

Inter-Lakes Community Action Partnership, Inc. and Subsidiaries

Madison, South Dakota

Consolidated Financial Statements and
Supplementary Information

Year Ended September 30, 2021



WIPFLI

Inter-Lakes Community Action Partnership, Inc. and Subsidiaries

Year Ended September 30, 2021

Table of Contents

Independent Auditor's Report.....	1
Consolidated Financial Statements	
Consolidated Statement of Financial Position.....	3
Consolidated Statement of Activities.....	4
Consolidated Statement of Functional Expenses.....	5
Consolidated Statement of Cash Flows.....	6
Notes to Consolidated Financial Statements.....	7
Supplementary Information	
Consolidating Statement of Financial Position.....	27
Consolidating Statement of Activities.....	28
Schedule of Expenditures of Federal Awards and List of Programs.....	29
Notes to the Schedule of Expenditures of Federal Awards and List of Programs.....	35
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters.....	36
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance.....	38
Schedule of Findings and Questioned Costs.....	40

Independent Auditor's Report

Board of Directors
Inter-Lakes Community Action Partnership, Inc. and Subsidiaries
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 Subsidiaries, which comprise the consolidated statement of financial position as of September 30, 2021, 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 subsidiaries of Inter-Lakes Community Action Partnership, Inc. were 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 Subsidiaries as of September 30, 2021, 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, March 16, 2022, 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

Wipfli LLP
Madison, Wisconsin

March 16, 2022

Inter-Lakes Community Action Partnership, Inc. and Subsidiaries

Consolidated Statement of Financial Position

September 30, 2021

Assets	
Current assets:	
Cash and cash equivalents	\$ 1,695,380
Investments	815,398
Grants receivable	1,144,563
Accounts receivable	134,164
Other assets	251,937
Total current assets	4,041,442
Restricted cash, Investments, and deposits:	
Custodial cash	150,934
Investments - board designated funds	89,397
Cash reserves	400,884
Total restricted cash and deposits	641,215
Property and equipment, net	16,713,677
Other assets:	
Tax credit monitoring fees, net	82,227
Total other assets	82,227
Total assets	\$ 21,478,561
Liabilities and Net Assets	
Liabilities:	
Current portion of notes payable	\$ 201,588
Accounts payable	579,679
Accrued payroll and related expenses	894,688
Security deposits payable	50,266
Refundable advances	166,620
Funds held for others	150,934
Total current liabilities	2,043,775
Long-term debt:	
Deferred development fee	68,750
Notes payable, less current portion	5,541,428
Total long-term debt	5,610,178
Total liabilities	7,653,953
Net assets:	
Without donor restrictions	5,106,097
Without donor restrictions - board designated	89,397
Without donor restrictions - non-controlling interest	8,496,933
Net assets without donor restrictions	13,692,427
Net assets with donor restrictions	132,181
Total net assets	13,824,608
Total liabilities and net assets	\$ 21,478,561

See accompanying notes to consolidated financial statements.

Inter-Lakes Community Action Partnership, Inc. and Subsidiaries

Consolidated Statement of Activities

Year Ended September 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue:			
Prior year's refundable advance	\$ -	\$ 138,347	\$ 138,347
Current year grant awards	-	16,617,732	16,617,732
Refundable advance	-	(166,620)	(166,620)
Net grant revenue	-	16,589,459	16,589,459
Commodity foods received	-	42,316	42,316
Program income	1,772	739,263	741,035
Investment income	111,941	17	111,958
In-kind revenue	51,283	-	51,283
Loss on disposal of assets	(58,774)	-	(58,774)
Rental Income	547,951	-	547,951
Contributions	14,275	263,221	277,496
Contract Revenue	398,638	140,099	538,737
Other income	170,585	122,267	292,852
Net assets released from restriction through satisfaction of program restrictions	17,867,206	(17,867,206)	-
Total revenue	19,104,877	29,436	19,134,313
Expenses:			
Program services:			
Early Childhood Education	4,521,272	-	4,521,272
Food Program	1,857,802	-	1,857,802
Community Services	1,433,404	-	1,433,404
Weatherization Energy Assistance	795,386	-	795,386
Housing Programs	1,395,113	-	1,395,113
Homeless Housing Programs	1,409,050	-	1,409,050
Emergency Services	5,861,187	-	5,861,187
Discretionary	28,823	-	28,823
Total program services	17,302,037	-	17,302,037
Management and general	1,032,341	-	1,032,341
Total expenses	18,334,378	-	18,334,378
Change in net assets	770,499	29,436	799,935
Consolidation of limited partnership interest	4,476,975	-	4,476,975
Net assets - Beginning of year	8,444,953	102,745	8,547,698
Net assets - End of year	\$ 13,692,427	\$ 132,181	\$ 13,824,608

See accompanying notes to consolidated financial statements.

