	546,888
Accounts receivable	129,953
Other assets	252,424
Total current assets	3,004,859
Restricted cash and deposits:	
Custodial cash	155,628
Cash reserves	341,338
Total restricted cash and deposits	496,966
Property and equipment, net	9,692,656
Other assets:	
Tax credit monitoring fees, net	46,265
Investment in limited partnership - Lacey Village	150,000
Total other assets	196,265
Total assets	\$ 13,390,746

Liabilities and Net Assets

Liabilities:	
Current portion of notes payable	\$ 143,431
Accounts payable	195,356
Accrued payroll and related expenses	747,884
Security deposits payable	31,020
Refundable advances	138,347
Funds held for others	155,628
Total current liabilities	1,411,666
Long-term debt:	
Notes payable, less current portion	3,431,382
Total long-term debt	3,431,382
Total liabilities	4,843,048
Net assets:	
Without donor restrictions	4,471,318
Without donor restrictions - non-controlling interest	3,973,635
Net assets without donor restrictions	8,444,953
Net assets with donor restrictions	102,745
Total net assets	8,547,698
Total liabilities and net assets	\$ 13,390,746

See accompanying notes to consolidated financial statements.

Inter-Lakes Community Action Partnership, Inc.

Consolidated Statement of Activities

Year Ended September 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue:			
Prior year's refundable advance	\$ -	\$ 100,158	\$ 100,158
Current year grant awards	-	10,648,808	10,648,808
Refundable advance	-	(138,347)	(138,347)
Net grant revenue	-	10,610,619	10,610,619
Commodity foods received	-	41,254	41,254
Program income	-	662,059	662,059
Investment income	55,550	51	55,601
In-kind revenue	58,469	-	58,469
Loss on disposal of assets	(19,350)	-	(19,350)
Contributions	53,826	198,880	252,706
Development fee	31,250	-	31,250
Other income	144,585	448,564	593,149
Net assets released from restriction through satisfaction of program restrictions	11,939,682	(11,939,682)	-
Total revenue	12,264,012	21,745	12,285,757
Expenses:			
Program services:			
Early Childhood Education	4,440,804	-	4,440,804
Food Program	1,518,871	-	1,518,871
Community Services	1,259,348	-	1,259,348
Weatherization Energy Assistance	700,633	-	700,633
Housing Programs	761,822	-	761,822
Homeless Housing Programs	1,089,216	-	1,089,216
Transit Programs	237,541	-	237,541
Emergency Services	1,237,759	-	1,237,759
Discretionary	40,174	-	40,174
Total program services	11,286,168	-	11,286,168
Management and general	833,397	-	833,397
Fund-raising	10,517	-	10,517
Total expenses	12,130,082	-	12,130,082
Change in net assets	133,930	21,745	155,675
Consolidation of limited partnership interest	3,973,521	-	3,973,521
Net assets - Beginning of year	4,337,502	81,000	4,418,502
Net assets - End of year	\$ 8,444,953	\$ 102,745	\$ 8,547,698

See accompanying notes to consolidated financial statements.

Inter-Lakes Community Action Partnership, Inc.

Consolidated Statement of Functional Expenses

Year Ended September 30, 2020

	Program Services										Management and General	Fund Raising	Total
	Early Childhood Education	Food Program	Community Services	Weatherization Energy Assistance	Housing Programs	Homeless Housing Programs	Transit Programs	Emergency Services	Discretionary	Subtotal			
Personnel	\$ 3,618,073	\$ 463,724	\$ 867,364	\$ 195,414	\$ 202,859	\$ 374,950	\$ 170,501	\$ 515,121	\$ 2,764	\$ 6,410,770	\$ 638,665	\$ 7,793	\$ 7,057,228
Consultants and contract labor	99,307	3,705	19,894	2,025	1,147	5,029	1,615	1,917	241	134,880	46,466	70	181,416
Travel	9,448	10,111	18,437	13,754	8,214	2,889	12,725	10,453	5,702	91,733	918	419	93,070
Rent	82,537	8,779	24,098	4,899	4,710	1,179	848	3,499	48	130,597	32,406	4	163,007
Consumable supplies	91,872	16,034	32,179	4,752	3,564	10,879	1,307	47,672	65	208,324	44,122	35	252,481
Direct client assistance	10,623	931,116	151,568	457,308	520,471	661,680	-	611,626	512	3,344,904	-	-	3,344,904
Repairs/maintenance	132,435	9,069	18,670	3,522	658	5,188	12,192	9,244	7,884	198,862	13,230	1	212,093
In-kind expense	58,469	-	-	-	-	-	-	-	-	58,469	-	-	58,469
Interest	30,637	-	5,667	-	-	-	-	7,175	816	44,295	-	-	44,295
Depreciation	92,185	4,731	20,973	2,168	639	8,487	11,164	-	8,419	148,766	-	-	148,766
Commodity foods distributed	-	41,254	-	-	-	-	-	-	-	41,254	-	-	41,254
Other/program support	215,218	30,348	100,498	16,791	19,560	18,935	27,189	31,052	13,723	473,314	57,590	2,195	533,099
Total functional expenses	\$ 4,440,804	\$ 1,518,871	\$ 1,259,348	\$ 700,633	\$ 761,822	\$ 1,089,216	\$ 237,541	\$ 1,237,759	\$ 40,174	\$ 11,286,168	\$ 833,397	\$ 10,517	\$ 12,130,082

See accompanying notes to consolidated financial statements.

Inter-Lakes Community Action Partnership, Inc.

Consolidated Statement of Cash Flows

Year Ended September 30, 2020

Cash flows from operating activities:	
Change in net assets	\$ 155,675
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	148,766
Loss on disposal of property and equipment	19,350
Net unrealized and realized gains on investments	(10,360)
Changes in operating assets and liabilities:	
Grants receivable	116,740
Accounts receivable	24,620
Other assets	(93,521)
Accounts payable	(88,389)
Accrued payroll and related expenses	60,160
Refundable advances	38,189
Funds held for others	99,839
Net cash provided by operating activities	471,069
Cash flows from investing activities:	
Purchase of property and equipment	(172,890)
Proceeds from sale of property and equipment	15,300
Cash obtained in limited partnership consolidation	311,793
Purchase of investments	(205,671)
Investment in limited partnership	(150,000)
Proceeds from sale of investments	173,232
Net cash used in investing activities	(28,236)
Cash flows from financing activities:	
Principal payments on notes payable	(65,642)
Net cash used in financing activities	(65,642)
Net change in cash and cash equivalents	377,191
Cash and cash equivalents, restricted cash and deposits - Beginning of year	1,510,205
Cash and cash equivalents, restricted cash and deposits - End of year	\$ 1,887,396
Reconciliation to statement of financial position:	
Cash and cash equivalents	\$ 1,390,430
Custodial cash	155,628
Cash reserves	341,338
Cash and cash equivalents, restricted cash and deposits per statement of financial position	\$ 1,887,396
Supplemental Schedule of Cash and Noncash Activity:	
Interest paid and expensed	\$ 44,295
Assets acquired in partnership consolidation	\$ 6,649,430
Liabilities assumed in partnership consolidation	\$ 2,987,191

See accompanying notes to consolidated financial statements.

Inter-Lakes Community Action Partnership, Inc.

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies

Nature of Operations

Inter-Lakes Community Action Partnership, Inc. ("ICAP") was organized as a nonprofit corporation in 1966. ICAP was formed to develop and provide resources for the purpose of assisting low-income individuals through a variety of programs. The recipients of these programs are in Clark, Codington, Grant, Hamlin, Deuel, Kingsbury, Brookings, Miner, Lake, Lincoln, Moody, McCook, Minnehaha, and Turner Counties in South Dakota. ICAP is primarily supported through federal grants, which comprise 76% of total revenue, including the Head Start grant that comprises 39% of total revenue.

