Anoka County Community Action Program, Inc. and Affiliates

Blaine, Minnesota

Consolidated Financial Statements and Supplementary Information

Year Ended December 31, 2021

WIPFLI

Anoka County Community Action Program, Inc. and Affiliates

Consolidated Financial Statements and Supplementary Information
Year Ended December 31, 2021

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Independent Auditor's Report

Board of Directors
Anoka County Community Action Program, Inc.
Blaine, Minnesota

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Anoka County Community Action Program, Inc., and Affiliates, which comprise the consolidated statement of financial position as of December 31, 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Anoka County Community Action Program, Inc. and Affiliates as of December 31, 2021, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Anoka County Community Action Program, Inc., and Affiliates and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. The financial statements of ACCAP Thousand Oaks, LLC, ACCAP Thousand Oaks, LP, HTC Partnership LLC, ACCAP Liberty Park LP, ACCAP HUD Homes, LP, ACCAP Oak Manor, LP, ACCAP Woodfield, LP, ACCAP II LLC, ACCAP-Ramsey Townhomes and ACCAP/Rise Partnership were not audited in accordance with *Government Auditing Standards*.

Responsibilities of Management for the Consolidated Financial Statements

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

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

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

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

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

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

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

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 1, 2022 on our consideration of Anoka County Community Action Program, Inc.'s and Grasslands Housing, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to solely 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 Anoka County Community Action Program, Inc.'s and Grasslands Housing, 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 Anoka County Community Action Program, Inc.'s and Grasslands Housing, Inc.'s internal control over financial reporting and compliance.

Wipfli LLP

Wipfli LLP

September 1, 2022
Madison, Wisconsin

Anoka County Community Action Program, Inc. and Affiliates

Consolidated Statement of Financial Position

December 31, 2021

Assets	
Current assets:	
Cash	$ 1,488,883
Grants receivable	2,918,250
Accounts receivable, net	221,270
Prepaid expenses	16,262
Total current assets	4,644,665
Investments	3,857,345
Other assets:	
Forgivable housing loans receivable	165,835
Operating lease asset, net	355,842
Finance lease asset, net	716,140
Restricted reserves	756,477
Total other assets	1,994,294
Property and equipment, net	19,537,127
TOTAL ASSETS	$ 30,033,431

See accompanying notes to consolidated financial statements.

Anoka County Community Action Program, Inc. and Affiliates

Consolidated Statement of Financial Position (Continued)

December 31, 2021

Liabilities and Net Assets	
Current liabilities:	
Notes payable, current portion	$ 272,692
Forgivable loans payable, current portion	12,229
Operating lease obligations, current portion	75,953
Finance lease obligations, current portion	115,000
Accounts payable	339,440
Security deposits	239,246
Refundable advance liability	187,878
Accrued payroll and related expenses	1,105,031
Total current liabilities	2,347,469
Long-term liabilities:	
Notes payable	8,649,815
Forgivable loans payable	449,534
Operating lease obligations	288,572
Finance lease obligations	781,917
Accrued interest	525,048
Forgivable housing loans	51,935
Total long-term liabilities	10,746,821
Total liabilities	13,094,290
Net assets:	
Without donor restrictions	16,928,641
Without donor restrictions - board designated	10,500
Total net assets without donor restrictions	16,939,141
TOTAL LIABILITIES AND NET ASSETS	$ 30,033,431

Anoka County Community Action Program, Inc. and Affiliates

Consolidated Statement of Activities

Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Grant revenue	$ 14,771,231	$ 0	$ 14,771,231
Other revenue	546,251	0	546,251
Contributions	7,135	0	7,135
Program service fees	65,922	0	65,922
Rental revenue	3,508,608	0	3,508,608
Investment income	266,393	0	266,393
Debt forgiveness	34,191	0	34,191
In kind contributions	60,209	0	60,209
Gain on sale of equipment	361,534	0	361,534
Net assets released from restriction through satisfaction of program restrictions	140,194	(140,194)	0
Total revenue	19,761,668	(140,194)	19,621,474
Expenses:			
Program	15,998,443	0	15,998,443
Management and general	2,941,818	0	2,941,818
Development and fund-raising	63,956	0	63,956
Total expenses	19,004,217	0	19,004,217
Change in net assets	757,451	(140,194)	617,257
Net assets at beginning of year	16,181,690	140,194	16,321,884
Net assets at end of year	$ 16,939,141	$ 0	$ 16,939,141

See accompanying notes to consolidated financial statements.

