



**Financial Statements**

**September 30, 2024**

**United Community Action Partnership, Inc.**  
**Table of Contents**

Independent Auditor's Report	1
Financial Statements	
Statement of Financial Position	4
Statement of Activities	5
Statement of Functional Expenses	6
Statement of Cash Flows	7
Notes to Financial Statements	9
Supplementary Information	
Schedule of Expenditures of Federal Awards	22
Notes to Schedule of Expenditures of Federal Awards	25
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 <i>Government Auditing Standards</i>	26
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance	28
Schedule of Findings and Questioned Costs	31



## Independent Auditor's Report

Board of Directors  
United Community Action Partnership, Inc.  
Marshall, Minnesota

### Report on the Audit of the Financial Statements

#### ***Opinion***

We have audited the financial statements of United Community Action Partnership, Inc., which comprise the statement of financial position as of September 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of United Community Action Partnership, Inc. as of September 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***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 Financial Statements section of our report. We are required to be independent of United Community Action Partnership, Inc. 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.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects, in relation to the financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2025 on our consideration of United 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 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 effectiveness of United 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 United Community Action Partnership, Inc.'s internal control over financial reporting and compliance.

Bergank DV, Ltd.

St. Cloud, Minnesota  
February 27, 2025

**United Community Action Partnership, Inc.**  
**Statement of Financial Position**  
**As of September 30, 2024**

**Assets**

**Current assets**

Cash and cash equivalents	\$ 5,493,671
Restricted cash - unemployment insurance	189,317
Certificate of deposit	184,159
Investments	81,190
Grants receivable	4,635,644
Accounts receivable	32,403
Health insurance receivable	295,336
Current portion of land contracts receivable	57,784
Inventory	1,886,433
Prepaid expenses	477,993
Total current assets	<u>13,333,930</u>

Property and equipment, net	8,758,674
Right-of-use asset - operating leases	2,583,753
Land contracts receivable, net	<u>630,341</u>

Total assets	<u><u>\$ 25,306,698</u></u>
--------------	-----------------------------

**Liabilities and Net Assets**

**Current liabilities**

Line of credit	\$ 400,000
Current maturities of long-term debt	926,711
Accounts payable and other liabilities	1,536,703
Funds held for other agencies - fiscal agent	51,770
Accrued payroll and related expenses	999,194
Accrued vacation and sick time	1,200,726
Current portion of operating lease liabilities	513,393
Refundable advances	2,676,688
Total current liabilities	<u>8,305,185</u>

**Long-term liabilities**

Long-term debt, net	806,130
Operating lease liabilities	2,059,523
Total liabilities	<u>11,170,838</u>

**Net assets**

Net assets without donor restrictions	11,108,825
Net assets with donor restrictions	3,027,035
Total net assets	<u>14,135,860</u>

Total liabilities and net assets	<u><u>\$ 25,306,698</u></u>
----------------------------------	-----------------------------

See notes to financial statements.

**United Community Action Partnership, Inc.**  
**Statement of Activities**  
**Year Ended September 30, 2024**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue</b>			
Grant revenue	\$ 29,248,723	\$ 1,854,112	\$ 31,102,835
Contributions	5,815	328,141	333,956
In-kind contributions	1,364,396	-	1,364,396
Program income	598,640	-	598,640
Contract revenue	944,473	-	944,473
Sale of single-family homes	1,081,000	-	1,081,000
Other revenue	284,746	-	284,746
Net assets released from restriction	1,991,875	(1,991,875)	-
Total revenue	<u>35,519,668</u>	<u>190,378</u>	<u>35,710,046</u>
<b>Expenses</b>			
Program services	31,766,641	-	31,766,641
Management and general	2,228,457	-	2,228,457
Fundraising	3,469	-	3,469
Total expenses	<u>33,998,567</u>	<u>-</u>	<u>33,998,567</u>
Change in net assets	1,521,101	190,378	1,711,479
<b>Net Assets</b>			
Beginning of the year	<u>9,587,724</u>	<u>2,836,657</u>	<u>12,424,381</u>
End of the year	<u><u>\$ 11,108,825</u></u>	<u><u>\$ 3,027,035</u></u>	<u><u>\$ 14,135,860</u></u>

