Scott-Carver-Dakota CAP Agency, Inc.

Financial Statements and Supplementary Information

Year Ended September 30, 2023

CAP
COMMUNITY ACTION PARTNERSHIP
OF SCOTT CARVER & DAKOTA COUNTIES

WIPFLI

Scott-Carver-Dakota CAP Agency, Inc.

Year Ended September 30, 2023

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Independent Auditor's Report

Board of Directors
Scott-Carver-Dakota CAP Agency, Inc.
Shakopee, Minnesota

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Scott-Carver-Dakota CAP Agency, Inc. (a nonprofit Organization), which comprise the statement of financial position as of September 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Scott-Carver-Dakota CAP Agency, Inc. as of September 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America (''GAAP'').

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Scott-Carver-Dakota CAP Agency, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) 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 auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of Federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our [report dated] April 11, 2024 on our consideration of the Scott-Carver-Dakota CAP Agency, 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 Scott-Carver-Dakota CAP Agency, 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 the Scott-Carver-Dakota CAP Agency, Inc.'s internal control over financial reporting and compliance.

Wipfli LLP
Madison, Wisconsin

April 11, 2024

Scott-Carver-Dakota CAP Agency, Inc.
Statement of Financial Position

September 30, 2023

	ASSETS	
Current assets:		
Cash	$	26,814
Grants receivable		2,797,670
Accounts receivable		27,144
Prepaid expenses		42,683
Total current assets		2,894,311
Property and equipment, net		4,998,386
Other assets:		
Right-of-Use asset - Operating		1,940,698
Total Assets	$	9,833,395
	LIABILITIES AND NET ASSETS	
Current liabilities:		
Notes payable, current	$	54,559
Accounts payable		336,290
Accrued payroll and related expenses		245,829
Refundable advance liability		196,335
Operating lease liability, current		250,075
Deferred loans, current		22,000
Funds held for others		10,493
Total current liabilities		1,115,581
Long-term liabilities**:**		
Deferred loans, less current portion		1,779,137
Notes payable, less current portion		847,922
Operating lease liability, less current portion		1,719,682
Total long-term liabilities		4,346,741
Total liabilities		5,462,322
Net assets:		
Without donor restrictions		4,223,530
With donor restrictions		147,543
Total net assets		4,371,073
Total Liabilities and Net Assets	$	9,833,395

See accompanying notes to financial statements.

Scott-Carver-Dakota CAP Agency, Inc.
Statement of Activities

Year Ended September 30, 2023	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, support and gains:			
Grant revenue	$ 12,458,872	$ -	$ 12,458,872
Program income	828,742	-	828,742
Rental income	495,058	-	495,058
Contributions	468,869	465,683	934,552
In-kind contributions	605,827	-	605,827
Net assets released from restriction	569,987	(569,987)	-
Total support and revenue	15,427,355	(104,304)	15,323,051
Expenses:			
Federal, state and local programs:			
Child education	3,903,634	-	3,903,634
Energy assistance	891,981	-	891,981
Housing programs	4,285,523	-	4,285,523
Food programs	2,110,471	-	2,110,471
Community service programs	521,539	-	521,539
Other programs	552,656	-	552,656
Total program expenses	12,265,804	-	12,265,804
Supporting services expenses:			
Management and general	2,509,585	-	2,509,585
Fundraising and development	394,995	-	394,995
Total supporting services expenses	2,904,580	-	2,904,580
Total expenses	15,170,384	-	15,170,384
Changes in net assets	256,971	(104,304)	152,667
Net assets, beginning of year	3,966,559	251,847	4,218,406
Net assets, end of year	$ 4,223,530	$ 147,543	$ 4,371,073

See accompanying notes to financial statements.

Scott-Carver-Dakota CAP Agency, Inc.