Anoka County Community Action Program, Inc. and Affiliates

Consolidated Statement of Functional Expenses

Year Ended December 31, 2021

	Program Expenses	Management and General	Development and Fundraising	Total
Personnel	$ 7,220,859	$ 1,694,228	$ 63,956	$ 8,979,043
Beneficiary assistance	3,232,710	0	0	3,232,710
Professional services	326,464	192,037	0	518,501
Insurance	195,881	25,444	0	221,325
Occupancy	700,441	314,013	0	1,014,454
Depreciation	843,458	304,834	0	1,148,292
Interest	268,508	0	0	268,508
Property tax	432,641	0	0	432,641
Repair and maintenance	1,519,936	0	0	1,519,936
Office expense	1,197,336	174,731	0	1,372,067
Bad debt expense	0	236,531	0	236,531
In-kind	60,209	0	0	60,209
Total	$ 15,998,443	$ 2,941,818	$ 63,956	$ 19,004,217

See accompanying notes to consolidated financial statements.

Anoka County Community Action Program, Inc. and Affiliates

Consolidated Statement of Cash Flows

Year Ended December 31, 2021

Increase (decrease) in cash and restricted reserves:		
Cash flows from operating activities:		
Change in net assets	$	617,257
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation		1,148,292
Gain on sale of equipment	(	361,534)
Amortization of financing fees		12,532
Amortization of capitalized interest		2,596
Payments of operating lease obligations	(	68,713)
Amortization of operating lease assets included in occupancy expense		71,447
Realized and unrealized gain on investments	(	199,045)
Loans forgiven	(	34,191)
Bad debt expense		236,531
Changes in operating assets and liabilities:		
Grants receivable	(	1,221,667)
Accounts receivable	(	167,150)
Prepaid expenses		9,899
Accounts payable	(	98,834)
Security deposits	(	17,156)
Accrued payroll and related expenses		153,261
Accrued interest		22,407
Refundable advance liability		106,920
Net cash provided by operating activities		212,852
Cash flows from investing activities:		
Purchase of investments	(	1,134,457)
Purchase of property and equipment	(	84,869)
Proceeds from sale of investments		1,074,791
Proceeds from sale of property and equipment		429,682
Net cash provided by investing activities		285,147

Anoka County Community Action Program, Inc. and Affiliates

Consolidated Statement of Cash Flows (Continued)

Year Ended December 31, 2021

Cash flows from financing activities:		
Principal payments on notes payable	(	444,646)
Principal payments on finance lease obligations	(	110,000)
Net cash used in financing activities	(	554,646)
Change in cash and restricted reserves	(	56,647)
Cash and restricted reserves- Beginning of year		2,302,007
Cash and restricted reserves - End of year	$	2,245,360
Other cash activity:		
Interest paid	$	246,101
Reconciliation of cash and restricted reserves at December 31, 2021:		
Cash	$	1,488,883
Restricted reserves		756,477
Total cash and restricted reserves	$	2,245,360

Note 1: Summary of Significant Accounting Policies

Nature of Operations

Anoka County Community Action Program, Inc. (ACCAP) was organized as a nonprofit corporation in 1965. ACCAP was formed to act as an innovative catalyst for empowering lower income Anoka County residents to achieve their aspirations and dreams. ACCAP is primarily supported through federal and state government grants. Approximately 51% of ACCAP's grant funding is received from the U.S. Department of Health and Human Services for the Head Start program.

Grasslands Housing, Inc. (Grasslands), an affiliated organization, was organized as a nonprofit corporation in 1980 to promote health care and welfare needs by providing elderly and handicapped persons with housing facilities and services specially designed to meet their needs. Grasslands is primarily supported through a HUD grant used to operate a low-income handicapped housing project located in Coon Rapids, Minnesota. ACCAP and Grasslands have common Board members and are managed by the same individuals.

ACCAP Thousand Oaks, LLC is a wholly owned subsidiary of ACCAP that was organized to purchase the limited partner interest in the ACCAP Thousand Oaks, LP. This purchase occurred in April 2012.

ACCAP Thousand Oaks, LP, is a limited partnership in which ACCAP has 100% ownership due to ACCAP holding a 1% general partner interest in the partnership and ACCAP's wholly owned subsidiary, ACCAP Thousand Oaks, LLC, owning a 99% limited partner interest. ACCAP-Thousand Oaks Limited Partnership (the "T.O. Partnership") is a limited partnership organized under the laws of the State of Minnesota for the purpose of acquiring, operating, holding for investment, and ultimately selling income-producing real estate. The Partnership owns and operates 12 multi-family rental town homes in Coon Rapids, Minnesota. The Partnership shall cease on December 31, 2036, unless dissolved sooner.

