Tri-Valley Opportunity Council, Inc.

Crookston, Minnesota

Consolidated Financial Statements and Supplementary Information

Year Ended December 31, 2022

WIPFLI

Tri-Valley Opportunity Council, Inc.

Consolidated Financial Statements and Supplementary Information
Year Ended December 31, 2022

Table of Contents

WIPFLI

Independent Auditor's Report

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

Report on the Audit of the Consolidated Financial Statements

Opinion

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, 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Tri-Valley Opportunity Council, Inc. and Subsidiaries as of December 31, 2022, 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.

We did not audit the financial statements of Agassiz Townhomes LP, a controlled subsidiary, which statements reflect total assets of $6,274,036 as of December 31, 2022, and total revenues of $328,665 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Tri-Valley Opportunity Council, Inc. and Subsidiaries and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. The financial statements of Fisher Townhomes, LLC, Fisher Townhomes, LP, Crookston Townhomes, LLC, Crookston Townhomes, LP, Agassiz Townhomes LP, and Agassiz Townhomes General Partner, LLC, were not audited in accordance with *Government Auditing Standards*.

Responsibilities of Management for the Consolidated Financial Statements

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

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

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

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

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

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, 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.

The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States.

In our opinion, the consolidating information on pages 32 and 33, 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 September 21, 2023, on our consideration of Tri-Valley Opportunity Council, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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
Madison, Wisconsin

September 21, 2023

Tri-Valley Opportunity Council, Inc. and Subsidiaries

Consolidated Statement of Financial Position

December 31, 2022

Assets		
Current assets:		
Cash	$	5,013,531
Investments		1,235,418
Grants receivable		1,573,937
Accounts receivable		266,515
Revolving loans receivable, current portion		40,742
Prepaid expenses		141,595
Total current assets		8,271,738
Other assets:		
ROU - Operating leases		1,305,243
Long-term revolving loans receivable		103,175
Total other assets		1,408,418
Property and equipment, net		13,653,540
TOTAL ASSETS	$	23,333,696
Liabilities and Net Assets		
Current liabilities:		
Current maturities of notes payable	$	343,746
Current maturities of forgivable notes payable		5,000
Current maturities of finance leases payable		56,192
Current maturities of operating leases payable		459,945
Accounts payable		458,274
Accrued payroll and related expenses		1,149,480
Refundable advances		1,414,822
Total current liabilities		3,887,459
Long-term liabilities:		
Notes payable		2,044,696
Finance leases payable		145,272
Operating leases payable		866,363
Accrued interest payable		236,389
Development fee payable		5,305
Forgivable notes payable		30,000
Total long-term liabilities		3,328,025
Total liabilities		7,215,484
Net assets:		
Without donor restrictions		4,344,432
Without donor restrictions - grant funded property		5,366,181
Without donor restrictions - attributable to noncontrolling interest		4,853,651
Total net assets without donor restrictions		14,564,264
Net assets with donor restrictions		1,553,948
Total net assets		16,118,212
TOTAL LIABILITIES AND NET ASSETS	$	23,333,696

See accompanying notes to consolidated financial statements.

Tri-Valley Opportunity Council, Inc. and Subsidiaries

Consolidated Statement of Activities
Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue:			
Grant revenue	$ 24,758,719	$ 357,665	$ 25,116,384
Program contributions	644,399	0	644,399
Contracted services	836,601	0	836,601
Tenant rents	742,522	0	742,522
Interest income	9,098	0	9,098
In-kind contributions	998,080	0	998,080
Other income	298,674	37,261	335,935
Total revenue	28,288,093	394,926	28,683,019
Program Activity:			
Child education	17,138,219	0	17,138,219
Family and community services	1,519,404	0	1,519,404
Energy assistance	198,659	0	198,659
Senior services	398,952	0	398,952
Transportation	3,118,957	0	3,118,957
Housing and housing rehabilitation	29,549	0	29,549
Homeless/shelter programs	736,527	0	736,527
Food programs	1,215,671	0	1,215,671
Rental activity	1,153,736	0	1,153,736
Corporate activities	541,304	0	541,304
Total program activities	26,050,978	0	26,050,978
Management and general expesnes	1,589,365	0	1,589,365
Fund-raising	38,606	0	38,606
Total operating expenses	27,678,949	0	27,678,949
Change in net assets	609,144	394,926	1,004,070
Net assets - Beginning of year	13,955,120	1,159,022	15,114,142
Net assets - End of year	$ 14,564,264	$ 1,553,948	$ 16,118,212

Tri-Valley Opportunity Council, Inc. and Subsidiaries

Consolidated Statement of Functional Expenses

Year Ended December 31, 2022

	Program	Management and General	Fund-raising	Total
Salaries and wages	$ 13,006,816	$ 943,724	$ 25,989	$ 13,976,529
Fringe benefits	3,460,421	245,107	12,617	3,718,145
Consultants/contracted labor	2,089,871	149,063	0	2,238,934
Travel/transportation	623,908	24,387	0	648,295
Occupancy	1,086,356	101,302	0	1,187,658
Supplies	1,066,082	29,512	0	1,095,594
Repairs and maintenance	834,869	0	0	834,869
Communications	241,433	18,714	0	260,147
Beneficiary assistance	899,936	0	0	899,936
Depreciation	1,141,977	0	0	1,141,977
Other	601,229	77,556	0	678,785
In-kind expenses	998,080	0	0	998,080
Total Expenses	$ 26,050,978	$ 1,589,365	$ 38,606	$ 27,678,949

Tri-Valley Opportunity Council, Inc. and Subsidiaries

Consolidated Statement of Cash Flows

Year Ended December 31, 2022

Increase (decrease) in cash:	
Cash flows from operating activities:	
Change in net assets	$ 1,004,070
Adjustments to reconcile change in net assets to net cash from operating activities:	
Depreciation	1,141,977
Amortization of finance fees included in interest expense	1,849
Debt forgiveness	(5,000)
Net mortgage discount amortization	41,275
Bad debt expense	68,864
Noncash lease expense	21,065
Gain on disposal of assets	(44,745)
Net unrealized/realized loss on investments	14,582
Changes in operating assets and liabilities:	
Grants receivable	47,459
Accounts receivable	(207,479)
Prepaid expenses	(187)
Homes held for sale	27,000
Accounts payable	104,541
Accrued payroll and related expenses	(219,009)
Operating leases	11,386
Development fee payable	(4,845)
Refundable advances	(130,098)
Net cash from operating activities	1,872,705
Cash flows from investing activities:	
Purchase of property and equipment	(1,264,106)
Purchase of Investments	(1,250,000)
Repayments received on revolving loans	49,425
Net cash from investing activities	(2,179,272)
Cash flows from financing activities	
Payment on finance lease obligations	(42,160)
Payments on notes payable	(60,711)
Net cash from financing activities	(102,871)
Change in cash	(409,438)
Cash - Beginning of year	5,422,969
Cash - End of year	$ 5,013,531
Supplemental schedule of operating activities:	
Cash paid for interest	$ 56,390
Supplemental schedule of noncash investing and financing activities:	
Asset acquired under finance lease	$ 73,345
Debt paid at sale of property	80,444

See accompanying notes to consolidated financial statements.