Statement of Functional Expenses

Year Ended September 30, 2023	Child Education	Energy Assistance	Housing Programs	Food Programs	Community Service Programs	Other Programs	Total Program Expenses	Management and General	Fundraising and Development	Total
Salaries and wages	$ 2,274,089	$ 653,908	$ 780,034	$ 424,213	$ 158,910	$ 209,257	$ 4,500,411	$ 786,728	$ 44,678	$ 5,331,817
Fringe benefits	588,884	170,819	165,877	112,903	38,921	73,405	1,150,809	208,055	3,807	1,362,671
Travel and transportation	13,889	261	7,500	4,533	114	1,286	27,583	63,696	95	91,374
Telephone and postage	52,298	876	2,626	1,629	29	613	58,071	117,256	137	175,464
Supplies	40,990	1,259	795	1,999	2,999	129	48,171	13,827	735	62,733
Small equipment and maintenance	97,160	16,574	6,759	7,281	-	-	127,774	143,785	941	272,500
Space costs	-	350	225,638	9,278	28,969	-	264,235	245,124	-	509,359
Direct client services	749,357	2,715	2,881,581	875,259	245,662	135,902	4,890,476	225,522	101,270	5,217,268
Professional services	86,967	36,872	214,713	65,823	45,935	132,064	582,374	705,761	243,212	1,531,347
In-kind expenses	-	-	-	605,902	-	-	605,902	-	-	605,902
Other costs	-	8,347	-	1,651	-	-	9,998	(169)	120	9,949
Total expenses	$ 3,903,634	$ 891,981	$ 4,285,523	$ 2,110,471	$ 521,539	$ 552,656	$ 12,265,804	$ 2,509,585	$ 394,995	$ 15,170,384

See accompanying notes to financial statements

Scott-Carver-Dakota CAP Agency, Inc.
Statement of Cash Flows

Year Ended September 30, 2023

Change in cash:		
Cash flows from operating activities:		
Change in net assets	$	152,667
Adjustments to reconcile change in net assets to cash flows from operating activities:		
Depreciation		203,985
Non-cash lease expense		151,530
Changes in operating assets and liabilities:		
Grant receivable		(1,529,173)
Accounts receivable		23,442
Prepaid expenses		(5,126)
Accounts payable		(84,984)
Accrued payroll and related expenses		(36,832)
Refundable advance liability		196,335
Funds held for others		1,578
Operating lease liability		(122,471)
Net cash flows from operating activities		(1,049,049)
Cash flows from investing activities:		
Purchase of property and equipment		(106,267)
Cash flows from financing activities:		
Principal payment of long-term debt		(92,204)
Change in cash		(1,247,520)
Cash, beginning of year		1,274,334
Cash, end of year	$	26,814

Supplemental Disclosure of cash flow information:

Interest paid	$	2,886
Right of Use Asset obtained	$	46,893

See accompanying notes to financial statements.

Scott-Carver-Dakota CAP Agency, Inc.
Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

Nature of Operations

Scott-Carver-Dakota CAP Agency, Inc. (the "Organization") was organized as a nonprofit corporation in 1965. The Organization was formed to administer federal, state, and local grant assistance programs for disadvantaged persons in a three county area of east central Minnesota.

For 2023, approximately 28% of the Organization's grant funding is from various federal grants passed through the State of Minnesota. During 2023, 39% is funded directly by the State of Minnesota. In addition, during 2023, approximately 26% of the Organization's grant funding is received from the U.S. Department of Health and Human Services for its Head Start program. Grant funding for the ratio calculation includes grant revenue plus $7,626,599 of federal energy assistance client benefits paid directly by the State of Minnesota to utility companies on behalf of clients for the year ending September 30, 2023.

Basis of Accounting

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

Use of Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Accounts Receivable

Accounts receivable are recorded at the amount management expects to collect. Amounts are reviewed for collectability by management and an allowance for doubtful accounts is recorded as needed based on collection history and customer attributes. Management has determined that no allowance for doubtful accounts is necessary at year-end and no accounts receivable was written off as bad debt expense for the year ended September 30, 2023.

Property and Equipment

Property and equipment are capitalized at cost or at estimated fair value on the date of donation. 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 on property and equipment is computed over their estimated useful lives, which ranges from five to thirty years. Maintenance and repairs, which neither materially add to the value of the property nor appreciably prolong its life, are charged to expense as incurred.