**United Community Action Partnership, Inc.**  
**Statement of Functional Expenses**  
**Year Ended September 30, 2024**

	Program Services										
	Head Start	Transportation	Community Service and Family Development	Housing and Rehabilitation	Weatherization and Energy Assistance	Food Programs	Other Programs	Total	Management and General	Fundraising	Total
Salaries and related expenses	\$ 7,205,618	\$ 3,340,166	\$ 3,634,681	\$ 374,317	\$ 907,760	\$ 110,809	\$ 263,533	\$ 15,836,884	\$ 1,796,424	\$ 154	\$ 17,633,462
Contracted services	167,753	79,108	225,107	5,534	72,816	7,432	24,906	582,656	227,789	-	810,445
Space rent and utilities	1,115,982	153,311	166,931	8,632	29,871	40,928	1,303	1,516,958	29,285	-	1,546,243
Training, meeting, and travel	141,490	20,747	148,385	7,003	46,049	3,566	14,119	381,359	22,399	107	403,865
Depreciation	274,863	446,138	56,251	18,003	15,461	38,276	30,512	879,504	5,173	-	884,677
Supplies and communication	408,319	142,279	284,959	12,477	54,808	24,261	12,246	939,349	38,137	3,116	980,602
Vehicle expenses	66,180	614,258	71,140	22,699	6,525	7,142	16,110	804,054	99	-	804,153
Direct participant benefits	322,220	515,914	3,440,494	3,714,933	1,713,110	681,092	1,024	10,388,787	21	-	10,388,808
Other expenses	165,494	13,050	41,182	6,236	6,909	74,597	129,622	437,090	109,130	92	546,312
Program support allocation	(29,448)	-	(411,587)	-	-	-	441,035	-	-	-	-
Total expenses	\$ 9,838,471	\$ 5,324,971	\$ 7,657,543	\$ 4,169,834	\$ 2,853,309	\$ 988,103	\$ 934,410	\$ 31,766,641	\$ 2,228,457	\$ 3,469	\$ 33,998,567

See notes to financial statements.



**United Community Action Partnership, Inc.**  
**Statement of Cash Flows**  
**Year Ended September 30, 2024**

**Cash Flows - Operating Activities**

Change in net assets	\$ 1,711,479
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	884,677
Amortization of debt issuance costs	10,129
Amortization operating leases	491,662
Donated inventory	(14,130)
Change in discount on land contracts receivable	57,639
Change in discount on MURL home inventory	(26,631)
Unrealized gain on investments	(45,856)
Reinvested interest earned on certificate of deposit	(2,902)
Repossessed MURL homes	(160,935)
Gain on sale of property and equipment	(15,383)
Changes in operating assets and liabilities	
Grants receivable	(970,991)
Accounts receivable	206,780
Health insurance receivable	131,804
Inventory	(421,228)
Operating leases	(470,611)
Prepaid expenses	(93,808)
Accounts payable and other liabilities	(90,507)
Funds held for other agencies - fiscal agent	(2,520)
Accrued payroll and related expenses	173,165
Accrued vacation and sick time	229,077
Refundable advances	1,517,249
Net cash flows - operating activities	<u>3,098,159</u>

**Cash Flows - Investing Activities**

Purchases of property and equipment	(1,763,792)
Proceeds from sale of land contracts receivable	134,419
Proceeds from sale of property and equipment	15,383
Payments received on land contracts receivable	62,137
Net cash flows - investing activities	<u>(1,551,853)</u>

**United Community Action Partnership, Inc.**  
**Statement of Cash Flows**  
**Year Ended September 30, 2024**

**Cash Flows - Financing Activities**

Borrowings on line of credit	\$ 500,000
Payments on line of credit	(100,000)
Principal payments on long-term debt	(231,700)
Net cash flows - financing activities	<u>168,300</u>

Net change in cash and cash equivalents and restricted cash	1,714,606
---	-----------

**Cash and Cash Equivalents and Restricted Cash**

Beginning of the year	<u>3,968,382</u>
End of the year	<u><u>\$ 5,682,988</u></u>

**Reconciliation to Statement of Financial Position**

Cash and cash equivalents	\$ 5,493,671
Restricted cash - unemployment insurance	<u>189,317</u>
Total cash and cash equivalents and restricted cash	<u><u>\$ 5,682,988</u></u>

**Supplemental Disclosure of Cash Flow Information**

Cash paid for interest	\$ 73,844
Cash paid for amounts included in the measurement of lease liabilities	
Operating cash outflows from operating leases	631,613

**Supplementary Disclosure of Noncash Investing and Financing Activities**

Right-of-use assets obtained in exchange for operating lease liabilities	\$ 764,578
--	------------

**United Community Action Partnership, Inc.**  
**Notes to Financial Statements**

**NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Operations**

United Community Action Partnership, Inc. (the Agency) is a nonprofit organization established under the Federal Economic Opportunity Act of 1964 (the Act). The Act empowers community action agencies to address the causes and conditions of poverty at the local level. The Agency's primary service area includes the nine Minnesota Counties (Cottonwood, Jackson, Kandiyohi, Lincoln, Lyon, McLeod, Meeker, Redwood and Renville), but also provides programs and services in the counties of Murray, Nobles, Pipestone and Rock. The Agency offers innovative programs and services to address meeting basic needs, comprehensive child and family development, transportation services, affordable housing solutions, emergency services, community economic development projects, weatherization, energy efficiency, asset-building, financial literacy, child development, and services and opportunities for people with disabilities. The Agency operates with a combination of federal, state, and local funding.

**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. The following represents a significant estimate of the Agency:

**Cash Equivalents**

Cash equivalents, which are recorded at cost plus accrued interest. The Agency has elected to participate in a sweep account with one bank. The Agency sweeps cash daily into a repurchase agreement whereby the Agency owns a secured interest in securities sold by the bank. The securities, which consist of government bonds, had a fair value of \$5,255,478 as of September 30, 2024.

**Restricted Cash - Unemployment Insurance**

The Agency reimburses the State of Minnesota for unemployment payments as allowed by the State of Minnesota statute. The Agency utilizes an outside vendor to manage claims and reimburse the State of Minnesota for actual unemployment claims paid. The Agency makes estimated quarterly payments from corporate funds to the outside vendor to cover estimated claims and to build a reserve for future unemployment claims. The amount of funds held by the outside vendor are shown as restricted cash.