Horizon Place Apartments Limited Partnership, LP ("Partnership") was formed in December 2016 as a limited partnership under the laws of the state of South Dakota and shall continue until December 30, 2070, unless dissolved or terminated at an earlier date. The Partnership was formed for owning and operating a three building, 62-unit low-income housing project in Sioux Falls, South Dakota. ICAP is a general partner with .01% ownership interest in the Partnership.

Consolidated Financial Statements

The consolidated financial statements include the accounts of ICAP and the Partnership, collectively referred to as the "Organizations." Material inter-company transactions and balances have been eliminated.

ICAP's interest in the Partnership is recorded under the guidance contained in Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No 2017-02, *Not-for-Profit Entities Consolidating (Subtopic 958-810): Clarifying When a Not-for-Profit That is a General Partner or Limited Partner Should Consolidate a For-Profit Limited Partnership or Similar Entity*. ICAP previously did not consolidate the Partnership under ASU-2017-02 due to uncertainty over the feasibility of ICAP's ability to exercise the right of first refusal option in the partnership agreement. Effective September 30, 2020, ICAP's management changed its assessment of the Partnership interest and elected to consolidate the Partnership with an effective date of September 30, 2020.

Program Services

Early Childhood Education

Early Childhood Education includes providing services to pregnant mothers, low-income children, and children with disabilities ages 0-5. Emphasis is placed on physical and intellectual development, nutrition, health, and social relationships. The program offers center-based and home-based options.

Food Program

The food program for 60s Plus Dining offers persons age 60 and above a balanced meal to help senior adults remain healthy and independent through good nutrition. Both home-delivered meals and congregate dining sites are available. Under the food program for Early Childhood, children enrolled in the program receive funding for a nutritious and balanced breakfast, lunch, and snack. The programs under this service also include food pantries and commodities.

Inter-Lakes Community Action Partnership, Inc.

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Nature of Operations (Continued)

Community Services

The community services programs offer persons of all ages services to meet their needs, including assistance with money management, income tax assistance, savings plans, nutrition, oral health, safety, school supplies, youth recreation, clothing, emergency services, computers for education advancement, parenting classes, and homelessness. Information and referral services to other federal, state, local, and private programs and services are provided to individuals to meet their needs more effectively. Community services programs promote self-sufficiency by identifying the participant's goals, the activities and resources needed to reach those goals, and the timeline for doing so.

Weatherization Energy Assistance

The weatherization assistance program helps low-income households offset the high cost of energy through conservation. Contract labor and materials are supplied to qualified households at no cost. Weatherization measures include weather-stripping around doors and windows; caulking and sealing cracks and holes in the structure of the building; insulating attics, walls and floors; installing windows; repair, tune-up or replacement of nonfunctional furnaces; and assistance in meeting health and safety requirements.

Housing Programs

The housing programs provide no-interest home repair loans to low-income households, provide down payment assistance, offer information and knowledge about purchasing a home, teach homeowners how to rehab their existing home, offer families an opportunity to work with other families to build their own new home, help families with children who have a poor rental history to obtain a safe and affordable home, offer education and counseling to families who want to purchase a home, and provide security deposit assistance.

Homeless Housing Programs

Homeless Housing programs assist families with children and individuals that are homeless or at risk of homelessness to retain or obtain housing, find appropriate permanent housing and move towards economic and social self-sufficiency. These programs offer several components including rental assistance, case management, rent/damage guarantee, and educational/employment assistance. The security deposit program and first month rent payments for extremely low and very low income households that are homeless or in danger of becoming homeless, so that they may obtain housing that is affordable, decent, safe and sanitary. The Supported Housing for Addiction Recovery and Empowerment program provides structure and support outside of a formal treatment setting.

Transit Programs

Transit programs help low-income and elderly persons travel to needed services. ICAP offers public transit to all persons regardless of age. Rides are available on a demand-response basis.

Inter-Lakes Community Action Partnership, Inc.

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Nature of Operations (Continued)

Emergency Services

Emergency services provide a variety of emergency needs focusing on utility, housing, and subsistence costs. Services payments include past due rent, mortgage, utility, food, and personal care items. Many of the current programs offered by ICAP received funding through the Coronavirus Aid, Relief, and Economic Security (CARES) Act to prevent, prepare for, and respond to the COVID-19 pandemic.

Discretionary

Discretionary funds are non-federal agency funds that are used for investments, startup of programs, expenses not eligible for other grants, loss on sale of fixed assets, and other costs that do not have a funding source.

Basis of Accounting

The consolidated financial statements of the Organizations have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States (GAAP).

Cash and Cash Equivalents

The Organizations consider all highly liquid financial instruments with an original maturity of three months or less to be cash equivalents unless held in a reinvestment portfolio or are pledged to secure loan agreements. The carrying amount approximates fair value because of the short maturity of those instruments.

Investments

Investments are recorded at fair value based upon quoted market prices, when available, or estimates of fair value. Donated assets are recorded at fair value at the date of donation, or, if sold immediately after receipt, at the amount of sales proceeds received (which are considered a fair measure of the value at the date of donation). Those investments for which fair value is not readily determinable are carried at cost or, if donated, at fair value at the date of donation, or if no value can be estimated, at a nominal value. Investment income or loss and unrealized gains or losses are included in the consolidated statement of activities as increases or decreases in net assets without donor restrictions unless the income or loss is restricted by donor or law. Investment fees are netted against investment income.

Receivables and Credit Policies

Grants receivable represent uncollateralized amounts due to the Organizations for expenditures paid but not yet reimbursed, primarily from federal funding sources.

Accounts receivable consist primarily of non-federal grants/awards. The Organizations consider these receivables to be collectible and, therefore, no allowance for uncollectible amounts has been recorded.

Inter-Lakes Community Action Partnership, Inc.

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Property and Equipment

Land, buildings, and equipment purchased by the Organizations are recorded at cost. The Organizations follow the practice of capitalizing all expenditures for land, buildings and equipment greater than \$5,000. Property and equipment held under capital leases are stated at the present value of future minimum lease payments at the inception of the lease, which approximates fair value. Depreciation is computed on the straight-line method based upon the following estimated useful lives of the assets:

Furniture and equipment	3 to 7 years
Transportation vehicles	5 to 7 years
Buildings and improvements	5 to 40 years

Property and equipment purchased with grant funds are owned by ICAP 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. Their disposition, as well as the ownership of any proceeds there from, is subject to funding source regulations. The property and equipment purchased with grant funds are normally restricted for use in specific programs operated by the Organizations.

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 Organizations 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 certain grantor) restrictions.

Net assets without donor restrictions - non-controlling interest: Net assets attributable to noncontrolling interest represent the equity interest of outside owners in the consolidated Partnership. These interests are reported as separate components of the Organizations' net assets.

Net assets with donor restrictions: Net assets subject to donor (or certain 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. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue Recognition

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

Inter-Lakes Community Action Partnership, Inc.

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

- 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

Conditional contributions are recognized when the barrier(s) to entitlement are overcome. Unconditional contributions are recognized as revenue when received.

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 consolidated statement of activities as net assets released from restrictions.

Program income consists primarily of amounts earned that relate to the elderly nutrition programs. Other income consists of amounts earned for various purposes such as housing, the auto program, training and thrift store sales. Amounts that are restricted for a specific purpose are reported as increases in net assets with donor restrictions, which are reclassified to net assets without donor restriction at the point when a stipulated time restriction ends or a purpose restriction is accomplished.