Note 1: Summary of Significant Accounting Policies (Continued)

Property and Equipment (Continued)

Property and equipment acquired are owned by the Organization while used in the programs for which they were purchased or in other future authorized programs. However, the various funding sources have a reversionary interest in the property and equipment purchased with grant funds; therefore, the disposition of property or equipment, as well as the ownership of any proceeds therefrom, is subject to funding source regulations. The net book value of grant-funded property and equipment at September 30, 2023 was $30,053.

Classification of Net Assets

Net assets and revenue, support and gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization 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 without donor restrictions may be designated for specific purposes by the board of directors.

Net Assets With Donor Restrictions – Net assets subject to donor or certain grantor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other explicit donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor imposed restrictions are released when a restriction expires, that is when the stipulated time as elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue Recognition

Contributions

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

- An explicit identification of a barrier, that is more than 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.

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Contributions (Continued)

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statement of activities as net assets released from restriction.

Grants and Contracts

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

- **Grant awards that are contributions** – Grants awards that are contributions are evaluated for conditions and recognized as revenue when conditions in the award are satisfied. Unconditional awards are recognized as revenue when the award is received. Amounts received in which conditions have not been met are reported as a refundable advance liability.
- **Grant awards that are Exchange Transactions** – Exchange transactions are those in which the resource provider or grantor receives a commensurate value in exchange for goods or services transferred. Revenue is recognized when control of the promised goods or services is transferred to the customer (grantor) in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Amounts received in excess of recognized revenue are reflected as a contract liability. The Organization does not have any grants that are considered exchange transactions.

Program Income

The Organization recognized revenue from exchange transactions from contracts with customers for thrift store sales, meal fees, and CHORE services. The Organization recognizes revenue in accordance with Financial Accounting Standard Board (FASB) Accounting Standards Update (ASU 2014-09) and ASC 606, *Revenue from Contracts with Customers*, as amended. ASU 2014-09 applies to exchange transactions that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition with a focus on the transfer of control of promised goods or services to a customer.

Contract assets arise when the Organization provides goods or services to a customer in advance of receiving consideration and the right to consideration is conditioned on something other than the passage of time, such as work in process or unbilled receivables. Contract assets are transferred to receivables when the right to receive consideration becomes unconditional and the Organization is able to invoice the customer. Contract liabilities represent the Organization's obligation to provide goods or services to a customer when consideration has already been received from the customer, such as deferred revenue. When goods or services are provided, contract liabilities are reclassified, and revenue is recognized. There are no receivables related to program income as of October 1, 2022 and September 30, 2023. There are no ending contract assets or contract liabilities at September 30, 2023.

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Program Income (Continued)

The Organization reported the following exchange transaction revenue in its statement of activities for the year ended September 30, 2023:

Thrift Store Sales

Thrift store sales revenue includes sales from the Organization's retail operations and is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing goods to the customer. These amounts are generated from sales to customers in Scott County in the State of Minnesota. Customers pay for goods sold on a stand-alone selling price basis at the point of sale which occurs at a point in time. Control is transferred immediately to the customer at the point of sale. All sales are final, and no returns are allowed. Discounts are occasionally provided, and these are recognized at the point of sale. Revenue recognized point in time was $577,401 for the year ended September 30, 2023.

Meal Fees

The Organization operates various sites where individuals age 60+ receive a meal or have a meal delivered to their home in exchange for no fee (if qualified) or for a fee through a suggested donation. In either case, no senior is denied service. In some cases, the fee is submitted by the Organization to seek reimbursement from an individuals' insurance company. Payments received from insurance companies are considered third-party reimbursements on behalf of the individual receiving the meal and are treated as exchange revenues similar to fees paid by the individual. Payments are collected at the time the meal is received by the individual but are billed as incurred for any insurance reimbursement. Revenue recognized point in time from payments received from insurance companies was $158,166 for the year ended September 30, 2023.

CHORE Services

CHORE connects seniors 60+ living in Scott and Carver Counties with independent contractors that provide services such as snow removal, lawn mowing, cleaning, and minor home repairs on a sliding fee scale. Supported by a grant from Trellis (Area Agency on Aging), CHORE helps seniors maintain their independence, stay in their own homes as long as possible, and enhances their quality of life. Revenue recognized point in time was $73,177 for the year ended September 30, 2023.