Inter-Lakes Community Action Partnership, Inc. and Subsidiaries

Consolidated Statement of Functional Expenses

Year Ended September 30, 2021

	Program Services								Subtotal	Management and General	Total
	Early Childhood Education	Food Program	Community Services	Weatherization Energy Assistance	Housing Programs	Homeless Housing Programs	Emergency Services	Discretionary			
Personnel	\$ 3,580,136	\$ 576,956	\$ 949,716	\$ 218,834	\$ 256,007	\$ 364,749	\$ 433,357	\$ (445)	\$ 6,379,310	\$ 814,279	\$ 7,193,589
Consultants and contract labor	117,062	4,305	28,009	2,179	61,387	4,111	1,709	1,548	220,310	42,681	262,991
Travel	10,249	15,783	11,937	14,751	12,745	3,972	1,371	8,624	79,432	44	79,476
Rent	84,349	10,801	22,420	4,606	5,402	3,381	4,564	-	135,523	36,077	171,600
Consumable supplies	174,214	31,826	40,340	5,339	14,125	6,971	14,974	603	288,392	55,047	343,439
Direct client assistance	16,787	1,127,302	216,212	524,527	319,941	993,035	5,396,884	807	8,595,495	-	8,595,495
Repairs/maintenance	131,015	9,642	26,535	2,846	110,225	3,984	1,823	3,642	289,712	14,459	304,171
In-kind expense	51,283	-	-	-	-	-	-	-	51,283	-	51,283
Interest	31,576	-	8,203	-	62,969	-	372	641	103,761	-	103,761
Depreciation and amortization	91,119	7,213	18,948	1,988	344,637	8,487	-	4,458	476,850	-	476,850
Commodity foods distributed	-	42,316	-	-	-	-	-	-	42,316	-	42,316
Other/program support	233,482	31,658	111,084	20,316	207,675	20,360	6,133	8,945	639,653	69,754	709,407
Total functional expenses	\$ 4,521,272	\$ 1,857,802	\$ 1,433,404	\$ 795,386	\$ 1,395,113	\$ 1,409,050	\$ 5,861,187	\$ 28,823	\$ 17,302,037	\$ 1,032,341	\$ 18,334,378

See accompanying notes to consolidated financial statements.

Inter-Lakes Community Action Partnership, Inc. and Subsidiaries

Consolidated Statement of Cash Flows

Year Ended September 30, 2021

Cash flows from operating activities:	
Change in net assets	\$ 799,935
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	476,850
Loss on disposal of property and equipment	58,774
Net unrealized and realized gains on investments	(59,839)
Changes in operating assets and liabilities:	
Grants receivable	(597,675)
Accounts receivable	13,116
Other assets	(118,919)
Tax credit monitoring fees, net	3,743
Accounts payable	301,699
Accrued payroll and related expenses	146,804
Security deposits payable	846
Refundable advances	28,273
Funds held for others	(4,694)
Net cash provided by operating activities	1,048,913
Cash flows from investing activities:	
Purchase of property and equipment	(241,380)
Proceeds from sale of property and equipment	12,725
Cash obtained in limited partnership consolidation	68,226
Purchase of investments	(912,268)
Proceeds from sale of investments	752,476
Net cash used in investing activities	(320,221)
Cash flows from financing activities:	
Principal payments on notes payable	(368,890)
Net cash used in financing activities	(368,890)
Net change in cash and cash equivalents, restricted cash and deposits	359,802
Cash and cash equivalents, restricted cash and deposits - Beginning of year	1,887,396
Cash and cash equivalents, restricted cash and deposits - End of year	\$ 2,247,198
<u>Reconciliation to statement of financial position:</u>	
Cash and cash equivalents	\$ 1,695,380
Custodial cash	150,934
Cash reserves	400,884
Cash and cash equivalents, restricted cash and deposits per statement of financial position	\$ 2,247,198
<u>Supplemental Schedule of Cash and Noncash Activity:</u>	
Interest paid and expensed	\$ 103,761
Assets acquired in partnership consolidation	\$ 7,396,866
Liabilities assumed in partnership consolidation	\$ 2,838,117

See accompanying notes to consolidated financial statements.

Inter-Lakes Community Action Partnership, Inc. and Subsidiaries

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 84% of total revenue, including the Head Start grant that comprises 26% of total revenue.

Horizon Place Apartments Limited Partnership, LP ("Horizon Place") 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. Horizon Place 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 Horizon Place.

Lacey Village Townhomes Limited Partnership, LP ("Lacey Village") was formed in June 2020 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. Lacey Village was formed for owning and operating six buildings, 46-unit low-income housing project in Sioux Falls, South Dakota. Lacey Village, LLC is the general partner, and a wholly-owned subsidiary of ICAP, with .01% ownership interest in Lacey Village.

Consolidated Financial Statements

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

ICAP's interest in the Horizon Place and Lacey Village 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 Lacey Village under ASU-2017-02 due to lack of substantive participating rights of the limited partners during development and construction. Effective September 30, 2021, ICAP's management elected to consolidate Lacey Village once development and construction were completed, which resulted in a consolidation effective September 30, 2021.

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.

Inter-Lakes Community Action Partnership, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Nature of Operations (Continued)

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.

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, provide security deposit assistance, and includes housing rentals.

Inter-Lakes Community Action Partnership, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Nature of Operations (Continued)

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.

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. This also includes funding under the American Recovery Plan.

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.

Inter-Lakes Community Action Partnership, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

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.

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. 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 the Organizations 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 ICAP.

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:

Inter-Lakes Community Action Partnership, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Net Assets (Continued)

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, board designated: The governing board has designated, from net assets without donor restrictions, a board-designated investment.

Net assets without donor restrictions - non-controlling interest: Net assets attributable to noncontrolling interest represent the equity interest of outside owners in the consolidated Horizon Place and Lacey Village. 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.

Change in Accounting Policy

In May 2014, the FASB issued ASU 2014-09 *Revenue from Contracts with Customers (Topic 606)*. The amendments in this ASU, along with numerous clarifications and modifications, require an Organization to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Organizations expect to be entitled in exchange for those goods or services. The Organizations adopted this guidance as of October 1, 2020 and applied Topic 606 on a modified retrospective basis and elected the practical expedient provided in Topic 606, under which an entity need not restate contracts that begin and are completed within the same annual reporting period. There was no change to reported assets, liabilities, net assets, expenses or change in net assets for 2021 and no cumulative adjustment for prior periods as a result of adopting this standard. Management believes the standard improves the usefulness and understandability of the Organizations' financial reporting.

Revenue Recognition

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

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

Inter-Lakes Community Action Partnership, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

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, and training. 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 are reimbursed based on a predetermined rate for services performed in accordance with the terms of the award and ASC Topic 606. Revenue is recognized when control of the promised goods or services is transferred to the customer (grantor) in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Amounts received in excess of recognized revenue are reflected as a contract liability.