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 TVOC 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 64% of 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 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, Transportation, Food, 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, Limited Partnership. 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 ("Fisher") 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 ("Crookston") 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, MN ("Agassiz"). 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 the 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.

Use of Estimates

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

Investments

Investments in marketable securities with readily determinable market values are reported at their fair values on the consolidated statement of financial position. Investment income or loss including realized and unrealized gains and losses on investments, interest and dividends is included in other revenue without donor restrictions unless the income or loss is restricted by donor or law. Investment fees, if any, are netted against investment gain.

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 Organization considers these receivables to be collectible and, therefore, no allowance for uncollectible amounts has been recorded.

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.

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 $5,438,498 at December 31, 2022.

Note 1: Summary of Significant Accounting Policies (Continued)

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 contracts 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, and/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 TVOC's attorney in accordance with the laws of the State of Minnesota.

Management 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 Revolving Loan Losses

TVOC does not maintain an allowance for the revolving loan loss account because 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.

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 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 a 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 those 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.

Note 1: Summary of Significant Accounting Policies (Continued)

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 which approximates the effective interest method.

Unemployment

TVOC self-funds unemployment claims through a third-party administrator (TPA). TVOC makes quarterly estimate payments to the TPA to cover expected future claims. Amounts not disbursed by the TPA are available for future claims of TVOC. The funds available at the TPA at December 31, 2022 were $1,830,821. The amount is not reported as an asset in the consolidated financial statements since any reserve funds would either need to be used to pay future claims or ultimately returned back to the grant funding sources that contributed to the reserve. A net liability would be reported for claims that are expected to exceed reserve funds on hand. Management does not expect claims to exceed the reserve funds available.

Revenue Recognition

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 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

Grants awards that are contributions are evaluated for conditions and recognized as revenue when the conditions are satisfied. Unconditional awards are recognized as revenue when the award in received. Amounts received where conditions have not been met are reflected as a refundable advance.

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

B. Grant Awards that are Exchange Transactions

Exchange transactions are those in which the resource provider or grantor received 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.

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 is 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 by purchasing 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 $695,993 for the year ended December 31, 2022. Accounts receivable were $28,998 at January 1, 2022 and $52,306 at December 31, 2022

TVOC has contracts to provide transportation and shuttle services to business 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 $20,488 for the year ended December 31, 2022.

TVOC offers childcare services outside 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 that transaction price based on standard charges for the service provided. The amount recorded for childcare services over time was $29,563 for the year ended December 31, 2022. No receivables were recorded at the beginning or end of 2022.

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Contracted Services (Continued)

TVOC contracts with various other entities to provide a wide variety of contractual services. Pricing is established based on individual contract and revenue is recognized over the duration of the respective contract. The amount of contract revenue recognized over time was $90,557 for the year ended December 31, 2022. No receivables or were recorded at the beginning or end of 2022.

Tenant Rents

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

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 accounting standards generally accepted in the United States, 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 $205,102 which are not recorded in the consolidated statement of activities.

Note 1: Summary of Significant Accounting Policies (Continued)

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. The consolidated statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and support services benefited. Wages and benefits are allocated based on time and effort reporting. Occupancy and related costs are allocated based on square footage.

Fair Value Measurements

Accounting standards establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under professional standards are described as follows:

Level 1 Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs, other than quoted prices, that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

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 requires lessees to recognize right of use assets and lease obligations for operating and finance leases under terms greater that 12 months. The Organization adopted ASU No. 2016-02 effective January 1, 2022. The Organization elected the package of practical expedients permitted in ASC Topic 842. Accordingly, the Organization accounted for its existing operating leases as operating leases and capital leases as finance leases under the new guidance, without reassessing (a) whether the contracts contain a lease under ASC Topic 842, (b) whether the classification of the leases would be different in accordance with ASC Topic 842, or (c) whether any unamortized initial direct costs before transition adjustments (as of December 31, 2021) would have met the definition of initial direct costs in ASC Topic 842 at lease commencement. Similarly, the Organization did not reassess service contracts evaluated for lease treatment under ASC 840 for embedded leases under ASC 842.

Note 1: Summary of Significant Accounting Policies (Continued)

New Accounting Pronouncements (Continued)

As a result of the adoption of the new lease accounting guidance, the Organization recognized the following ROU assts and lease liabilities as of January 1, 2022:

ROU assets – Operating leases	$1,310,709
ROU assets – Finance Leases	274,689
Lease obligation – Operating leases	1,286,771
Lease obligation – Finance leases	201,464

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

As of January 1, 2022, the Organization adopted ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Non-Financial Assets (Topic 958),* which is intended to improve transparency in reporting contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure. ASU No. 2020-07 requires not-for-profit entities to present contributed nonfinancial assets as a separate line item in the consolidated statements of activities, and additional disclosures about contributed nonfinancial assets.

Leases

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

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

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

Leases (Continued)

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

The Organization made an accounting policy election to not separate the lease components of a contract and its associated non-lease components including lessor-provided maintenance.

Subsequent Events

Subsequent events have been evaluated through September 21, 2023, which is the date the financial statements were available to be issued.

Note 2: 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 3: 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, 2022:

Cash	$ 5,013,531
Receivables	1,840,452
Investments	1,235,418
Financial assets available	8,089,401
Less: Accounts payable and accrued expenses designated for grant expenditures	1,607,754
Less: Net assets with donor restrictions in cash	1,410,031
Less: Refundable advances	1,414,822
Total	$ 3,656,794

The Organization does not have a formal liquidity policy, but generally maintains financial assets in cash for approximately one 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. The Organizations' grants have varying renewal dates. The Organization has grant commitments for future expenses of over $7,900,000, see Note 17.

Note 4: Investments

Investments are as follows at December 31, 2022:

Fixed income securities	$ 1,234,746
Money market	672
Total	$ 1,235,418

Investment income, included in other revenue on the consolidated statement of activities, consisted of the following at December 31, 2022:

Interest and dividends	$ 1,923
Investment fees	(3,224)
Net realized/unrealized loss	(13,281)
Total investment income (loss)	($ 14,582)

Note 5: Grants Receivable

Grants receivable due from funding sources are as follows at December 31, 2022:

Federal programs	$ 795,849
State and other programs	778,088
Total	$ 1,573,937

Note 6: 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, and/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 at December 31, 2022:

Loans receivable	$ 324,302
Discount on loans receivable	(180,385)
Loans receivable, net	143,917
Current portion	(40,742)
Net long-term loans receivable	$ 103,175

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 7: Property and Equipment

The balance at December 31, 2022, consists of the following:

Land	$ 304,921
Land improvements	308,430
Building and improvements	19,108,747
Furniture and equipment	6,402,316
Construction in progress	12,970
Subtotal	26,137,384
Accumulated depreciation	(12,483,844)
Property and equipment, net	$ 13,653,540

Construction in progress is related to renovation projects at TVOC's Prairieland Duplex rental. Costs to date are included above in construction in progress as of December 31, 2022, for architectural costs. The Prairieland renovations are expected to cost approximately $800,000 and will be financed with Rural Development loan funds.

