Tri-Valley Opportunity Council, Inc.

Crookston, Minnesota

Consolidated Financial Statements and Supplementary Information

Year Ended December 31, 2019

Tri-Valley Opportunity Council, Inc.

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Year Ended December 31, 2019

Table of Contents

WIPFLi LLP

Independent Auditor's Report

Board of Directors
Tri-Valley Opportunity Council, Inc.
Crookston, Minnesota

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Tri-Valley Opportunity Council, Inc. (a nonprofit organization) and Subsidiaries, which comprise the consolidated statement of financial position as of December 31, 2019, and the related consolidated statements of activities and cash flows for the year then ended and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We did not audit the financial statements of Agassiz Townhomes LP, a majority-owned subsidiary, which statements reflect total assets of $6,729,401 as of December 31, 2019, and total revenues of $229,029 for the year then ended. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Agassiz Townhomes LP, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. The financial statements of Fisher Townhomes, LLC, Fisher Townhomes, LP, Crookston Townhomes, LLC, Crookston Townhomes, LP, Agassiz Townhomes General Partner, LLC, and Agassiz Townhomes LP, subsidiaries of Tri-Valley Opportunity Council, Inc., were not audited in accordance with *Government Auditing Standards* as these entities did not receive federal funding.

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Tri-Valley Opportunity Council, Inc. and Subsidiaries as of December 31, 2019, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States.

Other Matters

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 15, 2020, on our consideration of Tri-Valley Opportunity Council, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Tri-Valley Opportunity Council, 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 Tri-Valley Opportunity Council, Inc.'s internal control over financial reporting and compliance.

Wipfli LLP

Wipfli LLP

April 15, 2020
Madison, Wisconsin

Tri-Valley Opportunity Council, Inc.

Consolidated Statement of Financial Position

December 31, 2019

Assets		
Current assets:		
Cash	$	3,674,517
Grants receivable		1,112,594
Accounts receivable		200,565
Revolving loans receivable, current portion		64,399
Homes held for sale		379,952
Prepaid expenses		130,148
Total current assets		5,562,175
Other assets:		
Long-term revolving loans receivable		106,913
Total other assets		106,913
Property and equipment, net		13,525,786
TOTAL ASSETS	$	19,194,874
Liabilities and Net Assets		
Current liabilities:		
Current maturities of notes payable	$	303,374
Current maturity of forgivable note payable		5,000
Accounts payable		336,343
Accrued payroll and related expenses		1,043,397
Development fee payable, current portion		94,595
Deferred revenue		210,000
Grant funds received in advance		466,323
Total current liabilities		2,459,032
Long-term liabilities:		
Notes payable, net		2,523,604
Accrued interest payable		205,612
Development fee payable		21,804
Forgivable note payable		45,000
Total long-term liabilities		2,796,020
Total liabilities		5,255,052
Net assets:		
Without donor restrictions		3,067,757
Without donor restrictions- grant funded property		4,606,992
Without donor restrictions - attributable to noncontrolling interest		5,075,123
Total net assets without donor restrictions		12,749,872
Net assets with donor restrictions		1,189,950
Total net assets		13,939,822
TOTAL LIABILITIES AND NET ASSETS	$	19,194,874

See accompanying notes to consolidated financial statements.

Tri-Valley Opportunity Council, Inc.

Consolidated Statement of Activities
Year Ended December 31, 2019

	Without Donor Restriction	With Donor Restriction	Total
Revenue:			
Grant revenue	$ 22,539,192	$ 0	$ 22,539,192
Program contributions	220,786	279,319	500,105
Contracted services	1,207,745	0	1,207,745
Tenant rents	757,741	0	757,741
Interest income	19,172	0	19,172
In-kind contributions	1,040,429	0	1,040,429
Other income	135,034	0	135,034
Net assets released from restriction	104,622	(104,622)	0
Total revenue	26,024,721	174,697	26,199,418
Program Activity:			
Child education	15,580,527	0	15,580,527
Family and community services	1,286,457	0	1,286,457
Energy assistance	320,850	0	320,850
Senior services	385,677	0	385,677
Transportation	2,990,000	0	2,990,000
Housing and housing rehabilitation	318,063	0	318,063
Homeless/shelter programs	430,336	0	430,336
Food programs	736,652	0	736,652
Rental activity	1,107,983	0	1,107,983
Corporate activities	431,338	0	431,338
Total program activities	23,587,883	0	23,587,883
Management and general expesnes	1,374,080	0	1,374,080
Fund-raising	18,472	0	18,472
Total operating expenses	24,980,435	0	24,980,435
Change in net assets	1,044,286	174,697	1,218,983
Opening net assets of Agassiz Townhomes LP	1,140,316	0	1,140,316
Agassiz capital contributions by limited partner	4,258,414	0	4,258,414
Net assets - Beginning of year	6,306,856	1,015,253	7,322,109
Net assets - End of year	$ 12,749,872	$ 1,189,950	$ 13,939,822

Tri-Valley Opportunity Council, Inc.

Consolidated Statement of Cash Flows
Year Ended December 31, 2019

Increase (decrease) in cash:	
Cash flows from operating activities:	
Change in net assets	$ 1,218,983
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	1,115,187
Amortization of finance fees included in interest expense	33,510
Debt forgiveness	(5,000)
Net mortgage discount amortization	(13,009)
Bad debt expense	7,771
Loss on disposal of asset	26,756
Loss on investment in partnership	246,880
Changes in operating assets and liabilities:	
Grants receivable	78,315
Accounts receivable	142,593
Development fee receivable	40,000
Prepaid expenses	10,468
Inventory	81,425
Accounts payable	20,051
Accrued payroll and related expenses	151,415
Accrued interest	(5,061)
Deferred revenue	20,000
Grant funds received in advance	245,277
Net cash provided by operating activities	3,415,561
Cash flows from investing activities:	
Purchase of property and equipment	(2,419,387)
Repayments received on revolving loans	100,546
Net cash used in investing activities	(2,318,841)
Cash flows from financing activities	
Proceeds from borrowing	963,148
Payments on notes payable	(4,807,363)
Capital contributions	4,258,414
Net cash provided by financing activities	414,199
Change in cash	1,510,919
Cash - Beginning of year, restated	2,163,598
Cash - End of year	$ 3,674,517
Supplemental schedule of operating activities:	
Interest paid and expensed	$ 188,927
Supplemental schedule of noncash investing and financing activities:	
Home sold under land contract	$ 90,000
Purchase of property with debt	30,332

Note 1: Summary of Significant Accounting Policies

Nature of Operations

Established in 1965, the mission of Tri-Valley Opportunity Council, Inc. ("TVOC") is to provide opportunities to improve the quality of life for people and communities. TVOC is a multi-faceted organization that strives to reduce poverty in the states of Minnesota and North Dakota, with its primary service area being the Minnesota counties of West Polk, West Marshall, and Norman. A major focus of the Organization is to provide a seamless system of support by integrating services, reducing redundancies, and maximizing opportunities for clients and communities.

TVOC is primarily supported through government grants, with approximately 60% of the TVOC's grant revenue being earned from the Department of Health and Human Services' Head Start program.

TVOC is led by an effective management team which is supported by a dedicated board of directors. TVOC has created strong program delivery systems. The programs available to clients focus on the areas of Community Services, Head Start/Child and Family Programs, Housing, and Senior Services. Additional agency resources include training, technical assistance, outcomes development, grant writing, capacity-building, and long-range strategic planning. These combined programs and resources make TVOC an integral partner in each community.

Fisher Townhomes, LLC is a wholly owned subsidiary of TVOC that was organized to purchase the limited partner interest in the Fisher Townhomes, LP. The purchase occurred in April 2015.

Fisher Townhomes Limited Partnership is a limited partnership organized under the laws of the State of Minnesota for the purpose of acquiring, operating, and ultimately disposing of (the "Project") and related personal property. The Project consists of ten apartment units in Fisher, Minnesota that is operated for low-income housing. The Project is eligible for Low-Income Housing Tax Credits established under the program described in Section 42 of the Internal Revenue Code. The Partnership shall cease on December 31, 2050, unless dissolved sooner.

