

**TRI-COUNTY COMMUNITY ACTION
PARTNERSHIP, INC.**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED SEPTEMBER 30, 2024 AND 2023



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INDEPENDENT AUDITORS' REPORT

Board of Directors
Tri-County Community Action Partnership, Inc.
Little Falls, Minnesota

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Tri-County Community Action Partnership, Inc., which comprise the statements of financial position as of September 30, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tri-County Community Action Partnership, Inc. as of September 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

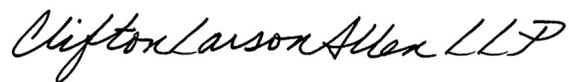
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2025, on our consideration of Tri-County Community Action Partnership, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Tri-County Community Action Partnership, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Tri-County Community Action Partnership, Inc.'s internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

St. Cloud, Minnesota
March 24, 2025

TRI-COUNTY COMMUNITY ACTION PARTNERSHIP, INC.
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2024 AND 2023

	2024	2023
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 662,045	\$ 800,417
Grants Receivable	843,378	984,689
Accounts Receivable	254,482	177,864
Loans Receivable	652	3,157
Prepaid Expenses	116,134	85,421
Total Current Assets	1,876,691	2,051,548
PROPERTY AND EQUIPMENT, NET	1,511,770	1,435,492
OTHER ASSETS		
Operating ROU Assets	608,922	609,182
Financing ROU Assets	27,095	56,208
Total Other Assets	636,017	665,390
Total Assets	\$ 4,024,478	\$ 4,152,430
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 283,879	\$ 647,683
Deferred Revenue	42,739	-
Current Lease Liability - Operating	160,230	112,874
Current Lease Liability - Financing	13,775	29,492
Accrued Expenses	596,922	586,339
Current Portion of Note Payable, Bank	21,938	21,184
Total Current Liabilities	1,119,483	1,397,572
LONG-TERM DEBT		
Note Payable, Bank	463,266	485,204
Long-Term Lease Liability - Operating, Net of Current Maturities	455,242	498,092
Long-Term Lease Liability - Financing, Net of Current Maturities	14,332	28,107
Total Long-Term Debt	932,840	1,011,403
Total Liabilities	2,052,323	2,408,975
NET ASSETS WITHOUT DONOR RESTRICTIONS	1,972,155	1,743,455
Total Liabilities and Net Assets	\$ 4,024,478	\$ 4,152,430

See accompanying Notes to Financial Statements.

TRI-COUNTY COMMUNITY ACTION PARTNERSHIP, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED SEPTEMBER 30, 2024 AND 2023

	2024	2023
REVENUES		
Government Grants and Contracts	\$ 11,333,856	\$ 10,982,122
Other Contracts	1,218,181	926,064
Client Loan Services	132	205
Investment Income	1,545	1,194
In-Kind	541,248	522,578
Other Revenue	41,389	51,186
Contributions	1,598	300
Total Public Support and Revenue	13,137,949	12,483,649
EXPENSES		
Program Services	11,521,822	10,440,992
Supporting Services:		
Management and General	1,387,427	1,330,892
Total Expenses	12,909,249	11,771,884
CHANGE IN NET ASSETS	228,700	711,765
Net Assets - Beginning of Year	1,743,455	1,031,690
NET ASSETS - END OF YEAR	\$ 1,972,155	\$ 1,743,455

See accompanying Notes to Financial Statements.

TRI-COUNTY COMMUNITY ACTION PARTNERSHIP, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2024

FUNCTIONAL EXPENSES	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Salaries and Benefits	\$ 6,296,526	\$ 807,487	\$ 7,104,013
Consultants	66,617	321,009	387,626
Depreciation	337,518	1,002	338,520
Amortization	29,113	-	29,113
Occupancy	461,512	65,248	526,760
In-Kind	541,248	-	541,248
Insurance	29,857	16,269	46,126
Client Food Services	304,333	-	304,333
Client Housing Services	2,343,800	145	2,343,945
Client Child Care Services	267,677	14,898	282,575
Client Health Services	28,631	539	29,170
Client Transportation Services	10,331	459	10,790
Client Children Services	248,827	-	248,827
Client Loan Services	2,629	363	2,992
Client Emergency Services	14,815	-	14,815
Dues and Licenses	55,228	40,157	95,385
Meetings	1,495	3,435	4,930
Miscellaneous	10,940	8,147	19,087
Supplies	225,288	50,513	275,801
Training	165,333	40,738	206,071
Travel	80,104	17,018	97,122
	<u>\$ 11,521,822</u>	<u>\$ 1,387,427</u>	<u>\$ 12,909,249</u>
Total	<u>\$ 11,521,822</u>	<u>\$ 1,387,427</u>	<u>\$ 12,909,249</u>

See accompanying Notes to Financial Statements.

