

# Inter-Lakes Community Action Partnership, Inc. and Subsidiaries

Madison, South Dakota

Consolidated Financial Statements and  
Supplementary Information

Year Ended September 30, 2023



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# Inter-Lakes Community Action Partnership, Inc. and Subsidiaries

Year Ended September 30, 2023

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## Independent Auditor's Report

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

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

#### Opinion

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, 2023, 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.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Inter-Lakes Community Action Partnership, Inc. and Subsidiaries as of September 30, 2023, 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 of America ("GAAP").

#### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated financial statements section of our report. We are required to be independent of Inter-Lakes Community Action Partnership, Inc. and Subsidiaries and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. The financial statements of Horizon Place Apartments Limited Partnership, LP and Lacey Village Townhomes Limited Partnership, LP were not audited in accordance with *Government Auditing Standards*.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with GAAP, and for 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.

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

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

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Inter-Lakes Community Action Partnership, Inc. and Subsidiaries' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Inter-Lakes Community Action Partnership, Inc. and Subsidiaries' ability to continue as a going concern for a reasonable period of time.

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

### **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying 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 purposes 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 GAAS. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 20, 2024 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.

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

Wipfli LLP

Madison, Wisconsin

January 20, 2024

# Inter-Lakes Community Action Partnership, Inc. and Subsidiaries

## Consolidated Statement of Financial Position

September 30, 2023

<b>Assets</b>	
Current assets:	
Cash and cash equivalents	\$ 1,439,122
Investments	624,475
Grants receivable	1,095,473
Accounts receivable	128,274
Other assets	106,460
Total current assets	3,393,804
Restricted cash, Investments, and deposits:	
Custodial cash	61,607
Cash reserves	665,724
Total restricted cash and deposits	727,331
Property and equipment, net	18,740,972
Other assets:	
Development fee receivable	89,687
Right of use lease assets - Operating	163,073
Tax credit monitoring fees, net	104,442
Total other assets	357,202
Total assets	\$ 23,219,309
<b>Liabilities and Net Assets</b>	
Liabilities:	
Current portion of notes payable	\$ 266,186
Current portion of operating lease liability	79,761
Accounts payable	673,427
Accrued payroll and related expenses	938,371
Security deposits payable	51,140
Refundable advances	322,387
Funds held for others	61,607
Total current liabilities	2,392,879
Long-term debt:	
Operating lease liability	84,219
Notes payable	5,377,476
Total long-term debt	5,461,695
Total liabilities	7,854,574
Net assets:	
Without donor restrictions	7,296,480
Without donor restrictions - non-controlling interest	7,938,799
Net assets without donor restrictions	15,235,279
Net assets with donor restrictions	129,456
Total net assets	15,364,735
Total liabilities and net assets	\$ 23,219,309

See accompanying notes to consolidated financial statements.

# Inter-Lakes Community Action Partnership, Inc. and Subsidiaries

## Consolidated Statement of Activities

Year Ended September 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue:</b>			
Prior year's refundable advances	\$ -	\$ 104,794	\$ 104,794
Current year grant awards	-	17,932,522	17,932,522
Refundable advances	-	(322,387)	(322,387)
Net grant revenue	-	17,714,929	17,714,929
Commodity foods received	-	37,469	37,469
Program income	-	683,082	683,082
Investment income	121,956	13	121,969
In-kind revenue	55,104	-	55,104
Rental Income	1,031,148	-	1,031,148
Contributions	6,175	75,856	82,031
Contract Revenue	294,950	181,389	476,339
Other income	973	233,169	234,142
Net assets released from restrictions	18,923,884	(18,923,884)	-
<b>Total revenue</b>	<b>20,434,190</b>	<b>2,023</b>	<b>20,436,213</b>
<b>Expenses:</b>			
Program services:			
Early Childhood Education	4,920,334	-	4,920,334
Food Program	2,264,025	-	2,264,025
Community Services	2,226,379	-	2,226,379
Weatherization Energy Assistance	1,408,055	-	1,408,055
Housing Programs	2,236,787	-	2,236,787
Homeless Housing Programs	1,461,378	-	1,461,378
Emergency Services	3,492,615	-	3,492,615
Discretionary	96,279	-	96,279
Total program services	18,105,852	-	18,105,852
Management and general	1,243,498	-	1,243,498
<b>Total expenses</b>	<b>19,349,350</b>	<b>-</b>	<b>19,349,350</b>
<b>Change in net assets</b>	<b>1,084,840</b>	<b>2,023</b>	<b>1,086,863</b>
<b>Net assets - Beginning of year</b>	<b>14,150,439</b>	<b>127,433</b>	<b>14,277,872</b>
<b>Net assets - End of year</b>	<b>\$ 15,235,279</b>	<b>\$ 129,456</b>	<b>\$ 15,364,735</b>

See accompanying notes to consolidated financial statements.

# Inter-Lakes Community Action Partnership, Inc. and Subsidiaries

## Consolidated Statement of Functional Expenses

Year Ended September 30, 2023

	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	\$ 3,925,125	\$ 724,985	\$ 1,306,801	\$ 396,330	\$ 443,460	\$ 411,366	\$ 293,550	\$ 948	\$ 7,502,565	\$ 1,009,125	\$ 8,511,690
Consultants and contract labor	117,657	9,365	37,699	3,693	119,674	4,116	12,642	4,532	309,378	101,573	410,951
Travel	14,456	18,483	25,477	31,220	18,368	3,482	319	12,011	123,816	2,586	126,402
Rent	80,513	12,500	22,048	4,481	6,021	2,461	5,255	774	134,053	23,099	157,152
Consumable supplies	105,903	8,876	123,995	38,102	7,656	11,846	105,425	19,834	421,637	15,681	437,318
Direct client assistance	20,315	1,315,646	380,325	854,898	416,542	985,353	3,035,249	2,951	7,011,279	-	7,011,279
Repairs/maintenance	170,028	24,988	64,462	4,128	226,960	10,433	20,205	7,235	528,439	17,954	546,393
In-kind expense	55,104	-	-	-	-	-	-	-	55,104	-	55,104
Interest	23,166	-	-	-	81,272	-	-	286	104,724	-	104,724
Depreciation and amortization	121,399	67,713	25,104	9,067	562,345	102	-	26,139	811,869	-	811,869
Commodity foods distributed	-	37,469	-	-	-	-	-	-	37,469	-	37,469
Other/program support	286,668	44,000	240,468	66,136	354,489	32,219	19,970	21,569	1,065,519	73,480	1,138,999
<b>Total functional expenses</b>	<b>\$ 4,920,334</b>	<b>\$ 2,264,025</b>	<b>\$ 2,226,379</b>	<b>\$ 1,408,055</b>	<b>\$ 2,236,787</b>	<b>\$ 1,461,378</b>	<b>\$ 3,492,615</b>	<b>\$ 96,279</b>	<b>\$ 18,105,852</b>	<b>\$ 1,243,498</b>	<b>\$ 19,349,350</b>

See accompanying notes to consolidated financial statements.



