



Consolidated Financial Statements

September 30, 2024 and 2023

**West Central Minnesota Communities Action, Inc. and Subsidiary
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Independent Auditor's Report

Board of Directors
West Central Minnesota Communities Action, Inc. and Subsidiary
Elbow Lake, Minnesota

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of West Central Minnesota Communities Action, Inc. and Subsidiary, which comprise the consolidated statements of financial position as of September 30, 2024 and 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of West Central Minnesota Communities Action, Inc. and Subsidiary, as of September 30, 2024 and 2023, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of West Central Minnesota Communities Action, Inc. and Subsidiary and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, 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 West Central Minnesota Communities Action, Inc. and Subsidiary's ability to continue as a going concern for one year after the date that 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 West Central Minnesota Communities Action, Inc. and Subsidiary's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about West Central Minnesota Communities Action, Inc. and Subsidiary's ability to continue as a going concern for a reasonable period of time.

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

Other Information Included in the Annual Report

Management is responsible for the other information included in the annual report. The other information comprises a summary of total revenue by category, summary of functional expenses by category, and total revenues and expenses for the last five years but does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the consolidated financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of other information exists, we are required to describe it in our report.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidated schedule of grant activity is presented for purposes of additional analysis of the consolidated financial statements and is not a required part of the consolidated financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidated schedule of grant activity and the schedule of expenditures of federal awards are 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 a report dated January 28, 2025, on our consideration of West Central Minnesota Communities Action, Inc. and Subsidiary'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 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 West Central Minnesota Communities Action, Inc. and Subsidiary'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 West Central Minnesota Communities Action, Inc. and Subsidiary's internal control over financial reporting and compliance.

BerganKDV, Ltd.

St. Cloud, Minnesota
January 28, 2025

West Central Minnesota Communities Action, Inc. and Subsidiary
Consolidated Statements of Financial Position
As of September 30, 2024 and 2023

	2024	2023
Assets		
Current assets		
Cash and cash equivalents	\$ 1,260,600	\$ 1,399,297
Accounts receivable	19,489	49,936
Grants receivable	1,470,283	1,111,733
Contracts receivable	41,918	7,669
Prepaid expenses	138,904	144,104
Other assets	528,764	683,040
Total current assets	3,459,958	3,395,779
Property and equipment, net	1,423,986	1,541,719
Right-of-use assets - operating leases	590,065	703,298
MURL homes and property, net	888,681	1,006,719
CLT land	262,343	147,343
Total assets	\$ 6,625,033	\$ 6,794,858

West Central Minnesota Communities Action, Inc. and Subsidiary
Consolidated Statements of Financial Position
As of September 30, 2024 and 2023

	2024	2023
Liabilities and Net Assets		
Current liabilities		
Notes payable, current portion	\$ 373,000	\$ 358,413
Operating lease liabilities, current	133,056	121,829
Accounts payable	542,509	534,539
Accrued payroll and benefits	382,202	332,175
Accrued paid time off	511,835	485,119
Refundable advances	328,181	173,894
Deferred revenue	14	13
Total current liabilities	2,270,797	2,005,982
Long-term liabilities		
Operating lease liabilities	461,633	581,469
Deferred MURL payments	511,950	542,933
Forgivable loan	396,975	396,975
Total long-term liabilities	1,370,558	1,521,377
Total liabilities	3,641,355	3,527,359
Net assets		
Without donor restrictions	2,433,913	2,348,468
With donor restrictions	549,765	919,031
Total net assets	2,983,678	3,267,499
Total liabilities and net assets	\$ 6,625,033	\$ 6,794,858

West Central Minnesota Communities Action, Inc. and Subsidiary
Consolidated Statement of Activities
Year Ended September 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
Grant revenue			
Federal sources	\$ 8,104,138	\$ -	\$ 8,104,138
State sources	3,251,233	-	3,251,233
County sources	25,080	43,000	68,080
Other sources	395,388	60,835	456,223
Contributions	36,205	29,126	65,331
In-kind contributions	740,203	-	740,203
Sales/fees	198,865	-	198,865
Affordable home loan program	783,800	-	783,800
Visitation income	18,314	-	18,314
Rental income	19,076	-	19,076
Gain on sale of equipment	23,827	-	23,827
Gain on sale of MURL homes and property	59,556	-	59,556
Miscellaneous income	10,804	-	10,804
Net assets released from donor restrictions	502,227	(502,227)	-
Total revenues	<u>14,168,716</u>	<u>(369,266)</u>	<u>13,799,450</u>
Expenses			
Head Start	6,476,749	-	6,476,749
Weatherization and housing	3,927,993	-	3,927,993
Family and community services	2,875,662	-	2,875,662
Management and general	726,054	-	726,054
Fundraising	76,813	-	76,813
Total expenses	<u>14,083,271</u>	<u>-</u>	<u>14,083,271</u>
Change in net assets	85,445	(369,266)	(283,821)
Net Assets			
Beginning of year	<u>2,348,468</u>	<u>919,031</u>	<u>3,267,499</u>
End of year	<u>\$ 2,433,913</u>	<u>\$ 549,765</u>	<u>\$ 2,983,678</u>

See notes to consolidated financial statements.