**Certificates of Deposit**

Certificates of deposit are recorded at cost plus accrued interest, which approximates fair value.

**Grants Receivable**

Grants receivable are government and pass-through grants received subsequent to September 30, 2024 and specifically allocated to the Agency's operations for 2024. No allowance is deemed necessary due to the nature of the government grants.

**United Community Action Partnership, Inc.**  
**Notes to Financial Statements**

**NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Land Contracts Receivable**

The Agency received funding from the Minnesota Housing Finance Agency (MHFA) for the Minnesota Urban and Rural Housing Program (MURL). The program provides funding for the acquisition and rehabilitation of single-family homes. The purchase and rehabilitation of homes are recorded as inventory. The homes are sold on the basis of no-interest installment loans, and revenue is recognized for the sale price of the home. Any loans repaid are a reduction in land contracts receivable. The land contracts receivable has been discounted at the prevailing market rate at the inception of the mortgage. There is no allowance provided on these loans, since any uncollectible loan would be secured by the property.

**Concentrations**

37% of the Agency's employees are members of the Minnesota Council 65, of the American Federation of State, County and Municipal Employees, AFL-CIO, Union #3444.

The Agency is subject to a degree of vulnerability due to concentrations of revenue from major funding sources. Federal grant revenue from the U.S Department of Health and Human Services for the Head Start program was 22% of total revenue for the Agency during 2024.

**Inventory**

Donated inventory is recorded at management's estimate of fair value at date of donation. The Agency constructs quality affordable housing for income eligible homebuyers using funds financed with Minnesota Housing Finance Agency. Single family homes inventory is held for sale and is stated at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, and disposal.

The inventory of MURL homes not sold, if any, is recorded at the lower of cost or net realizable value.

**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 Agency follows the policy of capitalizing all property and equipment expenditures over \$5,000 and with a useful life of over one year.

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

**Long-Lived Assets**

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

**United Community Action Partnership, Inc.**  
**Notes to Financial Statements**

**NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Leases**

The Agency 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 Agency 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 Agency 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 Agency 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 class of assets.

**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. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends, or purpose 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. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

**Revenue Recognition**

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

Federal and state contracts and grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. Consequently, as of September 30, 2024, conditional contributions approximating \$29,000,000, for which no amounts had been received in advance, have not been recognized in the accompanying financial statements.

**United Community Action Partnership, Inc.**  
**Notes to Financial Statements**

**NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue Recognition (Continued)**

Program income includes fare box revenue for public transit bus services, housing environment services, and client rent for HUD Permanent Supportive Housing grants.

Public bus fares are collected at the time of the ride and recorded as revenue. Public fare rates are fixed annually by service (i.e. city bus, rural bus, volunteer drivers, etc.) and are subject to change if special grant funds from various sources are sought to reduce fare costs for passengers and to increase transit operations/options. Public bus fare revenue totaled \$400,791 for the year ended September 30, 2024.

Housing environment service revenue is recognized after the project is completed. Services are billed within 30 days of completing the project and payment is typically received within 30 days of billing. Housing environment service revenue totaled \$35,673 for the year ended September 30, 2024.

The majority of the remaining program income is from client rents for HUD Permanent Supportive Housing grants where the leases are in Agency's name. The Agency pays the landlord the full amount of the monthly rent, and the client pays the Agency their monthly share of rent, which is classified as program income.

Contract revenue is recognized over time for providing transportation services under agreements with other entities. Pricing is determined on a contract-by-contract basis at fixed rates. Contract revenue is recorded in the period the transportation service is provided and billed within 30 days after the month of service. Payment is typically received within 30 to 60 days.

Sale of single-family homes revenue is recognized and collected at a point in time, at the date of the sale. Sales price is based on the contract.

**In-Kind Contributions**

Donated land and buildings are reported at fair market value as established by an independent appraiser. Donated equipment is reported at fair market value of equipment of the same age and condition. Donated space is reported at the fair rental value of comparable space, as established by an independent appraiser. Donated vehicles are recorded based on blue book value. Goods donated to the food programs are recorded based on a per pound annual valuation from Feeding America. Thrift store goods donated to the Agency are sold and recorded at the price received, which represents the fair market value.

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. Donated services include salary and fringe benefit rates and are consistent with rates paid for similar work.

**United Community Action Partnership, Inc.**  
**Notes to Financial Statements**

**NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Functional Allocation of Expenses**

The costs of providing the programs and supporting services have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on the Agency's cost allocation plan. Some expenses allocated include:

- Salaries and wages - based on number of program employees or number of fiscal transactions
- Space rent and utilities - based on occupied square footage
- Supplies and communication - based on employee count
- Vehicle expenses - based on actual mileage

Program support expenses represent program costs that were funded by the Community Services Block Grant (CSBG) and the Minnesota Community Action Grant (MCAG).

**Tax Status**

The Agency 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.