TRI-COUNTY COMMUNITY ACTION PARTNERSHIP, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2023

FUNCTIONAL EXPENSES	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Salaries and Benefits	\$ 5,619,949	\$ 787,542	\$ 6,407,491
Consultants	59,421	146,970	206,391
Depreciation	156,236	1,909	158,145
Amortization	25,838	-	25,838
Occupancy	326,168	163,541	489,709
In-Kind	522,578	-	522,578
Insurance	26,664	14,463	41,127
Client Food Services	233,117	14	233,131
Client Housing Services	2,472,233	17,313	2,489,546
Client Child Care Services	387,235	8,805	396,040
Client Health Services	25,456	-	25,456
Client Transportation Services	15,587	1,837	17,424
Client Children Services	36,516	4	36,520
Client Loan Services	3,471	467	3,938
Client Emergency Services	104,359	-	104,359
Dues and Licenses	47,265	51,043	98,308
Meetings	1,824	6,334	8,158
Miscellaneous	1,857	10,546	12,403
Supplies	198,571	55,825	254,396
Training	93,867	54,811	148,678
Travel	82,780	9,468	92,248
	<u>82,780</u>	<u>9,468</u>	<u>92,248</u>
Total	<u>\$ 10,440,992</u>	<u>\$ 1,330,892</u>	<u>\$ 11,771,884</u>

See accompanying Notes to Financial Statements.

TRI-COUNTY COMMUNITY ACTION PARTNERSHIP, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 228,700	\$ 711,765
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	338,520	158,145
Gain on Sale of Property and Equipment	(42,027)	-
Finance ROU Amortization	29,113	25,838
Noncash Lease Expense	4,787	3,276
(Increase) Decrease in Current Assets:		
Grants and Contracts Receivable	141,311	(180,550)
Accounts Receivable	(76,618)	(68,420)
Loan Receivable	2,505	(2,839)
Prepaid Expenses	(30,713)	(7,186)
Increase (Decrease) in Current Liabilities:		
Accounts Payable	(266,022)	323,324
Contract Liabilities	-	(32,934)
Deferred Revenue	42,739	(100,053)
Accrued Expenses	10,583	96,438
Net Cash Provided by Operating Activities	382,878	926,804
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(470,553)	(690,681)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Financing Leases	(29,492)	(25,939)
Principal Payments on Long-Term Debt	(21,184)	(20,543)
Net Cash Used by Financing Activities	(50,697)	(46,482)
 NET CHANGE IN CASH AND CASH EQUIVALENTS	(138,372)	189,641
Cash and Cash Equivalents - Beginning of Year	800,417	610,776
 CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 662,045	\$ 800,417
 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	\$ 17,784	\$ 17,053
 SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Property and Equipment Purchased through Accounts Payable	\$ -	\$ 97,783

See accompanying Notes to Financial Statements.

TRI-COUNTY COMMUNITY ACTION PARTNERSHIP, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Tri-County Community Action Partnership, Inc. (the Organization) was incorporated in September 1965. The mission of the Organization is to promote economic self-sufficiency of individuals and families experiencing poverty in Todd, Morrison, and Crow Wing Counties of Minnesota. The resources provided are primarily through grants from the Federal Health and Human Services Head Start program and the Minnesota Department of Human Services.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Under these standards, the Organization is required to report information regarding its financial position and activities according to two classes of net assets:

Net Assets Without Donor Restrictions – Resources over which the board of directors has discretionary control. Designated amounts represent those revenues which the board has set aside for a particular purpose.

Net Assets With Donor Restrictions – Those resources subject to donor-imposed restrictions which will be satisfied by actions of the Organization or passage of time. Also, those resources subject to a donor-imposed restriction that they may be maintained in perpetuity by the Organization. There were no activities under net assets with donor restrictions for the years ended September 30, 2024 and 2023.

The Organization has elected to present certain contributions with donor restrictions, which are fulfilled in the same time period, within the net assets without donor restrictions class.