Note 8: Refundable Advances

Refundable advances at December 31, 2022 are associated with the following programs:

Transportation	$ 1,303,767
Child programs	40,958
Family homeless assistance program	65,775
Other	4,322
Total refundable advances	$ 1,414,822

Note 9: Notes Payable

The notes payable at December 31, 2022, consist of the following:

Note payable to Farmers Home Administration, Department of Agriculture, collateralized with property, with interest at 1.00%, with monthly payments of $620, due 2032.	$ 63,984
Mortgage payable to Minnesota Housing Finance Agency (MHFA) with interest at 1.00% 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 3.92%) with $1,000 monthly payments. The note matures in November 2025. Mortgage 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.	137,463
Affordable Rental Investment Fund Program mortgage payable to MHFA at a 1.00% interest rate and due in July 2029. Payments of principal and interest are not required until maturity. Collateralized by Crookston Townhomes property.	695,050

Note 9: Notes Payable (Continued)

Mortgage payable to Greater Minnesota Housing Fund (GMHF), secured by 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.	$	496,430
Mortgage payable to MHFA, 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 due December 2045.		218,000
Mortgage payable to Bremer Bank N.A. at a variable interest rate (currently 3.92%) with $2,512 monthly payments. The note matures in November 2025. Mortgage 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.		190,921
Subtotal		2,432,660
Unamortized debt issuance costs	(	44,218)
Current maturities of notes payable	(	343,746)
Notes payable – Long-term	$	2,044,696

Future debt maturities as of December 31, 2022, are as follows:

2023	$	343,746
2024		16,543
2025		17,170
2026		17,757
2027		18,372
Thereafter		2,019,072
Total	$	2,432,660

At December 31, 2022, the original cost of the financing fees was $51,769 and accumulated amortization was $7,551. Amortization of financing fees for the year ended December 31, 2022 was $1,849. Total interest expense for the year ended December 31, 2022 was $58,239.

Note 10: Forgivable Note Payable

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 5.00% annually beginning in the 11th year of the note.	$	35,000
Current portion of forgivable notes payable	(	5,000)
Forgivable notes payable, long-term	$	30,000

Note 10: Forgivable Note Payable (Continued)

Future forgiveness of notes payable is as follows:

2023	$	5,000
2024		5,000
2025		5,000
2026		5,000
2027		5,000
Thereafter		10,000
Total	$	35,000

Note 11: Leases

The Organization leases space under leases classified as operating leases to operate Head Start centers, space for storage of materials and office space in East Grand Forks as a satellite office. The majority of leases entered into do not include options to renew. The exercise of lease renewal options is at the Organization's sole discretion. Renewal option periods are included in the measurement of the ROU asset and lease liability when the exercise is reasonably certain to occur. The Organization leases IT server equipment and three buses under finance leases.

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

The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants. Payments due under the lease contracts include fixed payments.

Weighted-average remaining lease term - Finance leases	3.01
Weighted-average remaining lease term - Operating leases	4.99
Weighted-average discount rate - Finance leases	2.92%
Weighted-average discount rate - Operating leases	1.93%

Components of lease expense were as follows for the year ended December 31, 2022:

Lease costs		
Finance lease costs:		
Interest	$	5,681
Amortization of right-of-use asset		54,210
Operating lease costs		422,560
Short-term lease costs		137,601
Total lease cost	$	620,052

Note 11: Leases (Continued)

Maturities of lease liabilities for operating leases are as follows as of December 31, 2022:

2023	$ 459,945
2024	392,086
2025	168,671
2026	60,000
2027	60,000
Thereafter	280,000
Total lease payments	1,420,702
Imputed interest	(94,394)
Total	$ 1,326,308

Finance leases are included in property and equipment, net on the consolidated statement of financial position. A summary of the acquisition costs and accumulated amortization on assets acquired through finance leases at December 31, 2022, is as follows:

Equipment	$ 81,344
Vehicles	193,345
Subtotal	274,689
Accumulated amortization	(72,317)
Net	$ 202,372

The following is a schedule showing the future minimum lease payments under finance leases by years and the present value of the minimum lease payments as of December 31, 2022:

2023	$ 62,372
2024	62,590
2025	62,339
2026	26,557
Total minimum lease payments	213,858
Interest	(12,394)
Present value of minimum lease payments	$ 201,464

At December 31, 2022, the current portion of the finance lease liability is $56,192 and the long-term portion is $145,272.

Note 12: 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 are 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, 2022, are as follows:

Transportation	$ 1,296,170
Reach out for warmth	16,120
Revolving loan funds	241,658
Net assets with donor restrictions	$ 1,553,948

There were no releases of net assets with donor restrictions for the year ended December 31, 2022.

Note 13: Lessor Activity

The Organization's rental projects are a mix of low-to-moderate income projects and a migrant housing project. Leases are all for one year or less. Rental income for the year ended December 31, 2022 was $742,522.

A summary of the acquisition costs and accumulated depreciation on the rental properties at December 31, 2022 is as follows:

Land	$ 129,382
Land improvements	308,430
Building	8,488,497
Equipment	209,833
Construction in progress	12,970
Subtotal	9,149,112
Accumulated depreciation	(1,604,222)
Net	$ 7,544,890

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 $2,599,485 paid by the state are not included in the consolidated statement of activities.

Note 15: 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 contribution of 5% of the annual gross wages of the employee. The employees are vested immediately. The employer's contribution for the year ended December 31, 2022, was $458,004.

Note 16: Contributed Nonfinancial Assets (In-kind Contributions)

For the year ended December 31, 2022, contributed nonfinancial assets included in in-kind revenue on the consolidated statement of activities are as follows:

	Value	Usage in Programs/Activities	Donor-imposed Restrictions	Valuation Techniques & Inputs
Professional volunteer	$ 9,237	Head Start and Foster Grandparent	None	Professional volunteer services are based on current rates of donor services provided by the donor.
Supplies	59,473	Head Start and Foster Grandparent	None	Supplies are based on the estimated fair value on the basis of wholesale values that would be received for selling similar products in the United States.
Rent	929,370	Head Start	None	Estimated fair value on the basis of recent comparable rental price in the Organization's real estate market.
Total	$ 998,080			

Note 17: Fair Value Measurements

Information regarding the fair value of assets measured at fair value on a recurring basis as of December 31, 2022 was as follows:

	Fair Value Measurements Using			Total Assets
	Level 1	Level 2	Level 3	at Fair Value
Fixed income securities	$ 1,234,746	$ 0	$ 0	$ 1,234,746
Money market	0	672	0	672
Totals	$ 1,234,746	$ 672	$ 0	$ 1,235,418

The following is a description of the valuation methodology used for each asset measured at fair value on a recurring basis:

- Money market funds are valued using $1 as the net asset value.
- Fixed income securities are valued at quoted market prices.