**Subsequent Events**

The Agency has evaluated subsequent events through February 27, 2025, the date which the 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 statement of financial position date, consisted of the following as of September 30, 2024:

Cash and cash equivalents	\$ 5,493,671
Certificate of deposit	184,159
Investments	81,190
Grants receivable	4,635,644
Accounts receivable	32,403
Health insurance receivable	295,336
Current portion of land contracts receivable	57,784
Total financial assets	<u>10,780,187</u>
Less funds held for other agencies - fiscal agent	51,770
Less net assets with donor restrictions	<u>3,027,035</u>
 Total financial assets available for general expenditures	 <u><u>\$ 7,701,382</u></u>

**United Community Action Partnership, Inc.**  
**Notes to Financial Statements**

**NOTE 2 - LIQUIDITY AND AVAILABILITY (CONTINUED)**

The Agency 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 Agency invests cash in excess of daily requirements in various short-term investments, including certificates of deposit and short-term treasury instruments.

**NOTE 3 - LAND CONTRACTS RECEIVABLE**

Land contracts receivable consisted of the following as of September 30, 2024:

Land contracts receivable	\$ 968,890
Less discount at 5%	280,765
Land contracts receivable, net	<u>688,125</u>
Less current portion of land contracts receivable	<u>57,784</u>
Land contracts receivable	<u><u>\$ 630,341</u></u>

The unamortized discount is the difference between the face amount of the land contract and its present value discounted at a compound interest rate. The discount is amortized over the life of the land contract.

**NOTE 4 - INVENTORY**

Inventory consisted of the following as of September 30, 2024:

Thrift store	\$ 35,574
Donated vehicles	36,837
Donated food inventory	23,507
Single-family homes	1,624,081
MURL homes, net discount allowance of \$94,124	<u>166,434</u>
Total inventory	<u><u>\$ 1,886,433</u></u>



**United Community Action Partnership, Inc.**  
**Notes to Financial Statements**

**NOTE 5 - PROPERTY AND EQUIPMENT**

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

Land	\$ 746,235
Buildings and building improvements	9,112,384
Equipment	6,752,816
Construction in progress	487,676
Less accumulated depreciation	<u>8,340,437</u>
Property and equipment, net	<u><u>\$ 8,758,674</u></u>

**NOTE 6 - LINE OF CREDIT**

The Agency has a line of credit with Bremer Bank, N.A, solely to cash flow the construction of the Willmar Temporary Shelter Project. The line of credit is available up to \$500,000 through July 2025 and has a variable interest rate as of September 30, 2024 of 8.0% and secured by substantially all assets of the Agency. The Agency had an outstanding balance of \$400,000 as of September 30, 2024.

**United Community Action Partnership, Inc.**  
**Notes to Financial Statements**

**NOTE 7 - LONG-TERM DEBT**

Long-term debt consisted of the following as of September 30, 2024:

Note payable to Southwest Minnesota Housing Partnership at 0% interest, with a one-time payment due upon maturity. The loan matures on August 2049 and is secured by real estate.	\$ 16,275
Note payable to Old National Bank (Senior Lender) at 3.11% interest, with interest only monthly payments through March 1, 2020, then monthly payments of \$5,620. The interest rate will be adjusted October 1, 2029, and October 1, 2034. The loan matures on August 2039 with a balloon payment and is secured by real estate.	852,854
Note payable to First Children's Finance (Subordinate Lender) at 8.5% interest, with monthly payments of \$1,187. The loan matures October 2026 and is secured by real estate.	27,868
Note payable to Minnesota Housing Finance Agency at 6.5% interest. The loan matures in December 2024 or 90 days after the final qualified dwelling unit of the project is conveyed to an owner-occupant household, whichever is earlier, and is secured by real estate.	475,000
Note payable to Minnesota Housing Finance Agency at 6% interest, with monthly interest only payments of \$2,000. The loan matures in July 2025 or 90 days after the final qualified dwelling unit of the project is conveyed to an owner-occupant household, whichever is earlier, and is secured by real estate.	400,000
Note payable to Kandiyohi County HRA at 0% interest. The loan is forgivable after 7 years (June 2029) as long as the property is held by the Agency, and is secured by real estate.	<u>40,000</u>
Total	1,811,997
Less unamortized discount and debt issuance costs, net	79,156
Less current portion	<u>926,711</u>
Long-term notes payable	<u><u>\$ 806,130</u></u>

In connection with some of the Agency's notes payable agreements, the Agency has agreed to certain covenants.

The note payable with First Children's Finance is a subordinate loan and is included in a *Pari Passu* Intercreditor Agreement with the Agency.

Subsequent to year end, the note payable to Minnesota Housing Finance Agency was refinanced and matures March 2025.

**United Community Action Partnership, Inc.**  
**Notes to Financial Statements**

**NOTE 7 - LONG-TERM DEBT (CONTINUED)**

Maturities of long-term debt are as follows for the years ending September 30:

2025	\$ 926,711
2026	72,512
2027	46,184
2028	45,528
2029	86,964
Thereafter	<u>634,098</u>
Total	<u><u>\$ 1,811,997</u></u>

The Agency entered into a loan contract with Minnesota Housing Finance Agency for the development of homes in the Cities of Jackson, Marshall, Tracy, and Walnut Grove, Minnesota. There are \$900,000 of funds available, at 6.5% interest, through October 31, 2027 or 42 months from the effective date of May 1, 2024, whichever is later. No amounts have been disbursed as of September 30, 2024.

**NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions for a specific purpose consisted of the following as of September 30, 2024:

Head Start	\$ 72,693
Transportation	33,891
Community Service and Family Development	1,697,827
Housing and Rehabilitation	666,746
Weatherization and Energy Assistance	154,713
Food Programs	<u>401,165</u>
Total net assets with donor restrictions	<u><u>\$ 3,027,035</u></u>

Net assets released from donor restrictions are as follows for the year ended September 30, 2024:

Transportation	\$ 53,395
Community Service and Family Development	1,320,147
Housing and Rehabilitation	268,248
Weatherization and Energy Assistance	87,407
Food Programs	<u>286,881</u>
Total net assets released from donor restrictions	<u><u>\$ 2,016,078</u></u>

**United Community Action Partnership, Inc.**  
**Notes to Financial Statements**

**NOTE 9 - IN-KIND CONTRIBUTIONS**

Contributed nonfinancial assets utilized by programs are as follows for the year ending September 30, 2024:

	<u>Head Start</u>	<u>Food Programs</u>	<u>Other Programs</u>	<u>Total</u>
Services	\$ 45,199	\$ -	\$ -	\$ 45,199
Space	454,187	-	-	454,187
Food	-	682,707	-	682,707
Thrift store goods	-	-	148,148	148,148
Vehicles	-	-	24,203	24,203
Supplies	9,952	-	-	9,952
Total	<u>\$ 509,338</u>	<u>\$ 682,707</u>	<u>\$ 172,351</u>	<u>\$ 1,364,396</u>

There were donor restrictions on certain in-kind contributions, such as food contributions and vehicles to be used in the Agency's programs. All donor restrictions for in-kind contributions were released within the same year and therefore shown as without donor restrictions.

**NOTE 10 - RETIREMENT PLAN**

The Agency sponsors a 401(k) retirement plan. Eligible employees may contribute a portion of their wages to the plan up to the maximum allowed per IRS regulations. The Agency matches up to 5% of the employee's eligible compensation, which totaled \$341,239 for the year ended September 30, 2024.

**NOTE 11 - OPERATING LEASES**

The Agency has operating leases for certain space with remaining lease terms of one to twelve years. Payments under these lease agreements are all fixed.

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

Operating lease costs	\$ 645,767
Short-term and variable lease costs	<u>186,412</u>
Total lease costs	<u>\$ 832,179</u>

As of September 30, 2024, operating leases had a weighted average remaining lease term of 78 months, and the weighted average discount rate was 4.07%.

**United Community Action Partnership, Inc.**  
**Notes to Financial Statements**

**NOTE 11 - OPERATING LEASES (CONTINUED)**

Future minimum lease payments under non-cancellable lease agreements are as follows as of September 30:

2025	\$ 600,098
2026	539,979
2027	437,887
2028	362,976
2029	338,115
Thereafter	670,969
Total lease payments	<u>2,950,024</u>
Less amounts representing interest	<u>377,108</u>
Present value of lease liabilities	<u><u>\$ 2,572,916</u></u>

**NOTE 12 - CONTINGENCIES AND COMMITMENTS**

*Federal and State Government Awards*

Financial awards from federal and state governmental entities in the form of grants are subject to special audits. Such audits could result in claims against the Agency for disallowed costs or noncompliance with grantor restrictions.

*Health Insurance*

The Agency maintains a self-insured employee health insurance plan which insures covered employees and their families for approved claims. The Agency is liable for claims up to the individual maximum annual claim amount of \$50,000 and an aggregate amount. The Agency has recorded a receivable of \$295,336 for reimbursement of claims paid in excess of the plan's individual and aggregate limits as of September 30, 2024.

*Claims*

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

*Purchasing Agent Agreement*

In February 2024, the Agency was awarded a grant from the State of Minnesota Department of Human Services totaling \$4,418,750 for planning/design, acquisition, and construction of the Willmar Temporary Shelter Project through June 2028. Land was purchased for \$302,654 as of September 30, 2024. In September 2024, the Agency entered into a Purchasing Agent Agreement with a third-party for the Willmar Temporary Shelter Project. The total commitment for materials is \$2,145,212, of which \$433,993 has been incurred as of September 30, 2024.

**United Community Action Partnership, Inc.**  
**Notes to Financial Statements**

**NOTE 12 - CONTINGENCIES AND COMMITMENTS (CONTINUED)**

*Food Shelf Facility*

In January 2024, the Agency was awarded a grant from the State of Minnesota Department of Human Services totaling \$1,600,000 for food shelf facility planning/design, acquisition, and/or renovation through June 2027. The Agency has purchased land for \$100,000 and a building for \$440,426 as of September 30, 2024.

**NOTE 13 - SUBSEQUENT EVENT**

In September 2024, the Agency was awarded a grant from the Department of Human Services totaling \$2,460,000 for the purchase and remodel of a building for the Head Start program. In February 2025 the Agency purchased a building for \$2,480,000.