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

In-Kind Contributions

Contributions of nonfinancial assets (in-kind contributions) of food received from local companies and individuals are recorded in the statement of activities and recognized as revenue and expenses in the period they are received in accordance with accounting standards. The standards require such contributions received that 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 in the financial statements.

Contributed food from local companies and individuals used in its food programs is valued on a reasonable basis and not to exceed the fair market value of the food received valued on the basis of estimates of wholesale values. Unless otherwise noted, in-kind contributions of food do not have donor-imposed restrictions and totaled $580,852 for the year ended September 30, 2023.

The Organization has a contract with Second Harvest Heartland (SHH) to receive and distribute food through its food programs. The Organization is considered an intermediary in an agency transaction arrangement as it must comply with contractual requirements and has limited discretion in carrying out the program. Accordingly, the receipt of food from SHH and related distributions are excluded from the Organization's financial statements.

Accounting standards are different than the in-kind requirements of several of the Organization's grant awards. As a result, during the year ended September 30, 2023, the Organization received contributions of nonprofessional volunteer services of $103,530 for its various programs which are not recognized in these financial statements.

Advertising Costs

The Organization expenses advertising costs as incurred. During 2023, the Organization incurred advertisement costs totaling $9,998.

Income Tax

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

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 the 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 financial statements. The Organization has determined there are no amounts to record as assets or liabilities related to uncertain tax positions.

Note 1: Summary of Significant Accounting Policies (Continued)

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Personnel costs are allocated based on time and effort reporting. Space and related costs are allocated based on square footage.

Change in Accounting Policy

ASU No 2016-02 - *Leases* (Topic 842)

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, *Leases* (Topic 842). ASU 2016-02 is intended to improve financial reporting of leasing transactions by requiring organizations that lease assets to recognize assets and liabilities for the rights and obligations created by leases on the balance sheet. This accounting update also requires additional disclosures surrounding the amount, timing, and uncertainty of cash flows arising from leases. The Organization adopted this guidance for the year ended September 30, 2023 with modified retrospective application to October 1, 2022. The Organization has 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 September 30, 2022) 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.

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

ROU asset - operating lease	$	2,045,336
Lease obligation - operating lease	$	2,045,336

ASC 842 Lease Accounting

The Organization is a lessee in multiple noncancelable operating leases for space and equipment. 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.

Note 1: Summary of Significant Accounting Policies (Continued)

ASC 842 Lease Accounting (Continued)

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.

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 for its space and equipment leases to not separate the lease components of a contract and its associated non-lease components.

Subsequent Events

The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through April 11, 2024, which is the date the financial statements were available to be issued.

Note 2: Concentration of Credit Risk

The Organization maintains cash balances at several financial institutions. Accounts are insured by the Federal Deposit Insurance Corporation up to $250,000 per institution. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Note 3: Liquidity and Availability of Financial Resources

Financial assets available for general expenditure, that is, without donor or other restrictions or designations limiting their use, within twelve months of the statement of financial position date, comprise the following for the Organization as of September 30, 2023:

Cash and cash equivalents	$	26,814
Grants receivable		2,797,670
Accounts receivable		27,144
Total		2,851,628
Less: Funds held for others		(10,493)
Less: Net assets with donor restrictions		(147,543)
Less: Refundable advance liability		(196,335)
Financial assets available to meet general expenditures within one year	$	2,497,257

The Organization does not have a formal liquidity policy but generally maintains financial assets in liquid form. The Organization can rely on a lower cash balance as it is primarily funded with cost reimbursement grants. Under cost reimbursement grants, once expenses are incurred, an organization requests reimbursement from the funding source. The Organization has commitments of future grant awards of approximately $706,000 from the funding sources at September 30, 2023 as described in Note 14.