West Central Minnesota Communities Action, Inc. and Subsidiary
Consolidated Statement of Activities
Year Ended September 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
Grant revenue			
Federal sources	\$ 8,330,271	\$ -	\$ 8,330,271
State sources	2,071,107	376,555	2,447,662
County sources	40,646	1,208	41,854
Other sources	283,432	142,245	425,677
Contributions	48,334	38,956	87,290
In-kind contributions	718,881	-	718,881
Sales/fees	174,162	-	174,162
Affordable home loan program	610,000	-	610,000
Visitation income	29,870	-	29,870
Rental income	14,262	-	14,262
Gain on sale of MURL homes and property	48,316	-	48,316
Miscellaneous income	21,642	-	21,642
Net assets released from donor restrictions	426,129	(426,129)	-
Total revenues	<u>12,817,052</u>	<u>132,835</u>	<u>12,949,887</u>
Expenses			
Head Start	5,876,403	-	5,876,403
Weatherization and housing	3,889,702	-	3,889,702
Family and community services	2,233,415	-	2,233,415
Management and general	736,930	-	736,930
Fundraising	66,038	-	66,038
Total expenses	<u>12,802,488</u>	<u>-</u>	<u>12,802,488</u>
Change in net assets	14,564	132,835	147,399
Net Assets			
Beginning of year	<u>2,333,904</u>	<u>786,196</u>	<u>3,120,100</u>
End of year, as restated	<u>\$ 2,348,468</u>	<u>\$ 919,031</u>	<u>\$ 3,267,499</u>

See notes to consolidated financial statements.

West Central Minnesota Communities Action, Inc. and Subsidiary
Consolidated Statement of Functional Expenses
Year Ended September 30, 2024

	Program Services						Fundraising	Total
	Head Start	Weatherization and Housing	Family and Community Services	Total	Management and General			
Salaries and wages	\$ 3,776,050	\$ 1,039,410	\$ 805,053	\$ 5,620,513	\$ 400,693	\$ 62,759	\$ 6,083,965	
Fringe benefits and payroll taxes	832,537	241,272	179,292	1,253,101	89,954	14,054	1,357,109	
Consultants	468,434	30,268	96,388	595,090	5,593	-	600,683	
Sub-awards	-	-	508,050	508,050	-	-	508,050	
Travel	108,905	63,587	49,862	222,354	13,152	-	235,506	
Space cost and rental	441,048	27,529	124,552	593,129	22,691	-	615,820	
Supplies	130,469	24,122	33,972	188,563	4,327	-	192,890	
Repairs and maintenance	7,231	3,236	1,554	12,021	1,309	-	13,330	
Interest expense	-	22,348	-	22,348	106	-	22,454	
Other direct costs	5,148	2,642	5,836	13,626	14,395	-	28,021	
Audit and accounting	-	-	-	-	38,600	-	38,600	
Advertising	25,569	7,839	7,496	40,904	-	-	40,904	
Insurance	32,187	20,228	18,626	71,041	55,021	-	126,062	
Telephone	44,651	13,773	2,207	60,631	12,418	-	73,049	
Postage and printing	61,467	28,884	26,476	116,827	3,410	-	120,237	
Depreciation	97,523	92,913	29,248	219,684	43,634	-	263,318	
Training	92,307	21,112	12,392	125,811	6,945	-	132,756	
Miscellaneous	38,119	35,377	39,521	113,017	13,806	-	126,823	
Direct client assistance								
Head Start	303,179	-	-	303,179	-	-	303,179	
Energy Assistance Program	-	13,995	-	13,995	-	-	13,995	
Weatherization	-	1,157,865	-	1,157,865	-	-	1,157,865	
Housing Rehabilitation / Housing	4,870	1,051,517	71,042	1,127,429	-	-	1,127,429	
Client Services	7,055	30,076	817,932	855,063	-	-	855,063	
Tax Site Services	-	-	46,163	46,163	-	-	46,163	
Total	<u>\$ 6,476,749</u>	<u>\$ 3,927,993</u>	<u>\$ 2,875,662</u>	<u>\$ 13,280,404</u>	<u>\$ 726,054</u>	<u>\$ 76,813</u>	<u>\$ 14,083,271</u>	

See notes to consolidated financial statements.

West Central Minnesota Communities Action, Inc. and Subsidiary
Consolidated Statement of Functional Expenses
Year Ended September 30, 2023

	Program Services						Fundraising	Total
	Head Start	Weatherization and Housing	Family and Community Services	Total	Management and General			
Salaries and wages	\$ 3,300,137	\$ 1,081,243	\$ 587,027	\$ 4,968,407	\$ 417,867	\$ 57,381	\$ 5,443,655	
Fringe benefits and payroll taxes	656,866	232,312	130,569	1,019,747	86,100	8,656	1,114,503	
Consultants	503,261	40,895	99,262	643,418	4,923	-	648,341	
Sub-awards	-	-	380,882	380,882	-	-	380,882	
Travel	105,632	62,499	32,267	200,398	12,131	-	212,529	
Space cost and rental	452,667	33,555	84,989	571,211	24,970	-	596,181	
Supplies	209,833	36,747	31,844	278,424	5,714	-	284,138	
Repairs and maintenance	12,347	3,803	4,643	20,793	1,599	-	22,392	
Interest expense	-	26,750	-	26,750	381	-	27,131	
Other direct costs	4,399	3,930	11,630	19,959	19,025	-	38,984	
Audit and accounting	-	-	-	-	33,050	-	33,050	
Advertising	26,222	39,786	25,723	91,731	-	-	91,731	
Insurance	31,871	23,177	16,847	71,895	44,041	-	115,936	
Telephone	33,642	20,971	3,154	57,767	12,253	-	70,020	
Postage and printing	52,247	24,422	26,483	103,152	5,016	-	108,168	
Depreciation	75,468	97,916	23,186	196,570	48,265	-	244,835	
Training	111,408	18,059	12,594	142,061	2,922	-	144,983	
Miscellaneous	54,131	53,632	38,823	146,586	18,674	-	165,260	
Direct client assistance								
Head Start	197,256	-	-	197,256	-	-	197,256	
Energy Assistance Program	-	16,703	-	16,703	-	-	16,703	
Weatherization	-	1,158,789	-	1,158,789	-	-	1,158,789	
Housing Rehabilitation / Housing	1,687	906,352	86,157	994,196	-	-	994,196	
Client Services	47,328	8,161	601,620	657,109	-	-	657,109	
Tax Site Services	-	-	35,716	35,716	-	-	35,716	
Total	\$ 5,876,402	\$ 3,889,702	\$ 2,233,416	\$ 11,999,520	\$ 736,931	\$ 66,037	\$ 12,802,488	

See notes to consolidated financial statements.