Crookston Townhomes, LLC is a wholly owned subsidiary of TVOC that was organized to purchase the limited partner interest in the Crookston Townhomes, LP. The purchase occurred in April 2015.

Crookston Townhomes Limited Partnership is a limited partnership organized under the laws of the State of Minnesota for the purpose of acquiring, operating, and ultimately disposing of (the "Project") and related personal property. The Project consists of 30 apartment units in Crookston, Minnesota, that is operated for low-income housing. The Project is eligible for Low-Income Housing Tax Credits established under the program described in Section 42 of the Internal Revenue Code. The Partnership shall cease on December 31, 2050, unless dissolved sooner.

Agassiz Townhomes General Partner, LLC is a wholly owned subsidiary of TVOC that was organized to purchase the general partner interest in the Agassiz Townhomes, LP.

Agassiz Townhomes LP was formed to acquire, own, construct, operate and lease 6 townhome buildings with 30 units in Crookston, Minnesota (the "Project"). The Project provides affordable housing utilizing the low-income housing tax program. TVOC has the option of right of first refusal to acquire Agassiz Townhomes LP and has determined that it appears to be prudent and feasible that they will exercise that option at the end of the compliance period.

Note 1: Summary of Significant Accounting Policies (Continued)

Principles of Consolidation

The accompanying consolidated financial statements include TVOC and all of its wholly owned subsidiaries listed above. In addition, Agassiz Townhomes LP has also been consolidated in accordance with the consolidation guidance contained in Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2017-02, *Not-for-Profit Entities – Consolidation (Subtopic 958-810): Clarifying When a Not-for-Profit Entity That Is a General Partner or Limited Partner Should Consolidate a For-Profit Limited Partnership or Similar Entity.* All significant intercompany transactions and balances have been eliminated in consolidation. Collectively, the entities are referred to as the “Organization”.

Basis of Presentation

The consolidated financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States.

Classification of Net Assets

Net assets and revenue, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets the Organizations and changes therein are classified and reported as follows:

> Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
>
> Net Assets Attributable to Noncontrolling Interest - Net assets attributable to noncontrolling interest represent the equity interest of the outside owner (the Limited Partner) in the consolidated Agassiz Townhomes LP. This interest is reported as separate component of the Organization’s net assets.
>
> Net Assets With Donor Restrictions - Net assets subject to donor or certain grantor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other explicit donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor imposed restrictions are released when a restriction expires, that is when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Use of Estimates

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

Note 1: Summary of Significant Accounting Policies (Continued)

Accounts Receivable

Accounts receivable consist primarily of amounts billed for the Transportation and Rural Transit programs. Receivables are reviewed for collectability by management and an allowance for doubtful accounts is recorded as needed based on collection history and customer attributes. The Organizations consider these receivables to be collectible and; therefore, no allowance for uncollectible amounts has been recorded.

Homes Held for Sale

Homes held for sale are stated at the lower of cost or net realized value. Net realizable value is the estimated selling price in the ordinary course of business, less reasonably predicted costs of completion, disposal, and transportation. The balance consists of costs associated with the purchase of land and construction costs incurred.

Revolving Loans Receivable

TVOC operates a revolving loan program funded by Minnesota Housing and Finance Authority (MHFA). The Organization receives funds from MHFA to construct or renovate homes and then sell those homes under land contacts to eligible individuals. Any funds repaid must be used to construct homes, provide renovation loans to existing individuals under the program, or cover a percentage of administrative costs. Loans receivable are stated at the amount of unpaid principal discounted at the prevailing market rate at the inception of the mortgage. The loans are non-interest-bearing.

There is no allowance provided on these loans as the Organization holds the home as collateral and can cancel the land contract if the individual is delinquent. TVOC classifies a receivable as delinquent if the individual is two or more months in arrears, has abandoned the home, or if the home is at risk of incurring damage. Delinquent payments are treated on a case-by-case basis but, generally, if a homeowner is late more than 30 days with a payment and no forbearance has been granted, verbal contact is made with the homeowner. A letter follows up the verbal contact confirming the conversation. If the terms outlined during the verbal contact are not met and/or the homeowner becomes 60 days late, cancellation proceedings are started. All cancellations are handled by Tri-Valley's attorney in accordance with the laws of the State of Minnesota.

Management generally has the intent and ability to hold all loans for the foreseeable future or until maturity or pay-off and has reported the loans at their outstanding unpaid principal balances. Loan origination fees, net of certain direct origination costs, are recognized as income or expense when received or incurred since capitalization of these fees or costs would not have a significant impact on the consolidated financial statements.

Allowance for Loan Losses

TVOC does not maintain an allowance for the loan loss account due to the fact that in the event of non-payment by a homeowner, TVOC will start eviction proceedings and take back possession of the home. The home is then put back on the market to be contracted to another qualifying individual or family.

Property and Equipment

Property and equipment are valued at cost. The Organization considers property and equipment to be items with a cost of $5,000 or more and a useful life of over one year. Depreciation is computed over the estimated useful lives of the assets using the straight-line method.

Note 1: Summary of Significant Accounting Policies (Continued)

Property and Equipment (Continued)

Property and equipment purchased with grant funds is owned by TVOC while used in the program for which it was 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 net book value of grant-funded equipment is $4,283,188 at December 31, 2019.

Revenue Recognition

Contracted Services

TVOC operates the Tri-Valley Heartland Express, providing transportation services to the general public in eight Minnesota counties: Polk, Red Lake, Norman, Marshall, Kittson, Pennington, Mahnomen, and Clearwater. Buses have seating available for up to 40 passengers. The program is operated using grants provided by the Minnesota Department of Transportation and fare box revenue. Grants provided by the Minnesota Department of Transportation are reported as contributions. Fare box revenue reported at the point in time the ride is provided to the customer, at an amount that reflects the consideration to which TVOC believes is entitled in exchange for providing the transportation service. Customers pay per ride upon entering the bus through cash deposits into the fareboxes on the buses, or they may purchase passes from bus drivers or at the Transportation office, at a stand-alone selling price. TVOC also provides transportation services where consideration for the service provided is expected to be paid for by third-party payors. Generally, third party payors are billed in the month the service is performed. TVOC determines the transaction price based on the contractual agreement with the third-party payor. The amount recorded for transportation services provided at the point in time the service is performed was $819,670 for the year ended December 31, 2019.

TVOC has contracts to provide transportation and shuttle services to businesses and universities in Crookston and Thief River Falls, Minnesota. The contracts contain only one performance obligation which is to provide rides during the agreed upon dates and times specified in the contract. Revenue from these contracts is recognized over the term of the contract as TVOC provides the service. The passage of time is used as management considers that to be the best available measure of progress on TVOC’s delivery of the service. Revenue is reported at the amount of consideration that TVOC expects to be entitled to in exchange for providing the service. TVOC determines the transaction price based on standard charges for the service provided. The amount recorded for contracted transportation services provided over time was $195,030 for the year ended December 31, 2019.

TVOC offers childcare services outside of Head Start program operating hours. The cost of these services is covered by parents or a third party payor. TVOC's performance obligation is to perform childcare services. The revenue is recognized over time, as the benefit is consumed at the same time of the service being performed. Revenue is reported at an amount of consideration that TVOC expects to be entitled to in exchange for providing the service. TVOC determines the transaction price based on standard charges for the service provided. The amount recorded for childcare services provided over time was $193,045 for the year ended December 31, 2019.

Tenant Rents

Tenant rent represents income received from various sources for use of affordable housing property or space owned by the Organization. This income is recognized in the period in which it is earned.