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

A. Grant Awards That Are Contributions

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

B. Grant Awards That Are Exchange Transactions

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

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to ICAP's program services; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by GAAP. The requirements of GAAP are different than the in-kind requirements of several of ICAP's grants. ICAP received contributions of nonprofessional volunteers during the year with a value of \$1,623,070 for its Head Start Pre-Birth to Five and Volunteer Income Tax Assistance programs that are not recorded on the consolidated statement of activities.

Inter-Lakes Community Action Partnership, Inc.

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Donated Services and In-Kind Contributions (Continued)

ICAP has recorded in-kind contributions for space, supplies, and professional services on the consolidated statement of activities in accordance with GAAP. Donated space does not exceed the fair value of comparable space as established by an independent appraisal of comparable space and facilities in a privately owned building in the same area. Contributed goods are recorded at fair value at the date of donation. Donated professional services are recorded at rates for similar work in the labor market in South Dakota, including fringe benefits that are similar to ICAP's.

Functional Allocation

The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statement of activities. The consolidated statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Cost allocation methods are as follows:

Personnel - ICAP personnel duties are allocated based on a percentage of staff hours worked per program per month. The staff wages that can be directly allocated to a specific program are charged to that program. The finance duties are allocated based on the number of transactions completed per program as a percentage of total transactions.

Space Costs - Space costs (maintenance, insurance, etc.) are allocated based on the number of square feet of space each program occupies.

Other Costs - Other costs are charged to ICAP programs based on the amounts used by each program or other appropriate methodology.

Estimates

The preparation of the consolidated financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues, expenses, and disclosures during the reporting period. Accordingly, actual results could differ from those estimates and those differences could be material.

Tax Credit Monitoring Fees

Tax credit monitoring fees are amortized over the fifteen-year compliance period using the straight-line method of amortization.

Inter-Lakes Community Action Partnership, Inc.

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date. A three-tier hierarchy prioritizes the inputs used in measuring fair value. These tiers include Level 1, defined as observable inputs such as quoted market prices in active markets; Level 2, defined as inputs other than quoted market prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore, requiring an entity to develop its own assumptions. The asset's or liability's fair value measurement within the hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Debt Issuance Costs

Unamortized debt issuance costs related to issuance of long-term debt is amortized over the life of the related debt using the straight-line method, which approximates the effective interest method.

Investments in Limited Partnership - Lacey Village

Investments in limited liability companies in which the Organizations own less than 20% are recorded on the equity method as they are a managing member in the LLC. The equity method of accounting is suspended if the investment, including advances and receivables, are reduced to zero.

Income Taxes

ICAP is organized as a South Dakota nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as organizations described in Section 501(c)(3), qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi), and has been determined not to be a private foundation under Sections 509(a)(1). The entity is annually required to file a Return of Organization Exempt From Income Tax (Form 990) with the IRS.

As a limited partnership, the Partnership's taxable income or loss is allocated to partners in accordance with the partnership agreement.

The Organizations are required to assess whether they are more-likely-than-not that a tax position will be sustained upon examination of 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 the tax position is not recognized in the consolidated financial statements. The Organizations recorded no assets or liabilities for uncertain tax positions or unrecognized tax benefits.

Inter-Lakes Community Action Partnership, Inc.

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Change in Accounting Policy

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

New Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This ASU, as amended, provides comprehensive guidance on the recognition of revenue from customers arising from the transfer of goods and services, guidance on accounting for certain contract costs, and new disclosures. The new standard supersedes current revenue recognition requirements in FASB Accounting Standards Codification (ASC) Topic 606, *Revenue Recognition*, and most industry-specific guidance. When adopted, the amendments in the ASU must be applied using one of two retrospective methods. ASU No. 2014-09 is effective for nonpublic entities for annual periods beginning after December 15, 2019. The Organizations are currently evaluating the impact of the provisions of ASC 606.

Subsequent Events

The Organizations have evaluated events and transactions for potential recognition or disclosure in the consolidated financial statements through January 21, 2021, which is the date the consolidated financial statements were available to be issued.

Note 2: Concentration of Credit Risk

Credit risk associated with receivables is considered to be limited due to a substantial portion of the outstanding amounts primarily due from various federal, state, and local grant programs. Management anticipates collecting the receivables from the various grant programs within the next 12 months.

The Organizations maintain cash balances at various banks where the accounts are insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$250,000 at each institution. These financial institutions are believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits. To date, the Organizations have not experienced losses in any of these accounts. In addition, investments held by ICAP are not insured. Investment performance is monitored by management and the Board of Directors.

Inter-Lakes Community Action Partnership, Inc.

Notes to Consolidated Financial Statements

Note 3: Liquidity and Availability of Financial Resources

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated statement of financial position date, comprise the following as of September 30, 2020:

Cash and cash equivalents	\$ 1,390,430
Grants receivable	546,888
Accounts receivable	129,953
Investments	685,164
<hr/>	
Subtotal financial assets	2,752,435
Less: Accounts payable	(195,356)
Less: Accrued payroll and related expenses	(747,884)
Less: Refundable advances	(138,347)
Less: Designated investments	(89,397)
Less: Restricted investments	(2,000)
Less: Net assets with donor restrictions	(102,745)
<hr/>	
Total	\$ 1,476,706

ICAP does not have a formal liquidity policy but generally maintains financial assets in liquid form as cash and cash equivalents for approximately one to two months of operating expenses. ICAP has grant commitments available for future expenses in the amount of \$7,786,066 described in Note 16.

Note 4: Investments

ICAP maintains investment funds with a bank in Sioux Falls, South Dakota. Investments are stated at fair value. As of September 30, 2020, investments consisted of the following:

Mutual funds	\$ 281,690
Fixed income securities	403,474
<hr/>	
Totals	\$ 685,164

Investments, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with various investments, it is reasonably possible that changes in the values of certain investments will occur in the near term and that such changes could materially affect the amounts reported on the financial statements.

Inter-Lakes Community Action Partnership, Inc.

Notes to Consolidated Financial Statements

Note 4: Investments (Continued)

Investment income for the year ended September 30, 2020, is summarized as follows:

Interest and dividends	\$	49,694
Investment fees		(4,453)
Net unrealized and realized gains		10,360
Total investment income	\$	55,601

ICAP follows an investment policy to maintain an investment portfolio consisting of certain percentages of equity securities, fixed-income securities, and cash or cash equivalents.

Note 5: Fair Value Measurements

Following is a description of the valuation methodologies used for assets measured at fair value.

Mutual funds and fixed income securities are valued using quotes from pricing vendors based on recent trading activity and other observable market data.

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair value. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table presents the balances of assets and liabilities measured at fair value on a recurring basis by level within the fair value hierarchy at September 30, 2020:

	Fair Value Measurements Using			Total Assets at Fair Value
	Level 1	Level 2	Level 3	
Mutual funds	\$ 281,690	\$ -	\$ -	281,690
Fixed income securities	403,474	-	-	403,474
Totals	\$ 685,164	\$ -	\$ -	685,164

Note 6: Restricted Cash and Deposits

Custodial Cash

ICAP participates in a mutual self-help program and is the custodial agent for low income individuals who have been awarded a construction loan or mortgage from USDA Rural Development. The Organization holds the funds in a custodial bank account for the homeowner and issues checks on the homeowner's behalf when needed for pre-construction and construction payments. The balance was \$155,628 on September 30, 2020.

Inter-Lakes Community Action Partnership, Inc.