Estimates

The preparation of the financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

Cash and Cash Equivalents

For purposes of the statements of cash flows, all highly liquid investments with a maturity of three months or less are considered to be cash equivalents. Cash and highly liquid financial instruments restricted to building projects, endowment, or other long-term purposes are excluded from this definition.

TRI-COUNTY COMMUNITY ACTION PARTNERSHIP, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grants Receivable

Grants receivable are government and pass-through payments received subsequent to year-end, and are specifically allocated to the Organization's operations for 2024 and 2023. No allowance is deemed necessary as of September 30, 2024 and 2023.

Accounts Receivable

Accounts receivable are amounts owed to the Organization from various agencies and government grantors. No allowance for credit loss has been estimated as management expects to collect the outstanding balances.

Property and Equipment

Property and equipment with an initial cost of \$5,000 or more are reported on the statements of financial position and are stated at cost or fair market value at the date of acquisition or donation. Depreciation is computed using appropriate straight-line methods over estimated useful lives ranging from 5 to 30 years. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any remaining gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The property and equipment acquired is owned by the Organization while used in the program for which it was purchased or in the future authorized programs. However, the 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 there from, is subject to funding source regulations.

We review the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent the carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended September 30, 2024 and 2023.

Leases

The Organization leases office space and copiers. The Organization determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets, and operating lease liabilities on the statements of financial position. Finance leases are included in financing lease right-of-use (ROU) assets and financing leases on the statements of financial position.

TRI-COUNTY COMMUNITY ACTION PARTNERSHIP, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. As most of leases do not provide an implicit rate, the Organization uses risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Organization has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the balance sheet.

The Organization has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

In evaluating contracts to determine if they qualify as a lease, the Organization considers factors such as if the Organization has obtained substantially all of the rights to the underlying asset through exclusivity, if the Organization can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

Compensated Absences

Employees of the Organization are entitled to PTO depending on job classification, length of service, and other factors. Compensated absences are charged to expenses during the period earned. A liability of accrued compensated absences is shown in the statements of financial position.

Contributions

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions received are recorded as with or without donor restrictions, depending on the existence and nature of any donor restrictions. Support that is not restricted by the donor is reported as an increase in net assets without donor restrictions. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as Net Assets Released from Restrictions.

TRI-COUNTY COMMUNITY ACTION PARTNERSHIP, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In-Kind Contributions

In-kind contributions represent donated professional services and materials to the Organization's programs and are based on fair market value at the time donated. A like amount is included in expenses and represents the amount which would have been expended had the good or service not been donated. For the years ended September 30, 2024 and 2023, there were volunteer services provided to the Organization for their programs for which no value has been assigned because those services do not meet the criteria for recognition in the financial statements. However, certain other contributed services that require specialized skills, were provided by individuals possessing those skills and otherwise needing to be purchased if not provided by donation, are recognized as revenue and expense. Such amounts, which are included in the statements of activities, are as follows:

	2024	2023
Rented Space	\$ 160,169	\$ 160,169
Mental Health Consultants	126,134	30,870
Teacher Volunteers	195,218	179,061
In-Kind Matching Gift - Salaries, Benefits, and Taxes	-	134,700
In-Kind Matching Gift - Miscellaneous	59,727	17,778
Total Donated Goods and Services	\$ 541,248	\$ 522,578

Rental space is valued by obtaining a rental study which provides market value for rented space. Consultants time is valued by obtaining comparable rates within the profession. Teacher volunteers are valued determined based on the market rate the Organization pays its other teachers. In-kind matching gifts are valued at the actual expense incurred. These contributions are utilized by the Organization for program activities and do not have any donor-imposed restrictions.

Revenue Recognition

Revenue is recognized as the performance obligations are satisfied. Performance obligations are determined based on the nature of the services provided by the Organization. Revenue for performance obligations satisfied over time is recognized based on the service period of the contract. The Organization measures the performance obligation from these particular services from the beginning of the performance period to the completion of services provided. Revenue for performance obligations satisfied at a point in time is recognized when goods or services are provided, and the Organization does not believe they are required to provide additional goods or services to the client.

The Organization only has performance obligations that are satisfied at a point in time. The performance obligations are satisfied when the work on the home is complete. For both years ended September 30, 2024 and 2023, amounts received with a progress payment for which the performance obligation is not satisfied were \$-0-, and recognized in the statements of financial position as Contract Liabilities.