The methods described and shown above for fair value calculations may produce a fair value calculation that may be different from the net realizable value or not reflective of future values expected to be received. TVOC believes that its valuation methods are appropriate and consistent with other market participants; however, the use of these various methodologies and assumptions may produce results that differ in the estimates of fair value at the financial reporting date. TVOC does not have any liabilities measured at fair value on a recurring basis nor any assets or liabilities measured at fair value on a nonrecurring basis.

Note 18: Grant Awards

At December 31, 2022, TVOC has received commitments for future funding under various grant awards of approximately $7,900,000. These commitments are not recognized in the accompanying consolidated financial statements as receivables and revenue as they are conditional awards.

Note 19: 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.

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 49th 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.

Supplementary Information

Tri-Valley Opportunity Council, Inc.

Schedule A
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2022

Federal Grantor/Pass-Through Grantor/Program Title	Grant Number	AL Number	Sub-Recipient Expenditures	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	$ 380,098
Passed-Through the ND Department of Public Instruction				
Child and Adult Care Food Program	N/A	10.558	0	22,396
Total AL # 10.558			**0**	**402,494**
<u>**Child Nutrition Cluster**</u>				
Passed-Through the MN Department of Education				
Summer Food Service Program for Children	N/A	10.559	0	7,895
Total AL # 10.559 (Child Nutrition Cluster)			**0**	**7,895**
<u>**SNAP Cluster**</u>				
Passed-Through the MN Department of Human Services				
Food Support Outreach	163843, 219983	10.561	**0**	**151,951**
U.S. Department of Housing and Urban Development				
Passed-Through Northwestern Mental Health				
COVID-19 ESG-CV2-Em Solutions CARES RR Housing	N/A	14.231	**0**	**109,153**
Direct Grant				
Continuum of Care Supportive Housing	MN0434L5K062103 MN0410L5K062104 MN0255L5K061908 MN0255L5K061807 MN0410L5K062003 MN0434L5K062002	14.267	**0**	**201,000**
Passed-Through the Inter County Community Council				
HUD Youth Homeless Demo-ICCC	MN0442Y5K061700 MN0442Y5K062102	14.276	**0**	**38,164**
U.S. Department of Justice				
Direct Grant				
STOP-Threat Assessment	2019-YS-BX-0206	16.839	0	77,396
STOP-Prevention Training	2020-YS-BX-0066		0	70,269
Total AL # 16.839			**0**	**147,665**
U.S. Department of Transportation				
Passed-Through MN Department of Transportation				
Formula Grants for Other Than Urbanized Areas	1026737	20.509	0	982,746
Formula Grants for Other Than Urbanized Areas	1035603		0	82,800
Total AL # 20.509			**0**	**1,065,546**

Tri-Valley Opportunity Council, Inc.

Schedule A
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2022

Federal Grantor/Pass-Through Grantor/Program Title	Grant Number	AL Number	Sub-Recipient Expenditures	Federal Expenditures
U.S. Department of Treasury				
Passed-Through Northwest MN Foundation				
COVID-19 EM Rental Assistance	PRG-21-11405	21.023	$ 0	$ 8,965
Passed-Through MN Housing Finance Agency				
COVID-19 CERA Housing Stability Services	N/A	21.023	0	35,503
Total AL # 21.023			**0**	**44,468**
U.S. Department of Education				
Passed-Through ND Department of Public Instruction				
Migrant Education	F84011-A, 3609	84.011	0	20,057
Passed-Through the MN Department of Education				
Midwest Migrant Resource Center	6436		0	285
Migrant Education	5648, 196500	84.011	0	600,418
Total AL # 84.011			**0**	**620,760**
U.S. Department of Health and Human Services				
Aging Cluster				
Passed-Through Northwest Regional Development Commission				
Vaccine Access Funds	314-22-003B-VAC5-4	93.044	**0**	**15,160**
Passed-Through Norman County				
System of Care Family Partners	147995	93.104	**0**	**69,646**
Passed-Through MN Community Action P/S				
MNSure Consumer Assistance	N/A	93.525	**0**	**9,944**
Passed-Through MN Department of Commerce				
Low-Income Home Energy Assistance	1563, 180032	93.568	**0**	**2,811,173**
Passed-Through MN Department of Human Services				
COVID - 19 Community Services Block Grant	179880	93.569	0	74,350
Community Services Block Grant	160096		0	79,469
Total AL # 93.569			**0**	**153,819**
CCDF Cluster				
Passed-Through MN Department of Human Services				
Friends Family & Neighbors Caregivers	209169	93.575	0	46,001
Child Care and Development Block Grant	196706		0	243,449
Total AL # 93.575			**0**	**289,450**

Tri-Valley Opportunity Council, Inc.

Schedule A
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2022

Federal Grantor/Pass-Through Grantor/Program Title	Grant Number	AL Number	Sub-Recipient Expenditures	Federal Expenditures
U.S. Department of Health and Human Services (Continued)				
Direct Grant				
Head Start Cluster				
Migrant Head Start 22-23	90CM009836/04	93.600	$ 0	$ 9,918,054
Head Start 22-23	05CH010528/05		0	2,027,962
Migrant Head Start 21-22	90CM009836/03		0	2,115,814
Head Start 21-22	05CH010528/04		0	1,230,172
COVID-19 Head Start 21-22	05CH010528/04		0	116,130
COVID-19 Migrant Head Start C6	90HN00001501C6		0	283,752
COVID-19 Head Start C5	05HE00041901C5		0	5,437
COVID-19 Migrant Head Start C5	90HN00001501C5		0	117,842
COVID-19 Head Start C6	05HE00041901C6		0	140,598
Total Head Start Cluster			**0**	**15,955,761**
Passed-Through MN Department of Human Services				
Child Care and Development Block Grant	127366	93.667	**0**	**292,721**
Corporation for National and Community Services				
Foster Grandparent/Senior Companion Cluster				
Direct Grant				
Foster Grandparent Program	20SFNMN002 20SFND001	94.011	**0**	**305,601**
TOTAL FEDERAL EXPENDITURES			**$ 0**	**$ 22,692,371**

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, 2022. 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 AL #93.568 are client benefits paid by the state of Minnesota of $2,599,485. These expenditures are not included in the statement of activities.