West Central Minnesota Communities Action, Inc. and Subsidiary
Consolidated Statements of Cash Flows
Years Ended September 30, 2024 and 2023

	2024	2023
Cash Flows - Operating Activities		
Change in net assets	\$ (283,821)	\$ 147,399
Adjustments to reconcile change in net assets to net cash flows - operating activities		
Depreciation - property and equipment	202,462	178,975
Depreciation - MURL homes	60,856	65,860
Gain on sale of property and equipment	(23,827)	-
Gain on sale of MURL homes and property	(59,556)	(48,316)
Amortization of ROU assets	135,167	119,547
Changes in operating assets and liabilities		
Accounts receivable	30,447	(44,043)
Grants receivable	(358,550)	153,893
Contracts receivable	(34,249)	5,634
Prepaid expenses	5,200	21,423
Other assets	154,276	(138,774)
Accounts payable	7,970	18,889
Accrued payroll and benefits	50,027	(41,314)
Accrued paid time off	26,716	22,268
Refundable advances	154,287	(534,660)
Operating lease liabilities	(130,543)	(119,547)
Deferred revenue	1	(49,221)
Deferred MURL payments	(30,983)	11,507
Total adjustments	189,701	(377,879)
Net cash flows - operating activities	(94,120)	(230,480)
Cash Flows - Investing Activities		
Net proceeds from sale of MURL homes and property	144,500	66,000
Net proceeds from sale of equipment	23,827	-
Purchase of CLT land	(115,000)	(69,000)
Purchases of property and equipment	(84,729)	(158,298)
Purchases of MURL homes and property	(27,762)	-
Net cash flows - investing activities	(59,164)	(161,298)
Cash Flows - Financing Activities		
Proceeds from note payable	320,000	557,000
Principal payments on notes payable	(305,413)	(451,130)
Net cash flows - financing activities	14,587	105,870
Net change in cash and cash equivalents	(138,697)	(285,908)
Cash and Cash Equivalents		
Beginning of year	1,399,297	1,685,205
End of year	\$ 1,260,600	\$ 1,399,297

See notes to consolidated financial statements.

West Central Minnesota Communities Action, Inc. and Subsidiary
Consolidated Statements of Cash Flows
Years Ended September 30, 2024 and 2023

	2024	2023
Supplementary Information		
Cash paid for interest	\$ 22,454	\$ 27,131
Cash paid for amounts included in the measurement of Operating lease liabilities	161,710	143,212
Supplemental Schedule of Noncash Investing and Financing Activities		
ROU assets obtained in exchange for operating lease liabilities (at adoption for 2023)	\$ 21,934	\$ 822,845

West Central Minnesota Communities Action, Inc. and Subsidiary Notes to Consolidated Financial Statements

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

West Central Minnesota Communities Action, Inc. is a nonprofit corporation organized to provide assistance for disadvantaged persons in Douglas, Grant, Pope, Stevens, and Traverse Counties of west central Minnesota, primarily through the administration of federal, state, and other grants.

The mission of West Central Minnesota Communities Action, Inc. is empowering people while providing services and resources that impact individuals and communities. West Central Minnesota Communities Action, Inc. was established on August 12, 1965, under the provisions of the Minnesota Nonprofit Corporations Act, *Minnesota Statutes*, Chapter 317. West Central Minnesota Communities Action, Inc. is partnering to build resiliency in Greater Minnesota. The Board of Directors consists of representatives of the public sector, the low-income sector, and the private sector. The general management of the affairs of West Central Minnesota Communities Action, Inc. is vested in the Board of Directors.

Phoenix Apartments, LLC was formed in February 2015 as a nonprofit limited liability company for the purchase and operation of a multi-family housing project located in Alexandria, Minnesota.

Basis of Consolidation

The consolidated financial statements include the accounts of West Central Minnesota Communities Action, Inc. and its wholly-owned subsidiary, Phoenix Apartments, LLC, hereafter referred to as the Organization. All significant inter-company balances and transactions have been eliminated.

Accounting Estimates

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

Self-Insured Unemployment

Provisions for a reserve under a self-insured program for unemployment compensation are allowable to the extent that the provisions represent reasonable estimates of the liabilities for such compensation, and the types of coverage, extent of coverage, and rates and premiums would have been allowable had insurance been purchased to cover the risks. However, provisions for self-insured liabilities which do not become payable for more than one year after the provision is made must not exceed the present value of the liability. The Organization charged Federal and non-Federal programs for unemployment insurance based on estimates from prior years and projected salary expenses.

Cash Equivalents

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

West Central Minnesota Communities Action, Inc. and Subsidiary
Notes to Consolidated Financial Statements

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

Accounts receivable consists of payments or services made on behalf of clients and employees where the Organization is still waiting for reimbursement or payment. Accounts receivable are stated at net realizable value. Payment is required 30 days after receipt of the invoice. Accounts more than 90 days past due are individually analyzed for collectability and the Organization believes that the composition of receivables at year-end is consistent with historical conditions as there has been no significant changes in pay sources, credit terms and collection practices, or economic conditions. When all collection efforts have been exhausted, the accounts are written off against the related allowance. No allowance for credit losses is considered necessary as of September 30, 2024 and 2023.

Grants and Contracts Receivable

Grants and contracts receivable are amounts outstanding under government reimbursement grants and contract agreements. Based upon prior experience and continual assessments of future collections, no allowance for uncollectible grants and contracts is considered necessary as of September 30, 2024 and 2023.

Concentrations

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

The Organization is subject to a degree of vulnerability due to concentrations of grant receivables and revenue from major funding sources. During 2024 and 2023, 8% and 17%, respectively, of the Organization's revenue was received for the Low-Income Home Energy Assistance Programs through the Minnesota Department of Commerce and for 2024 and 2023, 35% and 38%, respectively, of revenue was received for the Head Start Program directly through the U.S. Department of Health and Human Services.