Inter-Lakes Community Action Partnership, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Contract Revenue

The Organizations recognized revenue from exchange transactions from contracts with customers for childcare fees, thrift store sales, meal fees, and developer fees. The Organizations recognize revenue in accordance with Financial Accounting Standard Board (FASB) Accounting Standards Update (ASU 2014-09) and ASC 606, *Revenue from Contracts with Customers*, as amended. ASU 2014-09 applies to exchange transactions that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition with a focus on the transfer of control of promised goods or services to a customer. The Organizations reported the following exchange transaction revenue in its consolidated statements of activities for the year ended September 30, 2021:

Childcare fees	\$	89,352
Thrift store sales		154,830
Meal fees		50,805
Developer fees		243,750
<hr/>		
Total	\$	538,737

The Organizations determined at September 30, 2021 there were no services provided without a contract in place and, therefore, has no expected adjustments to receivables and revenue. The receivables at October 1, 2020 from contracts with customers totaled \$14,160. The receivables at September 30, 2021 from contracts with customers totaled \$87,413 and are included in accounts receivable on the consolidated statement of financial position. Contract assets arise when the Organizations provides goods or services to a customer in advance of receiving consideration and the right to consideration is conditioned on something other than the passage of time, such as work in process or unbilled receivables. Contract assets are transferred to receivables when the right to receive consideration becomes unconditional and the Organization is able to invoice the customer. Contract liabilities represent the Organizations' obligation to provide goods or services to a customer when consideration has already been received from the customer, such as deferred revenue. When goods or services are provided, contract liabilities are reclassified, and revenue is recognized. There are no contract assets or contract liabilities at September 30, 2021 and October 1, 2020.

Inter-Lakes Community Action Partnership, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Childcare Fees

The Organizations offer childcare to families participating in its Head Start Pre-Birth to Five program. Enrollment is established using program eligibility criteria and the family will indicate when care is needed. Families must work or be going to school during the organizations hours of operation. If a family is eligible for a Childcare Subsidy, the family is responsible for applying for and maintaining eligibility. Payments from Childcare Subsidy are considered third-party reimbursements on behalf of the family receiving care and are treated as exchange revenues.

The Organizations consider the performance obligation to be providing childcare services and the performance obligation is satisfied when days of service are provided. Revenue is recognized on a monthly basis. Monthly hours of service are submitted to the State for reimbursement based on each families childcare certificate. The family is simultaneously receiving and consuming the benefits of the service. The Organizations feel the output method is the most faithful depiction of the transfer of goods or services as day of service as a result achieved represents a satisfaction of a performance obligation.

Thrift Store Sales

Thrift store sales revenue includes sales from the Organizations' four retail operations and is reported at the amount that reflects the consideration to which the Organizations expects to be entitled in exchange for providing goods to the customer. These amounts are generated from sales to customers in Madison, Howard, Clark and Flandreau in the State of South Dakota. Customers pay for goods sold on a stand-alone selling price basis at the point of sale which occurs at a point in time. Control is transferred immediately to the customer at the point of sale. All sales are final, and no returns are allowed. Discounts are occasionally provided, and these are recognized at the point of sale.

Meal Fees

The Organizations own and operate various sites where individuals receive a meal in exchange for a fee. The rates paid are set by the State of South Dakota and are based on the type of meal received. In some cases the fee is paid by the individual and in other cases is reimbursed by the State of South Dakota through Medicaid or Title XIX. Payments from Title XIX and Medicaid are considered third-party reimbursements on behalf of the individual receiving the meal and are treated as exchange revenues similar to fees paid by the individual. Payments are to be made at the time the meal is received by the individual but is billed monthly for Medicaid and Title XIX.

Inter-Lakes Community Action Partnership, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Developer Fees

ICAP recognizes developer fees at the amount of consideration to which ICAP expects to be entitled to, as stated in the partnership agreement, in exchange for coordinating the acquisition, development, and construction of low-income apartment complexes. These services are considered to be one performance obligation, which is to provide services in accordance with the partnership agreement. Developer fees are recognized at a point in time based on completion of specific milestones identified by the partnership agreement.

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 \$1,714,419 for its Head Start Pre-Birth to Five and Volunteer Income Tax Assistance programs that are not recorded on the consolidated statement of activities.

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.

Inter-Lakes Community Action Partnership, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Functional Allocation (Continued)

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.

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.

Inter-Lakes Community Action Partnership, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

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, Horizon Place and Lacey Village taxable income or loss is allocated to partners in accordance with the partnership agreements.

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.

Upcoming Accounting Pronouncement

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

Subsequent Events

The Organizations have evaluated events and transactions for potential recognition or disclosure in the consolidated financial statements through March 16, 2022, 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.

Inter-Lakes Community Action Partnership, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 2: Concentration of Credit Risk (Continued)

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. An IntraFi Network deposit has been established for the Organizations' operating account where balances over \$235,000 are swept.

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, 2021:

Cash and cash equivalents	\$ 1,695,380
Grants receivable	1,144,563
Accounts receivable	134,164
Investments	815,398
<hr/>	
Subtotal financial assets	3,789,505
Less: Accounts payable	(579,679)
Less: Accrued payroll and related expenses	(894,688)
Less: Refundable advances	(166,620)
Less: Restricted investments	(2,000)
Less: Net assets with donor restrictions	(132,181)
<hr/>	
Total	\$ 2,014,337

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 \$26,014,000 described in Note 16.

Inter-Lakes Community Action Partnership, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

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, 2021, investments consisted of the following:

Mutual funds	\$	426,662
Fixed income securities		478,133
<hr/>		
Totals	\$	904,795
<hr/>		

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.