NOTE 4 - 10-percent De Minimis

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. and Subsidiaries

Schedule B
Schedule of Program Activity
Year Ended December 31, 2022

AL Number	Grant Number	Program Name	Grantor Agency	Program Period	Program or Award Amount	Unapplied Grant Funds 12/31/21	Current Grant Revenue	Other Revenue	Expenses	Repaid/ Deobligated	Transfers	Unapplied Grant Funds 12/31/22
ASSISTANCE LISTING AS PROVIDED BY RESPECTIVE FEDERAL DEPARTMENTS												
U.S. Department of Agriculture												
10.558		Child & Adult Care Food Program	MN Dept. of Education	01/01/22-12/31/22	$ 380,098	$ 0	$ 0	$ 380,098	($ 380,098)	$ 0	$ 0	$ 0
10.558		Child & Adult Care Food Program	ND Dept. of Public Instruction	01/01/22-12/31/22	22,396	0	0	22,396	(22,396)	0	0	0
		Subtotal 10.558				**0**	**0**	**402,494**	**(402,494)**	**0**	**0**	**0**
10.559		Summer Food Service Program	MN Dept. of Education	01/01/22-12/31/22	7,895	0	0	7,895	(7,895)	0	0	0
		Subtotal 10.559				**0**	**0**	**7,895**	**(7,895)**	**0**	**0**	**0**
10.561	219983	Food Support Outreach	MN Dept. of Human Services	10/01/22-09/30/23	139,175	0	33,463	0	(33,463)	0	0	0
10.561	163843	Food Support Outreach	MN Dept. of Human Services	10/01/21-09/30/22	186,005	0	118,488	0	(118,488)	0	0	0
		Subtotal 10.561				**0**	**151,951**	**0**	**(151,951)**	**0**	**0**	**0**
U.S. Department of Housing and Urban Development												
14.231		COVID-19 ESG-CV2-Em Solutions CARES RR Housing	Northwestern Mental Health	03/03/21-09/30/22	103,464	0	109,153	0	(109,153)	0	0	0
		Subtotal 14.231				**0**	**109,153**	**0**	**(109,153)**	**0**	**0**	**0**
14.267	MN0434L5K062103	Continuum of Care DVRRH	US Dept of HUD	06/01/22-05/31/23	50,360	0	18,132	0	(18,132)	0	0	0
14.267	MN0410L5K062104	Continuum of Care PLM	US Dept of HUD	09/01/22-08/31/23	36,217	0	9,148	0	(9,148)	0	0	0
14.267	MN0255L5K061908	Continuum of Care PSH	US Dept of HUD	12/01/22-11/30/23	129,566	0	21,028	0	(21,028)	0	0	0
14.267	MN0255L5K061807	Continuum of Care PSH	US Dept of HUD	12/01/21-11/30/22	132,650	0	107,206	0	(107,206)	0	0	0
14.267	MN0410L5K062003	Continuum of Care PLM	US Dept of HUD	09/01/21-08/31/22	36,217	0	14,895	0	(14,895)	0	0	0
14.267	MN0434L5K062002	Continuum of Care DVRRH	US Dept of HUD	06/01/21-05/31/22	51,308	0	30,591	0	(30,591)	0	0	0
		Subtotal 14.267				**0**	**201,000**	**0**	**(201,000)**	**0**	**0**	**0**
14.276	MN0442Y5K062102	Youth Homeless	Inter County Community Council	10/09/22-09/30/23	27,749	0	11,193	0	(11,193)	0	0	0
14.276	MN0442Y5K061700	Youth Homeless	Inter County Community Council	10/09/21-09/30/22	30,432	0	26,971	0	(26,971)	0	0	0
		Subtotal 14.276				**0**	**38,164**	**0**	**(38,164)**	**0**	**0**	**0**
U.S. Department of Justice												
16.839	2019-YS-BX-0206	STOP-Threat Assessment	US Dept of Justice	05/01/21-09/30/23	221,517	0	16,805	0	(16,805)	0	0	0
16.839	2020-YS-BX-0066	STOP-Prevention Training	US Dept of Justice	05/01/21-09/30/23	242,980	0	16,196	0	(16,196)	0	0	0
16.839	2019-YS-BX-0206	STOP-Threat Assessment	US Dept of Justice	05/01/21-09/30/22	214,326	0	60,591	0	(60,591)	0	0	0
16.839	2020-YS-BX-0066	STOP-Prevention Training	US Dept of Justice	05/01/21-09/30/22	236,890	0	54,073	0	(54,073)	0	0	0
		Subtotal 16.839				**0**	**147,665**	**0**	**(147,665)**	**0**	**0**	**0**
U.S. Department of Transportation												
20.509	1035603	Transportation	MN Dept. of Transportation	02/04/21-12/31/23	517,505	0	82,800	9,398	(92,198)	0	0	0
20.509	1026737	Transportation	MN Dept. of Transportation	01/01/22-12/31/23	3,665,900	0	3,151,479	357,665	(3,151,479)	0	0	0
20.509	1035603	Transportation	MN Dept. of Transportation	01/01/20-12/31/21	5,907,875	1,303,766	0	0	0	0	0	1,303,766
		Subtotal 20.509 *				**1,303,766**	**3,234,279**	**367,063**	**(3,243,677)**	**0**	**0**	**1,303,766**

*Program has commingled federal and state funding.

Tri-Valley Opportunity Council, Inc. and Subsidiaries

Schedule B

Schedule of Program Activity

Year Ended December 31, 2022

AL Number	Grant Number	Program Name	Grantor Agency	Program Period	Program or Award Amount	Unapplied Grant Funds 12/31/21	Current Grant Revenue	Other Revenue	Expenses	Repaid/ Deobligated	Transfers	Unapplied Grant Funds 12/31/22
U.S. Department of Treasury												
21.023		CERA Housing Stability Services	MHFA	06/15/22-06/30/23	145,974	$ 0	$ 35,503	$ 0	($ 35,503)	$ 0	$ 0	$ 0
21.023	PRG-21-11405	COVID-19 EM Rental Assistance	NW MN Foundation	03/24/21-01/31/22	63,500	0	2,205	0	(2,205)	0	0	0
21.023	PRG-21-11405	COVID-19 EM Rental Assistance	NW MN Foundation	02/01/22-07/31/22	51,430	0	6,760	0	(6,760)	0	0	0
		Subtotal 21.023				**0**	**44,468**	**0**	**(44,468)**	**0**	**0**	**0**
U.S. Department of Education												
84.011	6436	MiW Migrant Ed Resource Center	MN Dept. of Education	12/16/22-06/30/23	90,000	0	285	0	(285)	0	0	0
84.011	5648	Migrant Education-State	MN Dept. of Education	07/01/22-06/30/23	645,000	0	285,209	0	(285,209)	0	0	0
84.011	196500	Migrant Education-State	MN Dept. of Education	07/01/21-06/30/22	641,001	0	315,209	0	(315,209)	0	0	0
84.011	3609	Migrant Education-State	ND Dept. of Public Instruction	05/01/22-04/30/23	26,461	0	16,667	0	(16,667)	0	0	0
84.011	F84011-A	Migrant Education-State	ND Dept. of Public Instruction	05/01/21-04/30/22	26,461	0	3,390	0	(3,390)	0	0	0
		Subtotal 84.011				**0**	**620,760**	**0**	**(620,760)**	**0**	**0**	**0**
U.S. Department of Health and Human Services												
93.044	314-22-003B-VAC5-4	Vaccine Access Funds	NW Regional Dev Commission	05/30/22-09/30/22	23,596	0	15,160	0	(15,160)	0	0	0
		Subtotal 93.044				**0**	**15,160**	**0**	**(15,160)**	**0**	**0**	**0**
93.104	147995	System of Care Family Partners	Norman County	12/16/21-09/29/22	71,284	0	69,646	0	(69,646)	0	0	0
		Subtotal 93.104				**0**	**69,646**	**0**	**(69,646)**	**0**	**0**	**0**
93.525	N/A	MNSure Consumer Assistance	MN Community Action P/S	07/01/22-06/30/23	14,793	0	2,805	0	(2,805)	0	0	0
93.525	N/A	MNSure Consumer Assistance	MN Community Action P/S	07/01/21-06/30/22	14,793	19	7,120	455	(7,594)	0	0	0
		Subtotal 93.525				**19**	**9,925**	**455**	**(10,399)**	**0**	**0**	**0**
93.568	1563	EAP	MN Dept. of Commerce	10/01/22-09/30/23	200,824	0	57,751	0	(57,751)	0	0	0
93.568	180032	EAP	MN Dept. of Commerce	10/01/21-09/30/22	251,087	0	153,937	0	(153,937)	0	0	0
93.568	N/A	EAP eHeat Payments	MN Dept. of Commerce	01/01/21-12/31/21	N/A	0	2,599,485	0	(2,599,485)	0	0	0
		Subtotal 93.568				**0**	**2,811,173**	**0**	**(2,811,173)**	**0**	**0**	**0**
93.569	198161	CSBG 22	MN Dept. of Human Svcs.	10/01/21-09/30/22	72,343	0	72,343	0	(72,343)	0	0	0
93.569	198161	CSBG 23	MN Dept. of Human Svcs.	10/01/22-12/31/23	71,793	0	7,126	0	(7,126)	0	0	0
93.569	179880	COVID-19 CSBG CARES	MN Dept. of Human Svcs.	07/21/20-09/30/22	112,515	0	74,350	0	(74,350)	0	0	0
		Subtotal 93.569				**0**	**153,819**	**0**	**(153,819)**	**0**	**0**	**0**
93.575	196706	Child Care Aware	MN Dept. of Human Svcs.	07/01/21-06/30/22	199,000	0	108,676	0	(108,676)	0	0	0
93.575	196706	Child Care Aware	MN Dept. of Human Svcs.	07/01/22-06/30/23	277,000	0	134,773	0	(134,773)	0	0	0
93.575	209169	FFN Caregivers	MN Dept. of Human Svcs.	03/01/22-06/30/22	13,583	0	3,037	0	(3,037)	0	0	0
93.575	209169	FFN Caregivers	MN Dept. of Human Svcs.	07/01/22-06/30/23	113,855	0	42,964	0	(42,964)	0	0	0
		Subtotal 93.575				**0**	**289,450**	**0**	**(289,450)**	**0**	**0**	**0**