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Contributions

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

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

Conditional contributions are recognized when the barrier(s) to entitlement are overcome. Unconditional contributions are recognized as revenue when received. Unconditional contributions or conditional contributions in which the conditions have been substantially met or explicitly waived by the donor are recorded as support with or without donor restrictions, depending on the existence and nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

Grants

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

A. Grant Awards that are Contributions

Grant awards that are contributions are evaluated for conditions and recognized as revenue when conditions in the award are satisfied. Unconditional awards are recognized as revenue when the award is received. Amounts received in which conditions have not been met are reflected as grant funds received in advance.

B. Grant Awards that are Exchange Transactions

Exchange transactions are those in which the resource provider or grantor receives a commensurate value in exchange for goods or services transferred. Revenue is recognized when control of the promised goods or services is transferred to the customer (grantor) in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Amounts received in excess of recognized revenue are reflected as a contract liability.

Debt Issuance Costs

Debt issuance costs represent costs associated with obtaining debt to finance the construction of a building. Unamortized financing fees have been recorded as a reduction to the related debt obligation. The costs are being amortized to interest expense over the maximum term provided in the debt agreement using the straight-line method with approximates the effective interest method.

Note 1: Summary of Significant Accounting Policies (Continued)

Income Taxes

TVOC is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code. It is also exempt from Minnesota franchise or income tax.

Fisher Townhomes, LLC is a sole member LLC and, therefore, is treated as disregarded entity for tax purposes. The member owner of Fisher Townhomes, LLC is TVOC. The activity of Fisher Townhomes, LLC is included in TVOC's tax return. As a result of Fisher Townhomes, LLC being treated as a disregarded entity, the activity of Fisher Townhomes LP is also included in the tax return of TVOC.

Crookston Townhomes, LLC is a sole member LLC and, therefore, is treated as disregarded entity for tax purposes. The member owner of Crookston Townhomes, LLC is TVOC. The activity of Crookston Townhomes, LLC is included in TVOC's tax return. As a result of Crookston Townhomes, LLC being treated as a disregarded entity, the activity of Crookston Townhomes LP is also included in the tax return of TVOC.

Agassiz Townhomes General Partner, LLC is a sole member LLC and, therefore, is treated as disregarded entity for tax purposes. Agassiz Townhomes, LP is not a taxpaying entity. All tax effects of the partnership are passed through to the partners of the partnership.

The Organization is required to assess whether it is more likely than not that a tax position will be sustained upon examination on the technical merits of the position assuming that taxing authority has full knowledge of all information. If the tax position does not meet the more likely than not recognition threshold, the benefit of that position is not recognized in the consolidated financial statements. The Organization has determined there are no amounts to record as assets or liabilities related to uncertain tax positions.

In-Kind Contributions

TVOC records in-kind contributions at fair market value for space, supplies, and professional services in the consolidated statement of activities in accordance with generally accepted accounting standards, which require that only contributions of services received which create or enhance a nonfinancial asset or require specialized skill by the individual possessing those skills and would typically need to be purchased if not provided by donation be recorded. TVOC received contributions, primarily for the head start program, of nonprofessional volunteers during the year with a value of approximately $225,000 which are not recorded in the consolidated statement of activities.

Functional Allocation

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Personnel costs are allocated based on time and effort reporting. Occupancy and related costs are allocated based on square footage.

Note 1: Summary of Significant Accounting Policies (Continued)

Change in Accounting Policy

In June 21, 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The Amendments in the Update assist in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) subject to Subtopic 958-605 or as exchange (reciprocal) transactions subject to Accounting Standards Codification 606 and determining whether a transaction is conditional. The contribution guidance in Subtopic 958-605 requires an entity to determine whether a transaction is conditional, which affects the timing of the revenue recognized. The Organization has applied the amendments in this ASU as of January 1, 2019 on a modified prospective basis.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The amendments in this ASU, along with numerous clarifications and modifications, require an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Organization adopted this guidance as of January 1, 2019 and applied Topic 606 on a modified retrospective basis. Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes revenue and therefore, there was no change in opening balances of net assets and no prior period results were restated. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

New Accounting Pronouncements

In 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which is intended to improve financial reporting on leasing transactions. ASU No. 2016-02 will require lessees to recognize right of use assets and lease obligations for operating and finance leases under terms greater than 12 months. ASU No. 2016-02 is effective for fiscal years beginning after December 15, 2020, with early adoption permitted. ASU No. 2016-02 must be applied modified retrospectively. The Organization is currently evaluating the impact of the provisions of ASU Topic 842.

Subsequent Events

Subsequent events have been evaluated through April 15, 2020, which is the date the consolidated financial statements were available to be issued.

Note 2: Grants Receivable

This balance at December 31, 2019, consists of amounts due from funding sources as follows:

Federal programs	$ 396,812
State and other programs	715,782
Total	$ 1,112,594

Note 3: Revolving Loans Receivable

TVOC operates a housing revolving loan fund that provides assistance to eligible participants in the form of non-interest-bearing loans which are secured by various property owned by the recipients. Principal payments are based on the participants' ability to pay and repayment terms are adjusted annually. As loan funds are repaid, they are available to be re-loaned to eligible participants and to cover a fixed percentage of administrative and program costs. The loans are due and payable on the occurrence of various events, including sale, transfer, or reassignment of the property, death of the homeowner, the homeowner no longer occupying the property, or the passage of time.

The loans were discounted to their net present value using a discount rate of 6%. The loans receivable are as follows:

Loans receivable	$ 425,927
Discount on loans receivable	(254,615)
Loans receivable, net	171,312
Current portion	(64,399)
Net long-term loans receivable	$ 106,913

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

Note 4: Property and Equipment

The balance at December 31, 2019, consists of the following:

Land	$ 380,852
Land improvements	246,292
Building and improvements	16,873,955
Furniture and equipment	5,690,182
Construction in progress	323,804
Subtotal	23,515,085
Accumulated depreciation	(9,989,299)
Property and equipment, net	$ 13,525,786

Construction in progress is related to the construction of a modular facility for TVOC's Owatonna site. Costs to date, are included above in construction in progress as of December 31, 2019. TVOC expects the additional costs to complete the construction will be approximately $970,000. The costs will be paid for with Head Start grant funds.

Note 5: Notes Payable

The notes payable at December 31, 2019, consist of the following:

Note payable to Bremer Bank, National Association, collateralized by real estate, payable in monthly installments of $2,755, with a variable interest rate (currently 6.02%), due December 2022.	$ 90,385

Note 5: Notes Payable (Continued)

Note payable to Bremer Bank, National Association, collateralized by transit building, payable in monthly installments of $850, with a variable interest rate (currently 6.02%), due June 2025.	47,507
Note payable to Bremer Bank, National Association, collateralized by Apple Valley building, payable in monthly installments of $2,827, with a variable interest rate (currently 5.28%), due September 2023.	115,333
Note payable to Farmers Home Administration, Department of Agriculture, collateralized with property, with interest at 1%, with monthly payments of $620, due 2032.	82,466
Note payable to Bremer Bank, National Association, collateralized by transit building, with a variable interest rate (currently 5.16%), and monthly installments of $523, due November 2023.	18,529
Mortgage payable to Minnesota Housing Finance Agency (MHFA) with interest at 1% compounded annually. Principal and interest due July 2029. Collateralized by Fisher Townhomes property.	315,812
Mortgage payable to Bremer Bank N.A. at a variable interest rate (currently 5%) with $1,000 monthly payments. The note matures in November 2025. This loan contains a prepayment penalty for the first 5 years of the loan (ends 2020). The penalty is 5% of the outstanding balance in the first 12 months and the penalty is reduced by 1% each year thereafter until the end of year 5 at which time there is no prepayment penalty. Mortgage is collateralized by real estate. The Organization is not in compliance with the debt/worth ratio on the mortgage payable, and therefore the outstanding balance is shown as currently payable.	155,005
Mortgage payable to Northwest Minnesota Foundation with interest at 2%, secured by land and building. Principal and interest due July 2020.	20,382
Mortgage payable to Unity Bank, collateralized by land and building, with interest at 4.5%. Principal and interest due August 2020.	30,332
Affordable Rental Investment Fund Program mortgage payable to MHFA at a 1% interest rate and due in July 2029. Payments of principal and interest are not required until maturity. Collateralized by Crookston Townhomes property.	695,050
Mortgage payable to Greater Minnesota Housing Fund (GMHF), secured real estate and an assignment of the tax increment receivable of Agassiz Townhomes LP, with monthly payments of $2,809 and interest at 4.90%. The loan matures December 2045.	522,151
Mortgage payable to Minnesota Housing, secured by real estate of Agassiz Townhomes LP, without interest. Principal due December 2045.	315,000
Mortgage payable to GMHF, secured by real estate under Agassiz Townhomes LP, without interest. Monthly principal payments of $7,517 are based on cash flow after certain other payments are made as defined in the partnership agreement. Principal and interest due December 2045.	218,000