As of September 30, 2024 and 2023, 11% and 21%, respectively, of the Organization's grants receivable was for the Low-Income Home Energy Assistance Programs and 25% and 28% of grants receivable was for the Head Start Program.

Other Assets

The Organization builds affordable homes for low to middle income households. All expenses are put into an asset account until the house has been sold. Once sold the revenue and expenses are recognized. When a lot is pre-purchased, the lot will stay in other assets until construction starts. At that time the lot is moved to the project created for the new home.

**West Central Minnesota Communities Action, Inc. and Subsidiary
Notes to Consolidated Financial Statements**

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment are carried at cost, or fair value if donated, with depreciation computed under the straight-line method over the economic useful lives of the assets. The Organization follows the policy of capitalizing all property and equipment expenditures over \$5,000 and useful life in excess of a year. Grant funds provided for the purchase of property and equipment for individual programs, are recognized as revenue when the qualifying expenditure is made.

Property and equipment purchased with grant funds must continue to be used in the program for which it was purchased, certain funding sources have a reversionary interest in the property or equipment therefore they may be entitled to a portion of the proceeds from the sale.

Long-Lived Assets

The Organization records impairment losses on long-lived assets used in operations when events and circumstances indicate that the assets might be impaired and the undiscounted cash flows estimated to be generated by those assets are less than the carrying amounts of those assets. There were no impairment losses recognized for the years ended September 30, 2024 and 2023.

Leases

The Organization recognizes a right-of-use (ROU) asset and lease liability for each operating and finance lease with a term greater than 12 months at the time of lease inception. The Organization does not record a ROU asset or lease liability for leases with an initial term of 12 months or less but continues to record rent expense on a straight-line basis over the lease term. Options to extend or terminate at the sole discretion of the Organization and are included in the determination of lease term when they are reasonably certain to be exercised. The lease liability represents the present value of future lease payments over the lease term. The Organization has elected the practical expedients (1) to discount the lease liability using the risk-free rate for all classes of assets, (2) to use hindsight for assessing the lease term and impairment of the ROU asset, and (3) to not separate lease and non-lease components for all classes of assets.

MURL Homes and Property

All costs related to the Organization's Minnesota Urban and Rural Homesteading Program (MURL) are recorded as assets as incurred. The assets for MURL homes and property, which are sold under contracts for deed, are depreciated over the terms of the contracts for deed, typically 30 years.

The contracts for deed have 0% interest and maturity dates ranging from 2031 to 2052. Payments received to date are recorded as deferred MURL payments until the contract for deed is paid in full and the title of the property transfers to the buyer.

CLT Land

Land held for the community land trust (CLT) is carried at cost, or fair value if donated.

West Central Minnesota Communities Action, Inc. and Subsidiary
Notes to Consolidated Financial Statements

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets

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

Net Assets Without Donor Restrictions

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

Net Assets With Donor Restrictions

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

Revenue Recognition

Grant Revenue and Contributions

The Organization recognizes grants and contributions when cash, securities or other assets, an unconditional promise to give, or notification of an irrevocable beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

A significant portion of the Organization's revenue is derived from cost-reimbursable federal, state, and other contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. The Organization received cost-reimbursable grants of \$7,949,000 and \$4,824,000, respectively, that have not been recognized as of September 30, 2024 and 2023, because qualifying expenditures have not yet been incurred.

**West Central Minnesota Communities Action, Inc. and Subsidiary
Notes to Consolidated Financial Statements**

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

In-Kind Contributions

In-kind contributions are reflected as contributions valued at fair value on date of donation. A similar amount is included in expenses and represents the amount which would have been expended had the goods or services not been donated. Contributions of services are recognized if they (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of other services, which do not meet the requirements for recognition in accordance with the accounting principles generally accepted in the United States, are reported only in the notes to consolidated financial statements.

Donated space costs are reported at the estimated fair market value based on an independent appraisal. Donated professional services are reported using current rates for similar services.

Sales/Fees

The Organization contracts with local agencies (HRA), townships, and cities for services such as building/remodeling homes, etc. Revenue is recognized over time, as the services are being completed. The price is determined by the original contract between the Organization and the contractor/agency. Billing happens per the signed contract, typically by completed tasks in the project or project completion. Payment terms are net 30. The Organization offers an additional warranty (2-10-year warranty) on new homes sold to clients. Historically, warranty work has not been performed and therefore management has determined a warranty reserve is not necessary. New homes for HRA's are covered under the State mandated warranty for new homes. MURL homes do not have a warranty.

Affordable Home Loan Program

The Organization sells prebuilt and pre-purchased homes to clients. Revenue is recognized at a point in time, when the home closing takes place. The price of the home depends on the cost of the supplies or specifications of the house as well as comparable houses in the area. Payment is received from the purchaser or mortgage company at the home closing.

Cost Allocation and Functional Allocation of Expenses

The Organization uses a cost allocation plan to allocate costs that cannot be identified to one grant, such as space, telephone, and postage. Space is allocated based on the square footage that is occupied by each program, telephone is allocated by the number of phones by each grant, long distance calls are allocated based on the program codes assigned to each employee, and postage is allocated based on the code assigned for each program. Other costs are allocated as detailed in the Organization's cost allocation plan.

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. The consolidated financial statements report certain categories of expense that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis. The expenses that are allocated include building expenses and utilities which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, postage, copier, board expenses, equipment maintenance and repair, and miscellaneous which are allocated on the basis of time and effort of core administration staff.

**West Central Minnesota Communities Action, Inc. and Subsidiary
Notes to Consolidated Financial Statements**

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

West Central Minnesota Communities Action, Inc. is a nonprofit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes pursuant to Section 501(a) of the Code.