## **SUPPLEMENTARY INFORMATION**

**United Community Action Partnership, Inc.**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended September 30, 2024**

Federal Grantors/Program or Cluster Title/Project Name/Pass-Through Identification Number	Assistance Listing Number	Funding Source	Program Period	Passed through to Subrecipients	Federal Expenditures
<b>U.S. Department of Agriculture</b>					
Child and Adult Care Food Program N/A	10.558	MN Dept. of Education	10/01/23-09/30/24	\$ -	\$ 366,387
<b>SNAP Cluster</b>					
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program Outreach 2021 GRK%163844/3000071867	10.561	MN Dept. of Human Services	10/01/23-09/30/24	-	263,305
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program Outreach 2021 GRK%219437	10.561	MN Dept. of Human Services	10/01/22-09/30/24	-	2,022
Total Federal Expenditures SNAP Cluster and Assistance Listing Number 10.561				-	265,327
<b>Food Distribution Cluster:</b>					
Emergency Food Assistance Program (Food Commodities) N/A	10.569	Second Harverst - St Paul Food Bank	10/01/23-09/30/24	-	160,179
Total U.S. Department of Agriculture				-	791,893
<b>U.S. Department of Housing and Urban Development</b>					
Community Development Block Grants/ State's program and Non-Entitlement Grants in Hawaii					
Small Cities - Redwood Falls CDAP-19-0022-O-FY20	14.228	MN Dept. of Employment and Economic Development	06/23/20-09/30/24	-	294,531
Small Cities - Watkins CDAP-23-0035-O-FY24	14.228	MN Dept. of Employment and Economic Development	09/01/23-09/30/26	-	11,327
Small Cities - Eden Valley CDAP-20-0022-O-FY21	14.228	MN Dept. of Employment and Economic Development	08/24/21-09/30/24	-	145,342
Small Cities - Jackson CDAP-21-0056-O-FY23	14.228	MN Dept. of Employment and Economic Development - City of Marshall, MN	11/07/22-12/01/25	-	210,099
Small Cities - Sacred Heart CDAP-23-0036-O-FY24	14.228	MN Dept. of Employment and Economic Development - City of Marshall, MN	09/01/23-9/30/26	-	3,045
Small Cities - Tracy CDAP-23-0034-O-FY24	14.228	MN Dept. of Employment and Economic Development - City of Marshall, MN	09/01/23-9/30/26	-	55,843
Small Cities - Lakefield CDAP-20-0023-O-FY21	14.228	MN Dept. of Employment and Economic Development - City of Marshall, MN	08/24/21-09/30/25	-	215,156
Total Federal Expenditures Assistance Listing Number 14.228				-	935,343
<b>Emergency Solutions Grant Program</b>					
Emergency Solutions Grant Re-housing GRK%233027	14.231	MN Dept. of Human Services	07/01/23-06/30/25	-	215,441
<b>Economic Development Initiative, Community Project Funding, and Miscellaneous grants</b>					
Meeker County Emergency Shelter Program Facility B-23-CP-MN-0851	14.251	U.S. Dept. of Housing and Urban Development	11/01/23-08/31/31	-	7,071
<b>Continuum of Care Program</b>					
HUD Supportive Housing Program Consolidated MN0143L5K112212	14.267	U.S. Dept. of Housing and Urban Development	06/01/23-05/31/24	-	266,740
HUD Supportive Housing Program Consolidated MN0143L5K112313	14.267	U.S. Dept. of Housing and Urban Development	06/01/24-05/31/25	-	133,811
HUD Supportive Housing - Southwest PSH MN0224L5K112208	14.267	U.S. Dept. of Housing and Urban Development	06/01/23-05/31/24	-	25,838
HUD Supportive Housing - Southwest PSH MN0224L5K112309	14.267	U.S. Dept. of Housing and Urban Development	06/01/24-05/31/25	-	15,846
HUD Supportive Housing - Lease Combined MN0146L5K112215	14.267	U.S. Dept. of Housing and Urban Development	07/01/23-06/30/24	-	189,299
HUD Supportive Housing - Lease Combined MN0146L5K112316	14.267	U.S. Dept. of Housing and Urban Development	07/01/24-06/30/25	-	78,315
HUD Domestic Violence Rapid Re-housing MN0439D5K112204	14.267	U.S. Dept. of Housing and Urban Development	10/01/23-09/30/24	48,386	289,824
HUD Supportive Housing - Rural Set Aside MN0556R5K112200	14.267	U.S. Dept. of Housing and Urban Development	11/01/23-10/31/26	-	82,802
HUD Supportive Housing - Westwinds Townhomes MN0185L5K112110	14.267	U.S. Dept. of Housing and Urban Development	11/01/22-10/31/23	-	14,990
HUD Supportive Housing - Westwinds Townhomes MN0185L5K112211	14.267	U.S. Dept. of Housing and Urban Development	11/01/23-10/31/24	-	103,390
Country View Willmar HRA Supportive Housing 23-24 - MN0144L5K112114	14.267	U.S. Dept. of Housing and Urban Development	07/01/23-06/30/24	-	11,382
Total Federal Expenditures Assistance Listing Number 14.267				48,386	1,212,237
Total U.S. Department of Housing and Urban Development				48,386	2,370,092
<b>U.S. Department of State</b>					
U.S. Refugee Admissions Program N/A	19.510	U.S. Conference of Catholic Bishops (USCCB)	10/01/20-12/31/23	-	29,818