Note 5: Notes Payable (Continued)

Mortgage payable to Bremer Bank N.A. at a variable interest rate (currently 5%) with $2,512 monthly payments. The note matures in November 2025. This loan contains a prepayment penalty for the first 5 years of the loan (ends 2020). The penalty is 5% of the outstanding balance in the first 12 months and the penalty is reduced by 1% each year thereafter until the end of year 5 at which time there is no prepayment penalty. Mortgage collateralized by real estate.		250,791
Subtotal		2,876,743
Unamortized debt issuance costs	(	49,765)
Current maturities of notes payable	(	303,374)
Notes payable - Long-term	$	2,523,604

Future debt maturities as of December 31, 2019, are as follows:

2020	$	303,374
2021		107,969
2022		118,536
2023		72,390
2024		48,129
Thereafter		2,226,345
Total	$	2,876,743

At December 31, 2019, the original cost of the financing fees was $83,275 and accumulated amortization was $33,510. Amortization of financing fees, including the write-off of financing fees written-off for repaid debt, for the year ended December 31, 2019 was $33,510.

Note 6: Forgivable Note Payable

The forgivable note payable at December 31, 2019, consists of the following:

A 30-year forgivable note payable from MHFA for the construction of a housing project in 1999, collateralized by the housing project. The loan requires compliance with provisions of the loan agreement for a 30-year period. The loan is forgiven at a rate of 5% annually beginning in the eleventh year of the note.	$	50,000
Current portion of forgivable note payable	(	5,000)
Forgivable note payable, long-term	$	45,000

Future forgiveness of the note payable is as follows:

2020	$	5,000
2021		5,000
2022		5,000
2023		5,000
2024		5,000
Thereafter		25,000
Total	$	50,000

Note 7: Operating Leases

TVOC leases various facilities under operating leases which expire at various times through May 2024. All lease agreements include provisions for termination should government funding become unavailable. Lease expense for the year ended December 31, 2019, was $450,741. Minimum future rental payments under the operating leases are as follows:

2020	$ 306,237
2021	168,317
2022	115,494
2023	65,001
2024	17,334
Total	$ 672,383

Note 8: Net Assets With Donor Restrictions

Net assets with donor restrictions consist of revolving loan funds and program contributions. The revolving loan funds are to be used for housing loans to eligible participants and to cover administrative costs of operating the program. The reach out for warmth funds in to be used to cover energy payments for participants. Transportation is restricted to cover costs associated with the transportation program. Net assets with donor restrictions as December 31, 2019, are as follows:

Transportation	$ 957,852
Reach out for warmth	5,946
Revolving loan funds	226,152
Net assets with donor restrictions	$ 1,189,950

Note 9: Retirement Plan

TVOC has a 401(k) plan for eligible employees. TVOC contributes one dollar for every dollar each employee contributes, up to a maximum organization contribution of 5% of the annual gross wages of the employee. The employees are vested upon contribution to the plan. The employer’s contribution to the plan for the year ended December 31, 2019, was $310,891.

Note 10: Concentration of Credit Risk

The Organization maintains cash deposits primarily at one bank. Accounts at this institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. At certain times during the year cash balances may be in excess of FDIC coverage. The Organization has not experienced any losses in such accounts, and believes they are not exposed to any significant credit risk on cash.

Note 11: Grant Awards

At December 31, 2019, TVOC has received commitments for future funding under various grant awards of approximately $9,500,000. These commitments are not recognized in the accompanying consolidated financial statements as receivables and revenue as they are conditional awards.

Note 12: Functional Classification of Operating Expenses

The following expenses are reflected in the consolidated statement of activities for the year ended December 31, 2019:

Expenses	Program	Management and General	Fundraising	Total
Salaries and wages	$10,507,489	$ 750,660	$12,578	$11,270,727
Fringe benefits	3,169,318	283,868	5,894	3,459,080
Consultants and contracted labor	1,558,407	113,193	0	1,671,600
Travel/transportation	904,644	25,204	0	929,848
Occupancy	1,110,030	68,800	0	1,178,830
Supplies	1,790,962	13,334	0	1,804,296
Repairs and maintenance	441,950	0	0	441,950
Communications	200,448	39,053	0	239,501
Beneficiary assistance	974,072	0	0	974,072
Depreciation	1,115,187	0	0	1,115,187
Other	774,947	79,968	0	854,915
In-kind expenses	1,040,429	0	0	1,040,429
Total expenses	$23,587,883	$1,374,080	$18,472	$24,980,435

Note 13: Line of Credit

TVOC has a $100,000 line of credit which had no outstanding balance at December 31, 2019, with a maturity date of September 2021. Bank advances on the credit line are payable on demand with a variable interest rate of prime plus 1% with a minimum interest rate of 5.25%. The interest rate is 5.75% at December 31, 2019. The credit line is secured by all business assets, excluding property with a reversionary interest, of TVOC.

Note 14: Program Operations

TVOC has a grant with the State of Minnesota Department of Commerce for outreach, intake, eligibility, and certification of LIHEAP-eligible participants. Client benefits for LIHEAP-eligible participants are subsequently paid directly by the state of Minnesota. Client benefits in the amount of $1,253,762 paid by the state are not included in the consolidated statement of activities as they were not part of the grant award.

Note 15: Commitments and Contingencies

TVOC renovated a property with the use of $500,000 of grant funds from the State of Minnesota Department of Children, Families, and Learning. The grant funds would be payable to the State of Minnesota Department of Children, Families, and Learning if the property were sold or converted to a use other than stipulated in the loan restriction. The total contingency is based on the proceeds received from the sale. The agreement stipulates that TVOC would have to repay the entire grant amount plus a portion of the remaining proceeds if it exceeds the original grant. However, if sales proceeds are less than $500,000, the lesser amount is due. TVOC has no intentions of selling or converting the property; therefore, no liability has been recorded.

Note 15: Commitments and Contingencies (Continued)

TVOC renovated a property with the use of $440,000 of grant funds from the State of Minnesota Department of Transportation. The grant funds would be payable to the State of Minnesota Department of Transportation if the property were sold or converted to a use other than stipulated in the loan restriction. The total contingency is based on the proceeds received from the sale. The agreement stipulates that TVOC would have to repay the entire grant amount plus a portion of the remaining proceeds if it exceeds the original grant. However, if sales proceeds are less than $440,000 the lesser amount is due. TVOC has no intentions of selling or converting the property; therefore, no liability has been recorded.

Under the partnership agreement for Agassiz Townhomes LP, TVOC made a guarantee for operating deficits. The agreement stipulates that the obligation is unlimited through the date of payment of the investor limited partner's final installment capital contribution. After the final installment has been paid, Agassiz Townhomes General Partner, LLC is limited to $117,146 in the aggregate and continues for a minimum of 5 years. Agassiz Townhomes General Partner, LLC can be released from the obligation at the 49^{th} month after the final installment if the following conditions are met: (1) a debt service coverage ratio of at least 1.15 to 1.0 for a 12 month period and a projected debt service coverage ratio of 1.15 to 1 for the compliance period; and (2) the operating reserve balance is fully funded with a balance of at least $117,146. Agassiz Townhomes General Partner, LLC is also obligated to make unlimited operating deficit loans throughout the compliance period for any obligation resulting from the failure to receive subsidies under the HAP contract, failure to receive low income rental classification for property taxes, providing supporting services, and failure to obtain any TIF payments. Advances made under the operating deficit guaranty bear interest at prime, compounded annually, and are repayable from cash flow. There is no indication that any of the conditions will not be met. Accordingly, no provision for any liability has been recorded.