TRI-COUNTY COMMUNITY ACTION PARTNERSHIP, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

A portion of the Organization's revenue is derived from cost-reimbursable contracts and grants. Amounts received are recognized as earned and are reported as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received but not yet earned are reported as deferred revenue in the statements of financial position. The Organization received cost-reimbursable grants of \$9,289,312 and \$8,764,123, for which qualifying expenditures have not yet been incurred, with a progress payment of \$42,739 and \$-0- recognized in the statements of financial position as deferred revenue for the years ended September 30, 2024 and 2023, respectively.

Functional Expense Allocation

The Organization allocates its expenses on a functional basis among its programs and supporting services. Expenses directly attributable to a specific functional area of the Organization are reported as expenses of those functional areas. Natural expenses attributable to more than one functional expense category are allocated using a variety of cost allocation techniques such as square footage basis, job descriptions, or time and effort.

Advertising Costs

Advertising costs are expensed when incurred. Advertising costs were \$34,416 and \$12,756 for the years ended September 30, 2024 and 2023, respectively.

Tax Status

The Organization is exempt from federal and state income taxes as a private nonprofit corporation under Section 501(c)(3) of the Internal Revenue Code. The Organization is not a private foundation and contributions to the Organization qualify as a charitable tax deduction by the contributor. The Organization does not have any uncertain tax positions or unrelated business income.

The Organization files as a tax-exempt organization. Should that status be challenged in the future, all years since inception would be subject to review by the Internal Revenue Service.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through March 24, 2025, the date the financial statements were available to be issued.

Change in Accounting Principle

The Organization has adopted ASU 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, as amended, which modifies the measurement of expected credit losses. The Organization adopted this new guidance utilizing the modified retrospective transition method. The adoption of this Standard did not have a material impact on the Organization's financial statements but did change how the allowance for credit losses is determined.

TRI-COUNTY COMMUNITY ACTION PARTNERSHIP, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023

NOTE 2 LIQUIDITY AND AVAILABILITY

The Organization has \$1,759,905 and \$1,962,970 of financial assets available within one year of the statement of financial position date consisting of cash of \$662,045 and \$800,417, grants and contracts receivable of \$843,378 and \$984,689, and accounts receivable of \$254,482 and \$177,864, respectively. The Organization has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet 120 days of normal operating expenses, which are, on average, approximately \$1,058,581 and \$965,160 per month for the years ended September 30, 2024 and 2023, respectively. As part of its liquidity management, the Organization invests cash in excess of daily requirements in the short-term investment account (money market).

NOTE 3 GRANTS RECEIVABLE

	<u>2024</u>	<u>2023</u>
Grants Receivable:		
Federal Programs	\$ 543,353	\$ 851,563
State Programs	300,025	133,126
Total Grants Receivable	<u>\$ 843,378</u>	<u>\$ 984,689</u>

NOTE 4 PROPERTY AND EQUIPMENT

The Organization's property and equipment is comprised of the following at September 30:

	<u>2024</u>	<u>2023</u>
Land	\$ 112,310	\$ 112,310
Buildings and Improvements	3,975,207	3,975,207
Furniture and Equipment	2,100,776	1,933,534
Total Property and Equipment	<u>6,188,293</u>	<u>6,021,051</u>
Less: Accumulated Depreciation	<u>(4,676,523)</u>	<u>(4,585,559)</u>
Property and Equipment, Net	<u>\$ 1,511,770</u>	<u>\$ 1,435,492</u>

Depreciation for the years ended September 30, 2024 and 2023 was \$338,520 and \$158,145, respectively.

TRI-COUNTY COMMUNITY ACTION PARTNERSHIP, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023

NOTE 5 LEASES – ASC 842

The Organization leases copiers as well as certain office facilities for various terms under long-term, noncancelable lease agreements. The leases expire at various dates through August 2031. In the normal course of business, it is expected that these leases will be renewed or replaced by similar leases.