# Inter-Lakes Community Action Partnership, Inc. and Subsidiaries

## Consolidated Statement of Cash Flows

Year Ended September 30, 2023

Cash flows from operating activities:	
Change in net assets	\$ 1,086,863
Adjustments to reconcile change in net assets to net cash from operating activities:	
Depreciation and amortization	811,869
Non cash lease expense	86,681
Net unrealized and realized gains on investments	(117,949)
Changes in operating assets and liabilities:	
Grants receivable	100,033
Accounts receivable	1,549
Other assets	152,590
Tax credit monitoring fees, net	8,888
Operating lease liability	(85,774)
Accounts payable	203,427
Accrued payroll and related expenses	38,641
Security deposits payable	(480)
Refundable advances	217,593
Deferred development fee	(160,707)
Funds held for others	(664,495)
Net cash from operating activities	1,678,729
Cash flows from investing activities:	
Purchase of property and equipment	(2,008,641)
Purchase of investments	(298,170)
Proceeds from sale of investments	335,081
Net cash from investing activities	(1,971,730)
Cash flows from financing activities:	
Proceeds from borrowing	654,095
Principal payments on notes payable	(663,746)
Net cash from financing activities	(9,651)
Net change in cash and cash equivalents, restricted cash and deposits	(302,652)
Cash and cash equivalents, restricted cash and deposits - Beginning of year	2,469,105
Cash and cash equivalents, restricted cash and deposits - End of year	\$ 2,166,453
<u>Reconciliation to statement of financial position:</u>	
Cash and cash equivalents	\$ 1,439,122
Custodial cash	61,607
Cash reserves	665,724
Cash and cash equivalents, restricted cash and deposits per statement of financial position	\$ 2,166,453
<u>Supplemental Schedule of Cash and Noncash Activity:</u>	
Interest paid and expensed	\$ 104,724
Cash paid for amounts included in measurement of lease liabilities:	
Operating cash flows from operating leases	\$ 93,530
Supplemental disclosure of noncash operating activities:	
Right of use assets obtained in exchange for new operating lease liabilities	\$ 69,131

See accompanying notes to consolidated financial statements.

# Inter-Lakes Community Action Partnership, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

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### 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 92% of total revenue, including the Head Start grants that comprise 28% and Emergency Rental Assistance grants that comprise 14% 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 31, 2070, unless dissolved or terminated at an earlier date. Lacey Village was formed for owning and operating a six building, 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 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*.

#### 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

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### **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, community healthcare services, 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. ICAP has four thrift stores throughout their 14 county area.

##### 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, offer information and knowledge about purchasing a home, teach homeowners how to rehab their existing home, offer families an opportunity to work with other families to build their own new home, help families with children who have a poor rental history to obtain a safe and affordable home, offer education and counseling to families who want to purchase a home, and rent/damage guarantee.

# Inter-Lakes Community Action Partnership, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

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### **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, and educational/employment assistance. The security deposit and first months' rent program is used 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, disaster recovery, 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 Act and Coronavirus Response and Relief Supplemental Appropriations.

##### Discretionary

Discretionary funds are primarily non-federal agency funds that are used for investments, startup of programs, expenses not eligible for other grants, 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 of America ("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

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### 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 return.

#### 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:

Equipment and fixtures	3 to 7 years
Vehicles	5 to 7 years
Land improvements	5 to 40 years
Buildings	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 designated 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

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### 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 - non-controlling interest: Net assets attributable to noncontrolling interest represent the equity interest of outside owners in the consolidation of 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.

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

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

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

# Inter-Lakes Community Action Partnership, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

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

#### Revenue Recognition (Continued)

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. 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. 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.

#### 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 from 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, 2023:

Childcare fees	\$	121,414
Thrift store sales		205,262
Meal fees		59,975
Developer fees		89,688
<hr/>		
Total	\$	476,339

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# Inter-Lakes Community Action Partnership, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

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

#### **Revenue Recognition** (Continued)

The Organizations determined at September 30, 2023 there were no services provided without a contract in place and, therefore, have no expected adjustments to receivables and revenue. The receivables at October 1, 2022 from contracts with customers totaled \$16,467. The receivables at September 30, 2023 from contracts with customers totaled \$121,543 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 refundable advances. When goods or services are provided, contract liabilities are reclassified, and revenue is recognized. There are no contract liabilities at September 30, 2023 and October 1, 2022.

#### 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 recognized over time.

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 family's 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. These transactions are considered exchange revenues recognized at a point in time.



# Inter-Lakes Community Action Partnership, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

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

#### **Revenue Recognition** (Continued)

##### 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. These transactions are considered exchange revenues recognized at a point in time.

##### 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 coordination of 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 consolidated 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 \$1,910,813 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 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.

# Inter-Lakes Community Action Partnership, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

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

#### **Functional Allocation** (Continued)

Cost allocation methods are as follows:

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

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

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

#### **Estimates**

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

#### **Tax Credit Monitoring Fees**

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

#### **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.

# Inter-Lakes Community Action Partnership, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

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### 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.

#### Change in Accounting Policy

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

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

Accordingly, ICAP accounted for its existing operating leases as operating leases and capital leases as finance leases under the new guidance, without reassessing (a) whether the contracts contain a lease under ASC Topic 842, (b) whether the classification of the leases would be different in accordance with ASC Topic 842, or (c) whether any unamortized initial direct costs before transition adjustments (as of October 1, 2022) would have met the definition of initial direct costs in ASC Topic 842 at lease commencement. Similarly, ICAP did not reassess service contracts evaluated for lease treatment under ASC Topic 840 for embedded leases under ASC Topic 842.