**United Community Action Partnership, Inc.**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended September 30, 2024**

Federal Grantors/Program or Cluster Title/Project Name/Pass-Through Identification Number	Assistance Listing Number	Funding Source	Program Period	Passed through to Subrecipients	Federal Expenditures
<b>U.S. Department of State (Continued)</b>					
U.S. Refugee Admissions Program N/A	19.510	U.S. Conference of Catholic Bishops (USCCB)	01/01/24-12/31/24	\$ -	\$ 191,912
Total Federal Expenditures Assistance Listing Number 19.510				-	221,730
<b>U.S. Department of Transportation</b>					
Formula Grants for Rural Areas and Tribal Transit Program Transit Program #1048102	20.509	MN Dept. of Transportation	01/01/23-12/31/23	-	451,735
COVID-19 Formula Grants for Rural Areas and Tribal Transit Program Transit Operating Assistance #1048102	20.509	MN Dept. of Transportation	01/01/24-12/31/24	-	1,092,957
Total Federal Expenditures Assistance Listing Number 20.509				-	1,544,692
Enhanced Mobility of Seniors and Individuals with Disabilities 2023 Regional Transportation Coordinating Council - Grant #1047205	20.513	MN Dept. of Transportation	07/01/23-06/30/25	-	92,618
Total U.S. Department of Transportation				-	1,637,310
<b>U.S. Department of Treasury</b>					
Volunteer Income Tax Assistance (VITA) Matching Grant Program - 24VITA0029	21.009	U.S. Department of Treasury	10/01/23-09/30/24	-	78,680
<b>U.S. Department of Energy</b>					
Weatherization Assistance of Low-Income Persons WAP DOE A2500 #21672/15650 - DE-EE0009910	81.042	MN Dept. of Commerce	07/01/23-06/30/24	-	461,376
WAP DOE A2500 #21672/15650 - DE-EE0009910	81.042	MN Dept. of Commerce	07/01/24-06/30/25	-	43,126
WAP BIL #194689/114373 - DE-EE0007928	81.042	MN Dept. of Commerce	07/01/23-06/30/24	-	344,544
WAP BIL N/A	81.042	MN Dept. of Commerce	07/01/24-06/30/25	-	175,982
Total Federal Expenditures Assistance Listing Number 81.042				-	1,025,028
<b>U.S. Department of Health and Human Services</b>					
Aging Cluster					
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers Title III-B #316-22-003B-068	93.044	Minnesota River Area Agency on Aging	01/01/23-12/31/23	-	10,274
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers Title III-B #316-22-003B-068	93.044	Minnesota River Area Agency on Aging	01/01/24-12/31/24	-	103,173
Total Federal Expenditures Aging Cluster and Assistance Lisitng Number 93.044				-	113,447
Strengthening Public Health Systems and Services Through National Partnersip to Improve and Protect the Nation's Health 6NU38OT000306-03-06	93.421	National Association of County and City Health Officials	09/01/21-05/30/24	-	81,141
State Planning and Establishment Grants for the Affordable Care Act (ACA)'s Exchange MNSure Consumer Assistance Partner N/A	93.525	MN Dept. of Human Services	10/01/23-09/30/24	-	15,240
Low-Income Home Energy Assistance					
2022 Low-Income Home Energy Assistance Program #2302MNLIEA-1563	93.568	MN Dept. of Commerce	10/01/23-09/30/24	-	536,634
LIHEAP Direct Payments Program #165641/12679-1563	93.568	MN Dept. of Commerce	10/01/23-09/30/24	-	3,434,646
2024 EAP/WX A2119 Program #2302MNLIEA-1563	93.568	MN Dept. of Commerce	10/01/23-09/30/24	-	842,871
2054 EAP/WX A2122 Program #2402MNLIEA-1563	93.568	MN Dept. of Commerce	07/01/24-06/30/25	-	87,921
EAPWX A2119 Carry Over #194689/14373 - 20B1MNLIEA	93.568	MN Dept. of Commerce	07/01/24-09/30/24	-	215,140
Total Federal Expenditures Assistance Listing Number 93.568				-	5,117,212

See notes to schedule of expenditures of federal awards.

**United Community Action Partnership, Inc.  
Schedule of Expenditures of Federal Awards  
Year Ended September 30, 2024**