The following table provides quantitative information concerning the Organization's leases:

	2024	2023
Finance Lease Costs:		
Amortization of Right-of-Use Assets	\$ 29,113	\$ 25,838
Interest on Lease Liabilities	1,372	1,285
Operating Lease Cost	148,771	124,421
Short-Term Lease Cost	53,310	52,011
Total Lease Costs	\$ 232,566	\$ 151,544
Other Information:		
Cash Paid for Amounts included in the Measurement of Lease Liabilities:		
Operating Cash Flows from Finance Leases	\$ 1,372	\$ 1,285
Operating Cash Flows from Operating Leases	\$ 143,984	\$ 122,638
Financing Cash Flows from Finance Leases	\$ 29,492	\$ 25,939
Right-of-Use Assets Obtained in Exchange for New Finance Lease Liabilities	\$ 145,839	\$ 19,649
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	\$ 131,086	\$ 717,260
Weighted-Average Remaining Lease Term - Finance Leases	2.6 Years	2.7 Years
Weighted-Average Remaining Lease Term - Operating Leases	5.0 Years	6.2 Years
Weighted-Average Discount Rate - Finance Leases	3.62%	2.97%
Weighted-Average Discount Rate - Operating Leases	3.21%	2.79%

The Organization classifies the total undiscounted lease payments that are due in the next 12 months as current. A maturity analysis of annual undiscounted cash flows for lease liabilities as of September 30, 2024 is as follows:

Year	Operating Leases	Finance Leases	Total Leases
2025	\$ 177,659	\$ 14,556	\$ 192,215
2026	135,676	7,089	142,765
2027	122,209	4,368	126,577
2028	64,522	3,640	68,162
2029	56,086	-	56,086
Thereafter	109,826	-	109,826
Total Lease Payments	665,978	29,653	695,631
Less: Interest	(50,506)	(1,546)	(52,052)
Present Value of Lease Liabilities	\$ 615,472	\$ 28,107	\$ 643,579

TRI-COUNTY COMMUNITY ACTION PARTNERSHIP, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023

NOTE 6 RETIREMENT PLAN

The Organization sponsors a 403(b) retirement plan. The plan covers substantially all full-time employees. Under the plan, the Organization contributes up to 5% of each eligible employee's salary. Contributions to the plan for the years ended September 30, 2024 and 2023 was \$206,104 and \$189,774, respectively.

NOTE 7 NOTE PAYABLE, BANK

On July 1, 2021, the Organization refinanced their note payable to Deerwood Bank in the amount of \$550,000. The Organization's Note Payable, Bank at September 30 is comprised of the following:

<u>Description</u>	<u>2024</u>	<u>2023</u>
3.25% Fixed Interest Note Payable to Deerwood Bank.		
Secured by Brainerd Building and Land, Maturing July 1, 2026. Note Requires Monthly Payments of \$3,133 Including Principal and Interest.	\$ 485,204	\$ 506,388
Less: Current Portion	(21,938)	(21,184)
Total Long-Term Note Payable, Bank	<u>\$ 463,266</u>	<u>\$ 485,204</u>

Approximate maturity of Note Payable, Bank is as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2025	\$ 21,938
2026	16,964
2027	446,302
Total	<u>\$ 485,204</u>

Interest expense for the years ended September 30, 2024 and 2023 was \$16,412 and \$17,053, respectively.

NOTE 8 CONTRACT LIABILITIES

The Organization's contract liabilities consist of the following for the years ended September 30:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Minnesota Housing Finance Agency	\$ -	\$ -	\$ 32,934
Total Contract Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,934</u>

TRI-COUNTY COMMUNITY ACTION PARTNERSHIP, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023

NOTE 9 LABOR SUBJECT TO COLLECTIVE BARGAINING AGREEMENTS

Nonmanagement employees of the Organization are members of Local Union #3628 American Federation of State, County and Municipal Employees, AFL-CIO (Union). The Organization entered into a labor agreement with the Union for the period January 1, 2024 through June 30, 2026.

NOTE 10 CONCENTRATIONS

Concentration – Cash

At various times during the year, the Organization had cash on deposit with banks in excess of Federal Deposit Insurance Corporation (FDIC) insured limits. The Organization has not experienced any losses from such accounts.

Concentrations – Grant Revenue and Receivables

For 2024 and 2023, respectively, 63% and 62% of the Organization's revenue and 62% and 43% of the grants receivable balance were from the Head Start Program funded through the U.S. Department of Health and Human Services. Also in 2024 and 2023, 17% and 19% of the Organization's revenue and 27% and 50% of the grants receivable balance were from the Energy Assistance Weatherization Programs funded through the U.S. Department of Health and Human Services and U.S. Department of Energy. Federal grant revenue accounted for 71% and 80% of total revenue for 2024 and 2023, respectively. State grant revenue accounted for 15% and 9% of total revenues for 2024 and 2023, respectively.