Investment income for the year ended September 30, 2021, is summarized as follows:

Interest and dividends	\$	56,657
Investment fees		(4,538)
Net unrealized and realized gains		59,839
<hr/>		
Total investment income	\$	111,958
<hr/>		

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 ICAP 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.

Inter-Lakes Community Action Partnership, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 5: Fair Value Measurements (Continued)

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, 2021:

	Fair Value Measurements Using			Total Assets at Fair Value
	Level 1	Level 2	Level 3	
Mutual funds	\$ 426,662	\$ -	\$ -	426,662
Fixed income securities	478,133	-	-	478,133
Totals	\$ 904,795	\$ -	\$ -	904,795

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. ICAP 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 \$150,934 on September 30, 2021.

Cash Reserves

Cash reserves consisted of the following as of September 30, 2021:

USDA Reserve	\$ 44,744
Tenant security deposits, Horizon Place	28,406
Tenant security deposits, Lacey Village	16,800
Replacement reserve, Horizon Place	80,666
Replacement reserve, Lacey Village	10,001
Operating deficit reserve, Horizon Place	220,267
Total	\$ 400,884

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, 2021, was \$44,744.

Inter-Lakes Community Action Partnership, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 6: Restricted Cash and Deposits (Continued)

Pursuant to the Partnership Agreements for Horizon Place and Lacey Village, funds have been set aside to repay tenant security deposits after lease termination in accordance with requirements by the state.

Pursuant to the Partnership Agreements for Horizon Place and Lacey Village, there is a requirement 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 for Horizon Place Apartments Limited Partnership and in 2021 for Lacey Village Townhomes Limited Partnership. Funds in the replacement reserve shall be used to fund the cost of improvements and replacements to the project.

Pursuant to the Partnership Agreements for Horizon Place and Lacey Village, there was the requirement to establish, maintain, and replenish an operating deficit escrow in the amount of up to \$245,000 for Horizon Place and \$203,513 for Lacey Village in a segregated reserve with Horizon Bank. There is currently no operating deficit reserve in place for Lacey Village.

Note 7: Property and Equipment

Property and equipment consisted of the following at September 30, 2021:

Land	\$ 1,185,573
Land Improvements	1,702,210
Vehicles	684,212
Buildings	14,055,740
Equipment and fixtures	1,907,710
Construction in progress	230,699
<hr/>	
Subtotal	19,766,144
Accumulated depreciated	(3,052,467)
<hr/>	
Property and equipment, net	\$ 16,713,677

Construction in progress consisted of architecture fees paid on ICAP's office building in the amount of \$90,130, rehabilitation jobs that were in progress of \$62,688, Watertown Nutrition Senior Center equipment \$57,813, and Sioux Falls Center parking lot and interior renovation \$20,068.

Inter-Lakes Community Action Partnership, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 8: Lessor Activity

Horizon Place and Lacey Village own housing projects that are a mix of low- to moderate-income housing facilities. Rental income from the housing projects was \$547,951 for the year ended September 30, 2021. A summary of the acquisition costs and accumulated depreciation on the above properties are as follows:

Land	\$ 874,285
Land improvements	1,371,898
Buildings	11,484,587
Equipment and fixtures	1,397,855
<hr/>	
Subtotal	15,128,625
Accumulated depreciation	(1,540,381)
<hr/>	
Investment in property and equipment, net	\$ 13,588,244

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 \$150,934 on September 30, 2021.

Note 10: Notes Payable

The Organization has the following notes payable as of September 30, 2021:

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. \$ 771,840

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. 810,000

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

Inter-Lakes Community Action Partnership, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 10: Notes Payable (Continued)

ICAP (Continued)

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. 11,952

Horizon Place

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 August 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. 138,065

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. 954,066

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

Lacey Village

Notes payable in the amount of \$1,287,093 to Horizon bank at 4.10% interest through January 1, 2022, then 5.25% for 17 years due in monthly payments of \$9,224, beginning May 10, 2022 through April 10, 2038. The note is collateralized by all land, buildings, equipment, and an assignment of all rents and leases of Lacey Village Townhomes Limited Partnership, LP. 1,287,093

Notes payable in the amount of \$1,000,000 to South Dakota Housing Development Authority – HOME Investment Partnerships Program (HOME) at 0% interest, due in various monthly payments. Beginning January 1, 2022 monthly payments of \$3,750 are due through December 1, 2041. The note is collateralized by all land, buildings, equipment, and an assignment of all rents and leases of Lacey Village Townhomes Limited Partnership, LP. 900,000

Notes payable in the amount of \$350,000 to the City of Sioux Falls at 0% interest, with annual payments of \$11,667 beginning on May 1, 2022, for 30 years. The note is collateralized by the property located at the Lacey Village Townhomes address. 350,000

Total notes payable	5,743,016
Less: Current maturities of notes payable	(201,588)

Long-term maturities of notes payable, net of unamortized debt issuance costs	\$ 5,541,428
---	--------------

Inter-Lakes Community Action Partnership, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 10: Notes Payable (Continued)

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

2022	\$	201,588
2023		241,114
2024		244,300
2025		240,133
2026		243,272
Thereafter		4,572,609
<hr/>		
Total	\$	5,743,016

Interest expense for notes payable for the year ended September 30, 2021, was \$103,761.

Note 11: 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 \$110,080 for the year ended September 30, 2022, 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, 2021, was \$171,600.

Note 12: Net Assets with Donor Restrictions

Net assets with donor restrictions at September 30, 2021, consisted of contributions restricted for purpose of \$132,181. Net assets released from restriction through satisfaction of program restrictions at September 30, 2021, consisted of \$17,867,206 of grant and other purpose related expenditures.

Note 13: 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, 2021, ICAP received \$15,921 from the fund, recorded as other income. As of September 30, 2021, the balance of these funds with the Foundation was \$449,946, and is not recorded on ICAP's financial statements.