HTC Partnership, LLC is a wholly owned subsidiary of ACCAP that was organized to purchase the limited partner interest in the ACCAP Liberty Park, LP. This purchase occurred in 2013. In addition to holding the limited partner interest in ACCAP Liberty Park, LP, this entity also holds the limited partnership interest of ACCAP HUD Homes, LP, ACCAP Oak Manor LP, an ACCAP Woodfield, LP. The purchase of these 3 additional partnerships occurred in 2015.

ACCAP Liberty Park, LP, is a limited partnership in which ACCAP has 100% ownership due to ACCAP holding a 1% general partner interest in the partnership and ACCAP's wholly owned subsidiary, ACCAP Liberty Park, LLC, owning a 99% limited partner interest. ACCAP-Liberty Park Limited Partnership (the "L.P. Partnership") is a limited partnership organized under the laws of the State of Minnesota for the purpose of acquiring, operating, holding for investment, and ultimately selling income-producing real estate. The Partnership owns and operates 10 multi-family rental town homes in Coon Rapids, Minnesota. The Partnership shall cease on December 31, 2036, unless dissolved sooner.

ACCAP II, LLC is a wholly owned subsidiary of ACCAP that was organized to purchase the general partner interest in the ACCAP/Rise Partnership. This purchase occurred in 2015.

Note 1: Summary of Significant Accounting Policies (Continued)

Nature of Operations (Continued)

ACCAP/Rise Partnership ("ACCAP/Rise") is a general partnership organized under the laws of the State of Minnesota for the purpose of acquiring, operating, holding for investment, and ultimately selling income-producing real estate. ACCAP/Rise owns and operates rental property in Spring Lake Park, Minnesota.

ACCAP HUD Homes, LP, is a limited partnership in which ACCAP has 100% ownership due to ACCAP holding a 1% general partner interest in the partnership and ACCAP's wholly owned subsidiary, HTC Partnership, LLC, owning a 99% limited partner interest. ACCAP-HUD Homes Limited Partnership (the "HUD Partnership") is a limited partnership organized under the laws of the State of Minnesota for the purpose of acquiring, operating, holding for investment, and ultimately selling income-producing real estate. The Partnership owns and operates 13 multi-family rental town homes and 1 duplex in Anoka County, Minnesota. The Partnership shall cease on December 31, 2039, unless dissolved sooner.

ACCAP Oak Manor, LP, is a limited partnership in which ACCAP has 100% ownership due to ACCAP holding a 1% general partner interest in the partnership and ACCAP's wholly owned subsidiary, HTC Partnership, LLC, owning a 99% limited partner interest. ACCAP Oak Manor Limited Partnership (the "OM Partnership") is a limited partnership organized under the laws of the State of Minnesota for the purpose of acquiring, operating, holding for investment, and ultimately selling income-producing real estate. The Partnership owns and operates 28 multi-family rental town homes and 4 SRO units in Coon Rapids, Minnesota. The Partnership shall cease on December 31, 2035, unless dissolved sooner.

ACCAP Woodfield, LP, is a limited partnership in which ACCAP has 100% ownership due to ACCAP holding a 1% general partner interest in the partnership and ACCAP's wholly owned subsidiary, HTC Partnership, LLC, owning a 99% limited partner interest. ACCAP Woodfield Limited Partnership (the "WF Partnership") is a limited partnership organized under the laws of the State of Minnesota for the purpose of acquiring, operating, holding for investment, and ultimately selling income-producing real estate. The Partnership owns and operates 26 apartment units and 4 SRO units in Blaine, Minnesota. The Partnership shall cease on December 31, 2039, unless dissolved sooner.

ACCAP Ramsey Townhomes, is a limited partnership in which ACCAP has 100% ownership due to ACCAP holding a 1% general partner interest in the partnership and ACCAP's wholly owned subsidiary, HTC Partnership, LLC, owning a 99% limited partner interest. ACCAP Ramsey Townhomes (the "Ramsey Partnership") is a limited partnership organized under the laws of the State of Minnesota for the purpose of acquiring, operating, holding for investment, and ultimately selling income-producing real estate. The Partnership owns and operates 26 apartment units and 4 SRO units in Blaine, Minnesota. The Partnership shall cease on December 31, 2040, unless dissolved sooner. This partnership was acquired on August 31, 2018.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the entities listed above. These entities will be collectively referred to as the "Organizations." All significant intercompany transactions and balances have been eliminated in consolidation. In addition, a separate report has been prepared for Grasslands to comply with U.S. Department of Housing and Urban Development requirements.

Note 1: Summary of Significant Accounting Policies (Continued)

Basis of Presentation

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

Classification of Net Assets

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

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, amounts used for specific programs.