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

ROU assets - Operating leases	\$180,624
Lease obligation - Operating leases	\$180,624

# Inter-Lakes Community Action Partnership, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

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

#### **Change in Accounting Policy** (Continued)

This standard did not have a material impact on ICAP's net assets or cash flows from operations and had an immaterial impact on its operating results. The most significant impact was the recognition of the ROU assets and lease obligations for operating leases.

#### **ASC 842 Lease Accounting**

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

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

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

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

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

ICAP made an accounting policy election for all underlying classes of assets to not separate the lease components of a contract and its associated non-lease components.

# Inter-Lakes Community Action Partnership, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

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

#### Subsequent Events

The Organizations have evaluated events and transactions for potential recognition or disclosure in the consolidated financial statements through January 20, 2024, which is the date the consolidated financial statements were available to be issued.

### Note 2: Concentration of Credit Risk

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

The Organizations maintain cash balances at various banks where the accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") for up to \$250,000 at each institution. These financial institutions are believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits. To date, the Organizations have not experienced losses in any of these accounts. In addition, investments held by ICAP are not insured. Investment performance is monitored by management and the Board of Directors. 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, 2023:

Cash and cash equivalents	\$ 1,439,122
Grants receivable	1,095,473
Accounts receivable	126,830
Investments	624,475
<hr/>	
Subtotal financial assets	3,285,900
Less: Accounts payable	(671,983)
Less: Accrued payroll and related expenses	(938,371)
Less: Refundable advances	(322,387)
Less: Net assets with donor restrictions	(129,456)
<hr/>	
Total	\$ 1,223,703

The Organizations do not have a formal liquidity policy but generally maintain 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 \$12,090,000 described in Note 17.

# Inter-Lakes Community Action Partnership, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

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### 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, 2023, investments consisted of the following:

Equity mutual funds	\$	203,918
Fixed income mutual funds		420,557
<hr/>		
Total	\$	624,475

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 consolidated financial statements.

Investment income for the year ended September 30, 2023, is summarized as follows:

Interest and dividends	\$	8,088
Investment fees		(4,068)
Net unrealized and realized gains		117,949
<hr/>		
Total investment income	\$	121,969

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.

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

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair value. Furthermore, while the Organizations believe 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, 2023:

	Fair Value Measurements Using			Total Assets at Fair Value
	Level 1	Level 2	Level 3	
Equity mutual funds	\$ 203,918	\$ -	\$ -	203,918
Fixed income mutual funds	420,557	-	-	420,557
Totals	\$ 624,475	\$ -	\$ -	624,475

### 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 \$61,607 on September 30, 2023.

#### Cash Reserves

Cash reserves consisted of the following as of September 30, 2023:

USDA Reserve	\$ 56,168
Tenant security deposits, Horizon Place	29,440
Tenant security deposits, Lacey Village	17,600
Replacement reserve, Horizon Place	78,476
Replacement reserve, Lacey Village	52,895
Operating deficit reserve, Horizon Place	225,378
Operating deficit reserve, Lacey Village	205,767
Total	\$ 665,724

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, 2023, was \$56,168.

# Inter-Lakes Community Action Partnership, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

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### 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 were made commencing in 2018 for Horizon Place Apartments Limited Partnership and in 2021 for Lacey Village Townhomes Limited Partnership. These funds are restricted to property improvement, and disbursements therefrom must be approved.

Pursuant to the Partnership Agreements for Horizon Place and Lacey Village, there is a requirement to establish, maintain, and replenish an operating deficit escrow in the amount of up to \$245,000 for Horizon Place and \$203,584 for Lacey Village in a segregated reserve with Horizon Bank.

### Note 7: Property and Equipment

Property and equipment consisted of the following at September 30, 2023:

Land	\$ 1,562,173
Land improvements	2,063,010
Vehicles	835,740
Buildings	14,778,295
Equipment and fixtures	2,319,069
Construction in progress	1,785,159
Subtotal	23,343,446
Accumulated depreciated	(4,602,474)
Property and equipment, net	\$ 18,740,972

Construction in progress consisted of architecture fees paid on ICAP's office building in the amount of \$94,630, rehabilitation jobs that were in progress of \$149,429, and renovation of the Community Commons building of \$1,541,100. As of September 30, 2023, ICAP has a contract commitment of \$1,365,000 for the Community Commons renovation that will be utilized by ICAP for the non-congregate shelter program and office space.

During the year in August 2022, Fortyone Flats Limited Partnership, LP ("Fortyone Flats") was formed as a limited partnership under the laws of the state of South Dakota and shall continue until December 31, 2070, unless dissolved or terminated at an earlier date. Fortyone Flats is formed for owning and operating a six building, 41-unit low-income housing project in Sioux Falls, South Dakota. Fortyone Flats, LLC is the general partner, and a wholly-owned subsidiary of ICAP, with 0.01% ownership interest in Fortyone Flats. At September 30, 2023, Fortyone Flats was still under construction and has a construction commitment of \$9,120,000. ICAP has not consolidated the partnership as Fortyone Flats as the limited partner has substantive participating rights during construction. ICAP expects to consolidate the partnership during the year ended September 30, 2024 when construction is completed.



# Inter-Lakes Community Action Partnership, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

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### Note 8: Lessor Activity

Horizon Place and Lacey Village own housing projects that are a mix of low- to moderate-income housing facilities and are leased under short term agreements. Rental income from the housing projects was \$1,031,148 for the year ended September 30, 2023. 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	11,500,882
Equipment and fixtures	1,407,618
<hr/>	
Subtotal	15,154,683
Accumulated depreciation	(2,737,738)
<hr/>	
Investment in property and equipment, net	<u>\$ 12,416,945</u>

### Note 9: Funds Held for Others

ICAP holds funds in a custodial bank account for homeowners in the self-help program, as referenced in Note 6, and issues checks on the homeowner's behalf when needed for pre-construction and construction payments. The balance was \$61,607 on September 30, 2023.