Phoenix Apartments, LLC, as a wholly-owned subsidiary of West Central Minnesota Communities Action, Inc., is a disregarded entity for income tax purposes.

Recently Adopted Accounting Pronouncement

In October 2023, the Organization adopted Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected credit losses on certain financial instruments. The Organization adopted this new guidance utilizing the modified retrospective transition method. The adoption of the standard did not have a material impact on the Organization's consolidated financial statement and primarily resulted in enhanced disclosures.

Subsequent Events

The Organization has evaluated subsequent events through January 28, 2025, the date which the consolidated financial statements were available to be issued.

NOTE 2 - LIQUIDITY AND AVAILABILITY

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, consist of the following as of September 30, 2024 and 2023:

	2024	2023
Cash and cash equivalents	\$ 1,260,600	\$ 1,399,297
Accounts receivable	19,489	49,936
Grants receivable	1,470,283	1,111,733
Contracts receivable	41,918	7,669
Total financial assets	2,792,290	2,568,635
Less net assets with donor restrictions	549,765	919,031
Total financial assets available for general expenditures	\$ 2,242,525	\$ 1,649,604

The Organization structures its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, as part of its liquidity management, the Organization invests cash in excess of daily requirements in various short-term investments, including certificates of deposit and short-term treasury instruments. The Organization also has access to a line of credit if needed.

West Central Minnesota Communities Action, Inc. and Subsidiary
Notes to Consolidated Financial Statements

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of September 30, 2024 and 2023:

	2024	2023
Land	\$ 30,000	\$ 30,000
Buildings	1,404,468	1,404,468
Leasehold improvements	408,724	408,724
Vehicles	609,149	569,414
Furniture and equipment	460,593	460,593
Scanner	30,705	30,705
	2,943,639	2,903,904
Less accumulated depreciation	1,519,653	1,362,185
Property and equipment, net	\$ 1,423,986	\$ 1,541,719

NOTE 4 - OPERATING LEASES

The Organization leases equipment and office space under noncancelable operating leases, the last of which expires in 2032. Payments under these lease arrangements are fixed.

As of September 30, 2024 and 2023, operating leases had weighted-average remaining lease term of 66 and 76 months, respectively, and the weighted-average discount was 3.92% and 3.91%, respectively.

Future minimum lease payments under non-cancellable leases are as follows for the years ending September 30:

2025	\$ 151,901
2026	144,448
2027	118,800
2028	61,200
2029	49,200
Thereafter	135,300
Total lease payments	660,849
Less amounts representing interest	(66,160)
Present value of lease liabilities	\$ 594,689

**West Central Minnesota Communities Action, Inc. and Subsidiary
Notes to Consolidated Financial Statements**

NOTE 4 - OPERATING LEASES (CONTINUED)

Lease costs for the year ended September 30, 2024 and 2023, were as follows:

	2024	2023
Operating lease costs	\$ 161,014	\$ 148,532
Short-term and variable lease costs	99,079	64,213
Total lease costs	\$ 260,093	\$ 212,745

The Organization has also entered into an operating lease for its child safe exchange and visitation center program known as “PLUS Kids”, as well as for supporting offices. The lease continues through August 31, 2037. The rent during the first year of this agreement and for each successive year thereafter is \$1. In the event the Organization is not appropriated funds necessary for the continuation of the lease agreement or operation of the program, the agreement may be terminated upon giving a thirty-day written notice. In the event the Organization fails to fulfill its obligations and default is not corrected, as set forth in the agreement, the lessor may terminate the lease. The Organization recognizes an in-kind contribution and lease expense for the fair value of the lease each year and no future minimum lease payments are reflected above due to the condition placed on the contribution.

NOTE 5 - MURL HOMES AND PROPERTY

MURL homes and property consist of the following as of September 30, 2024 and 2023:

	2024	2023
MURL homes	\$ 1,775,701	\$ 1,934,902
Less accumulated depreciation	887,020	928,183
MURL homes and property, net	\$ 888,681	\$ 1,006,719

NOTE 6 - LINE OF CREDIT

The Organization has available a \$300,000 variable rate, unsecured, bank line of credit, which is available for short-term cash flow needs and is due on demand with no future maturity date. As of September 30, 2024 and 2023, there were no amounts outstanding.

West Central Minnesota Communities Action, Inc. and Subsidiary
Notes to Consolidated Financial Statements

NOTE 7 - NOTES PAYABLE

Notes payable consist of the following as of September 30, 2024 and 2023:

	2024	2023
Minnesota Department of Corrections Revolving note is due upon satisfaction of the agreement or June 30, 2025, whichever comes first. The note is unsecured and carries an interest rate of 0%.	\$ 373,000	\$ 354,000
Financial institution Monthly payments of \$461, including interest at 5.45%, due July 2024. Paid in full.	-	4,413
	373,000	358,413
Less current portion	373,000	358,413
Total long-term notes payable	\$ -	\$ -

NOTE 8 - FORGIVABLE LOAN

In December 2015, Phoenix Apartments, LLC purchased a multi-family housing development property for persons and families of low and moderate income. The property was financed by Minnesota Housing Finance Agency with a forgivable \$396,975 asset management loan under the terms that the building be used as a housing development for persons and families of low and moderate income. The loan is due in one lump sum payment on December 22, 2045, however, the loan will be forgiven at maturity if there is no event of default under the terms of the loan.