Note 4: Grants Receivable

The Organization's grants receivable consisted of amounts due from various agencies as follows at September 30, 2023:

Federal agencies - direct	$	1,559,373
State of Minnesota		1,064,090
Other		174,207
Total grants receivable	$	2,797,670

Note 5: Funds Held for Others

The Organization acts as a fiscal agent to manage activities on behalf of one other organization. The cash held is a liability, and the revenue and expenses are excluded from the Organization’s statement of activities. The balance in funds held for others as of September 30, 2023 was $10,493

Note 6: Property and Equipment

Property and equipment consisted of the following at September 30, 2023:

Land and land improvements	$	801,214
Buildings		5,744,807
Equipment and vehicles		794,011
Less: Accumulated depreciation and amortization		(2,341,646)
Property and equipment, net	$	4,998,386

Note 7: Deferred Loans

Deferred loans payable consisted of the following at September 30, 2023:

HUD Supportive Housing, principal forgiven at the end of 20 years. Secured by an 8-plex at 1011 Bryant, South St. Paul, Minnesota, and a duplex at 13404-13406 Aldrich Avenue, Burnsville, Minnesota payable on March 17, 2026, including 1% interest.	$	232,517
HUD Supportive Housing, forgiven 10% per year starting year 11 through year 20. Secured by a 6-plex at 215 South Street, South St. Paul, Minnesota. Expected forgiveness revenue for this deferred loan will be recorded during the year ended September 30, 2023.		9,900
Dakota County CDA HOME funds, interest forgiven after 30 years, principal due upon sale. Secured by a home at 4710 Grenada Point, Eagan, Minnesota, payable at March 16, 2028, including interest at 10%.		24,944
Dakota County CDA HOME funds, interest forgiven after 30 years, principal due upon sale. Secured by a home at 7802 Glenda Court, Apple Valley, Minnesota, payable at March 19, 2028, including interest at 10%.		20,909
Dakota County CDA HOME funds, principal and interest forgiven after 10 years. Secured by a duplex at 13406 Aldrich Ave So., Burnsville, Minnesota, payable at March 17, 2026, including interest at 1%.		229,263
HUD Supportive Housing, forgiven 10% per year starting year 11 through year 20. Secured by a 6-plex at 541 12th Avenue North, South St. Paul, Minnesota. Expected forgiveness revenue for this deferred loan will be recorded during the year ended September 30, 2023.		12,100
HUD Supportive Housing, principal forgiven at the end of 20 years. Secured by a 7-plex at 4309 124th Street West, Savage, Minnesota, payable at August 18, 2025, including 0% interest.		90,000
Dakota County CDA HOME funds, principal and 0% accrued interest due March 31, 2042. Secured by property at 1011 Bryant Ave, South St Paul, Minnesota.		1,181,504
Total deferred loans payable	$	1,801,137

Note 7: Deferred Loans (Continued)

Forgiveness of deferred loans are as follows for the years ending September 30:

2024	$	22,000
2025		90,000
2026		232,517
2027		229,263
2028		45,853
Thereafter		1,181,504
Total	$	1,801,137

Deferred loans must be repaid only upon sale of the properties or conversion of such properties from their required uses. Deferred loans are recorded at their principal amounts because no expiration dates for such obligations can be established; also, the loans are to be forgiven if no event triggers repayment prior to the expiration dates of the agreements. The Organization has the intention and believes it has the ability to maintain the properties in accordance with the agreements until the agreements expire.

Note 8: Notes Payable

Notes payable consisted of the following at September 30, 2023:

Note payable, secured by property used for permanent and transitional housing, no monthly payments and interest at 0% per annum, matures October 31, 2040.	$	414,079
Mortgage payable secured by office building in Shakopee, Minnesota, monthly payments of $16,042 beginning January 1, 2023 and interest at 0% per annum, matures December 1, 2032.		486,430
Mortgage payable, secured by office building in Rosemount, Minnesota, monthly payments of $6,183 include interest at 4.925% per annum, matures June 20, 2023.		1,972
Total		902,481
Current portion		(54,559)
Long-term notes payable	$	847,922

Note 8: Notes Payable (Continued)

Future maturities of notes payable are as follows for the years ending September 30:

2024	$	54,559
2025		52,587
2026		52,587
2027		52,587
2028		52,587
Thereafter		637,574
Total	$	902,481

Interest expense for the year ended September 30, 2023 was $2,886.