Notes to Consolidated Financial Statements

Note 6: Restricted Cash and Deposits (Continued)

Cash Reserves

Cash reserves consisted of the following as of September 30, 2020:

USDA Reserve	\$	39,032
Tenant security deposits		27,560
Replacement reserve		54,656
Operating deficit reserve		220,090
<hr/>		
Total	\$	341,338

Under the terms and conditions of the USDA Rural Development note payable, ICAP is required to make monthly deposits of \$476 until there is an accumulated sum of \$57,120. With prior written approval of Rural Development, funds may be withdrawn to pay the cost of repairing or replacing any damage to the facility which may have been caused by catastrophe, or making extensions or improvements to the facility. The balance at September 30, 2020, was \$39,032.

Pursuant to the Partnership Agreement, the Partnership has set aside funds to repay tenant security deposits after lease termination in accordance with requirements by the state.

Pursuant to the terms of the Partnership Agreement, the Partnership is required to establish and maintain a replacement reserve with deposits made at a rate of \$400 per unit per year, increasing by 3% each 12-month period thereafter, commencing in the month after issuance of a certificate of occupancy. No disbursements are allowed in the first 24 months of operations. As a condition of the allocation of low-income housing credits and the HOME Regulatory Agreement, deposits made at a rate of \$400 per unit per year, increasing by 3% annually, are required each year during the affordability period, commencing in 2018. Funds in the replacement reserve shall be used to fund the cost of improvements and replacements to the project.

Pursuant to the terms of the Partnership Agreement, the Partnership was required to establish, maintain, and replenish an operating deficit escrow in the amount of up to \$245,000 in a segregated reserve with Horizon Bank.

Inter-Lakes Community Action Partnership, Inc.

Notes to Consolidated Financial Statements

Note 7: Property and Equipment

Property and equipment consisted of the following at September 30, 2020:

Land	\$ 641,288
Land Improvements	657,266
Vehicles	944,596
Buildings	8,719,999
Equipment and fixtures	1,214,480
Construction in progress	163,875
<hr/>	
Subtotal	12,341,504
Accumulated depreciated	(2,648,848)
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Property and equipment, net	\$ 9,692,656

Construction in progress consisted of architecture fees paid on ICAP's office building in the amount of \$85,630 and rehabilitation jobs that were in progress of \$78,245.

Note 8: Lessor Activity

The Partnership owns a housing project that is a mix of low- to moderate-income housing facilities. A summary of the acquisition costs and accumulated depreciation on the above property is as follows:

Land	\$ 330,000
Land improvements	657,266
Buildings	5,818,534
Equipment and fixtures	745,022
<hr/>	
Subtotal	7,550,822
Accumulated depreciation	(956,842)
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Investment in property and equipment, net	\$ 6,593,980

Note 9: Funds Held for Others

The Organization holds funds in a custodial bank account for the homeowner and issues checks on the homeowner's behalf when needed for pre-construction and construction payments. The balance was \$155,628 on September 30, 2020.

Inter-Lakes Community Action Partnership, Inc.

Notes to Consolidated Financial Statements

Note 10: Notes Payable

The Organization has the following notes payable as of September 30, 2020:

ICAP

Note payable in the amount of \$1,024,000 to USDA Rural Development at 3.75%, with monthly payments including principal and interest of \$4,752, due November 2043, collateralized by real estate. \$ 878,614

Note payable in the amount of \$900,000 to the City of Sioux Falls at 0% interest, with annual payments of \$30,000, first payment due September 2019, maturity of September 2049, collateralized by real estate. 840,000

Note payable in the amount of \$350,000 to the City of Sioux Falls at 0% interest, with a single principal payment due upon the earlier of the removal of the Horizon Place Apartments Limited Partnership from the LIHTC program or May 11, 2033. The note is collateralized by real estate as well as a corresponding note receivable and assignment of the liability to the Horizon Place Apartments Limited Partnership. 350,000

Note payable in the amount of \$183,583 to First Bank & Trust at 5.50% interest, with monthly payments including principal and interest of \$1,504, due December 2033, collateralized by real estate. 168,798

Note payable in the amount of \$23,600 to First Bank & Trust at 4.50% interest, with monthly payments including principal and interest of \$375, due July 2024, collateralized by a cargo van. 15,816

Partnership

Note payable in the amount of \$150,177 to a financial institution at 4% interest through April 10, 2019, then increasing to 5.75%, due in monthly installments of \$1,200 including interest, beginning May 2019 and continuing through May 2035. The note is collateralized by all land, buildings, equipment and assignment of all rents and leases of Horizon Place Apartments Limited Partnership, LP, net of unamortized debt issuance costs of \$1,267. 142,772

Note payable in the amount of \$1,085,816 to South Dakota Housing Development Authority at 0%, due in various monthly payments, beginning January 2019 through December 2036. The note is collateralized by all land, buildings, equipment and an assignment of all rents and leases of Horizon Place Apartments Limited Partnership, LP. 1,008,813

Note payable in the amount of \$170,000 to South Dakota Housing Development Authority at 0% interest, payment due at maturity in December 2040. The note is collateralized by all land, buildings, equipment and an assignment of all rents and leases of Horizon Place Apartments Limited Partnership, LP. 170,000

Total notes payable	3,574,813
Less: Current maturities of notes payable	(143,431)

Long-term maturities of notes payable, net of unamortized debt issuance costs	\$ 3,431,382
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Inter-Lakes Community Action Partnership, Inc.

Notes to Consolidated Financial Statements

Note 10: Notes Payable (Continued)

For years ended September 30, future scheduled maturities of notes payable are as follows:

2021	\$	143,431
2022		145,026
2023		147,092
2024		148,484
2025		142,388
Thereafter		2,848,392
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Total	\$	3,574,813
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Interest expense for notes payable for the year ended September 30, 2020, was \$44,295.

Note 11: Refundable Advances

At September 30, 2020, ICAP had a refundable advance liability of \$138,347, of which \$45,747 was related to conditional grants with the remaining amount representing the receipt of an award from the Small Business Administration's (SBA) Paycheck Protection Program (PPP) as a result of legislation passed to assist businesses and nonprofits in navigating the Coronavirus pandemic. ICAP has determined the award is a conditional grant and has applied the policy as described in Note 1. Accordingly, the award is reported as a refundable advance liability until the conditions are substantially met or explicitly waived.

ICAP has interpreted the condition of the award to be the approval of the forgiveness application by the lender and SBA. Should the conditions of the award not be substantially met or explicitly waived, all or a portion of the award will bear interest at 1% be repayable in monthly amounts of principal and interest of \$5,212, commencing upon receipt of notification of the unforgiven amount by the SBA, and would be required to be paid no later than April 2022. ICAP anticipates that the conditions of the award will be substantially met and the full amount of the award will be recognized as revenue.

Note 12: Operating Leases

ICAP leases office equipment and various facilities for operation of its programs through 2022. The total future minimum rental commitment under these lease agreements (which are considered operating leases) is \$165,080 and will be allocated to available programs based on usage. Lease agreements with ICAP are subject to adequate annual funding levels of ICAP. Rent/lease expense for the year ended September 30, 2020, was \$163,007.

Minimum lease payments for operating leases in future years are as follows:

2021	\$	137,848
2022		27,232
<hr/>		
Net minimum lease payments	\$	165,080
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Inter-Lakes Community Action Partnership, Inc.

Notes to Consolidated Financial Statements

Note 13: Net Assets with Donor Restrictions

Net assets with donor restrictions at September 30, 2020, consisted of contributions restricted for purpose of \$102,745. Net assets released from restriction through satisfaction of program restrictions at September 30, 2020, consisted of \$11,939,682 of grant and other purpose related expenditures.