### Note 10: Notes Payable

The Organizations have the following notes payable as of September 30, 2023:

#### 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. \$ 275,554

Note payable in the amount of \$900,000 to the City of Sioux Falls at 0% interest, with annual payments of \$30,000, maturity of September 2049, collateralized by real estate. 750,000

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

Note payable in the amount of \$24,870 to First Premier Bank at 2.99% interest, with monthly payments including principal and interest of \$378, due February 2028, collateralized by a cargo van. 18,738

# Inter-Lakes Community Action Partnership, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

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### 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. \$ 4,037

Notes payable in the amount of \$1,161,330 to South Dakota Housing Development Authority at 0% interest. HOME-ARP funding as a construction to permanent forgivable loan for the Community Commons Project, beginning at execution of the Mortgage and Note and continue for a term of 20 years from the date of Project Completion. The loan will be forgive at the end of the Restricted Use Period as long as all requirements are met during this period. Agreement was entered into June 21, 2023. 654,095

#### Horizon Place

Note payable in the amount of \$150,177 to a financial institution at 5.75%, interest due in monthly installments of \$1,200 including interest, 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. 123,824

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. 824,816

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

Note 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. 1,224,682

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. 921,250

# Inter-Lakes Community Action Partnership, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

### Note 10: Notes Payable (Continued)

#### Lacey Village (Continued)

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.

\$ 326,666

Total notes payable	5,643,662
Less: Current maturities of notes payable	(266,186)

Long-term maturities of notes payable	\$ 5,377,476
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For years ended September 30, future scheduled maturities of notes payable are as follows:

2024	\$ 266,186
2025	264,285
2026	271,513
2027	290,095
2028	283,976
Thereafter	4,267,607
<hr/>	
Total	\$ 5,643,662

Interest expense for notes payable for the year ended September 30, 2023, was \$104,724.

### Note 11: Leases

ICAP leases office equipment and various facilities for operation of its programs. The majority of leases entered into include one or more options to renew. The exercise of lease renewal options is at ICAP's sole discretion. Renewal option periods are included in the measurement of the ROU asset and lease liability when the exercise is reasonably certain to occur.

The depreciable life of assets and leasehold improvements are limited by the expected lease term, unless there is a transfer of title or purchase option reasonably certain of exercise.

Components of lease expense were as follows for the year ended September 30, 2023:

Lease Cost	
Operating lease cost	\$ 93,530
Short-term lease cost	63,622
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Total	\$ 157,152

# Inter-Lakes Community Action Partnership, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

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### Note 11: Leases (Continued)

The weighted-average of the remaining lease terms and weighted average discount rates are as follows for the year ended September 30, 2023:

Weighted-average remaining lease term - Operating leases	3.42 years
Weighted-average discount rate - Operating leases	4.15%

Maturities of lease liabilities are as follows as of September 30, 2023:

2024	\$ 84,170
2025	39,210
2026	20,730
2027	14,550
2028	12,950
Thereafter	2,200
<hr/>	
Total lease payments	173,810
Less imputed interest	(9,830)
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Subtotals	163,980
Less current portion	(79,761)
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Long-term portion	\$ 84,219
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### Note 12: Net Assets with Donor Restrictions

Net assets with donor restrictions at September 30, 2023, consisted of contributions restricted for purpose of \$129,456. Net assets released from restriction through satisfaction of program restrictions at September 30, 2023, consisted of \$18,923,884 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, 2023, ICAP received \$16,801 from the fund, recorded as other income. As of September 30, 2023, the balance of these funds with the Foundation was \$380,178, and is not recorded on ICAP's financial statements.

# Inter-Lakes Community Action Partnership, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

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### **Note 14: Tax-Deferred Annuity Plan**

During the year ended September 30, 2023, 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 six months of service. ICAP made employer contributions of \$134,477 to the plan for the year ended September 30, 2023.

### **Note 15: Line of Credit**

ICAP has a line of credit with First Bank & Trust in the amount of \$500,000 with interest at .5% over the Wall Street Journal Prime Rate. The effective rate at September 30, 2023, was 8.50%. The line of credit matures December 16, 2023 and will not be renewed by ICAP. The line of credit is collateralized by non grant related inventory and equipment.

### **Note 16: Commitments and Contingencies**

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

ICAP received CDBG loans from the City of Sioux Falls for the purpose of loaning these funds to 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 \$750,000 owed as of September 30, 2023. 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 17: Grant Awards**

At September 30, 2023, ICAP had commitments under various grants of \$12,090,000. These commitments are not recognized in the accompanying consolidated financial statements as they are conditional awards.

# Inter-Lakes Community Action Partnership, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

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### Note 18: Contributed Nonfinancial Assets

Contributed nonfinancial assets consist of the following for the year ended September 30, 2023:

Wages	\$	54,165
Commodity foods received		37,469
Supplies		939
<hr/>		
Total contributed nonfinancial assets	\$	92,573

ICAP recognizes contributed nonfinancial assets within in-kind revenue, including wages and supplies. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

Contributed wages consist of various professional service providers that provide services to ICAP on various matters. Contributed wages are valued and are reported at the estimated fair value in the financial statements based on current rates for similar services.

Commodity foods are received from governmental funding sources and utilized in the food program. Commodity foods are valued based on estimates of wholesale values that would be received for selling similar products in the United States.

Contributed supplies were utilized in the early childhood education programs. In valuing supplies, ICAP estimates the fair value on the basis of estimates of wholesale values that would be received for selling similar products in the United States.

## **Supplementary Information**

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# Inter-Lakes Community Action Partnership, Inc. and Subsidiaries