Note 16: Lessor Activity

The Organization's rental projects are a mix of low-to-moderate income and migrant housing projects. Leases are all for one year or less. Rental income for the year ended December 31, 2019 was $757,741. A summary of the acquisition costs and accumulated depreciation on the rental properties at December 31, 2019, is as follows:

Land	$ 129,382
Land improvements	246,292
Buildings	8,437,523
Equipment	209,833
Subtotal	9,023,030
Accumulated depreciation	(793,511)
Net	$ 8,229,519

Note 17: Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions or designations limiting their use, within twelve months of the consolidated statement of financial position date, are comprised of the following as of December 31, 2019:

Cash and cash equivalents	$ 3,674,517
Less: Net assets with donor restrictions in cash	(877,147)
Less: Grant funds received in advance	(466,323)
Total	$ 2,331,047

Note 17: Liquidity and Availability (Continued)

The Organization does not have a formal liquidity policy but generally maintains financial assets in liquid form such as cash and cash equivalents for approximately 1 month of operating expenses. The Organization can rely on a lower cash balance as they are primarily funded with cost reimbursement grants. Under cost reimbursement grants, once expenses are incurred an organization can request reimbursement from the funding source. Their grants have varying renewal dates. The Organization has grant commitments for future expenses of over $9,500,000. In addition, the Organization can also draw on a $100,000 line of credit if needed for cash flow purposes.

Note 18: Agassiz Townhomes, LP

In the current year, when Agassiz Townhomes, LP was placed in service and TVOC became responsible for management of the project, TVOC determined that the consolidation guidance in Accounting Standards Update (ASU) No. 2017-02, *Not-for-Profit Entities – Consolidation (Subtopic 958-810): Clarifying When a Not-for-Profit Entity That Is a General Partner or Limited Partner Should Consolidate a For-Profit Limited Partnership or Similar Entity* applied to their investment in Agassiz Townhomes, LP. As a result, the consolidated statement of financial position balances at December 31, 2019 of Agassiz Townhomes, LP are included in these consolidated financial statements as well as the operations for the calendar year ended December 31, 2019. The consolidated statement of activities includes the opening net assets on January 1, 2019 of Agassiz Townhomes of $1,140,316. In addition, in the current year, the limited partner made equity contribution to Agassiz Townhomes, LP of $4,258,414 which is also included in the consolidated statement of activities.

Supplementary Information

Tri-Valley Opportunity Council, Inc.

Schedule A
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2019

Federal Grantor/Pass-Through Grantor/Program Title	Grant Number	Federal CFDA Number	Sub-Recipient	Federal Expenditures
U.S. Department of Agriculture				
Passed-Through the MN Department of Education				
Child and Adult Care Food Program	N/A	10.558	**$ 0**	**$ 334,397**
Child Nutrition Cluster				
Passed-Through the MN Department of Education				
Summer Food Service Program for Children	N/A	10.559	0	237,086
Passed-Through the ND Department of Public Instruction				
Summer Food Service Program for Children	N/A	10.559	0	42,617
Total CFDA # 10.559			**0**	**279,703**
Passed-Through the MN Department of Human Services				
Food Support Outreach	133148, 163843	10.580	**0**	**172,086**
U.S. Department of Housing and Urban Development	MN0410L5K061700			
Continuum of Care Supportive Housing	MN0255L5K061706	14.267	**0**	156,382
	MN0255L5K061807			
	MN0410L5K061801			
	MN0434L5K061800			
Passed-Through the Inter County Community Council				
Continuum of Care Supportive Housing	MN0442Y5K061700	14.267	**0**	1,825
Total CFDA # 14.267			**0**	**158,207**
U.S. Department of Transportation				
Passed-Through MN Department of Transportation	1026737			
Formula Grants for Other Than Urbanized Areas	1032538	20.509	**0**	**524,693**
U.S. Department of Education				
Passed-Through ND Department of Public Instruction				
Migrant Education	F84011-A	84.011	0	82,000
Passed-Through the MN Department of Education				
Migrant Education	3335, 3336	84.011	0	797,539
Total CFDA # 84.011			**0**	**879,539**
U.S. Department of Health and Human Services				
Passed-Through MN Community Action P/S				
MNSure Consumer Assistance	N/A	93.525	**0**	**25,355**
Passed-Through MN Housing Finance Agency				
TANF Cluster				
Temporary Assistance for Needy Families	N/A	93.558	**0**	**176,972**
Passed-Through MN Department of Commerce				
Low-Income Home Energy Assistance	1563	93.568	**0**	**1,584,374**
Passed-Through MN Department of Human Services				
Community Services Block Grant	127539	93.569	**0**	**85,233**
Passed-Through MN Department of Human Services				
CCDF Cluster				
Child Care and Development Block Grant	131087	93.575	**0**	**147,481**

Tri-Valley Opportunity Council, Inc.

Schedule A
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2019

Federal Grantor/Pass-Through Grantor/Program Title	Grant Number	Federal CFDA Number	Sub-Recipient	Federal Expenditures
Direct Grant				
Migrant Head Start	90CM979805/90CM00983601			
Head Start	05CH01052801/05CH01052802	93.600	**0**	**13,503,112**
Passed-Through MN Department of Human Services				
Child Care and Development Block Grant	127366	93.667	**0**	**500,836**
Corporation for National and Community Services				
Direct Grant				
Foster Grandparent/Senior Companion Cluster	19SFNMN002			
Foster Grandparent Program	18SFNMN002	94.011	**0**	**245,552**
TOTAL FEDERAL EXPENDITURES			**$ 0**	**$ 18,617,540**

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 Tri-Valley Opportunity Council, Inc. under programs of the federal government for the year ended December 31, 2019. 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 operations of Tri-Valley Opportunity Council, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of Tri-Valley Opportunity Council, Inc.

NOTE 2 - Summary of Significant Accounting Policies

Expenditures reported on this schedule are reported on the accrual basis of accounting. 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 - State of Minnesota eHeat Payments

Included in CFDA #93.568 are client benefits paid by the state of Minnesota of $1,253,762. These expenditures are not included in the statement of activities.

NOTE 4 - 10-percent De Minimus

Tri-Valley Opportunity Council, Inc. has elected to use the 10-percent indirect cost rate as allowed under the Uniform Guidance.

Tri-Valley Opportunity Council, Inc.