Note 14: Community Foundation

ICAP is the beneficiary of an endowment fund with the Sioux Falls Area Community Foundation (the "Foundation") for the Partnership to Raise Community Capital drive. Donors have contributed funds to be placed in a designated endowment in the name of Heartland House, a rapid re-housing program that is run by ICAP. The Foundation has total variance power over all of the funds received; in addition, all donations are irrevocable. Annually, ICAP has the option to receive 4% of the average balance in the fund over the previous eight quarters. During the year ended September 30, 2020, ICAP received \$15,481 from the fund, recorded as other income. As of September 30, 2020, the balance of these funds with the Foundation was \$397,193, and is not recorded on ICAP's financial statements.

Note 15: Tax-Deferred Annuity Plan

During the year ended September 30, 2020, ICAP made contributions to a tax-deferred annuity plan qualified under Section 403(b) of the Internal Revenue Code. The plan covers all employees who have been employed by ICAP for six months, work a minimum of 500 hours, and are scheduled to work 20 or more hours per week. Employees can elect to make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code. ICAP will match employee contributions of 3% of the employee's annual salary after the employee has been employed six months. Employees are 100% vested after one year of service. ICAP made employer contributions of \$124,233 to the plan for the year ended September 30, 2020.

Note 16: Commitments and Contingencies

ICAP participates in a number of federally assisted and state grant programs. These programs are subject to program compliance audits by the grantors and their representatives. Any disallowed costs may constitute a liability of ICAP. ICAP is also required to match 20% of the total grantee budget for the Head Start program, or 25% of the total federal funds, with local resources. ICAP believes that it is in substantial compliance with all grant requirements, including those related to matching, and disallowed costs, if any, would not be significant.

ICAP received CDBG loans from the City of Sioux Falls for the purpose of loaning these funds to the Partnership for the purchase and development of various properties within the City of Sioux Falls. These loan agreements contain specific restrictions on the use and disposition of the properties with a term of 30 years ending on September 1, 2048. The total amount loaned under this agreement for eligible purposes was \$900,000, of which there was \$840,000 owed as of September 30, 2020. If ICAP violates any of the restrictions on the property, the funds used to purchase and develop the property will become payable to the City of Sioux Falls.

Inter-Lakes Community Action Partnership, Inc.

Notes to Consolidated Financial Statements

Note 16: Commitments and Contingencies (Continued)

The City of Sioux Falls and the Partnership agreed to the assignment of a 0% mortgage note payable to the City of Sioux Falls in the amount of \$350,000. The note is required to be repaid in its entirety on the earlier of May 11, 2033, the removal of the project from the Low Income Housing Tax Credit program, if the property is ever conveyed or control relinquished by ICAP, or if the agreement is ever terminated for noncompliance. While the City of Sioux Falls has agreed to assign the responsibilities for the repayment of this note to the Partnership, ICAP remains joint and severally liable for this note under the terms of this agreement.

Note 17: Grant Awards

At September 30, 2020, ICAP had commitments under various grants of \$7,786,066. These commitments are not recognized in the accompanying consolidated financial statements as they are conditional awards.

Note 18: Investment in Limited Partnership

ICAP is the sole member of Lacey Village, LLC. Lacey Village, LLC is the .01% general partner of Lacey Village Townhomes Limited Partnership ("Project"). Lacey Village Townhomes Limited Partnership is a low-income housing tax credit project with a total eligible bases of \$7,650,285. As of September 30, 2020 the project is in the construction phase. ICAP has contributed \$150,000 to the project and has received developer fee income of \$31,250 in accordance with the partnership agreement. Interest in the Project is recorded on the equity method until construction is completed. Consolidation will be evaluated when the Project is complete.

Supplementary Information

Inter-Lakes Community Action Partnership, Inc.

Consolidating Statement of Financial Position

September 30, 2020

Assets	Inter-Lakes Community Action Partnership, Inc.	Horizon Place Apartments Limited Partnership	Eliminations	Total
Current assets:				
Cash and cash equivalents	\$ 1,380,943	\$ 9,487	\$ -	\$ 1,390,430
Investments	685,164	-	-	685,164
Grants receivable	546,888	-	-	546,888
Accounts receivable	143,659	7,986	(21,692)	129,953
Other assets	251,736	1,199	(511)	252,424
Total current assets	3,008,390	18,672	(22,203)	3,004,859
Restricted cash and deposits:				
Custodial cash	155,628	-	-	155,628
Cash reserves	39,032	302,306	-	341,338
Total restricted cash and deposits	194,660	302,306	-	496,966
Property and equipment, net	3,098,676	6,593,980	-	9,692,656
Other assets:				
Development fee receivable	350,232	-	(350,232)	-
Tax credit monitoring fees, net	-	46,265	-	46,265
Investment in limited partnership - Lacey Village	150,000	-	-	150,000
Investment in and notes receivable from limited partnership	1,243,047	-	(1,243,047)	-
Total other assets	1,743,279	46,265	(1,593,279)	196,265
Total assets	\$ 8,045,005	\$ 6,961,223	\$ (1,615,482)	\$ 13,390,746
Liabilities and Net Assets				
Liabilities:				
Current portion of notes payable	\$ 67,329	\$ 76,102	\$ -	\$ 143,431
Accounts payable	152,695	42,661	-	195,356
Accrued payroll and related expenses	747,884	-	-	747,884
Security deposits payable	-	31,020	-	31,020
Refundable advances	138,347	-	-	138,347
Funds held for others	155,628	-	-	155,628
Total current liabilities	1,261,883	149,783	-	1,411,666
Long-term debt:				
Deferred development fee	-	350,232	(350,232)	-
Notes payable, less current portion	2,185,898	2,487,176	(1,241,692)	3,431,382
Total long-term debt	2,185,898	2,837,408	(1,591,924)	3,431,382
Total liabilities	3,447,781	2,987,191	(1,591,924)	4,843,048
Net assets:				
Without donor restrictions	4,494,479	397	(23,558)	4,471,318
Without donor restrictions - non-controlling interest	-	3,973,635	-	3,973,635
Net assets without donor restrictions	4,494,479	3,974,032	(23,558)	8,444,953
Net assets with donor restrictions	102,745	-	-	102,745
Total net assets	4,597,224	3,974,032	(23,558)	8,547,698
Total liabilities and net assets	\$ 8,045,005	\$ 6,961,223	\$ (1,615,482)	\$ 13,390,746

See Independent Auditor's Report.

Inter-Lakes Community Action Partnership, Inc.

Consolidating Statement of Activities

Year Ended September 30, 2020

	Inter-Lakes Community Action Partnership, Inc.	Horizon Place Apartments Limited Partnership	Eliminations	Total
Revenue:				
Prior year's refundable advance	\$ 100,158	\$ -	\$ -	\$ 100,158
Current year grant awards	10,648,808	-	-	10,648,808
Refundable advance	(138,347)	-	-	(138,347)
Net grant revenue	10,610,619	-	-	10,610,619
Commodity foods received	41,254	-	-	41,254
Program income	662,059	-	-	662,059
Investment income	78,648	-	(23,047)	55,601
In-kind revenue	58,469	-	-	58,469
Loss on disposal of assets	(19,350)	-	-	(19,350)
Contributions	252,706	-	-	252,706
Development fee	31,250	-	-	31,250
Other income	593,149	-	-	593,149
Total revenue	12,308,804	-	(23,047)	12,285,757
Expenses:				
Program services:				
Early Childhood Education	4,440,804	-	-	4,440,804
Food Program	1,518,871	-	-	1,518,871
Community Services	1,259,348	-	-	1,259,348
Weatherization Energy Assistance	700,633	-	-	700,633
Housing Programs	761,822	-	-	761,822
Homeless Housing Programs	1,089,216	-	-	1,089,216
Transit Programs	237,541	-	-	237,541
Emergency Services	1,237,759	-	-	1,237,759
Discretionary	40,174	-	-	40,174
Total program services	11,286,168	-	-	11,286,168
Management and general	833,397	-	-	833,397
Fund-raising	10,517	-	-	10,517
Total expenses	12,130,082	-	-	12,130,082
Change in net assets	178,722	-	(23,047)	155,675
Consolidation of limited partnership	-	3,974,032	(511)	3,973,521
Net assets - Beginning of year	4,418,502	-	-	4,418,502
Net assets - End of year	\$ 4,597,224	\$ 3,974,032	\$ (23,558)	\$ 8,547,698

See Independent Auditor's Report.