## Consolidating Statement of Financial Position

September 30, 2023

<b>Assets</b>	<b>Inter-Lakes Community Action Partnership, Inc.</b>	<b>Horizon Place Apartments Limited Partnership</b>	<b>Lacey Village Townhomes Limited Partnership</b>	<b>Eliminations</b>	<b>Total</b>
<b>Current assets:</b>					
Cash and cash equivalents	\$ 1,415,465	\$ 11,603	\$ 12,054	\$ -	\$ 1,439,122
Investments	624,475	-	-	-	624,475
Grants receivable	1,095,473	-	-	-	1,095,473
Accounts receivable	136,450	21,564	13,724	(43,464)	128,274
Other assets	105,437	1,023	-	-	106,460
<b>Total current assets</b>	<b>3,377,300</b>	<b>34,190</b>	<b>25,778</b>	<b>(43,464)</b>	<b>3,393,804</b>
<b>Restricted cash and deposits:</b>					
Custodial cash	61,607	-	-	-	61,607
Cash reserves	56,168	333,294	276,262	-	665,724
<b>Total restricted cash and deposits</b>	<b>117,775</b>	<b>333,294</b>	<b>276,262</b>	<b>-</b>	<b>727,331</b>
Property and equipment, net	6,324,027	5,720,723	6,696,222	-	18,740,972
<b>Other assets:</b>					
Development fee receivable	179,076	-	-	(89,389)	89,687
Right of use lease assets - Operating	163,073	-	-	-	163,073
Tax credit monitoring fees, net	-	35,301	69,141	-	104,442
Investment in limited partnership - Lacey Village/Horizon Place	192,685	-	-	(192,685)	-
Investment in and notes receivable from limited partnership	1,198,262	-	-	(1,198,262)	-
<b>Total other assets</b>	<b>1,733,096</b>	<b>35,301</b>	<b>69,141</b>	<b>(1,480,336)</b>	<b>357,202</b>
<b>Total assets</b>	<b>\$ 11,552,198</b>	<b>\$ 6,123,508</b>	<b>\$ 7,067,403</b>	<b>\$ (1,523,800)</b>	<b>\$ 23,219,309</b>
<b>Liabilities and Net Assets</b>					
<b>Liabilities:</b>					
Current portion of notes payable	\$ 85,098	\$ 76,880	\$ 104,208	\$ -	\$ 266,186
Current portion of operating lease liability	79,761	-	-	-	79,761
Accounts payable	395,602	222,822	98,467	(43,464)	673,427
Accrued payroll and related expenses	938,371	-	-	-	938,371
Security deposits payable	-	31,940	19,200	-	51,140
Refundable advances	322,387	-	-	-	322,387
Funds held for others	61,607	-	-	-	61,607
<b>Total current liabilities</b>	<b>1,882,826</b>	<b>331,642</b>	<b>221,875</b>	<b>(43,464)</b>	<b>2,392,879</b>
<b>Long-term debt:</b>					
Deferred development fee	-	89,389	-	(89,389)	-
Operating lease liability, less current portion	84,219	-	-	-	84,219
Notes payable, less current portion	1,967,326	2,240,022	2,368,390	(1,198,262)	5,377,476
<b>Total long-term debt</b>	<b>2,051,545</b>	<b>2,329,411</b>	<b>2,368,390</b>	<b>(1,287,651)</b>	<b>5,461,695</b>
<b>Total liabilities</b>	<b>3,934,371</b>	<b>2,661,053</b>	<b>2,590,265</b>	<b>(1,331,115)</b>	<b>7,854,574</b>
<b>Net assets:</b>					
Without donor restrictions	7,488,371	346	448	(192,685)	7,296,480
Without donor restrictions - non-controlling interest	-	3,462,109	4,476,690	-	7,938,799
<b>Net assets without donor restrictions</b>	<b>7,488,371</b>	<b>3,462,455</b>	<b>4,477,138</b>	<b>(192,685)</b>	<b>15,235,279</b>
<b>Net assets with donor restrictions</b>	<b>129,456</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>129,456</b>
<b>Total net assets</b>	<b>7,617,827</b>	<b>3,462,455</b>	<b>4,477,138</b>	<b>(192,685)</b>	<b>15,364,735</b>
<b>Total liabilities and net assets</b>	<b>\$ 11,552,198</b>	<b>\$ 6,123,508</b>	<b>\$ 7,067,403</b>	<b>\$ (1,523,800)</b>	<b>\$ 23,219,309</b>

See Independent Auditor's Report.



# Inter-Lakes Community Action Partnership, Inc. and Subsidiaries

## Consolidating Statement of Activities

Year Ended September 30, 2023

	Inter-Lakes Community Action Partnership, Inc.	Horizon Place Apartments Limited Partnership	Lacey Village Townhomes Limited Partnership	Eliminations	Total
Revenue:					
Prior year's refundable advances	\$ 104,794	\$ -	\$ -	\$ -	\$ 104,794
Current year grant awards	17,932,522	-	-	-	17,932,522
Refundable advances	(322,387)	-	-	-	(322,387)
Net grant revenue	17,714,929	-	-	-	17,714,929
Commodity foods received	37,469	-	-	-	37,469
Program income	683,082	-	-	-	683,082
Investment income	136,429	5,915	3,125	(23,500)	121,969
In-kind revenue	55,104	-	-	-	55,104
Rental Income	-	574,316	456,832	-	1,031,148
Contributions	82,031	-	-	-	82,031
Contract Revenue	476,339	-	-	-	476,339
Other income	234,142	-	-	-	234,142
<b>Total revenue</b>	<b>19,419,525</b>	<b>580,231</b>	<b>459,957</b>	<b>(23,500)</b>	<b>20,436,213</b>
Expenses:					
Program services:					
Early Childhood Education	4,920,334	-	-	-	4,920,334
Food Program	2,264,025	-	-	-	2,264,025
Community Services	2,226,379	-	-	-	2,226,379
Weatherization Energy Assistance	1,408,055	-	-	-	1,408,055
Housing Programs	780,403	768,991	710,941	(23,548)	2,236,787
Homeless Housing Programs	1,461,378	-	-	-	1,461,378
Emergency Services	3,492,615	-	-	-	3,492,615
Discretionary	96,279	-	-	-	96,279
<b>Total program services</b>	<b>16,649,468</b>	<b>768,991</b>	<b>710,941</b>	<b>(23,548)</b>	<b>18,105,852</b>
Management and general	1,243,498	-	-	-	1,243,498
<b>Total expenses</b>	<b>17,892,966</b>	<b>768,991</b>	<b>710,941</b>	<b>(23,548)</b>	<b>19,349,350</b>
Change in net assets	1,526,559	(188,760)	(250,984)	48	1,086,863
Net assets - Beginning of year	6,091,268	3,651,215	4,728,122	(192,733)	14,277,872
<b>Net assets - End of year</b>	<b>\$ 7,617,827</b>	<b>\$ 3,462,455</b>	<b>\$ 4,477,138</b>	<b>\$ (192,685)</b>	<b>\$ 15,364,735</b>