Note 9: Line of Credit

The Organization has entered into a $250,000 commercial line of credit agreement with a financial institution. The line of credit is secured by the office building in Rosemount, Minnesota, has interest at prime rate plus 1.5%, and matures October 30, 2040. There was no balance outstanding at September 30, 2023.

Note 10: Retirement Plan

The Organization has a 401(k) plan covering substantially all employees. The Organization contributes a match (matching contribution) equal to 50% of the first 6% of eligible earnings that the employee elects to contribute to the plan (elective deferrals). Employees must make elective deferrals in order to receive the matching contribution. The matching contribution is funded each pay period when the employee's elective deferrals are made and is calculated based on the employee's earnings for that pay period. Total expense for the year ended September 30, 2023 was $94,132.

Note 11: Net Assets with Donor Restrictions

Net assets with donor restrictions for a specific purpose consisted of the following amounts at September 30, 2023:

Community programs	$	14,265
Food shelf		72,865
Emergency services		42,445
Energy assistance		17,968
Total net assets with donor restrictions	$	147,543

Amounts released from restrictions related to fulfillment of purpose were $569,987 during the year ended September 30, 2023.

Note 12: Program Operations

The Organization has a grant with the State of Minnesota Department of Commerce for outreach, intake, eligibility, and certification of Low-Income Home Energy Assistance Program (LIHEAP) eligible participants. Client benefits are subsequently paid by the State of Minnesota. During 2023, client benefits in the amount of $7,626,599 were paid by the State to utility companies on behalf of clients and are not included in the statement of activities as they were not part of the grant awards.

Note 13: Contingent Liability

The Organization participates in a number of federal and state grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Compliance issues raised from a program compliance audit could result in grant dollars being returned or reduced. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date.

Note 14: Grant Award Commitments

At September 30, 2023, the Organization had commitments under various ongoing grant awards of approximately $706,000. The revenue relating to these grants is not recognized in the accompanying financial statements because the revenue recognition is conditional on the incurrence of expenditures or the performance of services in the next fiscal year.

Note 15: Leases

The Organization leases several facilities and equipment and these leases entered into include one or more options to renew. The renewal terms can extend the lease term from one to three years. 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 intends to exercise the renewal options for its office space, which consist of 2 five-year options. The renewal options have been recognized in the respective right-of-use asset and liability. All other renewal options have not been recognized as the Organization does not intend to exercise those options.

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 plus, for many of the Organization’s leases, variable payments. The Organization’s office space leases require it to make variable payments for the Organization’s proportionate share of the building’s property taxes, insurance, and common area maintenance. These variable lease payments are not included in lease payments used to determine the lease liability and are recognized as variable costs when incurred.

Note 15: Leases (Continued)

Operating leases are included in the following asset and liability accounts on the Organization's Statement of Financial Position: Operating Lease Assets, Current Operating Lease Liability, and Noncurrent Operating Lease Liability.

Components of lease expense were as follows for the year ended September 30, 2023:

Lease cost		
Operating lease cost	$	233,270

Supplemental cash flow information related to leases is as follows for the year ended September 30, 2023:

Other information		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$	204,211
Weighted-average remaining lease term - Operating leases		14.42
Weighted-average discount rate - Operating leases		4.1 %

Maturities of lease liabilities are as follows as of September 30, 2023:

2024	$	250,075
2025		204,714
2026		194,557
2027		173,096
2028		159,068
Thereafter		1,665,966
Total lease payments		2,647,476
Less imputed interest		(677,719)
Total	$	1,969,757

Supplementary Information

Scott-Carver-Dakota CAP Agency, Inc.