Inter-Lakes Community Action Partnership, Inc.

Schedule of Expenditures of Federal Awards and List of Programs

Year Ended September 30, 2020

Federal Grantor/Program Title	CFDA Number	Fund Source/ Pass-Through Entity	Agency I.D. Number	Program Period	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE					
Rural Self-Help Rehabilitation Technical Assistance 12 County	10.420	U.S.D.A. Rural Development Department	Grant # 41	08/01/2017 - 12/31/2019	\$ 12,052
Rural Self-Help Housing Technical Assistance - 14 County	10.420	U.S.D.A. Rural Development Department	Grant # 42	03/01/2018 - 09/30/2021	124,285
Rural Self-Help Rehabilitation Technical Assistance 12 County	10.420	U.S.D.A. Rural Development Department	Grant # 43	11/15/2019 - 11/14/2021	<u>124,921</u>
Total Federal Expenditures CFDA 10.420					<u>261,258</u>
Child and Adult Care Food Program - U.S.D.A. Reimbursement	10.558	South Dakota Department of Education and Cultural Affairs	N/A	10/01/2019 - 09/30/2020	<u>146,735</u>
Commodity Supplemental Food Program (CSFP)	10.565	South Dakota Department of Education and Cultural Affairs Child and Adult Nutrition Services	N/A	10/01/2019 - 09/30/2020	41,254
Commodity Supplemental Food Program (CSFP)	10.565	South Dakota Department of Education and Cultural Affairs Child and Adult Nutrition Services	N/A	10/01/2019 - 09/30/2020	<u>941</u>
Total Federal Expenditures Food Distribution Cluster (CFDA 10.565)					<u>42,195</u>
Total U.S. Department of Agriculture					<u><u>450,188</u></u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					
Housing Counseling Assistance Program	14.169	South Dakota Housing Development Authority	HC190841004	10/01/2018 - 03/31/2020	<u>652</u>
Community Development Block Grant - Horizon Place Apartments Limited Partnership	14.218	City of Sioux Falls	16-4156	08/01/2016 - 09/01/2049	870,000
Community Development Block Grant Bright Futures - TRBA	14.218	Sioux Falls Community Development	19-4287	08/01/2019 - 07/31/2020	126,184
Community Development Block Grant Bright Futures - TRBA	14.218	Sioux Falls Community Development	20-4121	06/01/2020 - 07/31/2021	<u>32,257</u>
Total CDBG Entitlement Grants Cluster (CFDA 14.218)					<u>1,028,441</u>
Emergency Solutions Grant Program	14.231	South Dakota Housing Development Authority	E-19-DC-46-0001-09	07/29/2019 - 01/29/2021	48,275
COVID-19 Emergency Solutions Grant Program CARES ACT	14.231	South Dakota Housing Development Authority	E-20-DW-46-0001-03	06/11/2020 - 12/12/2021	<u>6,660</u>
Total Federal Expenditures CFDA 14.231					<u>54,935</u>

Inter-Lakes Community Action Partnership, Inc.

Schedule of Expenditures of Federal Awards and List of Programs (Continued)

Year Ended September 30, 2020

Federal Grantor/Program Title	CFDA Number	Fund Source/ Pass-Through Entity	Agency I.D. Number	Program Period	Federal Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (Continued)					
HOME Investment Partnership Program - Home Rehabilitation	14.239	South Dakota Housing Development Authority	N/A	09/18/2018 - 01/31/2020	76,435
HOME Investment Partnership Program - Home Rehabilitation	14.239	South Dakota Housing Development Authority	N/A	10/08/2019 - 12/30/2020	77,594
Community Development Block Grant Bright Futures - TRBA	14.239	Sioux Falls Community Development	20-4121	08/01/2020 - 07/31/2021	65,266
HOME Investment Partnership Program - Security Deposit Assistance Program	14.239	South Dakota Housing Development Authority	N/A	10/08/2019 - 11/30/2020	<u>15,571</u>
Total Federal Expenditures CFDA 14.239					<u>234,866</u>
Continuum of Care Program - PIT-HIC	14.267	Department of Housing and Urban Development	N/A	11/15/2019 - 11/14/2020	889
Continuum of Care Program - Heartland Rapid Re-housing	14.267	Department of Housing and Urban Development	SD0023L8T001802	05/01/2019 - 06/30/2020	348,636
Continuum of Care Program - Heartland Rapid Re-housing	14.267	Department of Housing and Urban Development	SD0023L8T001903	07/01/2020 - 06/30/2021	160,252
Continuum of Care Program - Heartland Rapid Re-housing - DV	14.267	Department of Housing and Urban Development	SD0032L8T001900	09/01/2020 - 08/31/2021	<u>5,545</u>
Total Federal Expenditures CFDA 14.267					<u>515,322</u>
Total U.S. Department of Housing and Urban Development					<u><u>1,834,216</u></u>
U.S. DEPARTMENT OF TRANSPORTATION					
Formal Grants for Rural Areas - Transportation	20.509	South Dakota Department of Transportation	811784	10/01/2019 - 09/30/2020	82,982
COVID-19 Formal Grants for Rural Areas - Transportation CARES ACT	20.509	South Dakota Department of Transportation	811879	01/20/2020-09/30/2020	78,436
Formal Grants for Rural Areas - Training	20.509	South Dakota Department of Transportation	1160-2019-4	10/01/2018 - 09/30/2020	<u>1,108</u>
Total Federal Expenditures CFDA 20.509					<u>162,526</u>
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	South Dakota Department of Transportation	SD-2019-001	10/01/2018 - 09/30/2020	987
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	South Dakota Department of Transportation	811859	10/01/2019 - 09/30/2021	<u>583</u>
Total Federal Expenditures Transit Services Program Cluster CFDA 20.513					<u>1,570</u>
Total U.S. Department of Transportation					<u><u>164,096</u></u>

Inter-Lakes Community Action Partnership, Inc.