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, 2023

Federal Grantor/Program Title	AL Number	Fund Source/ Pass-Through Entity	Agency I.D. Number	Program Period	Federal Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE</b>					
Rural Self-Help Rehabilitation Technical Assistance 12 County	10.420	U.S.D.A. Rural Development Department	Grant # 44	07/27/2021 - 07/27/2024	\$ 170,219
Rural Self-Help Rehabilitation Technical Assistance 12 County	10.420	U.S.D.A. Rural Development Department	Grant # 45	01/12/2022 - 01/11/2024	236,390
<b>Total Federal Expenditures AL 10.420</b>					<b><u>406,609</u></b>
Child and Adult Care Food Program - U.S.D.A. Reimbursement	10.558	South Dakota Department of Education and Cultural Affairs	N/A	10/01/2022 - 09/30/2023	233,871
<b>Total Federal Expenditures AL 10.558</b>					<b><u>233,871</u></b>
<b>Food Distribution Cluster</b>					
Commodity Supplemental Food Program (CSFP)	10.565	South Dakota Department of Education and Cultural Affairs Child and Adult Nutrition Services	N/A	10/01/2022 - 09/30/2023	37,469
Commodity Supplemental Food Program (CSFP)	10.565	South Dakota Department of Education and Cultural Affairs Child and Adult Nutrition Services	N/A	10/01/2022 - 09/30/2023	640
<b>Total Federal Expenditures Food Distribution Cluster AL 10.565</b>					<b><u>38,109</u></b>
<b>Direct Funding</b>					
<b>Community Facilities Loans and Grants Cluster</b>					
USDA	10.766	U.S. Department of Agriculture	N/A	11/25/2013 - 11/25/2043	<u>724,390</u>
<b>Total U.S. Department of Agriculture</b>					<b><u>1,402,979</u></b>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>					
<b>CDBG - Entitlement Grants Cluster</b>					
Community Development Block Grant - Horizon Place Apartments Limited Partnership	14.218	City of Sioux Falls	16-4156	08/01/2016 - 09/01/2049	780,000
Community Development Block Grant Bright Futures	14.218	Sioux Falls Community Development	22-4051	01/01/2022 - 12/31/2022	52,696
Community Development Block Grant Bright Futures	14.218	Sioux Falls Community Development	23-4034	01/01/2023 - 12/31/2023	146,349
COVID-19 Community Development Block Grant - Community Commons CDBG-CV	14.218	City of Sioux Falls	22-4368	12/19/2022 - 12/31/2023	<u>907,340</u>
<b>Total CDBG Entitlement Grants Cluster AL 14.218</b>					<b><u>1,886,385</u></b>
Emergency Solutions Grant Program	14.231	South Dakota Housing Development Authority	E-22-DC-46-0001-09	10/27/2022 - 04/27/2024	23,355
COVID-19 Emergency Solutions Grant Program CARES ACT	14.231	South Dakota Housing Development Authority	E-20-DW-46-0001-03	02/11/2020 - 12/31/2023	<u>218,403</u>
<b>Total Federal Expenditures AL 14.231</b>					<b><u>241,758</u></b>
HOME Investment Partnership Bright Futures - TRBA	14.239	Sioux Falls Community Development	20-4051	01/01/2022 - 12/31/2022	57,982

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, 2023

Federal Grantor/Program Title	AL Number	Fund Source/ Pass-Through Entity	Agency I.D. Number	Program Period	Federal Expenditures
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (Continued)</b>					
HOME Investment Partnership Bright Futures - TRBA	14.239	Sioux Falls Community Development	23-4034	01/01/2023 - 12/31/2023	241,882
HOME Investment Partnership Program - Home Rehabilitation	14.239	South Dakota Housing Development Authority	N/A	10/21/2021 - 02/28/2023	214,000
HOME Investment Partnership Program - Home Rehabilitation	14.239	South Dakota Housing Development Authority	N/A	12/06/2022 - 12/31/2023	85,602
Security Deposit Assistance Program	14.239	South Dakota Housing Development Authority	N/A	11/02/2021 - 11/30/2022	(1,357)
Security Deposit Assistance Program	14.239	South Dakota Housing Development Authority	N/A	12/08/2022-11/30/2023	3,767
COVID-19 HOME-ARP Investment Partnership Program - Community Commons	14.239	South Dakota Housing Development Authority	N/A	12/19/2022 - 12/31/2023	<u>654,095</u>
<b>Total Federal Expenditures AL 14.239</b>					<u><b>1,255,971</b></u>
Continuum of Care Program - PIT-HIC	14.267	Department of Housing and Urban Development	N/A	11/16/2022 - 11/15/2023	274
Continuum of Care Program - Heartland Rapid Re-housing	14.267	Department of Housing and Urban Development	SD0023L8T002105	09/01/2022 - 09/30/2023	<u>607,791</u>
<b>Total Federal Expenditures AL 14.267</b>					<u><b>608,065</b></u>
<b>Total U.S. Department of Housing and Urban Development</b>					<u><b>3,992,179</b></u>
<b>U.S. DEPARTMENT OF THE TREASURY</b>					
Volunteer Income Tax Assistance VITA Matching Grant Program	21.009	Department of Treasury	23VITA0001	10/01/2022 - 09/30/2023	<u>16,426</u>
<b>Total Federal Expenditures AL 21.009</b>					<u><b>16,426</b></u>
COVID-19 Emergency Rental Assistance Program ERA-2	21.023	South Dakota Housing Development Authority	N/A	06/01/2021 - 09/30/2025	2,855,086
COVID-19 Emergency Rental Assistance Homeowner Assistance Fund (HAF)	21.023	South Dakota Housing Development Authority	N/A	01/01/2022 - 09/30/2025	<u>1,898</u>
<b>Total Federal Expenditures AL 21.023</b>					<u><b>2,856,984</b></u>
COVID-19 State and Local Fiscal Recovery Funds American Rescue Act	21.027	Lake County	N/A	03/03/2021 - 12/31/2024	<u>(25,517)</u>
<b>Total U.S. Department of the Treasury</b>					<u><b>2,847,893</b></u>
<b>U.S. DEPARTMENT OF ENERGY</b>					
Weatherization Assistance for Low-Income Persons - Weatherization	81.042	South Dakota Department of Social Services	23-0821-601	07/01/2022 - 06/30/2023	386,322
Weatherization Assistance for Low-Income Persons - Weatherization	81.042	South Dakota Department of Social Services	24-0821-601	07/01/2023 - 06/30/2024	70,472
Weatherization Assistance for Low-Income Persons - Weatherization	81.042	South Dakota Department of Social Services	23-0821-613	07/01/2022 - 06/30/2025	670,521
<b>Total Federal Expenditures AL 81.042</b>					<u><b>1,127,315</b></u>
<b>Total U.S. Department of Energy</b>					<u><b>1,127,315</b></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, 2023