NOTE 11 CONTINGENCIES

Federal and State Program Activities

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

Claims

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



**INDEPENDENT AUDITORS' 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-County Community Action Partnership, Inc.
Little Falls, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Tri-County Community Action Partnership, Inc., which comprise the statement of financial position as of September 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 24, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Tri-County Community Action Partnership, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Tri-County Community Action Partnership, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Tri-County Community Action Partnership, Inc.'s internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2024-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

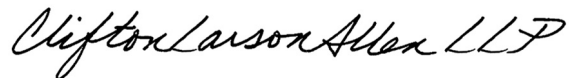
As part of obtaining reasonable assurance about whether Tri-County Community Action Partnership, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Tri-County Community Action Partnership, Inc.'s Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Tri-County Community Action Partnership, Inc.'s response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Tri-County Community Action Partnership, Inc.'s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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



CliftonLarsonAllen LLP

St. Cloud, Minnesota
March 24, 2025



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors
Tri-County Community Action Partnership, Inc.
Little Falls, Minnesota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Tri-County Community Action Partnership, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Tri-County Community Action Partnership, Inc.'s major federal programs for the year ended September 30, 2024. Tri-County Community Action Partnership, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Tri-County Community Action Partnership, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; 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 Auditors' Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

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

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

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

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2024-003. Our opinion on each major federal program is not modified with respect to this matter.

Board of Directors
Tri-County Community Action Partnership, Inc.

Government Auditing Standards requires the auditor to perform limited procedures on Tri-County Community Action Partnership, Inc.'s response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Tri-County Community Action Partnership, Inc.'s response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2024-002 and 2024-003, to be significant deficiencies.

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.

Government Auditing Standards requires the auditor to perform limited procedures on Tri-County Community Action Partnership, Inc.'s response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Tri-County Community Action Partnership, Inc.'s response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.



CliftonLarsonAllen LLP

St. Cloud, Minnesota
March 24, 2025

TRI-COUNTY COMMUNITY ACTION PARTNERSHIP, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2024

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Agriculture				
Minnesota Department of Human Services				
Child and Adult Care Food Program	10.558	1000003687	\$ -	\$ 276,931
Supplemental Nutrition Assistance Program, Outreach/Participant Program	10.580	GRK%219979	-	15,059
Total U.S. Department of Agriculture			-	291,990
U.S. Department of Energy				
Minnesota Department of Commerce				
Weatherization Assistance for Low-Income Persons	81.042	E & I	-	63,656
Weatherization Assistance for Low-Income Persons	81.042	CSPP	-	170,186
Weatherization Assistance for Low-Income Persons	81.042	SERC II	-	1,139
Weatherization Assistance for Low-Income Persons	81.042	A2500	-	677,791
Weatherization Assistance for Low-Income Persons	81.042	BIL	-	354,852
Total Weatherization Assistance for Low-Income Persons			-	1,267,624
Total U.S. Department of Energy			-	1,267,624
U.S. Department of Health and Human Services				
Minnesota Department of Human Services				
Low-Income Home Energy Assistance	93.568	A2122	-	84,270
Low-Income Home Energy Assistance	93.568	A2119	-	646,939
Total Low-Income Home Energy Assistance			-	731,209
Minnesota Department of Human Services				
Community Services Block Grant	93.569	229577	-	65,481
Community Services Block Grant	93.569	198160	-	26,223
Community Services Block Grant	93.569	229286	-	3,304
Total Community Services Block Grant			-	95,008
Direct				
Early Head Start Child Care Partnership	93.600	05HP000599-01	-	156,802
Early Head Start Child Care Partnership	93.600	05HP000319-05	-	756,252
Head Start/Early Head Start	93.600	05CH01156-04	-	4,580,366
Head Start/Early Head Start	93.600	05CH01156-05	-	1,543,499
Total Head Start Cluster			-	7,036,919
Total U.S. Department of Health and Human Services			-	7,863,136
Total Federal Expenditures			\$ -	\$ 9,422,750

See accompanying Notes to Schedule of Expenditures of Federal Awards.