Schedule B
Schedule of Program Activity
Year Ended December 31, 2019

CFDA Number	Grant Number	Program Name	Grantor Agency	Program Period	Program or Award Amount	Grant Funds Received In Advance 12/31/18	Current Grant Revenue	Other Revenue	Expenses	Repaid/ Deobligated	Transfers	Grant Funds Received In Advance 12/31/19
ASSISTANCE PROGRAMS AS IDENTIFIED IN THE CATALOG OF FEDERAL DOMESTIC ASSISTANCE												
U.S. Department of Agriculture												
10.558		Child & Adult Care Food Program	MN Dept. of Education	01/01/19-12/31/19	311,756	0	311,756	0	(334,397)	0	0	0
		Subtotal 10.558				**0**	**311,756**	**0**	**(334,397)**	**0**	**0**	**0**
10.559		Summer Food Service Program	MN Dept. of Education	01/01/19-12/31/19	175,143	0	175,143	0	(237,086)	0	0	0
10.559		Summer Food Service Program	ND Dept. of Public Instruction	01/01/19-12/31/19	28,466	0	28,466	0	(42,617)	0	0	0
		Subtotal 10.559				**0**	**203,609**	**0**	**(279,703)**	**0**	**0**	**0**
10.580	133148	Food Support Outreach	MN Dept. of Human Services	10/01/18-09/30/19	206,357	0	141,680	0	(141,680)	0	0	0
10.580	163843	Food Support Outreach	MN Dept. of Human Services	10/01/19-09/30/20	208,942	0	30,406	0	(30,406)	0	0	0
		Subtotal 10.580				**0**	**172,086**	**0**	**(172,086)**	**0**	**0**	**0**
U.S. Department HUD												
14.267	MN0410L5K061700	Contunuum of Care	US Dept of HUD	08/08/18-08/07/19	36,217	0	28,777	0	(28,777)	0	0	0
14.267	MN0255L5K061706	Contunuum of Care	US Dept of HUD	09/24/18-09/23/19	127,202	0	88,015	0	(88,015)	0	0	0
14.267	MN0255L5K061807	Contunuum of Care PSH	US Dept of HUD	12/01/19-11/30/19	138,146	0	13,570	0	(13,570)	0	0	0
14.267	MN0410L5K061801	Contunuum of Care PLM	US Dept of HUD	09/01/19-08/31/20	36,217	0	6,100	0	(6,100)	0	0	0
14.267	MN0434L5K061800	Contunuum of Care DVRRH	US Dept of HUD	04/16/19-04/15/20	53,528	0	19,920	0	(19,920)	0	0	0
14.267	MN0442Y5K061700	Youth Homeless	Inter County Community Council	10/09/19-09/30/20	30,518	0	1,825	0	(1,825)	0	0	0
		Subtotal 14.267				**0**	**158,207**	**0**	**(158,207)**	**0**	**0**	**0**
U.S. Department of Transportation												
20.509	1026737	Transportation	MN Dept. of Transportation	01/01/18-12/31/18	2,302,650	0	102,946	26,957	0	0	0	129,903
20.509	1032538	Transportation	MN Dept. of Transportation	01/01/19-12/31/19	2,668,550	0	2,492,956	437,536	(2,624,164)	0	0	0
		Subtotal 20.509*				**0**	**2,595,902**	**464,493**	**(2,624,164)**	**0**	**0**	**129,903**
U.S. Department of Education												
84.011	3335	Migrant Education-State	MN Dept. of Education	07/01/18-06/30/19	637,043	0	394,201	0	(394,201)	0	0	0
84.011	3336	Migrant Education-State	MN Dept. of Education	07/01/18-06/30/19	117,966	0	70,863	0	(70,863)	0	0	0
84.011	3335	Migrant Education-State	MN Dept. of Education	07/01/19-06/30/20	635,000	0	263,052	0	(263,052)	0	0	0
84.011	3336	Migrant Education-State	MN Dept. of Education	07/01/19-06/30/20	110,000	0	69,423	0	(69,423)	0	0	0
84.011	F84011-A	Migrant Education-State	ND Dept. of Public Instruction	06/01/19-12/15/19	82,000	0	82,000	0	(82,000)	0	0	0
		Subtotal 84.011				**0**	**879,539**	**0**	**(879,539)**	**0**	**0**	**0**

*Program has commingled federal and state funding.

Tri-Valley Opportunity Council, Inc.

Schedule B
Schedule of Program Activity
Year Ended December 31, 2019

CFDA Number	Grant Number	Program Name	Grantor Agency	Program Period	Program or Award Amount	Grant Funds Received In Advance 12/31/18	Current Grant Revenue	Other Revenue	Expenses	Repaid/ Deobligated	Transfers	Grant Funds Received In Advance 12/31/19
U.S. Department of Health and Human Services												
93.525	N/A	MNSure Consumer Assistance	MN Community Action P/S	07/01/19-06/30/20	22,733	0	11,701	0	(11,701)	0	0	0
93.525	N/A	MNSure Consumer Assistance	MN Community Action P/S	07/01/18-06/30/19	25,259	0	13,654	0	(13,654)	0	0	0
		Subtotal 93.525				**0**	**25,355**	**0**	**(25,355)**	**0**	**0**	**0**
93.558	N/A	FHPAP	MHFA	07/01/17-06/30/19	349,562	0	86,467	0	(86,467)	0	0	0
93.558	N/A	FHPAP	MHFA	07/01/19-09/30/21	416,852	0	136,984	0	(90,505)	0	0	46,479
		Subtotal 93.558				**0**	**223,451**	**0**	**(176,972)**	**0**	**0**	**46,479**
93.568	1563	EAP	MN Dept. of Commerce	10/01/18-09/30/19	282,051	0	240,463	0	(240,463)	0	0	0
93.568	1563	EAP	MN Dept. of Commerce	10/01/19-09/30/20	307,414	0	90,149	0	(90,149)	0	0	0
93.568	N/A	EAP eHeat Payments	MN Dept. of Commerce	01/01/17-12/31/17	N/A	0	1,253,762	0	(1,253,762)	0	0	0
		Subtotal 93.568				**0**	**1,584,374**	**0**	**(1,584,374)**	**0**	**0**	**0**
93.569	127539	CSBG 18	MN Dept. of Human Svcs.	10/01/17-09/30/19	69,909	0	15,129	0	(15,129)	0	0	0
93.569	127539	CSBG 19	MN Dept. of Human Svcs.	10/01/18-12/31/19	70,104	0	70,104	0	(70,104)	0	0	0
		Subtotal 93.569				**0**	**85,233**	**0**	**(85,233)**	**0**	**0**	**0**
93.575	131087	Child Care Aware	MN Dept. of Human Svcs.	07/01/19-06/30/20	162,187	0	68,481	0	(68,481)	0	0	0
93.575	131087	Child Care Aware	MN Dept. of Human Svcs.	07/01/18-06/30/19	160,912	0	79,000	0	(79,000)	0	0	0
		Subtotal 93.575				**0**	**147,481**	**0**	**(147,481)**	**0**	**0**	**0**
93.600	90CM9798/05	Migrant Head Start 18-19	U.S. Dept. of H.H.S.	04/01/18-06/30/19	11,617,790	0	4,688,559	21,448	(5,149,199)	0	439,192	0
93.600	90CM9798/05	Migrant Early Head Start 18-19	U.S. Dept. of H.H.S.	04/01/18-06/30/19	1,543,251	63,560	301,659	738	(596,298)	0	230,341	0
93.600	05CH010528/01	Head Start 18-19	U.S. Dept. of H.H.S.	05/01/18-04/30/19	3,015,062	0	897,531	94,813	(992,344)	0	0	0
93.600	05CH010528/01	Early Head Start 18-19	U.S. Dept. of H.H.S.	05/01/18-04/30/19	1,205,202	4,113	401,202	1,497	(526,238)	0	119,426	0
93.600	90CM009836/01	Migrant Head Start 19-20	U.S. Dept. of H.H.S.	07/01/19-03/31/20	6,723,882	0	4,508,259	839,913	(5,348,172)	0	0	0
93.600	90CM009836/01	Migrant Early Head Start 19-20	U.S. Dept. of H.H.S.	07/01/19-03/31/20	1,591,137	0	665,137	6,804	(1,559,289)	0	1,047,533	160,185
93.600	05CH010528/02	Head Start 19-20	U.S. Dept. of H.H.S.	05/01/19-04/30/20	1,872,405	0	819,995	458,402	(1,278,397)	0	0	0
93.600	05CH010528/02	Early Head Start 19-20	U.S. Dept. of H.H.S.	05/01/19-04/30/20	2,525,509	0	1,313,282	2,576	(1,540,158)	0	224,300	0
		Subtotal 93.600				**67,673**	**13,595,624**	**1,426,191**	**(16,990,095)**	**0**	**2,060,792**	**160,185**
93.667	127366	Migrant Child Care	MN Dept. of Human Svcs.	07/01/19-06/30/20	439,727	0	244,082	0	(244,082)	0	0	0
93.667	127366	Migrant Child Care	MN Dept. of Human Svcs.	07/01/18-06/30/19	439,727	0	256,754	0	(256,754)	0	0	0
		Subtotal 93.667				**0**	**500,836**	**0**	**(500,836)**	**0**	**0**	**0**
Corporation for National and Community Services												
94.011	18SFNMN002	Foster Grandparent	Corporation for National and Community Services	07/01/18-06/30/19	256,811	0	146,222	20,877	(167,099)	0	0	0
94.011	19SFNMN002	Foster Grandparent	Corporation for National and Community Services	07/01/19-06/30/20	269,652	0	99,330	10,130	(109,460)	0	0	0
		Subtotal 94.011				**0**	**245,552**	**31,007**	**(276,559)**	**0**	**0**	**0**
		Total Federal Programs				**67,673**	**20,729,005**	**1,921,691**	**(24,235,001)**	**0**	**2,060,792**	**336,567**

Tri-Valley Opportunity Council, Inc.