Federal Grantor/Program Title	AL Number	Fund Source/ Pass-Through Entity	Agency I.D. Number	Program Period	Federal Expenditures
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>					
<b>Aging Cluster</b>					
Title III Part C - Nutrition Services Congregate and Home Delivered Meals	93.045	South Dakota Department of Human Services	9193-657-016 23	06/01/2022 - 05/31/2023	409,939
Title III Part C - Nutrition Services Congregate and Home Delivered Meals	93.045	South Dakota Department of Human Services	9193-657-016 24	06/01/2023 - 05/31/2024	<u>337,786</u>
<b>Total Federal Expenditures AL 93.045</b>					<b><u>747,725</u></b>
Nutrition Services Incentive Program	93.053	South Dakota Department of Human Services	9193-657-016 23	06/01/2022 - 05/31/2023	113,526
Nutrition Services Incentive Program	93.053	South Dakota Department of Human Services	9193-657-016 24	06/01/2023 - 05/31/2024	<u>61,176</u>
<b>Total Federal Expenditures AL 93.053</b>					<b><u>174,702</u></b>
<b>Total Federal Expenditures Aging Cluster AL 93.045, 93.053</b>					<b><u>922,427</u></b>
Activities to Support State, Tribal, Local and Territorial Health Department Response to Public Health or Healthcare Crises Community Health Worker	93.391	South Dakota Department of Health	23SC090193	06/01/2022 - 05/31/2023	135,115
Activities to Support State, Tribal, Local and Territorial Health Department Response to Public Health or Healthcare Crises Community Health Worker	93.391	South Dakota Department of Health	24SC090193	06/01/2023 - 05/31/2024	<u>85,298</u>
<b>Total Federal Expenditures AL 93.391</b>					<b><u>220,413</u></b>
Low-Income Home Energy Assistance	93.568	South Dakota Department of Social Services	23-0821-605	07/01/2022 - 06/30/2023	295,711
Low-Income Home Energy Assistance	93.568	South Dakota Department of Social Services	24-0821-605	07/01/2023 - 06/30/2024	35,849
Low-Income Home Energy Assistance	93.568	South Dakota Department of Social Services	23-0821-617	07/01/2022 - 03/31/2024	<u>262,666</u>
<b>Total Federal Expenditures AL 93.568</b>					<b><u>594,226</u></b>
Community Services Block Grant	93.569	South Dakota Department of Social Services	23-0821-609	06/01/2022 - 05/31/2023	1,273,909
Community Services Block Grant	93.569	South Dakota Department of Social Services	24-0821-609	06/01/2023 - 05/31/2024	468,287
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	65,448
Community Services Block Grant Discretionary Awards (OCS)	93.569	South Dakota Community Action Partnership	90ET0473-01-01	09/30/2022 - 09/29/2023	<u>31,573</u>
<b>Total Federal Expenditures AL 93.569</b>					<b><u>1,839,217</u></b>

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, 2023

Federal Grantor/Program Title	AL Number	Fund Source/ Pass-Through Entity	Agency I.D. Number	Program Period	Federal Expenditures
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)</b>					
<b>CCDF Cluster</b>					
COVID-19 Child Care and Development Block Grant	93.575	South Dakota Department of Social Services	2101SDSCS6	01/01/2022 - 12/30/2022	8,717
ARPA Childcare Stabilization Madison					
<b>Total Federal Expenditures AL 93.575</b>					<b>8,717</b>
Child Care Mandatory and Matching Funds of the Child Care and Development Fund - SFC	93.596	South Dakota Department of Social Services	N/A	10/01/2022 - 09/30/2023	77,300
Child Care Mandatory and Matching Funds of the Child Care and Development Fund - Madison	93.596	South Dakota Department of Social Services	N/A	10/01/2022 - 09/30/2023	1,441
<b>Total Federal Expenditures AL 93.596</b>					<b>78,741</b>
<b>Total Federal Expenditures CCDF Cluster AL 93.575, 93.596</b>					<b>87,458</b>
<b>Head Start Cluster</b>					
Head Start	93.600	U.S. Department of Health and Human Services	08-CH010817-04	02/01/2022 - 01/31/2023	2,192,156
Head Start - T&TA	93.600	U.S. Department of Health and Human Services	08-CH010817-04	02/01/2022 - 01/31/2023	10,182
Early Head Start - T&TA	93.600	U.S. Department of Health and Human Services	08-CH010817-04	02/01/2022 - 01/31/2023	8,524
Head Start	93.600	U.S. Department of Health and Human Services	08-CH010817-05	02/01/2023 - 01/31/2024	3,382,152
Head Start - T&TA	93.600	U.S. Department of Health and Human Services	08-CH010817-05	02/01/2023 - 01/31/2024	17,750
Early Head Start - T&TA	93.600	U.S. Department of Health and Human Services	08-CH010817-05	02/01/2023 - 01/31/2024	35,363
COVID-19 Head Start CARES Act	93.600	U.S. Department of Health and Human Services	08-HE000752-01	04/01/2021 - 03/31/2023	59,551
<b>Total Federal Expenditures Head Start Cluster AL 93.600</b>					<b>5,705,678</b>
<b>Medicaid Cluster</b>					
Medical Assistance Program Community Health Worker	93.778	U.S. Department of Health and Human Services			83
<b>Total Federal Expenditures Medicaid Cluster AL 93.778</b>					<b>83</b>
<b>Total U.S. Department of Health and Human Services</b>					<b>9,369,502</b>
<b>Total Federal Expenditures</b>					<b>\$ 18,739,868</b>