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Grant Award Number	Assistance Listing	Federal Expenditures
U.S. Department of Agriculture			
Pass-Through:			
State of Minnesota, Department of Education - Child and Adult Care Food Program	N/A	10.558	$ 88,659
Total U.S. Department of Agriculture			88,659
U.S. Department of Housing and Urban Development			
Pass-Through:			
State of Minnesota, Department of Human Services - Emergency Services Grant	GRK%202635	14.231	62,287
State of Minnesota, Department of Human Services - Emergency Services Grant	GRK%234072	14.231	5,405
COVID-19, State of Minnesota, Department of Human Services - ESG CARES (ESG-CV2) Emergency Shelter	GRK%189481	14.231	21,676
State of Minnesota, Department of Human Services - ESG Shelter Grant	GRK%203103	14.231	155,550
Subtotal 14.231			244,918
Dakota County CDA Agency - HOME loan	N/A	14.239	1,181,504
Direct:			
Continuum of Care	MN0070L5K032114	14.267	23,207
Continuum of Care	MN0070L5K032215	14.267	6,704
Continuum of Care	MN0163L5K031012	14.267	49,791
Continuum of Care	MN0163L5K032113	14.267	187,683
Continuum of Care	MN0402L5K032003	14.267	866
Continuum of Care	MN0402L5K032104	14.267	336,574
Continuum of Care	MN0279L5K032007	14.267	6,209
Continuum of Care	MN0279L5K032108	14.267	148,719
Subtotal 14.267			759,753
Total U.S. Department of Housing and Urban Development			2,186,175

Scott-Carver-Dakota CAP Agency, Inc.

Schedule of Expenditures of Federal Awards (Continued)

Year Ended September 30, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Grant Award Number	Assistance Listing	Federal Expenditures
U.S. Department of Health and Human Services			
Pass-Through:			
Trellis - Chore, Home Modification and Assisted Transportation Services	N/A	93.044	$ 33,935
Trellis - Special Programs for the Aging - Title III, Part C-Nutrition Services	311-21-003C-113	93.045	312,135
Trellis - Special Programs for the Aging - Title III, Part C-Nutrition Services	311-23-003C-113	93.045	899,828
Subtotal 93.045			1,211,963
Total Aging Cluster			1,245,898
State of Minnesota, Department of Commerce - Energy Assistance Program	165631/12671	93.568	1,037,267
State of Minnesota, Department of Commerce - Client direct payments	N/A	93.568	7,626,599
Subtotal 93.568			8,663,866
State of Minnesota, Department of Human Services - Community Services Block Grant	GRK% 197461	93.569	757,255
State of Minnesota, Department of Human Services - Community Services Block Grant	EGMS 229492	93.569	27,934
COVID-19 - State of Minnesota, Department of Human Services -Community Services Block Grant	2001MNCSC3	93.569	12,353
Subtotal 93.569			797,542
Regional Baseline Child Care Resource & Referral Services	GRK%131116	93.575	219,377
Total CCDF Cluster			219,377
Direct:			
Early Head Start Federal 22-23	05CH011560-03	93.600	248,430
Early Head Start Federal 23-24	05CH011560-04	93.600	357,712
COVID-19 Head Start American Rescue Plan	05HE000962	93.600	168,907
Head Start Federal 22-23	05CH011560-02	93.600	1,029,195
Head Start Federal 23-24	05CH011560-03	93.600	1,451,186
Subtotal 93.600, Total Head Start Cluster			3,255,430
Total U.S. Department of Health and Human Services			14,182,113

Scott-Carver-Dakota CAP Agency, Inc.

Schedule of Expenditures of Federal Awards (Continued)

Year Ended September 30, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Grant Award Number	Assistance Listing	Federal Expenditures
U.S. Department of Homeland Security			
Pass-Through:			
State of Minnesota, Department of Human Services - Emergency Food and Shelter Program	37-4859-10-001	97.024	$ 1,705
State of Minnesota, Department of Human Services - Emergency Food and Shelter Program	38-4859-10-001	97.024	6,079
State of Minnesota, Department of Human Services - COVID-19-Emergency Food and Shelter Program	489510-001	97.024	5,075
Subtotal 97.024			12,859
Total U.S. Department of Homeland Security			12,859
Total Expenditures of Federal Awards			$ 16,469,806

See Notes to Schedule of Expenditures of Federal Awards.

See Independent Auditor's Report.

Scott-Carver-Dakota CAP Agency, Inc.

Notes to Schedule of Expenditures of Federal Awards

Year Ended September 30, 2023

Note 1: General

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Scott-Carver-Dakota CAP Agency, Inc. under programs of the federal government for the year ended September 30, 2023. The information in this schedule is presented in accordance with requirements of the 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 Scott-Carver-Dakota CAP Agency, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of Scott-Carver-Dakota CAP Agency, Inc.