Tri-Valley Opportunity Council, Inc. and Subsidiaries

Schedule B
Schedule of Program Activity
Year Ended December 31, 2022

AL Number	Grant Number	Program Name	Grantor Agency	Program Period	Program or Award Amount	Unapplied Grant Funds 12/31/21	Current Grant Revenue	Other Revenue	Expenses	Repaid/ Deobligated	Transfers	Unapplied Grant Funds 12/31/22
93.600	90CM009836/04	Migrant Head Start 22-23	U.S. Dept. of H.H.S.	04/01/22-03/31/23	10,325,742	$ 0	$ 8,805,577	$ 690,704	($ 9,496,281)	$ 0	$ 0	$ 0
93.600	90CM009836/04	Migrant Early Head Start 22-23	U.S. Dept. of H.H.S.	04/01/22-03/31/23	1,773,193	0	1,112,477	10,991	(2,340,081)	0	1,216,613	0
93.600	05CH010528/05	Head Start 22-23	U.S. Dept. of H.H.S.	05/01/22-04/30/23	2,031,375	0	1,006,623	346,330	(1,352,953)	0	0	0
93.600	05CH010528/05	Early Head Start 22-23	U.S. Dept. of H.H.S.	05/01/22-04/30/23	1,331,686	0	1,021,339	0	(1,227,536)	0	206,197	0
93.600	90CM009836/03	Migrant Head Start 21-22	U.S. Dept. of H.H.S.	04/01/21-03/31/22	10,257,892	0	1,988,139	6,410	(1,994,549)	0	0	0
93.600	90CM009836/03	Migrant Early Head Start 21-22	U.S. Dept. of H.H.S.	04/01/21-03/31/22	1,725,877	0	127,675	3,560	(321,808)	0	190,573	0
93.600	05CH010528/04	Head Start 21-22	U.S. Dept. of H.H.S.	05/01/21-04/30/22	2,042,124	32,813	873,450	265,359	(1,171,622)	0	0	0
93.600	05CH010528/04	Early Head Start 21-22	U.S. Dept. of H.H.S.	05/01/21-04/30/22	1,296,074	0	323,909	5,303	(435,563)	0	106,351	0
93.600	05CH010528/04	COVID-19 Head Start/Early Head Start	U.S. Dept. of H.H.S.	05/01/21-04/30/22	116,130	0	116,130	0	(116,130)	0	0	0
93.600	90HN00001501C6	RXII MHS COVID-C6	U.S. Dept. of H.H.S.	04/01/21-03/31/23	759,778	0	283,752	0	(283,752)	0	0	0
93.600	05HE00041901C5	RV HS COVID-C5	U.S. Dept. of H.H.S.	04/01/21-03/31/23	76,446	0	5,437	0	(5,437)	0	0	0
93.600	90HN00001501C5	RXII MHS COVIC-C5	U.S. Dept. of H.H.S.	04/01/21-03/31/23	191,115	0	117,842	0	(117,842)	0	0	0
93.600	05HE00041901C6	RV HS COVID-C6	U.S. Dept. of H.H.S.	04/01/21-03/31/23	303,911	0	140,598	0	(140,598)	0	0	0
		Subtotal 93.600				**32,813**	**15,922,948**	**1,328,657**	**(19,004,152)**	**0**	**1,719,734**	**0**
93.667	127366	Migrant Child Care	MN Dept. of Human Svcs.	07/01/21-06/30/22	444,312	0	145,374	0	(145,374)	0	0	0
93.667	127366	Migrant Child Care	MN Dept. of Human Svcs.	07/01/22-06/30/23	443,408	0	147,347	0	(147,347)	0	0	0
		Subtotal 93.667				**0**	**292,721**	**0**	**(292,721)**	**0**	**0**	**0**
Corporation for National and Community Services												
94.011	20SFNMN002	Foster Grandparent	Corporation for National and Community Services	07/01/22-06/30/23	297,160	0	95,758	5,073	(100,831)	0	0	0
94.011	20SFNMN002	Foster Grandparent	Corporation for National and Community Services	07/01/21-06/30/22	290,095	0	90,371	5,759	(96,130)	0	0	0
94.011	20SFND001	Foster Grandparent	Corporation for National and Community Services	07/01/22-06/30/23	314,441	0	60,494	198	(60,692)	0	0	0
94.011	20SFND001	Foster Grandparent	Corporation for National and Community Services	07/01/21-06/30/22	307,062	0	58,978	287	(59,265)	0	0	0
		Subtotal 94.011				**0**	**305,601**	**11,317**	**(316,918)**	**0**	**0**	**0**
		Total Federal Programs				**1,336,598**	**24,417,883**	**2,117,881**	**(27,930,665)**	**0**	**1,719,734**	**1,303,766**