Schedule of Expenditures of Federal Awards and List of Programs (Continued)

Year Ended September 30, 2020

Federal Grantor/Program Title	CFDA Number	Fund Source/ Pass-Through Entity	Agency I.D. Number	Program Period	Federal Expenditures
U.S. DEPARTMENT OF THE TREASURY					
Volunteer Income Tax Assistance VITA Matching Grant Program	21.009	Rural Office of Community Services Community Action Program	1VITA0114	08/01/2019 - 09/30/2020	<u>22,300</u>
Total U.S. Department of the Treasury					<u><u>22,300</u></u>
U.S. DEPARTMENT OF ENERGY					
Weatherization Assistance for Low-Income Persons - Weatherization	81.042	South Dakota Department of Social Services	20-0821-601	07/01/2019 - 06/30/2020	343,613
Weatherization Assistance for Low-Income Persons - Weatherization	81.042	South Dakota Department of Social Services	21-0821-601	07/01/2020 - 06/30/2021	<u>85,749</u>
Total Federal Expenditures CFDA 81.042					<u>429,362</u>
Total U.S. Department of Energy					<u><u>429,362</u></u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Special Programs for the Aging - Title III Part B - Grants for Supportive Services and Senior Centers - Transportation	93.044	South Dakota Department of Social Services	811784	10/01/2019 - 09/30/2020	<u>5,233</u>
Special Programs for the Aging - Title III Part C - Nutrition Services Congregate and Home Delivered Meals	93.045	South Dakota Department of Social Services	9193-657-016 20	06/01/2019 - 05/31/2020	321,220
COVID-19 Special Programs for the Agir Title III Part C - Nutrition Services Congregate and Home Delivered Meals CARES ACT	93.045	South Dakota Department of Social Services	9193-657-016 20	03/15/2020 - 05/31/2020	104,836
Special Programs for the Aging - Title III Part C - Nutrition Services Congregate and Home Delivered Meals	93.045	South Dakota Department of Social Services	9193-657-016 21	06/01/2019 - 05/31/2020	<u>145,879</u>
Total Federal Expenditures CFDA 93.045					<u>571,935</u>
Nutrition Services Incentive Program	93.053	South Dakota Department of Social Services	9193-657-016 20	06/01/2019 - 05/31/2020	80,292
COVID-19 Nutrition Services Incentive Program	93.053	South Dakota Department of Social Services	9193-657-016 20	03/15/2020 - 05/31/2020	13,128
Nutrition Services Incentive Program	93.053	South Dakota Department of Social Services	9193-657-016 21	06/01/2020 - 05/31/2021	<u>52,051</u>
Total Federal Expenditures CFDA 93.053					<u>145,471</u>
Total Federal Expenditures Aging Cluster (CFDA 93.044, 93.045, 93.053)					<u><u>722,639</u></u>

Inter-Lakes Community Action Partnership, Inc.

Schedule of Expenditures of Federal Awards and List of Programs (Continued)

Year Ended September 30, 2020

Federal Grantor/Program Title	CFDA Number	Fund Source/ Pass-Through Entity	Agency I.D. Number	Program Period	Federal Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)					
Low-Income Home Energy Assistance	93.568	South Dakota Department of Social Services	20-0821-605	07/01/2019 - 06/30/2020	270,699
Low-Income Home Energy Assistance	93.568	South Dakota Department of Social Services	21-0821-605	07/01/2020 - 06/30/2021	<u>22,907</u>
Total Federal Expenditures CFDA 93.568					<u>293,606</u>
Community Services Block Grant	93.569	South Dakota Department of Social Services	20-0821-609	06/01/2019 - 05/31/2020	689,174
Community Services Block Grant	93.569	South Dakota Department of Social Services	21-0821-609	06/01/2020 - 05/31/2021	271,126
COVID-19 Community Services Block Grant CARES ACT	93.569	South Dakota Department of Social Services	20-0821-628	03/27/2020 - 05/31/2021	386,977
Community Services Block Grant Disaster Relief Supplemental	93.569	South Dakota Department of Social Services	20-0821-625	10/01/2019 - 06/30/2021	35,874
Community Services Block Grant Discretionary Awards	93.569	South Dakota Community Action Partnership	90ET0473-01-00	09/30/2019 - 09/29/2020	<u>10,906</u>
Total Federal Expenditures CFDA 93.569					<u>1,394,057</u>
Child Abuse Challenge Grants	93.590	South Dakota Department of Social Services	20sc086020	06/01/2019 - 05/31/2020	622
Child Abuse Challenge Grants	93.590	South Dakota Department of Social Services	21sc086020	06/01/2020 - 05/31/2021	<u>354</u>
Total Federal Expenditures CFDA 93.590					<u>976</u>
Infant & Toddler Grant	93.575	South Dakota Department of Social Services	20-0843-752	03/06/2020 - 05/31/2020	<u>1,957</u>
Child Care Mandatory and Matching Funds of the Child Care and Development Fund - SFC	93.596	South Dakota Department of Social Services	N/A	10/01/2019 - 09/30/2020	36,190
COVID-19 Child Care Mandatory and Matching Funds of the Child Care and Development Fund - SFC CARES ACT	93.596	South Dakota Department of Social Services	N/A	07/05/2020 - 05/31/2021	4,600
Child Care Mandatory and Matching Funds of the Child Care and Development Fund - Madison	93.596	South Dakota Department of Social Services	N/A	10/01/2019 - 09/30/2020	4,080
COVID-19 Child Care Mandatory and Matching Funds of the Child Care and Development Fund - Madison CARES ACT	93.596	South Dakota Department of Social Services	N/A	07/05/2020 - 05/31/2021	<u>400</u>
					45,270
Total Federal Expenditures CCDF Cluster CFDA 93.575 and 93.596					<u>47,227</u>

Inter-Lakes Community Action Partnership, Inc.
Schedule of Expenditures of Federal Awards and List of Programs (Continued)

Year Ended September 30, 2020

Federal Grantor/Program Title	CFDA Number	Fund Source/ Pass-Through Entity	Agency I.D. Number	Program Period	Federal Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)					
Head Start	93.600	U.S. Department of Health and Human Services	08-CH010817-01-01	02/01/2019 - 01/31/2020	828,681
Early Head Start	93.600	U.S. Department of Health and Human Services	08-CH010817-01-01	02/01/2019 - 01/31/2020	789,292
Early Head Start - T&TA	93.600	U.S. Department of Health and Human Services	08-CH010817-01-01	02/01/2019 - 01/31/2020	18,366
Head Start Pre-Birth to Five	93.600	U.S. Department of Health and Human Services	08-CH010817-02	02/01/2020 - 01/31/2021	2,967,836
Head Start - T&TA	93.600	U.S. Department of Health and Human Services	08-CH010817-02	02/01/2020 - 01/31/2021	9,119
Early Head Start - T&TA	93.600	U.S. Department of Health and Human Services	08-CH010817-02	02/01/2020 - 01/31/2021	17,625
COVID-19 Head Start Pre-Birth to Five CARES ACT	93.600	U.S. Department of Health and Human Services	08-CH010817-02C3	02/01/2020 - 01/31/2021	130,797
Total Federal Expenditures Head Start Cluster CFDA 93.600					<u>4,761,716</u>
Assets for Independence Act	93.602	Northeast South Dakota Community Action Program	N/A	09/01/2014 - 09/29/2021	<u>10,875</u>
Total U.S. Department of Health and Human Services					<u><u>7,231,096</u></u>
U.S. DEPARTMENT OF HOMELAND SECURITY					
Emergency Food and Shelter National Board Program	97.024	Feeding South Dakota	Phase 36	10/01/2018 - 05/31/2020	23,317
Emergency Food and Shelter National Board Program	97.024	Brookings United Way	Phase 36	10/01/2018 - 03/31/2020	3,232
Emergency Food and Shelter National Board Program	97.024	Feeding South Dakota	Phase 37	01/01/2020 - 05/31/2021	12,379
Emergency Food and Shelter National Board Program	97.024	Brookings United Way	Phase 37	01/01/2020 - 05/31/2021	2,336
COVID-19 Emergency Food and Shelter National Board Program CARES ACT	97.024	Feeding South Dakota	CARES	01/27/2020 - 05/31/2021	12,220
COVID-19 Emergency Food and Shelter National Board Program CARES ACT	97.024	Brookings United Way	CARES	01/27/2020 - 05/31/2021	714
Total Federal Expenditures CFDA 97.024					<u>54,198</u>
Total U.S. Department of Homeland Security					<u><u>54,198</u></u>
Total Federal Expenditures					<u><u>\$ 10,185,456</u></u>

Inter-Lakes Community Action Partnership, Inc.