Inter-Lakes Community Action Partnership, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 14: Tax-Deferred Annuity Plan

During the year ended September 30, 2021, 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 \$121,671 to the plan for the year ended September 30, 2021.

Note 15: 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 Horizon Place 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 \$810,000 owed as of September 30, 2021. 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.

The City of Sioux Falls and Horizon Place 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 16: Grant Awards

At September 30, 2021, ICAP had commitments under various grants of \$26,014,000. These commitments are not recognized in the accompanying consolidated financial statements as they are conditional awards.

Supplementary Information

Inter-Lakes Community Action Partnership, Inc. and Subsidiaries

Consolidating Statement of Financial Position

September 30, 2021

Assets	Inter-Lakes Community Action Partnership, Inc.	Horizon Place Apartments Limited Partnership	Lacey Village Townhomes Limited Partnership	Eliminations	Total
Current assets:					
Cash and cash equivalents	\$ 1,636,871	\$ 17,084	\$ 41,425	\$ -	\$ 1,695,380
Investments	815,398	-	-	-	815,398
Grants receivable	1,144,563	-	-	-	1,144,563
Accounts receivable	134,526	12,699	17,327	(30,388)	134,164
Other assets	238,828	1,265	11,844	-	251,937
Total current assets	3,970,186	31,048	70,596	(30,388)	4,041,442
Restricted cash and deposits:					
Custodial cash	150,934	-	-	-	150,934
Investments - board designated funds	89,397	-	-	-	89,397
Cash reserves	44,744	329,339	26,801	-	400,884
Total restricted cash and deposits	285,075	329,339	26,801	-	641,215
Property and equipment, net	3,125,433	6,260,254	7,327,990	-	16,713,677
Other assets:					
Development fee receivable	303,199	-	-	(303,199)	-
Tax credit monitoring fees, net	-	42,522	39,705	-	82,227
Investment in limited partnership - Lacey Village	192,782	-	-	(192,782)	-
Investment in and notes receivable from limited partnership	1,228,044	-	-	(1,228,044)	-
Total other assets	1,724,025	42,522	39,705	(1,724,025)	82,227
Total assets	\$ 9,104,719	\$ 6,663,163	\$ 7,465,092	\$ (1,754,413)	\$ 21,478,561
Liabilities and Net Assets					
Liabilities:					
Current portion of notes payable	\$ 62,129	\$ 76,482	\$ 62,977	\$ -	\$ 201,588
Accounts payable	429,078	69,515	82,624	(1,538)	579,679
Accrued payroll and related expenses	894,688	-	-	-	894,688
Security deposits payable	-	31,866	18,400	-	50,266
Refundable advances	166,620	-	-	-	166,620
Funds held for others	150,934	-	-	-	150,934
Total current liabilities	1,703,449	177,863	164,001	(1,538)	2,043,775
Long-term debt:					
Deferred development fee	-	171,949	200,000	(303,199)	68,750
Notes payable, less current portion	1,881,663	2,442,543	2,474,116	(1,256,894)	5,541,428
Total long-term debt	1,881,663	2,614,492	2,674,116	(1,560,093)	5,610,178
Total liabilities	3,585,112	2,792,355	2,838,117	(1,561,631)	7,653,953
Net assets:					
Without donor restrictions	5,298,029	387	463	(192,782)	5,106,097
Without donor restrictions - board designated	89,397	-	-	-	89,397
Without donor restrictions - non-controlling interest	-	3,870,421	4,626,512	-	8,496,933
Net assets without donor restrictions	5,387,426	3,870,808	4,626,975	(192,782)	13,692,427
Net assets with donor restrictions	132,181	-	-	-	132,181
Total net assets	5,519,607	3,870,808	4,626,975	(192,782)	13,824,608
Total liabilities and net assets	\$ 9,104,719	\$ 6,663,163	\$ 7,465,092	\$ (1,754,413)	\$ 21,478,561

See Independent Auditor's Report.

Inter-Lakes Community Action Partnership, Inc. and Subsidiaries

Consolidating Statement of Activities

Year Ended September 30, 2021

	Inter-Lakes Community Action Partnership, Inc.	Horizon Place Apartments Limited Partnership	Lacey Village Townhomes Limited Partnership	Eliminations	Total
Revenue:					
Prior year's refundable advance	\$ 138,347	\$ -	\$ -	\$ -	\$ 138,347
Current year grant awards	16,617,732	-	-	-	16,617,732
Refundable advance	(166,620)	-	-	-	(166,620)
Net grant revenue	16,589,459	-	-	-	16,589,459
Commodity foods received	42,316	-	-	-	42,316
Program income	741,035	-	-	-	741,035
Investment income	130,948	234	-	(19,224)	111,958
In-kind revenue	51,283	-	-	-	51,283
Loss on disposal of assets	(58,774)	-	-	-	(58,774)
Rental Income	-	547,951	-	-	547,951
Contributions	277,496	-	-	-	277,496
Contract Revenue	538,737	-	-	-	538,737
Other income	123,715	169,137	-	-	292,852
Total revenue	18,436,215	717,322	-	(19,224)	19,134,313
Expenses:					
Program services:					
Early Childhood Education	4,521,272	-	-	-	4,521,272
Food Program	1,857,802	-	-	-	1,857,802
Community Services	1,433,404	-	-	-	1,433,404
Weatherization Energy Assistance	795,386	-	-	-	795,386
Housing Programs	574,567	820,546	-	-	1,395,113
Homeless Housing Programs	1,409,050	-	-	-	1,409,050
Emergency Services	5,861,187	-	-	-	5,861,187
Discretionary	28,823	-	-	-	28,823
Total program services	16,481,491	820,546	-	-	17,302,037
Management and general	1,032,341	-	-	-	1,032,341
Total expenses	17,513,832	820,546	-	-	18,334,378
Change in net assets	922,383	(103,224)	-	(19,224)	799,935
Consolidation of limited partnership	-	-	4,626,975	(150,000)	4,476,975
Net assets - Beginning of year	4,597,224	3,974,032	-	(23,558)	8,547,698
Net assets - End of year	\$ 5,519,607	\$ 3,870,808	\$ 4,626,975	\$ (192,782)	\$ 13,824,608