Schedule B
Schedule of Program Activity
Year Ended December 31, 2019

CFDA Number	Grant Number	Program Name	Grantor Agency	Program Period	Program or Award Amount	Grant Funds Received In Advance 12/31/18	Current Grant Revenue	Other Revenue	Expenses	Repaid/ Deobligated	Transfers	Grant Funds Received In Advance 12/31/19
OTHER STATE AND LOCAL PROGRAMS												
N/A		FGP United Way	United Way	07/01/01-12/31/19	16,972	6,103	4,000	0	(5,503)	0	0	4,600
N/A		CAP United Way	United Way	05/01/19-04/30/20	5,800	0	5,300	0	(2,481)	0	0	2,819
N/A		Farm to Early Care	University of MN Extension	08/01/19-11/30/20	15,800	0	14,499	0	(14,499)	0	0	0
N/A	127239	Transitional Housing	MN Dept. of Human Services	07/01/17-06/30/19	95,000	0	23,599	0	(23,599)	0	0	0
N/A	127539	Transitional Housing	MN Dept. of Human Services	07/01/19-06/30/21	95,000	0	21,406	0	(21,205)	0	0	201
N/A	127539	MCAG	MN Dept. of Human Services	07/01/18-06/30/19	49,593	0	44,670	0	(44,670)	0	0	0
N/A	160096	MCAG	MN Dept. of Human Services	07/01/19-06/30/20	45,856	0	16,083	0	(16,083)	0	0	0
N/A		MNSure	MN Dept. of Human Services	03/01/16-12/31/19	0	0	0	3,305	(5,183)	0	0	0
N/A	134750	Live Well at Home	MN Dept. of Human Services	08/07/17-06/30/19	106,272	0	20,973	12,779	(33,752)	0	0	0
N/A	FGP-SFY 2020	MN Foster Grandparent	MN Board on Aging	07/01/19-06/30/20	114,781	0	30,691	2,599	(33,290)	0	0	0
N/A	FGP-SFY 2019	MN Foster Grandparent	MN Board on Aging	07/01/18-06/30/19	114,781	0	54,007	9,053	(63,060)	0	0	0
N/A	143539	MN Migrant HS	MN Dept. of Education	07/01/18-06/30/19	1,705,534	0	669,533	0	(669,533)	0	0	0
N/A	4834	MN Migrant HS	MN Dept. of Education	07/01/19-06/30/20	1,652,542	0	1,097,533	0	(1,097,533)	0	0	0
N/A	143538	MN Head Start	MN Dept. of Education	07/01/18-06/30/19	343,399	0	150,338	0	(150,338)	0	0	0
N/A	4835	MN Head Start	MN Dept. of Education	07/01/19-06/30/20	333,702	0	193,388	0	(193,388)	0	0	0
N/A	MRA17566	Bridges Rent Assistance	MHFA	07/01/17-06/30/19	100,000	0	13,139	0	(21,343)	0	0	0
N/A	MRA20252	Bridges Rent Assistance	MHFA	07/01/19-06/30/21	144,950	0	38,479	0	(38,479)	0	0	0
N/A		Supportive Services	Mahube Community Council	01/01/16-12/31/19	424,600	1,724	122,060	0	(123,784)	0	0	0
N/A		Supportive Services	MN Dept. of Human Services	07/01/18-12/31/19	25,770	0	18,214	0	(18,214)	0	0	0
N/A		Bremer 211	Bremer Foundation	03/01/08-12/31/19	110,000	31,371	0	0	(4,923)	0	0	26,448
N/A	1031255	Transportation Expansion	MN Dept. of Transportation	07/01/1-06/30/19	91,250	0	23,279	4,148	(27,427)	0	0	0
N/A	1027274	Transportation Capital-Bus Washer	MN Dept. of Transportation	04/22/19-04/15/20	23,600	0	22,306	5,577	(27,883)	0	0	0
N/A	1033702	Transportation Capital-Buses	MN Dept. of Transportation	04/02/19-12/31/19	204,000	0	201,631	50,408	(252,039)	0	0	0
N/A		Pathway I	MN Dept. of Education	07/01/17-06/30/20	1,225,577	0	431,090	0	(431,090)	0	0	0
N/A		Pathway I	MN Dept. of Education	07/01/19-06/30/20	676,344	0	171,098	0	(142,582)	0	0	28,516
N/A		Pathway II	MN Dept. of Education	07/01/18-06/30/19	262,500	104,012	109,063	0	(213,075)	0	0	0
N/A		Pathway II	MN Dept. of Education	07/01/19-06/30/20	262,500	0	187,528	0	(120,356)	0	0	67,172
N/A		NW MN Foundation PPREP	NW MN Foundation	07/01/18-12/31/19	13,000	10,163	0	0	(10,163)	0	0	0
N/A		System of Care Family Partners	Norman County	10/08/19-09/30/21	426,200	0	112,120	3,000	(117,891)	0	0	0
		Subtotal Other State and Local Programs				**153,373**	**3,796,027**	**90,869**	**(3,923,366)**	**0**	**0**	**129,756**
		TOTALS				**$ 221,046**	**$ 24,525,032**	**$ 2,012,560**	**($ 28,158,367)**	**$ 0**	**$ 2,060,792**	**$ 466,323**

Reconciliation of expenses on this schedule to the consolidated statement of activities

Expense on this schedule	$ 28,158,367
Less HS transfers (in fed and state expense totals)	(2,060,792)
Less EAP payments mad	(1,253,762)
Less non GAAP inkind	(225,612)
Plus corporate expenses	3,288,948
Less grant funded assets	(1,924,579)
Less intercompany eliminations	(1,002,135)
Expense on the Consolidated Stmt. of Activities	**$ 24,980,435**

Tri-Valley Opportunity Council, Inc.

Consolidating Statement of Financial Position
December 31, 2019

Assets	TVOC	Fisher Townhomes	Crookston Townhomes	Agassiz Townhomes	Subtotals	Eliminations	Totals
Current assets:							
Cash	$ 3,219,074	$ 16,498	$ 371,792	$ 67,153	$ 3,674,517	$ 0	$ 3,674,517
Grants receivable	1,112,594	0	0	0	1,112,594	0	1,112,594
Accounts receivable	283,218	4,413	2,436	119,656	409,723	(209,158)	200,565
Development fee receivable, current portion	333,198	0	0	0	333,198	(333,198)	0
Revolving loans receivable, current portion	64,399	0	0	0	64,399	0	64,399
Homes held for sale	379,952	0	0	0	379,952	0	379,952
Prepaid expenses	76,382	0	0	53,766	130,148	0	130,148
Total current assets	5,468,817	20,911	374,228	240,575	6,104,531	(542,356)	5,562,175
Other assets:							
Investment in partnership	174,870	0	0	0	174,870	(174,870)	0
Development fee receivable	76,802	0	0	0	76,802	(76,802)	0
Long-term revolving loans receivable	106,913	0	0	0	106,913	0	106,913
Total other assets	358,585	0	0	0	358,585	(251,672)	106,913
Property and equipment, net	5,400,664	392,678	1,243,618	6,488,826	13,525,786	0	13,525,786
TOTAL ASSETS	$ 11,228,066	$ 413,589	$ 1,617,846	$ 6,729,401	$ 19,988,902	($ 794,028)	$ 19,194,874