TRI-COUNTY COMMUNITY ACTION PARTNERSHIP, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
SEPTEMBER 30, 2024

NOTE 1 BASIS OF PRESENTATION

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the 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. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3 INDIRECT COST RATE

The Organization has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**TRI-COUNTY COMMUNITY ACTION PARTNERSHIP, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2024**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? _____ yes X no
 - Significant deficiency(ies) identified? X yes _____ none reported
3. Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? _____ yes X no
 - Significant deficiency(ies) identified? X yes _____ none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? X yes _____ no

Identification of Major Federal Programs

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.600	Head Start Cluster

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

Auditee qualified as low-risk auditee? _____ yes X no

TRI-COUNTY COMMUNITY ACTION PARTNERSHIP, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2024

Section II – Financial Statement Findings

2024 – 001

Type of Finding:

- Significant Deficiency in Internal Control over Financial Reporting (Audit Adjustments)

Condition: Audit adjustments were posted to the Organization’s accounts, which was a necessary step in ensuring that the financial statements were fairly stated under U.S. GAAP.

Criteria or Specific Requirement: Management is responsible for the accuracy and completeness of all financial records and related information. Management is responsible for all controls over the year-end financial reporting process to ensure conformity with U.S. GAAP.

Context: While performing audit procedures, it was noted that management does not have internal controls in place to provide reasonable assurance that leases and equipment are recorded in accordance with U.S. GAAP.

Effect: This resulted in the financial statements not being fairly stated under U.S. GAAP.

Cause: The Organization control policies and procedures did not prevent or detect a misstate of the financial statements.

Repeat Finding: This is a repeat finding.

Recommendation: The Organization should continue to review all U.S. GAAP requirements for transactions entered into to ensure conformity with U.S. GAAP.

Views of responsible officials and planned corrective actions: As these were unique situations in the current year, management would not expect to have these issues again.

**TRI-COUNTY COMMUNITY ACTION PARTNERSHIP, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2024**

Section III – Findings and Questioned Costs – Major Federal Programs

2024 – 002

Federal Agency: U.S. Department of Health and Human Services

Federal Program Title: Head Start

Federal Assistance Listing Number: 93.600

Award Period: June 1, 2023 to May 31, 2024, June 1, 2024 to May 31, 2025

Type of Finding:

- Significant Deficiency in Internal Control over Major Federal Programs

Criteria or Specific Requirement: Timely review and approval should be maintained to ensure accurate amounts are being drawdown and accurate reports are submitted.

Under 2 CFR section 200.303, a non-federal entity must establish and maintain effective internal controls over the federal awards that provides reasonable assurance that the non-federal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition: The Organization did not adequately follow internal controls in place to ensure required reports are approved by the appropriate personnel before being submitted.

Questioned Costs: N/A

Context: The control in place for internal review prior to submitting financial reports to HS/EHS was not followed for two of the five reports tested.

Cause: Management was unable to obtain the signature of the assigned individual due to their unavailability during a break period.

Effect: Potential for inaccurate information to be reported.

Repeat Finding: No

Recommendation: Establish a backup signatory process to ensure that there is always an available individual to provide necessary signatures, even during periods of unavailability.

Views of responsible officials and planned corrective actions: There is no disagreement with the audit finding.

**TRI-COUNTY COMMUNITY ACTION PARTNERSHIP, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2024**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

2024 – 003

Federal Agency: U.S. Department of Health and Human Services

Federal Program Title: Head Start

Federal Assistance Listing Number: 93.600

Award Period: June 1, 2023 to May 31, 2024, June 1, 2024 to May 31, 2025

Type of Finding:

- Significant Deficiency in Internal Control over Major Federal Programs and Other Matters

Criteria or Specific Requirement: A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.

Under 2 CFR section 200.303 a non-federal entity must establish and maintain effective internal controls over the federal awards that provides reasonable assurance that the non-federal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition: During our testing, we noted the no reconciliation of the inventory count to the asset listing.

Questioned Costs: N/A

Context: There was no documented reconciliation of inventory count.

Cause: The Organization performed an inventory count during the fiscal year, however, there were no policies in place to formally document the count, reconcile the count to the asset listing, or review such reconciliation.

Effect: Potential for missing, old, or out of use property

Repeat Finding: Yes

Recommendation: The Organization should perform an inventory count with proper reconciliations to the asset listing, along with having a different individual review and document such review of the count and the reconciliation.

Views of responsible officials and planned corrective actions: There is no disagreement with the audit finding.



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