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, 2021

Federal Grantor/Program Title	AL 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 # 44	07/27/2021 - 07/27/2023	\$ 1,241
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	133,802
Rural Self-Help Rehabilitation Technical Assistance 12 County	10.420	U.S.D.A. Rural Development Department	Grant # 43	11/15/2019 - 01/31/2022	<u>213,299</u>
Total Federal Expenditures AL 10.420					<u>348,342</u>
Child and Adult Care Food Program - U.S.D.A. Reimbursement	10.558	South Dakota Department of Education and Cultural Affairs	N/A	10/01/2020 - 09/30/2021	<u>190,973</u>
Commodity Supplemental Food Program (CSFP)	10.565	South Dakota Department of Education and Cultural Affairs Child and Adult Nutrition Services	N/A	10/01/2020 - 09/30/2021	42,316
Commodity Supplemental Food Program (CSFP)	10.565	South Dakota Department of Education and Cultural Affairs Child and Adult Nutrition Services	N/A	10/01/2020 - 09/30/2021	<u>928</u>
Total Federal Expenditures Food Distribution Cluster (AL 10.565)					<u>43,244</u>
Total U.S. Department of Agriculture					<u>582,559</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					
Community Development Block Grant - Horizon Place Apartments Limited Partnership	14.218	City of Sioux Falls	16-4156	08/01/2016 - 09/01/2049	840,000
Community Development Block Grant Bright Futures	14.218	Sioux Falls Community Development	20-4121	06/01/2020 - 12/31/2021	<u>163,536</u>
Total CDBG Entitlement Grants Cluster (AL 14.218)					<u>1,003,536</u>
Emergency Solutions Grant Program Recaptured	14.231	South Dakota Housing Development Authority	E-19-DC-46-0001-09	07/29/2019 - 05/18/2021	21,593
Emergency Solutions Grant Program	14.231	South Dakota Housing Development Authority	E-20-DC-46-0001-09	09/14/2020 - 02/14/2022	793
COVID-19 Emergency Solutions Grant Program CARES ACT	14.231	South Dakota Housing Development Authority	E-20-DW-46-0001-03	06/12/2020 - 12/12/2021	<u>156,683</u>
Total Federal Expenditures AL 14.231					<u>179,069</u>

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

Year Ended September 30, 2021

Federal Grantor/Program Title	AL 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	10/08/2019 - 01/31/2021	121,716
HOME Investment Partnership Program - Home Rehabilitation	14.239	South Dakota Housing Development Authority	N/A	10/016/2020 - 11/30/2021	71,865
HOME Investment Partnership Bright Futures - TRBA	14.239	Sioux Falls Community Development	20-4121	06/01/2020 - 12/31/2021	350,321
HOME Investment Partnership Program - Security Deposit Assistance Program	14.239	South Dakota Housing Development Authority	N/A	10/08/2019 - 11/30/2020	929
HOME Investment Partnership Program - Security Deposit Assistance Program	14.239	South Dakota Housing Development Authority	N/A	10/16/2020 - 11/30/2021	<u>15,423</u>
Total Federal Expenditures AL 14.239					<u>560,254</u>
Continuum of Care Program - PIT-HIC	14.267	Department of Housing and Urban Development	N/A	11/04/2020 - 11/13/2021	580
Continuum of Care Program - Heartland Rapid Re-housing	14.267	Department of Housing and Urban Development	SD0023L8T001903	07/01/2020 - 06/30/2021	359,595
Continuum of Care Program - Heartland Rapid Re-housing - DV	14.267	Department of Housing and Urban Development	SD0032L8T001900	09/01/2020 - 08/31/2021	114,096
Continuum of Care Program - Heartland Rapid Re-housing	14.267	Department of Housing and Urban Development	SD0023L8T002004	07/01/20210 - 06/30/2022	85,732
Continuum of Care Program - Heartland Rapid Re-housing - DV	14.267	Department of Housing and Urban Development	SD0032L8T002001	09/01/2010 - 08/31/2023	<u>9,775</u>
Total Federal Expenditures AL 14.267					<u>569,778</u>
Total U.S. Department of Housing and Urban Development					<u><u>2,312,637</u></u>

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

Year Ended September 30, 2021

Federal Grantor/Program Title	AL 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	21VITA0124	08/01/2020 - 09/30/2021	<u>18,252</u>
COVID-19 Coronavirus Relief Fund	21.019	South Dakota Housing Development Authority	N/A	03/01/2020 - 12/31/2021	<u>2,617,444</u>
COVID-19 Emergency Rental Assistance Program ERA-1	21.023	South Dakota Housing Development Authority	N/A	03/13/2020 - 12/31/2022	2,141,339
COVID-19 Emergency Rental Assistance Program ERA-1	21.023	South Dakota Housing Development Authority	N/A	03/13/2020 - 12/31/2025	<u>781,380</u>
Total Federal Expenditures AL 21.023					<u>2,922,719</u>
Total U.S. Department of the Treasury					<u>5,558,415</u>
U.S. DEPARTMENT OF ENERGY					
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>433,988</u>
Weatherization Assistance for Low-Income Persons - Weatherization	81.042	South Dakota Department of Social Services	22-0821-601	07/01/2021 - 06/30/2022	<u>146,266</u>
Total Federal Expenditures AL 81.042					<u>580,254</u>
Total U.S. Department of Energy					<u>580,254</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Special Programs for the Aging - Title III Part C - Nutrition Services Congregate and Home Delivered Meals	93.045	South Dakota Department of Human Services	9193-657-016 21	06/01/2020 - 05/31/2021	193,682
Special Programs for the Aging - Title III Part C - Nutrition Services Congregate and Home Delivered Meals CARES ACT	93.045	South Dakota Department of Human Services	9193-657-016 21	06/01/2020 - 05/31/2021	286,798
COVID-19 Special Programs for the Aging - Title III Part C - Nutrition Services Congregate and Home Delivered Meals American Recovery Plan	93.045	South Dakota Department of Human Services	9193-657-016 22	06/01/2021 - 05/31/2022	<u>261,453</u>
Total Federal Expenditures AL 93.045					<u>741,933</u>
Nutrition Services Incentive Program	93.053	South Dakota Department of Human Services	9193-657-016 21	06/01/2020 - 05/31/2021	107,781
Nutrition Services Incentive Program	93.053	South Dakota Department of Human Services	9193-657-016 22	06/01/2021 - 05/31/2022	<u>59,415</u>
Total Federal Expenditures AL 93.053					<u>167,196</u>
Total Federal Expenditures Aging Cluster (AL 93.045, 93.053)					<u>909,129</u>