NOTE 9 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following as of September 30, 2024 and 2023:

	2024	2023
Subject to expenditure for specified purpose:		
Housing	\$ 19,926	\$ 20,861
Emergency Services	26,233	21,516
Energy Assistance	7,154	9,885
FAIM	453,210	755,441
Weatherization	35	-
Tax	-	99,975
Plus Kids	43,207	11,353
Total net assets with donor restrictions	\$ 549,765	\$ 919,031

**West Central Minnesota Communities Action, Inc. and Subsidiary
Notes to Consolidated Financial Statements**

NOTE 10 - IN-KIND CONTRIBUTIONS

For 2024 and 2023, in-kind contributions were recorded in the following programs:

Donated space, land, and other direct costs for 2024 were used for the following programs:

	Federal				Local	Total	
	Corp CLT Land	Headstart 23	Headstart 24	In Home 23	In Home 24		Plus Kids 24
Space costs	\$ -	\$ 27,631	\$ 236,538	\$ -	\$ -	\$ 39,125	\$ 303,294
Other direct costs	-	-	-	160	653	-	813
Land	20,000	-	-	-	-	-	20,000
Total	\$ 20,000	\$ 27,631	\$ 236,538	\$ 160	\$ 653	\$ 39,125	\$ 324,107

Donated space for 2023 were used for the following programs:

	Federal		Local		Total
	Headstart 22	Headstart 23	VITA 22-23	Plus Kids 23	
Space costs	<u>\$ 27,008</u>	<u>\$ 252,437</u>	<u>\$ -</u>	<u>\$ 39,125</u>	<u>\$ 318,570</u>

Donated services for 2024 were used for the following programs:

	Federal			Total
	Headstart 23	Headstart 24	VITA 23-24	
Salaries and wages	\$ -	\$ -	\$ 33,991	\$ 33,991
Professional services	67,431	314,674	-	382,105
Total	\$ 67,431	\$ 314,674	\$ 33,991	\$ 416,096

Donated services for 2023 were used for the following programs:

	Federal			Total
	Headstart 22	Headstart 23	VITA 22-23	
Salaries and wages	\$ -	\$ -	\$ 39,798	\$ 39,798
Professional services	45,462	315,051	-	360,513
Total	\$ 45,462	\$ 315,051	\$ 39,798	\$ 400,311

There were no donor-imposed restrictions on in-kind contributions.

West Central Minnesota Communities Action, Inc. and Subsidiary
Notes to Consolidated Financial Statements

NOTE 11 - RETIREMENT PLAN

The Organization has a defined contribution retirement plan covering full-time employees who have reached the age of 21 and completed six months of service. The employer contributions for 2024 and 2023 were \$165,100 and \$160,744, respectively.

NOTE 12 - CONTINGENCIES

Federal and state program activities are subject to financial and compliance regulation. To the extent any expenditures are disallowed, a liability to the respective federal or state agency could result.

The Organization is subject to claims arising in the normal course of business. While it is not feasible to determine the outcomes of any of these claims, it is the opinion of management that their outcomes will not have a material effect on the consolidated financial position or activities of the Organization.

NOTE 13 - RESTATEMENT

During the year ended September 30, 2024, the Organization determined certain funding should have been recognized differently in the prior year. This correction resulted in the following restatement.

	<u>Original Amount</u>	<u>Adjustments</u>	<u>Restated Amount</u>
September 30, 2023			
Grants receivable	\$ 1,124,341	\$ (12,608)	\$ 1,111,733
Total assets	6,807,466	(12,608)	6,794,858
Refundable advances	181,671	(7,777)	173,894
Deferred revenue	82,407	(82,394)	13
Total liabilities	3,617,530	(90,171)	3,527,359
Net assets without donor restrictions	2,270,905	77,563	2,348,468
Total net assets	3,189,936	77,563	3,267,499
Grants, other sources without donor restrictions	272,852	10,580	283,432
Sales/fees	91,768	82,394	174,162
Visitation income	30,038	(168)	29,870
Rental income	29,505	(15,243)	14,262
Total revenue	12,872,324	77,563	12,949,887
Total change in net assets	69,836	77,563	147,399

SUPPLEMENTARY INFORMATION

West Central Minnesota Communities Action, Inc.
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2024

Federal Grantors/Pass-Through Grantor/Program or Cluser Title/Project Name	Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Federal Expenditures
U.S. Department of Agriculture				
Minnesota Department of Education Child and Adult Care Food Program	10.558	2MN300061	\$ -	\$ 178,118
U.S. Department of Housing and Urban Development				
Direct				
Continuum of Care Program (Rapid Rehousing)	14.267		-	52,301
Continuum of Care Program (Rapid Rehousing)	14.267		-	611
Total Continuum of Care Program			-	52,912
U.S. Department of Justice				
Minnesota Department of Public Safety Crime Victim Assistance	16.575	A-CVS-2024-WCMCA-045	-	19,840
U.S. Department of the Treasury				
Direct				
Volunteer Income Tax Assistance (VITA) Matching Grant Program	21.009		-	41,800
Minnesota Housing Finance Agency COVID-19 Emergency Rental Assistance Program	21.023	N/A	436,050	527,205
Total U.S. Department of the Treasury			436,050	569,005
U.S. Department of Energy				
Minnesota Department of Commerce				
Weatherization Assistance for Low-Income Persons (A2500)	81.042	DE-EE0009910	-	467,042
Weatherization Assistance for Low-Income Persons (BIL)	81.042	DE-EE0009995	-	349,249
Weatherization Assistance for Low-Income Persons (BIL)	81.042	DE-EE0009995		119,362
Weatherization Assistance for Low-Income Persons (A2500)	81.042	DE-EE0009910		29,358
Weatherization Assistance for Low-Income Persons (Serc II)	81.042	DE-EE0009910		521
Total Weatherization Assistance for Low-Income Persons				965,532

West Central Minnesota Communities Action, Inc.
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2024