Liabilities and Net Assets	TVOC	Fisher Townhomes	Crookston Townhomes	Agassiz Townhomes	Subtotals	Eliminations	Totals
Current liabilities:							
Current maturities of notes payable	$ 122,473	$ 155,005	$ 18,017	$ 7,879	$ 303,374	$ 0	$ 303,374
Current maturity of forgivable note payable	5,000	0	0	0	5,000	0	5,000
Accounts payable	252,532	107,745	23,405	61,819	445,501	(109,158)	336,343
Accrued payroll and related expenses	1,043,397	0	0	0	1,043,397	0	1,043,397
Development fee payable, current portion	94,595	0	0	410,000	504,595	(410,000)	94,595
Deferred revenue	210,000	0	0	0	210,000	0	210,000
Grant funds received in advance	466,323	0	0	0	466,323	0	466,323
Total current liabilities	2,194,320	262,750	41,422	479,698	2,978,190	(519,158)	2,459,032
Long-term liabilities:							
Notes payable	282,461	315,812	1,027,824	997,507	2,623,604	(100,000)	2,523,604
Accrued interest	0	67,947	135,462	2,203	205,612	0	205,612
Development fee payable	21,804	0	0	0	21,804	0	21,804
Forgivable note payable	45,000	0	0	0	45,000	0	45,000
Total long-term liabilities	349,265	383,759	1,163,286	999,710	2,896,020	(100,000)	2,796,020
Total liabilities	2,543,585	646,509	1,204,708	1,479,408	5,874,210	(619,158)	5,255,052
Net assets:							
Without donor restrictions	2,887,539	(232,920)	413,138	0	3,067,757	0	3,067,757
Without donor restrictions- grant funded property	4,606,992	0	0	0	4,606,992	0	4,606,992
Without donor restrictions - attributable to noncontrolling interest	0	0	0	5,249,993	5,249,993	(174,870)	5,075,123
Total net assets without donor restrictions	7,494,531	(232,920)	413,138	5,249,993	12,924,742	(174,870)	12,749,872
Net assets with donor restrictions	1,189,950	0	0	0	1,189,950	0	1,189,950
Total net assets	8,684,481	(232,920)	413,138	5,249,993	14,114,692	(174,870)	13,939,822
TOTAL LIABILITIES AND NET ASSETS	$ 11,228,066	$ 413,589	$ 1,617,846	$ 6,729,401	$ 19,988,902	($ 794,028)	$ 19,194,874

Tri-Valley Opportunity Council, Inc.

Consolidating Statement of Revenue and Expenditures
Year Ended December 31, 2019

	Without Donor Restriction							
	TVOC	Fisher Townhomes	Crookston Townhomes	Agassiz Townhomes	Elimination	Total Without Donor Restriction	With Donor Restriction	Totals
Revenue:								
Grant revenue	$ 22,539,192	$ 0	$ 0	$ 0	$ 0	22,539,192	$ 0	$ 22,539,192
Program contributions	220,786	0	0	0	0	220,786	279,319	500,105
Contracted services	1,207,745	0	0	0	0	1,207,745	0	1,207,745
Tenant rent	181,354	63,826	308,299	204,262	0	757,741	0	757,741
Interest income	18,745	5	397	25	0	19,172	0	19,172
In-kind contributions	1,040,429	0	0	0	0	1,040,429	0	1,040,429
Other income	106,571	939	2,782	24,742	0	135,034	0	135,034
Net assets released from restriction through satisfaction of program restrictions	104,622	0	0	0	0	104,622	(104,622)	0
Total revenue	25,419,444	64,770	311,478	229,029	0	26,024,721	174,697	26,199,418
Operating expenses:								
Salaries and wages	11,270,727	0	0	0	0	11,270,727	0	11,270,727
Fringe benefits	3,459,080	0	0	0	0	3,459,080	0	3,459,080
Consultants/contracted labor	1,575,390	8,569	28,077	59,564	0	1,671,600	0	1,671,600
Travel/transportation	929,848	0	0	0	0	929,848	0	929,848
Occupancy	959,917	41,125	69,073	108,715	0	1,178,830	0	1,178,830
Supplies	1,799,358	446	934	3,558	0	1,804,296	0	1,804,296
Repairs and maintenance	284,635	29,824	127,491	0	0	441,950	0	441,950
Communications	232,895	519	0	6,087	0	239,501	0	239,501
Beneficiary assistance	974,072	0	0	0	0	974,072	0	974,072
Depreciation	848,870	15,133	47,932	203,252	0	1,115,187	0	1,115,187
Other	666,348	453	16,654	171,460	0	854,915	0	854,915
In-kind expenses	1,040,429	0	0	0	0	1,040,429	0	1,040,429
Total operating expenses	24,041,569	96,069	290,161	552,636	0	24,980,435	0	24,980,435
Change in net assets	1,377,875	(31,299)	21,317	(323,607)	0	1,044,286	174,697	1,218,983
Opening net assets of Agassiz Townhomes LP	0	0	0	1,315,186	(174,870)	1,140,316	0	1,140,316
Agassiz capital contributions by limited partner	0	0	0	4,258,414	0	4,258,414	0	4,258,414
Net assets - Beginning of year	6,116,656	(201,621)	391,821	0	0	6,306,856	1,015,253	7,322,109
Net assets - End of year	$ 7,494,531	($ 232,920)	$ 413,138	$ 5,249,993	$ 0	$ 12,749,872	$ 1,189,950	$ 13,939,822

WIPFLi LLP

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

Board of Directors
Tri-Valley Opportunity Council, Inc.
Crookston, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States and the standards applicable to the financial audits contained in *Government Auditing Standard,* issued by the Comptroller General of the United States, the consolidated financial statements of Tri-Valley Opportunity Council, Inc. (a nonprofit organization) and Subsidiaries, which comprise the consolidated statement of financial position as of December 31, 2019, and the related consolidated statements of activities and cash flows for the year ended December 31, 2019, and the related notes to the consolidated financial statements and have issued our report thereon dated April 15, 2020. The financial statements of Fisher Townhomes, LLC, Fisher Townhomes, LP, Crookston Townhomes, LLC, Crookston Townhomes, LP, Agassiz Townhomes, LLC, and Agassiz Townhomes LP were not audited in accordance with *Government Auditing Standards* and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with these entities.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Tri-Valley Opportunity Council, Inc.'s internal control over financial reporting ("internal control") to determine the 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 Tri-Valley Opportunity Council, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Tri-Valley Opportunity Council, Inc.'s internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Tri-Valley Opportunity Council, Inc.'s consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wipfli LLP

Wipfli LLP

April 15, 2020
Madison, Wisconsin

WIPFLi LLP

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

Board of Directors
Tri-Valley Opportunity Council, Inc.
Crookston, Minnesota

Report on Compliance for the Major Federal Program

We have audited Tri-Valley Opportunity Council, Inc.'s compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on its major federal programs for the year ended December 31, 2019. Tri-Valley Opportunity Council, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of Tri-Valley Opportunity Council, Inc.'s compliance.

Opinion

In our opinion, Tri-Valley Opportunity Council, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2019.

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Wipfli LLP

Wipfli LLP

April 15, 2020
Madison, Wisconsin

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued?	Unmodified
Internal control over financial reporting:	
Material weakness identified?	No
Significant deficiencies identified not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over the major federal and program:	
Material weaknesses identified?	No
Significant deficiency identified not considered to be material weaknesses?	No
Type of auditor's report issued on compliance for the major program	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance [2 CFR 200.516(a)]?	No

Identification of major federal programs:

Name of Federal Major Program or Cluster	CFDA No.
Head Start	93.600

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
Auditee qualified as low-risk auditee?	Yes

Section II. Findings – Financial Statements Audit

None

Section III. Findings and Questioned Costs – Major Federal Award Programs Audit

None

Section IV. Findings and Questioned Costs - Prior Year

None