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.

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

Year Ended September 30, 2021

Federal Grantor/Program Title	AL 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	21-0821-605	07/01/2020 - 06/30/2021	219,420
Low-Income Home Energy Assistance	93.568	South Dakota Department of Social Services	22-0821-605	07/01/2021 - 06/30/2022	<u>25,230</u>
Total Federal Expenditures AL 93.568					<u>244,650</u>
Community Services Block Grant	93.569	South Dakota Department of Social Services	21-0821-609	06/01/2020 - 05/31/2021	772,173
Community Services Block Grant	93.569	South Dakota Department of Social Services	22-0821-609	06/01/2021 - 05/31/2022	386,400
COVID-19 Community Services Block Grant CARES ACT	93.569	South Dakota Department of Social Services	20-0821-628	03/27/2020 - 05/31/2022	4,591
COVID-19 Community Services Block Grant CARES ACT	93.569	South Dakota Department of Social Services	21-0821-644	03/27/2020 - 05/31/2023	238,461
Community Services Block Grant Disaster Relief Supplemental	93.569	South Dakota Department of Social Services	20-0821-625	10/01/2019 - 09/30/2021	50,226
COVID-19 Community Services Block Grant Discretionary Awards CARES ACT	93.569	South Dakota Department of	90ET0473-01-C3	03/27/2020 - 09/29/2021	6,250
Community Services Block Grant Discretionary Awards	93.569	South Dakota Community Action Partnership	90ET0473-02-00	09/30/2020 - 09/29/2021	<u>10,734</u>
Total Federal Expenditures AL 93.569					<u>1,468,835</u>
Child Care and Development Block Grant CRRSA Child Care Funding - SFC	93.575	South Dakota Department of Social Services	2101SDCCC5 18038755	06/01/2021 - 06/30/2022	29,400
Child Care and Development Block Grant CRRSA Child Care Funding - Madison	93.575	South Dakota Department of Social Services	2101SDCCC5 11517206	06/01/2021 - 06/30/2022	<u>16,126</u>
Total Federal Expenditures AL 93.575					<u>45,526</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	10/01/2020 - 09/30/2021	47,353
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	06/05/2020 - 05/31/2023	12,603
Child Care Mandatory and Matching Funds of the Child Care and Development Fund - Madison	93.596	South Dakota Department of Social Services	N/A	10/01/2020 - 09/30/2021	4,576
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	06/04/2020 - 05/31/2023	<u>3,498</u>
Total Federal Expenditures AL 93.596					<u>68,030</u>
Total Federal Expenditures CCDF Cluster AL 93.575, 93.596					<u>113,556</u>
Community Based Child Abuse Prevention Grant	93.590	South Dakota Department of Social Services	21sc086020	06/01/2020 - 05/31/2021	1,621
Community Based Child Abuse Prevention Grant	93.590	South Dakota Department of Social Services	22sc086020	06/01/2021 - 05/31/2022	<u>748</u>
Total Federal Expenditures AL 93.590					<u>2,369</u>

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

Year Ended September 30, 2021

Federal Grantor/Program Title	AL 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-CH010817-02	02/01/2020 - 01/31/2021	1,753,163
Head Start - T&TA	93.600	U.S. Department of Health and Human Services	08-CH010817-02	02/01/2020 - 01/31/2021	7,511
Early Head Start - T&TA	93.600	U.S. Department of Health and Human Services	08-CH010817-02	02/01/2020 - 01/31/2021	12,256
Head Start	93.600	U.S. Department of Health and Human Services	08-CH010817-03	02/01/2021 - 01/31/2022	3,047,127
Head Start - T&TA	93.600	U.S. Department of Health and Human Services	08-CH010817-03	02/01/2021 - 01/31/2022	16,504
Early Head Start - T&TA	93.600	U.S. Department of Health and Human Services	08-CH010817-03	02/01/2021 - 01/31/2022	29,204
COVID-19 Head Start CARES Act	93.600	U.S. Department of Health and Human Services	08-CH010817-02C3	02/01/2020 - 01/31/2021	22,250
COVID-19 Head Start CARES Act	93.600	U.S. Department of Health and Human Services	08-CH010817-03C3	02/01/2021 - 01/31/2022	38,921
COVID-19 Head Start CARES Act	93.600	U.S. Department of Health and Human Services	08-HE000752-01	04/01/2020 - 03/31/2021	100,043
Total Federal Expenditures Head Start Cluster AL 93.600					<u>5,026,979</u>
Assets for Independence Act	93.602	Northeast South Dakota Community Action Program	N/A	09/01/2014 - 09/29/2022	<u>2,175</u>
Total U.S. Department of Health and Human Services					<u>7,767,693</u>
U.S. DEPARTMENT OF HOMELAND SECURITY					
Emergency Food and Shelter National Board Program	97.024	Feeding South Dakota	Phase 38	01/01/2020 - 05/31/2021	1,514
Emergency Food and Shelter National Board Program	97.024	Brookings United Way	Phase 38	01/01/2020 - 10/31/2021	341
Emergency Food and Shelter National Board Program	97.024	Feeding South Dakota	Phase 37	01/01/2020 - 05/31/2021	8,177
Emergency Food and Shelter National Board Program	97.024	Brookings United Way	Phase 37	01/01/2020 - 05/31/2021	799
COVID-19 Emergency Food and Shelter National Board Program CARES ACT	97.024	Feeding South Dakota	CARES	01/27/2020 - 05/31/2021	8,843
COVID-19 Emergency Food and Shelter National Board Program CARES ACT	97.024	Brookings United Way	CARES	01/27/2020 - 05/31/2021	<u>1,287</u>
Total Federal Expenditures AL 97.024					<u>20,961</u>
Total U.S. Department of Homeland Security					<u>20,961</u>
Total Federal Expenditures					<u>\$16,822,519</u>