Schedule of Expenditures of Federal Awards and List of Programs (Continued)

Year Ended September 30, 2020

Grantor/Program Title	Fund Source/ Pass-Through Entity	Agency I.D. Number	Program Period
STATE AND LOCAL PROGRAMS			
ICARE	MidAmerican Energy	N/A	01/01/2019 - 12/31/2019
ICARE	MidAmerican Energy	N/A	01/01/2020 - 12/31/2020
City of Brandon Transit	South Dakota Department of Transportation	811787	10/01/2019 - 09/30/2020
East Dakota Transit - Madison	South Dakota Department of Transportation	811788	10/01/2019 - 09/30/2020
City of Dell Rapids Transit	South Dakota Department of Transportation	811783	10/01/2019 - 09/30/2020
Formula Grants for Rural Areas - State funds	South Dakota Department of Transportation	811784	10/01/2019 - 09/30/2020
City of Brandon Transit CARES	South Dakota Department of Transportation	811888	01/20/2020 - 09/30/2020
East Dakota Transit - Madison CARES	South Dakota Department of Transportation	811880	01/20/2020 - 09/30/2020
City of Dell Rapids Transit CARES	South Dakota Department of Transportation	811895	01/20/2020 - 09/30/2020
Formula Grants for Rural CARES Areas - State funds	South Dakota Department of Transportation	811879	01/20/2020 - 09/30/2020
Nutrition Services - State Funds	South Dakota Department of Social Services	9193-657-016 20	06/01/2019 - 05/31/2020
Nutrition Services - State Funds	South Dakota Department of Social Services	9193-657-016 21	06/01/2020 - 05/31/2021
Nutrition Services - State Funds	South Dakota Department of Social Services	9193-657-016 20	03/15/2020 - 05/31/2020
SHARE Program	South Dakota Department of Social Services	21-085C-600	06/01/2020 - 05/31/2021
Watertown Transitional Housing	Watertown Community Foundation	N/A	09/05/2019 - 09/04/2021
Paycheck Protection Program	Small Business Administration	6496787201	04/29/2020 - 11/11/2020
Bread Basket	Cargill - Turner County	N/A	04/23/2020 - 04/23/2021
Rapid Rehousing Support	First Lutheran Church Woment	N/A	12/31/2019 - 12/30/2020
Project T.O.M.	City of Sioux Falls	20-4038	08/01/2020 - 07/31/2021
Build Your Own House	Citibank	N/A	Indefinite
IDA Program	Wells Fargo	N/A	10/01/2019 - 11/30/2020
Homeownership Education	South Dakota Housing Development Authority	N/A	07/01/2019 - 06/30/2020
Resource Organization (HERO)	South Dakota Housing Development Authority	2019-418	12/06/2019 - 12/05/2022
HOF ESG Rural	South Dakota Housing Development Authority	2019-419	12/06/2019 - 12/05/2022
HOF ESG Urban	South Dakota Housing Development Authority	2019-420	12/06/2019 - 12/05/2022
HOF Home Rehab	South Dakota Housing Development Authority	2019-420	12/06/2019 - 12/05/2022
Lake Area Recovery Network	Private Donations	N/A	Indefinite
Head Start Health	Private Donations	N/A	Indefinite
Care Mobile	Watertown Community Foundation	N/A	Indefinite
Care Mobile	Interlakes Area United Way	N/A	Indefinite
Dakota Pride Scholarship	Dakota Business Finance	N/A	Indefinite
Various programs	Interlake's Area United Way	N/A	01/01/2020 - 12/31/2020
Various programs	Watertown Area United Way	N/A	01/01/2020 - 12/31/2020
DISCRETIONARY			
Corporate Programs	Various		10/01/2019 - 09/30/2020

See Independent Auditor's Report and Notes to the Schedule of Expenditures of Federal Awards and List of Programs.

Inter-Lakes Community Action Partnership, Inc.

Notes to the Schedule of Expenditures of Federal Awards and List of Programs

Note A: General

The accompanying Schedule of Expenditures of Federal Awards and List of Programs (the "Schedule") includes the federal grant activity under programs of the federal government for the year ended September 30, 2020. The information in the 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* (the "Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of Inter-Lakes Community Action Partnership, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Inter-Lakes Community Action Partnership, Inc.

Note B: Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available. Inter-Lakes Community Action Partnership, Inc. has not elected to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance. No amounts have been passed through to subrecipients for the year ended September 30, 2020.

Note C: Federal Loans Payable

Federal expenditures for the U.S. Department of Housing and Urban Development ("HUD") Community Development Block Grant program includes the balance of a loan outstanding. This particular loan was funded by a grant from HUD to the City of Sioux Falls who passed through these funds in the form of a low-interest loan and for which the grantor imposes continuing compliance requirements. Total principal on this loan was \$900,000 which was used to loan money to Horizon Place Apartments Limited Partnership to finance eligible activities including the provision of housing to low income and homeless families. Annual principal payments of \$30,000 are due on this loan.

	CDBG Loan
Balance October 1, 2019	\$ 870,000
Repayments	(30,000)
Balance September 30, 2020	\$ 840,000

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

Board of Directors
Inter-Lakes Community Action Partnership, Inc.
Madison, South Dakota

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 consolidated financial statements of Inter-Lakes Community Action Partnership, Inc. and Subsidiary, which comprise the consolidated statement of financial position as of September 30, 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated ISSUANCE DATE. The financial statements of Horizon Place Apartments Limited Partnership, LP were not audited in accordance with *Government Auditing Standards* and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with Horizon Place Apartments Limited Partnership, LP.

Auditor's Responsibility

In planning and performing our audit of the consolidated financial statements, we considered Inter-Lakes Community Action Partnership, 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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Inter-Lakes Community Action Partnership, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Inter-Lakes 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Inter-Lakes 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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



Wipfli LLP

January 21, 2021
Madison, Wisconsin

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

Board of Directors
Inter-Lakes Community Action Partnership, Inc.
Madison, South Dakota

Report on Compliance for Each Major Federal Program

We have audited Inter-Lakes Community Action Partnership, Inc.'s compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2020. Inter-Lakes 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.

Management's Responsibility for Compliance

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Inter-Lakes Community Action Partnership, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Inter-Lakes Community Action Partnership, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on Inter-Lakes Community Action Partnership, Inc.'s compliance.

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

Management of Inter-Lakes Community Action Partnership, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Inter-Lakes Community Action Partnership, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Inter-Lakes Community Action Partnership, Inc.'s internal control over compliance.

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

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

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

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

Wipfli LLP

January 21, 2021
Madison, Wisconsin

Inter-Lakes Community Action Partnership, Inc.

Schedule of Findings and Questioned Costs

Year Ended September 30, 2020

Section I - Summary of Auditor's Results

Financial Statements

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

Federal Awards

Internal control over major federal programs:	
Material weakness identified?	No
Significant deficiency identified?	No

Type of auditor's report issued on compliance for major program	Unmodified
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Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance [2 CFR 200.516(a)]?	No
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<u>Name of Federal Major Programs</u>	<u>CFDA No.</u>
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U.S. Department of Housing and Urban Development Community Development Block Grant	14.218
U.S. Department of Health and Human Services Community Services Block Grant	93.569

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
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Auditee qualified as low-risk auditee?	Yes
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Inter-Lakes Community Action Partnership, Inc.

Schedule of Findings and Questioned Costs (Continued)

Year Ended September 30, 2020

Section II - Financial Statement Findings

None.

Section III - Federal Award Findings and Questioned Costs

None.

Section IV - Status of Prior Year Findings and Questioned Costs

Finding: Development Fee Adjustment (2019-001)

Current year status: It was noted that the matter was resolved.