Federal Grantors/Pass-Through Grantor/Program or Cluser Title/Project Name	Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Federal Expenditures
U.S. Department of Health and Human Services				
Land of Dancing Sky Area Agency on Aging				
Aging Cluster				
Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services (Matter of Ballances Classes)	93.043	314-23-003D-922	\$	1,794
Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services (Evidence Based Classes)	93.043	314-24-003D-922		2,505
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers (DSAAA Chore & Rides)	93.044	314-23-003B-429	-	173,929
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers (In Home)	93.044	314-23-003B-428		7,881
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers (In Home)	93.044	314-24-003B-428	-	14,337
Total Aging Cluster				200,446
Minnesota Department of Health Services				
Micro Grant	93.564	228957		1,368
Minnesota Department of Commerce				
Low-Income Home Energy Assistance				
EAP/WX A2119	93.568	2302MNLIEA	-	392,668
EAP 23-24	93.568	1563		539,580
EAP Primary and Criss Payments	93.568	N/A	-	3,751,010
EAP/WX A2122	93.568	2402MNLIEA		24,954
EAP/WX A2119 Carryover	93.568	2302MNLIEA		205,892
Total Low-Income Home Energy Assistance			-	4,914,104
Minnesota Department of Health Services				
Community Services Block Grant (CSBG)	93.569	GRK%230736	-	38,412
Minnesota Department of Human Services				
Grants to States for Access and Visitation Programs	93.597	163635	-	43,095
Direct				
Head Start Cluster				
COVID-19 Head Start	93.600		-	9,231
Head Start	93.600			536,418
Head Start	93.600			4,325,568
Total Head Start Cluster			-	4,871,217
Total U.S. Department of Heath and Human Services				10,068,642
Unknown				
Minnesota Homeownership Center				
Housing Stability Counseling Program	99.U19	N/A		1,099
Total expenditures of federal awards			\$ 436,050	\$ 11,855,148

See notes to schedule of expenditures of federal awards.

West Central Minnesota Communities Action, Inc.
Notes to Schedule of Expenditures of Federal Awards

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of West Central Minnesota Communities Action, Inc. under programs of the federal government for the year ended September 30, 2024. The information in this Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of West Central Minnesota Communities Action, Inc. it is not intended to and does not present the financial position, changes in net assets, or cash flows of West Central Minnesota Communities Action, Inc.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting, which conform to accounting principles generally accepted in the United States of America. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 - INDIRECT COST RATE

West Central Minnesota Communities Action, Inc. has elected not to use the 10-percent de minimus indirect cost rate as allowed under the Uniform Guidance.

NOTE 4 - ENERGY ASSISTANCE PAYMENTS

Included in Assistance Listing Number 93.568 are client benefits paid by the State of Minnesota of \$3,751,010. These expenditures are not included in the consolidated statements of activities.

NOTE 5 - PASS-THROUGH ENTITY IDENTIFICATION NUMBERS

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

West Central Minnesota Communities Action, Inc. and Subsidiary
Consolidated Schedule of Grant Activity
Year Ended September 30, 2024

Fund Number	Grant Number	Program Name	State or Other Administrative Department	Current Revenues
Federal Programs				
U.S. Department of Agriculture				
5073, 5079	2MN300061	USDA Food Reimbursement	MN Dept of Education	\$ 178,118
U.S. Department of Housing and Urban Development				
6292	MN0475D5K082203	Rapid Rehousing HUD	U.S. Department of Housing and Urban Development	52,301
6306	MN0475D5K082304	Rapid Rehousing HUD	U.S. Department of Housing and Urban Development	611
				<u>52,912</u>
U.S. Department of Justice				
9053	A-CVS-2024-WCMCA-045	Office of Justice Plus Kids	MN Department of Public Safety	19,840
U.S. Department of the Treasury				
6299	24VITA0014	VITA - Tax	Volunteer Income Tax Assistance	41,800
6267	N/A	MHFA-Housing Stabilization Services COVID	MN Housing Finance Agency	527,205
				<u>569,005</u>
U.S. Department of Energy				
7407	DE-EE0009995	BIL	MN Dept of Commerce	349,249
7409	DE-EE0009910	DOE A2500	MN Dept of Commerce	467,042
7424	DE-EE0009995	BIL	MN Dept of Commerce	119,362
7425	DE-EE0009910	Serc II	MN Dept of Commerce	521
7428	DE-EE0009910	DOE A2500	MN Dept of Commerce	29,358
				<u>965,532</u>
U.S. Department of Health and Human Services				
1043	GRK%230736	CSBG	MN Dept of Human Services	38,412
5067	05HE000244-01-01	Head Start COVID-19	U.S. Dept of Health and Human Services - Region V	9,231
5073	05CH010702-05	Head Start	U.S. Dept of Health and Human Services - Region V	536,418
5079	05CH012384-01-00	Head Start	U.S. Dept of Health and Human Services - Region V	4,325,568
6280	314-23-003D-922	Matter of Ballances Classes	Land of Dancing Sky Area Agency on Aging	1,794
6284	314-23-003B-429	DSAAA Chore & Rides	Land of Dancing Sky Area Agency on Aging	173,929
7391	314-23-003B-428	In Home	Land of Dancing Sky Area Agency on Aging	7,881
7406	2302MNLIEA	EAP/WX A2119	MN Dept of Commerce	392,668
7410	1563	EAP 23-24		539,580
7422	2402MNLIEA	EAP/WX A2122		24,954
7427	2302MNLIEA	EAP/WX A2119 Carryover	MN Dept of Commerce	205,892
8095	314-24-003B-428	In Home	Land of Dancing Sky Area Agency on Aging	14,337
8096	314-24-003D-922	Evidence Based Classes	Land of Dancing Sky Area Agency on Aging	2,505
9054	228957	DHS Micro Grant	MN Dept of Human Services	1,368
9052	163635	DHS Plus Kids	MN Dept of Human Services	43,095
				<u>6,317,632</u>
NeighborWorks America				
8092	AL # 99.U19	Housing Stability Counseling Program	Minnesota Homeownership Center	1,099
Total Federal Programs				<u>\$ 8,104,138</u>

West Central Minnesota Communities Action, Inc. and Subsidiary
Consolidated Schedule of Grant Activity
Year Ended September 30, 2024