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.

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

Year Ended September 30, 2021

Grantor/Program Title	Fund Source/ Pass-Through Entity	Agency I.D. Number	Program Period
STATE AND LOCAL PROGRAMS			
ICARE	MidAmerican Energy	N/A	01/01/2020 - 12/31/2020
ICARE	MidAmerican Energy	N/A	01/01/2021 - 12/31/2021
Nutrition Services - State Funds	South Dakota Department of Human Services	9193-657-016 21	06/01/2020 - 05/31/2021
Nutrition Services - State Funds	South Dakota Department of Human Services	9193-657-016 21	06/01/2021 - 05/31/2022
COVID-19 Quarantine/Isolation	South Dakota Department of Human Services	21SC090461	06/01/2021 - 05/31/2022
SHARE Program	South Dakota Department of Social Services	21-085C-600	06/01/2020 - 05/31/2021
SHARE Program	South Dakota Department of Social Services	22-085C-600	06/01/2021 - 05/31/2022
Watertown Transitional Housing	Watertown Community Foundation	N/A	Indefinite
Codington County Case Management	Codington County	N/A	11/01/2020 - 10/31/2021
Paycheck Protection Program	Small Business Administration	6496787201	04/29/2020 - 11/11/2020
Bread Basket	Cargill - Turner County	N/A	04/23/2020 - 10/23/2021
Rapid Rehousing Support	City of Sioux Falls	N/A	01/01/2021 - 12/31/2022
Rapid Rehousing Support	First Lutheran Church Women	N/A	12/31/2020- 12/30/2021
Project T.O.M.	City of Sioux Falls	20-4038	08/01/2020 - 12/31/2021
Build Your Own House	Citibank	N/A	Indefinite
IDA Program	Wells Fargo	N/A	10/01/2019 - 11/30/2020
HOF ESG Rural	South Dakota Housing Development Authority	2019-418	12/06/2019 - 12/05/2022
HOF ESG Urban	South Dakota Housing Development Authority	2019-419	12/06/2019 - 12/05/2022
HOF ESG Rural	South Dakota Housing Development Authority	2020-421	11/20/2020 - 11/30/2022
HOF ESG Urban	South Dakota Housing Development Authority	2020-422	11/20/2020 - 11/30/2022
HOF ESG Urban	South Dakota Housing Development Authority	2021-425	10/21/2021 - 10/31/2023
HOF Home Rehab	South Dakota Housing Development Authority	2019-420	12/06/2019 - 12/05/2022
HOF Home Rehab	South Dakota Housing Development Authority	2020-423	11/20/2020 - 11/30/2022
HOF Home Rehab	South Dakota Housing Development Authority	2021 - 426	10/21/2021 - 10/31/2023
Lake Area Recovery Network	Private Donations	N/A	Indefinite
Head Start Health	Private Donations	N/A	Indefinite
Care Mobile	Watertown Community Foundation	N/A	01/01/2021 -12/31/2021
Dakota Pride Scholarship	Dakota Business Finance	N/A	Indefinite
Various programs	Interlake's Area United Way	N/A	01/01/2021 -12/31/2021
Various programs	Watertown Area United Way	N/A	01/01/2021 -12/31/2021
Various programs	Brookings Area United Way	N/A	01/01/2021 -12/31/2021
DISCRETIONARY			
Corporate Programs	Various		10/01/2020 - 09/30/2021

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. and Subsidiaries

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, 2021. 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, 2021.

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, 2020	\$ 840,000
Repayments	(30,000)
Balance September 30, 2021	\$ 810,000

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 Subsidiaries, which comprise the consolidated statement of financial position as of September 30, 2021, 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 March 16, 2022. The financial statements of Horizon Place Apartments Limited Partnership, LP and Lacey Village Townhomes, 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 and Lacey Village Townhomes, 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

Wipfli LLP

March 16, 2022
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, 2021. 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 each of its major federal programs for the year ended September 30, 2021.

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 each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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.

Wipfli LLP

Wipfli LLP

March 16, 2022
Madison, Wisconsin

Inter-Lakes Community Action Partnership, Inc. and Subsidiaries

Schedule of Findings and Questioned Costs

Year Ended September 30, 2021

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?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

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

<u>Name of Federal Major Programs</u>	<u>AL No.</u>
U.S. Department of the Treasury	
Coronavirus Relief Fund	21.019
Emergency Rental Assistance	21.023
U.S. Department of Health and Human Services	
Nutrition Cluster	93.045, 93.053
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

Inter-Lakes Community Action Partnership, Inc. and Subsidiaries

Schedule of Findings and Questioned Costs (Continued)

Year Ended September 30, 2021

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

None.