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, 2023

Grantor/Program Title	Fund Source/ Pass-Through Entity	Agency I.D. Number	Program Period
<b>STATE AND LOCAL PROGRAMS</b>			
ICARE	MidAmerican Energy	N/A	01/01/2022 - 12/31/2022
ICARE	MidAmerican Energy	N/A	01/01/2023 - 12/31/2023
Nutrition Services - State Funds	South Dakota Department of Human Services	9193-657-016 23	06/01/2022 - 05/31/2023
Nutrition Services - State Funds	South Dakota Department of Human Services	9193-657-016 24	06/01/2023 - 05/31/2024
SHARE Program	South Dakota Department of Social Services	23-085C-600	06/01/2022 - 05/31/2023
SHARE Program	South Dakota Department of Social Services	24-085C-600	06/01/2023 - 05/31/2024
Codington County Case Management	Codington County	N/A	11/01/2021 - 10/31/2022
Codington County Case Management	Codington County	N/A	11/01/2022 - 10/31/2023
Castlewood Community Foundation	Castlewood Community Foundation	N/A	08/29/2022 - 10/15/2022
Brookings Foundation COVID Relief	Brookings Area United Way	N/A	05/01/2022 - 05/01/2023
Rapid Rehousing Support	City of Sioux Falls	N/A	01/01/2023 - 12/31/2023
Rapid Rehousing Support	Junior League of Sioux Falls	N/A	03/01/2022 - 02/28/2023
Project T.O.M.	City of Sioux Falls	22-4111	01/01/2022 - 12/31/2022
Project T.O.M.	City of Sioux Falls	23-4023	01/01/2023 - 12/31/2023
Build Your Own House	Citibank	N/A	Indefinite
HOF ESG Rural	South Dakota Housing Development Authority	2020-421	11/20/2020 - 09/30/2023
HOF ESG Urban	South Dakota Housing Development Authority	2020-422	11/20/2020 - 05/31/2023
HOF ESG Urban	South Dakota Housing Development Authority	2021-425	10/21/2021 - 03/31/2024
HOF ESG Rural	South Dakota Housing Development Authority	2022-424	12/06/2022 - 12/05/2024
HOF ESG Urban	South Dakota Housing Development Authority	2022-425	12/06/2022 - 12/05/2024
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 - 11/30/2023
Mutual Self Help, Weatherization, Emergency Services Program Support	City of Brookings ARPA Funds		08/23/2022 - 04/30/2024
Lake Area Recovery Network	Private Donations	N/A	Indefinite
Head Start Health	Private Donations	N/A	Indefinite
Head Start Program Support Watertown	First Interstate Bank	N/A	11/18/2022 - 11/18/2023
Head Start Program Support Watertown	First Interstate Bank	N/A	09/01/2023 - 09/30/2024
Head Start Program Support Madison	First Interstate Bank	N/A	11/18/2022 - 11/18/2024
Care Mobile	Watertown Community Foundation	N/A	01/01/2022 - 12/31/2022
Care Mobile	Watertown Community Foundation	N/A	01/01/2022 - 12/31/2023
Care Mobile - Flandreau	Interlake's Area United Way	N/A	01/01/2023 - 12/31/2023
Various programs	Interlake's Area United Way	N/A	01/01/2022 - 12/31/2023
Various programs	Watertown Area United Way	N/A	01/01/2022 - 12/31/2023
Various programs	Brookings Area United Way	N/A	01/01/2022 - 12/31/2023
<b>DISCRETIONARY</b>			
Corporate Programs	Various		10/01/2022 - 09/30/2023

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

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### 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, 2023. 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, 2023.

### 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, 2022	\$ 780,000
Repayments	(30,000)
Balance September 30, 2023	\$ 750,000

# Inter-Lakes Community Action Partnership, Inc. and Subsidiaries

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

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### Note C: Federal Loans Payable (Continued)

Federal expenditures for the U.S. Department of Agriculture ("USDA") Community Facilities Loans and Grants program includes the balance of a loan outstanding. This particular loan was funded by a grant from USDA to Inter-Lakes Community Action Partnership, Inc. 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 \$1,024,000 which was used for a Head Start facility. Annual principal payments of \$47,450 are due on this loan. In addition, Inter-Lakes Community Action Partnership, Inc. made an additional principal payment of \$401,386.

	USDA Loan
Balance October 1, 2022	\$ 724,390
Repayments	(448,836)
Balance September 30, 2023	\$ 275,554

Federal expenditures for the U.S. Department of Housing and Urban Development ("HUD") HOME Investment Partnership Program includes the balance of a loan outstanding. This particular loan was funded by a grant from HUD to the South Dakota Housing Development Authority who passed through these funds in the form of a 0% interest loan and for which the grantor imposes continuing compliance requirements. Total principal on this loan is \$654,095 which is HOME-ARP funding as a construction to permanent forgivable loan for the Community Commons Project, beginning at execution of the Mortgage and Note and continue for a term of 20 years from the date of Project Completion. The loan will be forgive at the end of the Restricted Use Period as long as all requirements are met during this period. Agreement was entered into June 21, 2023, for a period of 20 years.

	HOME Loan
Balance October 1, 2022	\$ -
New loan distributions	654,095
Balance September 30, 2023	\$ 654,095



## **Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the consolidated financial statements of Inter-Lakes Community Action Partnership, Inc. and Subsidiaries, which comprise the consolidated statement of financial position as of September 30, 2023 and the related consolidated statement 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 January 20, 2024. The financial statements of Horizon Place Apartments Limited Partnership, LP and Lacey Village Townhomes Limited Partnership, LP were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with Horizon Place Apartments Limited Partnership, LP and Lacey Village Townhomes, LP.

### **Report on Internal Control Over Financial Reporting**

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 reasonable possibility that a material misstatement of Inter-Lakes Community Action Partnership, Inc.'s financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Inter-Lakes Community Action Partnership, Inc.'s consolidated 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 Inter-Lakes Community Action Partnership, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Wipfli LLP

Madison, Wisconsin  
January 20, 2024

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

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

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

#### **Opinion on Each Major Federal Program**

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

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, 2023.

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

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

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

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Inter-Lakes Community Action Partnership, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Inter-Lakes Community Action Partnership, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Inter-Lakes Community Action Partnership, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

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

## **Report on Internal Control Over Compliance**

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

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

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

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

*Wipfli LLP*

Wipfli LLP

Madison, Wisconsin

January 20, 2024

# Inter-Lakes Community Action Partnership, Inc. and Subsidiaries

## Schedule of Findings and Questioned Costs

Year Ended September 30, 2023

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

#### Financial Statements

Type of auditor's report issued on whether the financial statements were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ Yes      X   No
- Significant deficiency(ies) identified? \_\_\_\_\_ Yes      X   None Reported

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes      X   No

#### Federal Awards

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_ Yes      X   No
- Significant deficiency(ies) identified? \_\_\_\_\_ Yes      X   None Reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? \_\_\_\_\_ Yes      X   No

#### Identification of major programs

<u>AL Numbers</u>	<u>Federal Program or Cluster</u>
14.218	Community Development Block Grants
14.239	Home Investments Partnership Program
21.023	Emergency Rental Assistance
93.569	Community Services Block Grant

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee?   X   Yes    \_\_\_\_\_ No

# **Inter-Lakes Community Action Partnership, Inc. and Subsidiaries**

## **Schedule of Findings and Questioned Costs**

Year Ended September 30, 2023

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### **Section II - Financial Statements Findings**

None.

### **Section III - Federal Award Findings and Questioned Costs**

None.

### **Section IV - Status of Prior Year Findings and Questioned Costs**

None.