Fund Number	Grant Number	Program Name	State or Other Administrative Department	Current Revenues
State of Minnesota Programs				
1042	GRK%230736	MNCAP	MN Dept of Human Services	\$ 101,630
2086	GRK%238447	State FAIM	MN Dept of Human Services	417,876
3000	N/A	HECAT	Minnesota Housing Finance Agency	2,216
3094	N/A	229 Greenview LN Miltona	Minnesota Housing Finance Agency	40,000
3098	N/A	112 W Queen St Osakis	Minnesota Housing Finance Agency	60,000
3100	N/A	2398 Basswood Ln	Minnesota Housing Finance Agency	60,000
4044	N/A	Emergency Loan Program	Minnesota Housing Finance Agency	27,481
4045	N/A	Rehabilitation Loan Program	Minnesota Housing Finance Agency	237,206
5075	Swift 234430	State Head Start	MN Dept of Education	560,271
5076	N/A	Morris Scholarship	MN Dept of Education	38,888
5077	N/A	Child Care Aware T.E.A.C.H Scholarship (HT)	Child Care Aware of Minnesota	1,874
5078	N/A	Child Care Aware T.E.A.C.H Scholarship (TK)	Child Care Aware of Minnesota	1,535
5080	Swift 247285	State Head Start - GYO	MN Dept of Education	360
5081	Swift 234430	State Head Start	MN Dept of Education	166,576
6119	72337	MN Sure Applications Fund	MN Dept of Human Services	11,657
6192	N/A	Housing Supports	MN Dept of Human Svcs	184,898
6252	N/A	DHS Infrastructure Growth	DHS/Clay County	31,393
6262	N/A	Long Term Homelessness	MN Dept of Human Svcs - Mahube	7,982
6283	N/A	DHS Ride & Chore Capacity	MN Dept of Human Services - OEO	48,327
6287	N/A	MN Sure	MN Dept of Human Services - UCAP	46,144
6290	GRK%235428	Transitional Housing (THP) - OEO	MN Dept of Human Services - OEO	105,124
6291	GRK%234400	Emergency Services Program (ESP)	MN Dept of Human Services - OEO	317,193
6294	N/A	MN Dept of Revenue Tax Assitance	MN Dept of Revenue	20,000
6295	N/A	FHPAP	MN Housing Finance Agency	65,156
6296	N/A	FHPAP Fast Track	MN Housing Finance Agency	278,615
6297	N/A	HWSWH	Lakes and Prairies/MHFA	30,366
6298	N/A	MN Dept of Revenue Tax Credit	MN Dept of Revenue	1,045
6300	N/A	Long Term Homelessness	MN Dept of Human Svcs - Mahube	34,126
6302	N/A	FHPAP #2	MN Housing Finance Agency	42,076
6303	N/A	MN Sure	MN Dept of Human Services - UCAP	10,658
7408	N/A	Propane A2501	MN Dept of Commerce	53,433
7423	N/A	Propane A2501	MN Dept of Commerce	1,200
7426	N/A	Pre-Weatherization	MN Dept of Commerce	4,511
8089	N/A	Homeownership Capacity	MN Housing Finance Agency	1,461
8094	GRK%239491	Live Well at Home	MN Dept of Human Services - OEO	169,919
8098	GRK%252615	Live Well at Home	MN Dept of Human Services - OEO	25,876
9053	A-CVS-2024-WCMCA-045	Office of Justice Plus Kids	MN Dept of Public Safety	44,160
Total State of Minnesota Programs				<u>\$ 3,251,233</u>



**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
West Central Minnesota Communities Action, Inc. and Subsidiary
Elbow Lake, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of West Central Minnesota Communities Action, Inc. and Subsidiary, which comprise the consolidated statement of financial position as of September 30, 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to consolidated financial statements and have issued our report thereon dated January 28, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered West Central Minnesota Communities Action, Inc. and Subsidiary'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 West Central Minnesota Communities Action, Inc. and Subsidiary's internal control. Accordingly, we do not express an opinion on the effectiveness of West Central Minnesota Communities Action, Inc. and Subsidiary's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of West Central Minnesota Communities Action, Inc. and Subsidiary's consolidated financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether West Central Minnesota Communities Action, Inc. and Subsidiary'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 consolidated 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 the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering West Central Minnesota Communities Action, Inc. and Subsidiary's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BerganKDV, Ltd.

St. Cloud, Minnesota
January 28, 2025



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
West Central Minnesota Communities Action, Inc.
Elbow Lake, Minnesota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited West Central Minnesota Communities Action, 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 West Central Minnesota Communities Action, Inc.'s major federal programs for the year ended September 30, 2024. West Central Minnesota Communities Action, 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, West Central Minnesota Communities Action, Inc. complied, in all material respects, with the types of compliance requirements referred to in the first paragraph that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2024.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of West Central Minnesota Communities Action, 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 West Central Minnesota Communities Action, 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 West Central Minnesota Communities Action, Inc.'s federal programs.

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding West Central Minnesota Communities Action, 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 West Central Minnesota Communities Action, 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 West Central Minnesota Communities Action, 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.

BerganKDV, Ltd.

St. Cloud, Minnesota
January 28, 2025

**West Central Minnesota Communities Action, Inc.
Schedule of Findings and Questioned Costs
Year Ended September 30, 2024**

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Consolidated Financial Statements

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

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None reported

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

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

Identification of Major Federal Programs

Assistance Listing Number(s): 21.023
Name of Federal Program or Cluster: COVID-19 Emergency Rental Assistance

Assistance Listing Number(s): 93.600
Name of Federal Program or Cluster: Head Start Cluster

Dollar threshold used to distinguish between type A and type B programs? \$750,000

Auditee qualified as low risk auditee? Yes

**West Central Minnesota Communities Action, Inc.
Schedule of Findings and Questioned Costs
Year Ended September 30, 2024**

SECTION II - FINANCIAL STATEMENT FINDINGS

None noted.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None noted.