Tri-Valley Opportunity Council, Inc. and Subsidiaries

Schedule B
Schedule of Program Activity
Year Ended December 31, 2022

AL Number	Grant Number	Program Name	Grantor Agency	Program Period	Program or Award Amount	Unapplied Grant Funds 12/31/21	Current Grant Revenue	Other Revenue	Expenses	Repaid/ Deobligated	Transfers	Unapplied Grant Funds 12/31/22
OTHER STATE AND LOCAL PROGRAMS												
N/A		FGP United Way	United Way	07/01/01-12/31/22	16,750	6,346	3,000	0	(5,024)	0	0	4,322
N/A		HUB Implementation Project	NW MN Foundation	04/01/21-12/31/22	38,250	13,837	19,125	0	(15,660)	0	0	17,302
N/A		Emergency Hotel Vouchers	NW MN Foundation	05/21/21-12/31/22	10,000	2,149	0	0	(2,149)	0	0	0
N/A		CCA PPREP	NW MN Foundation	05/01/22-05/31/23	12,700	0	12,700	0	(2,945)	0	0	9,755
N/A		Emergency Assistance	NW MN Foundation	07/01/22-06/30/23	10,000	0	10,000	0	(10,000)	0	0	0
N/A	127539	Transitional Housing	MN Dept. of Human Services	07/01/22-06/30/23	61,569	0	33,273	0	(33,273)	0	0	0
N/A	201146	Transitional Housing	MN Dept. of Human Services	07/01/21-06/30/22	61,569	0	38,266	0	(38,266)	0	0	0
N/A	198161	MCAG	MN Dept. of Human Services	07/01/21-06/30/22	51,167	0	48,455	0	(48,455)	0	0	0
N/A	198161	MCAG	MN Dept. of Human Services	07/01/22-06/30/23	51,167	0	47,816	0	(47,816)	0	0	0
N/A		MNSure	MN Dept. of Human Services	03/01/16-12/31/19	0	0	0	1,016	(1,491)	0	0	0
N/A	213128	Senior Outreach HCBS Services	MN Dept. of Human Services	06/06/22-04/30/23	22,844	0	5,891	0	(5,891)	0	0	0
N/A		NW Comm Action CCA	NW Comm Action Agency	01/01/20-12/31/20	21,000	17,708	14,000	0	(9,862)	0	0	21,846
N/A	179304	MN Foster Grandparent	MN Board on Aging	07/01/21-06/30/22	114,781	0	42,545	6,480	(49,025)	0	0	0
N/A		MN Foster Grandparent	MN Board on Aging	07/01/22-06/30/23	127,534	0	37,836	4,663	(42,499)	0	0	0
N/A	213705	MN Migrant EHS	MN Dept. of Education	07/01/22-06/30/23	1,703,941	0	783,441	0	(783,441)	0	0	0
N/A	5555	MN Migrant EHS	MN Dept. of Education	07/01/21-06/30/22	1,608,682	0	623,745	0	(623,745)	0	0	0
N/A	213707	MN Early Head Start	MN Dept. of Education	07/01/22-06/30/23	307,893	0	171,692	0	(171,692)	0	0	0
N/A	5556	MN Early Head Start	MN Dept. of Education	07/01/21-06/30/22	315,535	0	140,855	0	(140,855)	0	0	0
N/A	MRA20426	Bridges Rent Assistance	MHFA	07/01/21-06/30/23	189,660	0	58,830	0	(58,830)	0	0	0
N/A		Supportive Services	Mahube Community Council	01/01/22-12/31/23	209,601	0	143,699	0	(143,699)	0	0	0
N/A		Bremer 211	Bremer Foundation	03/01/08-12/31/20	110,000	26,448	0	0	(9,577)	0	0	16,871
N/A	2021-05	COVID-19 Vaccine Partnership	CDC Foundation	06/01/21-06/30/22	100,000	26,170	0	0	(26,170)	0	0	0
N/A		FHPAP	MHFA	10/01/21-09/30/23	373,200	0	228,067	0	(228,067)	0	0	0
N/A		Pathway I	MN Dept. of Education	07/01/21-06/30/22	661,344	0	346,117	0	(305,158)	0	0	40,959
N/A		Pathway I	MN Dept. of Education	07/01/22-06/30/23	634,344	0	136,085	0	(136,085)	0	0	0
N/A		Pathway I	MN Dept. of Education	07/01/20-06/30/21	661,344	45,861	(22,269)	0	(23,592)	0	0	0
N/A		Pathway II	MN Dept. of Education	07/01/22-06/30/23	262,500	0	150,939	0	(150,939)	0	0	0
N/A		Pathway II	MN Dept. of Education	07/01/21-06/30/22	262,500	69,800	93,782	0	(163,582)	0	0	0
N/A		Northern Dental Insurance Counseling	Northern Dental Access	09/01/20-04/30/21	9,000	0	0	0	(4,922)	0	0	0
N/A		Peer Support	Alluma	07/01/21-03/31/23	0	0	0	21,263	(19,674)	0	0	0
		Subtotal Other State and Local Programs				**208,319**	**3,167,890**	**33,422**	**(3,302,384)**	**0**	**0**	**111,055**
		TOTALS				**$ 1,544,917**	**$ 27,585,773**	**$ 2,151,303**	**($ 31,233,049)**	**$ 0**	**$ 1,719,734**	**$ 1,414,821**