Federal Grantors/Program or Cluster Title/Project Name/Pass-Through Identification Number	Assistance Listing Number	Funding Source	Program Period	Passed through to Subrecipients	Federal Expenditures
<b>U.S. Department of Health and Human Services (Continued)</b>					
Community Services Block Grant					
2023-2025 Community Services Block Grant	93.569	MN Dept. of Human Services	10/01/23-12/31/25	\$ -	\$ 247,201
Grant Contract # 229579					
2023-2025 Community Services Block Grant - Disaster Relief	93.569	MN Dept. of Human Services	07/01/24-04/30/25	-	6,982
Discretionary - Grant Contract # 252595					
Total Federal Expenditures Assistance Listing Number 93.569				-	254,183
<b>CCDF Cluster</b>					
Child Care and Development Block Grant					
Child Care Assistance Program	93.575	MN Dept. of Human Services	07/01/24-06/30/25	-	4,659
Grant #203081					
Family Friends Neighbor (FFN) Caregiver	93.575	MN Dept. of Human Services	10/01/23-06/30/24	-	99,753
Grant #209184					
Family Friends Neighbor (FFN) Caregiver	93.575	MN Dept. of Human Services	10/01/24-06/30/25	-	40,817
Grant #209184					
Total Federal Expenditures Assistance Listing Number 93.575				-	145,229
2022-2023 Child Care Aware Baseline	93.596	MN Dept. of Human Services	07/01/23-06/30/24	-	238,935
Grant #197015					
2021-2022 Child Care Aware Baseline	93.596	MN Dept. of Human Services	07/01/23-06/30/24	-	92,467
Grant #197015					
Total Federal Expenditures Assistance Listing Number 93.596				-	331,402
Total Federal Expenditures CCDF Cluster				-	476,631
<b>Head Start Cluster</b>					
Head Start					
Head Start\Early Head Start	93.600	U.S. Dept. of Health and Human Services	05/01/23-02/29/24	-	2,523,772
05CH01146804					
Head Start\Early Head Start	93.600	U.S. Dept. of Health and Human Services	03/01/24-02/29/25	-	3,172,546
05CH01250701					
Early Head Start	93.600	U.S. Dept. of Health and Human Services	05/01/23-02/29/24	-	819,909
05CH01146804					
Early Head Start	93.600	U.S. Dept. of Health and Human Services	03/01/24-02/29/25	-	1,167,878
05CH01250701					
Head Start\Early Head Start - Supplemental Bright Lights	93.600	U.S. Dept. of Health and Human Services	05/01/23-2/29/24	-	21
05CH01146804					
Total Federal Expenditures for Head Start Cluster and Assistance Listing Number 93.600				-	7,684,126
<b>Medicaid Cluster:</b>					
Medical Assistance Program	93.778	MN Dept. of Human Services	10/01/23-09/30/24	-	15,210
N/A					
Total U.S. Department of Health and Human Services				-	13,757,190
<b>U.S. Department of Homeland Security</b>					
Emergency Food and Shelter National Board Program					
Cottonwood/Lincoln/Jackson/Redwood Counties EFSP	97.024	U.S. Dept. of Homeland Security	10/01/23-09/30/24	-	4,254
39-4859-15 Phase 39					
Lyon County EFSP	97.024	U.S. Dept. of Homeland Security	10/01/23-09/30/24	-	4,419
39-4990-00 Phase 39					
McLeod County EFSP	97.024	U.S. Dept. of Homeland Security	10/01/23-09/30/24	-	3,452
39-4992-00 Phase 39					
Nobles County EFSP	97.024	U.S. Dept. of Homeland Security	10/01/23-09/30/24	-	4,007
39-5012-00 Phase 39					
Southwestern Minnesota EFSP	97.024	U.S. Dept. of Homeland Security	10/01/23-09/30/24	-	3,157
39-4859-11 Phase 39					
Total Federal Expenditures Assistance Listing Number 97.024				-	19,289
Total Expenditures of Federal Awards				\$ 48,386	\$ 19,901,212

See notes to schedule of expenditures of federal awards.

**United Community Action Partnership, Inc.**  
**Notes to Schedule of Expenditures of Federal Awards**

**NOTE 1 - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of United Community Action Partnership, 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 United Community Action Partnership, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of United Community Action Partnership, Inc..

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE 3 - INDIRECT COST RATE**

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

**NOTE 4 - ENERGY ASSISTANCE DIRECT PAYMENTS**

Included in assistance listing number 93.568 are client benefits paid directly by the State of Minnesota of \$3,434,646. These expenditures are not included in the statement of activities.



**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  
United Community Action Partnership, Inc.  
Marshall, Minnesota

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of United Community Action Partnership, Inc., which comprise the statement of financial position as of September 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated February 27, 2025.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered United 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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of United Community Action Partnership, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of United Community Action Partnership, Inc.'s internal control.

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

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

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

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

## **Purpose of This Report**

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

BerganKDV, Ltd.

St. Cloud, Minnesota  
February 27, 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  
United Community Action Partnership, Inc.  
Marshall, Minnesota

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

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

We have audited United 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 United Community Action Partnership, Inc.'s major federal programs for the year ended September 30, 2024. United 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, United Community Action Partnership, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on 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 United 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 United 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 United Community Action Partnership, 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 United Community Action Partnership, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about United Community Action Partnership, Inc.'s compliance with the requirements of each major federal program as a whole.

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

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

Bergank DV, Ltd.

St. Cloud, Minnesota  
February 27, 2025



**United Community Action Partnership, Inc.  
Schedule of Findings and Questioned Costs  
Year Ended September 30, 2024**

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issued on whether the 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	14.267
Name of Federal Program	Continuum of Care Program
Assistance Listing Number	20.509
Name of Federal Program	Formula Grants for Rural Areas and Tribal Transit Program
Assistance Listing Number	81.042
Name of Federal Program	Weatherization Assistance of Low-Income Persons
Assistance Listing Number	93.568
Name of Federal Program	Low-Income Home Energy Assistance
Dollar threshold used to distinguish between type A and type B programs?	\$750,000
Auditee qualified as low-risk auditee	Yes

**United Community Action Partnership, 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.