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. Pass-through entity identifying numbers are presented where available.

Note 3: Energy Assistance Payments

Included in AL total 93.568 are client benefits paid by the State of Minnesota of $7,626,599. These expenditures are not included in the statement of activities.

Note 4: Indirect Cost Rate

Scott-Carver-Dakota CAP Agency, Inc. has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 5: Sub-Recipients

Scott-Carver-Dakota CAP Agency, Inc. does not have any sub-recipients of federal awards.

Note 6: Outstanding Loan

The loan program listed subsequently is administered directly by Scott-Carver-Dakota CAP Agency, Inc. and the balance and transactions relating to the program are included in Scott-Carver-Dakota CAP Agency, Inc.'s basic financial statements. Loans outstanding at the beginning of the year, and loans made during the year, are included in the federal expenditures presented in the Schedule. The balance of the loan outstanding at September 30, 2023, consists of:

AL #14.239 Home Investments Partnerships Program Loans	$1,181,504

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
Scott-Carver-Dakota CAP Agency, Inc.
Shakopee, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Scott-Carver-Dakota CAP Agency, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2023 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 April 11, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Scott-Carver-Dakota CAP Agency, 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 Scott-Carver-Dakota CAP Agency, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Scott-Carver-Dakota CAP Agency, 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 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 Scott-Carver-Dakota CAP Agency, 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*.

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 Scott-Carver-Dakota CAP Agency, 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 Scott-Carver-Dakota CAP Agency, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wipfli LLP

Wipfli LLP
Madison, Wisconsin

April 11, 2024

WIPFLI

Independent Auditor's Report on Compliance for Each Major Federal Programs and on Internal Control Over Compliance Required by the Uniform Guidance

Board of Directors
Scott-Carver-Dakota CAP Agency, Inc.
Shakopee, Minnesota

Report on Compliance for Each Major Federal Programs

Opinion on Each Major Federal Programs

We have audited Scott-Carver-Dakota CAP Agency, 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 Scott-Carver-Dakota CAP Agency, Inc.'s major federal programs for the year ended September 30, 2023. Scott-Carver-Dakota CAP Agency, 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, Scott-Carver-Dakota CAP Agency, 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 September 30, 2023.

Basis for Opinion for Each Major Federal Program

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

We are required to be independent of Scott-Carver-Dakota CAP Agency, 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 Scott-Carver-Dakota CAP Agency, 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 Scott-Carver-Dakota CAP Agency, Inc.’s federal programs.

Auditor's Responsibility 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 Scott-Carver-Dakota CAP Agency, 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 Scott-Carver-Dakota CAP Agency, 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 Scott-Carver-Dakota CAP Agency, 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 Scott-Carver-Dakota CAP Agency, 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 Scott-Carver-Dakota CAP Agency, 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

April 11, 2024

Scott-Carver-Dakota CAP Agency, Inc.

Schedule of Findings and Questioned Costs

Year Ended September 30, 2023

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on whether the financial statements were prepared in accordance with GAAP	Unmodified
Internal control over financial reporting:	
Material weakness identified?	No
Significant deficiency identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major federal programs:	
Material weakness identified?	No
Significant deficiency 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 Federal Major Programs	AL No.
Low-Income Home Energy Assistance	93.568
Continuum of Care Program	14.267

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 – Summary Schedule of Prior Year Findings

Finding 2022-001: Accounting for In-Kind Contributions

Condition: During the audit, Wipfli LLP proposed an adjusting journal entry to properly record food in-kind contributions which we deem to be significant in relation to the financial statements. Since the internal controls of Scott-Carver-Dakota CAP Agency, Inc. did not detect and record the adjustment described above prior to the audit, a significant deficiency exists in the Organization's internal controls over the presentation of food in-kind contributions in accordance with accounting principles generally accepted in the United States.

Recommendation: We recommend Scott-Carver-Dakota CAP Agency, Inc. implement procedures to provide sufficient internal control over the reporting of food in-kind so all necessary transactions are recorded in accordance with generally accepted accounting principles.

Current Year Status: This finding was resolved during fiscal year 2023.