Tri-Valley Opportunity Council, Inc. and Subsidiaries

Consolidating Statement of Financial Position

December 31, 2022

Assets	TVOC	Fisher Townhomes	Crookston Townhomes	Agassiz Townhomes	Subtotals	Eliminations	Totals
Current assets:							
Cash	$ 4,341,512	$ 18,495	$ 388,780	$ 264,744	$ 5,013,531	$ 0	$ 5,013,531
Investments	1,235,418	0	0	0	1,235,418	0	1,235,418
Grants receivable	1,573,937	0	0	0	1,573,937	0	1,573,937
Accounts receivable	427,565	7,133	9,763	42,660	487,121	(220,606)	266,515
Revolving loans receivable, current portion	40,742	0	0	0	40,742	0	40,742
Prepaid expenses	99,489	0	0	42,106	141,595	0	141,595
Total current assets	7,718,663	25,628	398,543	349,510	8,492,344	(220,606)	8,271,738
Other assets:							
Investment in partnership	239,141	0	0	0	239,141	(239,141)	0
ROU - Operating leases	1,305,243	0	0	0	1,305,243	0	1,305,243
Development fee receivable	65,595	0	0	0	65,595	(65,595)	0
Long-term revolving loans receivable	103,175	0	0	0	103,175	0	103,175
Total other assets	1,713,154	0	0	0	1,713,154	(304,736)	1,408,418
Property and equipment, net	6,213,108	347,278	1,168,628	5,924,526	13,653,540	0	13,653,540
TOTAL ASSETS	$ 15,644,925	$ 372,906	$ 1,567,171	$ 6,274,036	$ 23,859,038	($ 525,342)	$ 23,333,696
			Liabilities and Net Assets				
Current liabilities:							
Current maturities of notes payable and finance leases	$ 6,850	$ 137,463	$ 190,921	$ 8,512	$ 343,746	$ 0	$ 343,746
Current maturities of forgivable notes payable	5,000	0	0	0	5,000	0	5,000
Current maturities of finance leases payable	56,192	0	0	0	56,192	0	56,192
Current maturities of operating leases	459,945	0	0	0	459,945	0	459,945
Accounts payable	316,651	122,522	17,192	121,712	578,077	(119,803)	458,274
Accrued payroll and related expenses	1,149,480	0	0	0	1,149,480	0	1,149,480
Refundable advances	1,414,822	0	0	0	1,414,822	0	1,414,822
Total current liabilities	3,408,940	259,985	208,113	130,224	4,007,262	(119,803)	3,887,459
Long-term liabilities:							
Notes payable and capital leases payable	57,132	315,812	795,051	976,701	2,144,696	(100,000)	2,044,696
Finance leases payable	145,272	0	0	0	145,272	0	145,272
Operating leases	866,363	0	0	0	866,363	0	866,363
Accrued interest payable	0	77,421	156,313	3,458	237,192	(803)	236,389
Development fee payable	0	0	0	70,900	70,900	(65,595)	5,305
Forgivable notes payable	30,000	0	0	0	30,000	0	30,000
Total long-term liabilities	1,098,767	393,233	951,364	1,051,059	3,494,423	(166,398)	3,328,025
Total liabilities	4,507,707	653,218	1,159,477	1,181,283	7,501,685	(286,201)	7,215,484
Net assets:							
Without donor restrictions	4,217,089	(280,312)	407,694	239,102	4,583,573	(239,141)	4,344,432
Without donor resrictions - grant funded property	5,366,181	0	0	0	5,366,181	0	5,366,181
Without donor restrictions - attributable to noncontrolling interest	0	0	0	4,853,651	4,853,651	0	4,853,651
Total net assets without donor restrictions	9,583,270	(280,312)	407,694	5,092,753	14,803,405	(239,141)	14,564,264
Net assets with donor restrictions	1,553,948	0	0	0	1,553,948	0	1,553,948
Total net assets	11,137,218	(280,312)	407,694	5,092,753	16,357,353	(239,141)	16,118,212
TOTAL LIABILITIES AND NET ASSETS	$ 15,644,925	$ 372,906	$ 1,567,171	$ 6,274,036	$ 23,859,038	($ 525,342)	$ 23,333,696

Tri-Valley Opportunity Council, Inc. and Subsidiaries

Consolidating Statement of Revenue and Expenditures
Year Ended December 31, 2022

	Without Donor Restriction								
	TVOC	Fisher Townhomes	Crookston Townhomes	Agassiz Townhomes	Subtotals	Elimination	Total Without Donor Restriction	With Donor Restriction	Totals
Revenue:									
Grant revenue	$ 24,758,719	$ 0	$ 0	$ 0	$ 24,758,719	$ 0	$ 24,758,719	$ 357,665	$ 25,116,384
Program contributions	644,399	0	0	0	644,399	0	644,399	0	644,399
Contracted services	836,601	0	0	0	836,601	0	836,601	0	836,601
Tenant rents	171,146	80,423	234,407	256,546	742,522	0	742,522	0	742,522
Interest income	8,342	28	525	203	9,098	0	9,098	0	9,098
In-kind contributions	998,080	0	0	0	998,080	0	998,080	0	998,080
Other income	204,691	3,982	18,085	71,916	298,674	0	298,674	37,261	335,935
Total revenue	27,621,978	84,433	253,017	328,665	28,288,093	0	28,288,093	394,926	28,683,019
Operating expenses:									
Salaries and wages	13,976,529	0	0	0	13,976,529	0	13,976,529	0	13,976,529
Fringe benefits	3,718,145	0	0	0	3,718,145	0	3,718,145	0	3,718,145
Consultants/contracted labor	2,165,949	9,008	28,840	35,137	2,238,934	0	2,238,934	0	2,238,934
Travel/transportation	648,295	0	0	0	648,295	0	648,295	0	648,295
Occupancy	950,002	39,152	78,431	120,073	1,187,658	0	1,187,658	0	1,187,658
Supplies	1,093,359	360	893	982	1,095,594	0	1,095,594	0	1,095,594
Repairs and maintenance	664,260	27,046	58,686	84,877	834,869	0	834,869	0	834,869
Communications	254,882	115	1,908	3,242	260,147	0	260,147	0	260,147
Beneficiary assistance	899,936	0	0	0	899,936	0	899,936	0	899,936
Depreciation	862,654	15,133	48,757	215,433	1,141,977	0	1,141,977	0	1,141,977
Other	575,773	860	18,553	83,599	678,785	0	678,785	0	678,785
In-kind expenses	998,080	0	0	0	998,080	0	998,080	0	998,080
Total operating expenses	26,807,864	91,674	236,068	543,343	27,678,949	0	27,678,949	0	27,678,949
Change in net assets	814,114	(7,241)	16,949	(214,678)	609,144	0	609,144	394,926	1,004,070
Net assets - Beginning of year	8,769,156	(273,071)	390,745	5,307,431	14,194,261	(239,141)	13,955,120	1,159,022	15,114,142
Net assets - End of year	$ 9,583,270	($ 280,312)	$ 407,694	$ 5,092,753	$ 14,803,405	($ 239,141)	$ 14,564,264	$ 1,553,948	$ 16,118,212

WIPFLI

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
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 Standards,* 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, 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements and have issued our report thereon dated September 21, 2023. The financial statements of Fisher Townhomes, LLC, Fisher Townhomes, LP, Crookston Townhomes, LLC and 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.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 or significant deficiencies may exist that were not identified.

Report on 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 consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Wipfli LLP

Wipfli LLP
Madison, Wisconsin

September 21, 2023

WIPFLI

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
Tri-Valley Opportunity Council, Inc.
Crookston, Minnesota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Tri-Valley Opportunity Council, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the in the OMB *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022. 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.

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 each of its major federal programs for the year ended December 31, 2022.

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

We are required to be independent of Tri-Valley Opportunity Council, 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Tri-Valley Opportunity Council, 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 Tri-Valley Opportunity Council, 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 Tri-Valley Opportunity Council, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards,* and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about Tri-Valley Opportunity Council, Inc.'s compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Tri-Valley Opportunity Council, 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 Tri-Valley Opportunity Council, 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 purposes of expressing an opinion on the effectiveness of Tri-Valley Opportunity Council, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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

Wipfli LLP

Wipfli LLP
Madison, Wisconsin

September 21, 2023

Tri-Valley Opportunity Council, Inc.

Schedule of Findings and Questioned Costs
Year Ended December 31, 2022

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued?	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major federal programs:	
Material weaknesses identified?	No
Significant deficiencies identified?	None reported
Type of auditor's report issued on compliance for each 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	AL No.
Head Start Cluster	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. Financial Statement Findings

None

Section III. Federal Award Findings and Questioned Costs

None

Section IV. Status of Prior Year Findings

None