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

Use of Estimates

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

Revenue Recognition

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

- An explicit identifying of a barrier, that is more 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. Unconditional contributions or conditional contributions in which the conditions have been substantially met or explicitly waived by the donor are recorded as support with or without donor restrictions, depending on the existence and nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the year in which the contributions are recognized.

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

A. Grant Awards That Are Contributions

Grants that qualify as contributions are recorded as invoiced to the funding sources in accordance with the terms of the award and ASC Topic 605. Revenue is recognized in the accounting period when the related allowable expenses are incurred. Amounts received in excess of expenses are reflected as a refundable advance liability.

B. Grant Awards That Are Exchange Transactions

Exchange transactions reimburse based on a predetermined rate for services performed in accordance with the terms of the award and ASC Topic 606. The revenue is recognized when control of the promised goods or services is transferred to the customer or grantor in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. There were no material exchange transactions during the year ended December 31, 2021.

Program service fees, other revenue and rental revenue are recognized when earned.

Investments

Investments are recorded at fair value as determined in an active market. Realized and unrealized gains and losses are recognized in investment income (loss) in the consolidated statement of activities. Investment fees are netted against investment income.

Fair Value Measurements

The Organizations measure the fair value of its financial instruments using a three-tier hierarchy, which prioritizes the inputs used in measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to significant unobservable inputs (Level 3 measurements). The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Accounts Receivable

Accounts receivable consist primarily of tenant rents and advances made to other nonprofits. The Organizations analyze rent receivables based on prior collection experience and specific customer attributes. For advances made

Note 1: Summary of Significant Accounting Policies (Continued)

Accounts Receivable (Continued)

to other nonprofits the Organizations evaluate the creditworthiness of the nonprofit establishing an allowance, if necessary. The organizations write off tenant receivables against the allowance when collection efforts have been exhausted. There is an allowance for uncollectible accounts of $171,839 at December 31, 2021 for tenant receivables, there were no allowances for advances made to other nonprofits as these were deemed to be collectible.

Forgivable Housing Loans Receivable/Allowance for Loan Losses

Forgivable housing loans receivable are recorded at the amount of unpaid principal with repayment terms of between 5 to 40 years. The secured loans are non-interest-bearing. Management has the intent and ability to hold all loans for the foreseeable future or until maturity or pay-off. No loans have been issued since 2009. The Organizations do not maintain an allowance for loan loss accounts related to the forgivable housing loans receivable as management believes all loans are collectible and in the event of default by a homeowner, the Organizations could start foreclosure proceedings and take back possession of the home.

Financing Fees

Financing fees represent costs associated with obtaining debt. Unamortized financing fees have been recorded as a reduction to the related debt obligation. The costs are being amortized to interest expense over the maximum term provided in the debt agreement using the straight-line method which approximates the effective interest method. The total cost of financing fees is $260,442, accumulated amortization is $100,921 and current year amortization is $12,532.

Property and Equipment

Property and equipment are capitalized at cost and depreciated over their estimated useful life using either the straight-line or accelerated methods. The Organizations consider property and equipment to be items with a cost of $5,000 or more and a useful life of over one year.

Property and equipment acquired are owned by the Organizations 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 buildings or equipment, as well as the ownership of any proceeds therefrom, are subject to funding source regulations. The net book value of buildings and equipment purchased with grant funds was $607,163 at December 31, 2021.

Lease Policy

The Organizations are a lessee in multiple noncancelable operating and financing leases. If the contract provides the Organizations the right to substantially all the economic benefits and the right to direct the use of the identified asset, it is considered to be a lease. 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)

Lease Policy (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 Organizations have 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. The ROU asset for finance leases is amortized on a straight-line basis over the lease term. 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 Organizations have 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 Organizations are 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 Organizations recognize short-term lease cost on a straight-line basis over the lease term.

Income Taxes

ACCAP and Grasslands are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. They are also exempt from Minnesota franchise or income tax.

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

HTC Partnership, LLC is a sole member LLC and, therefore, is treated as disregarded entity for tax purposes. The member owner of HTC Partnership, LLC is ACCAP. The activity of HTC Partnership, LLC is included in ACCAP's tax return. As a result of HTC Partnership, LLC being treated as a disregarded entity, the activity of ACCAP Liberty Park LP is also included in the tax return of ACCAP.

ACCAP HUD Homes, LLC is treated as a disregarded entity as it is owned by HTC Partnership LLC and ACCAP. The activity of ACCAP HUD Homes LP is included in the tax return of ACCAP.

ACCAP Woodfield, LLC, is treated as a disregarded entity as it is owned by HTC Partnership LLC and ACCAP. The activity of ACCAP Woodfield LP is included in the tax return of ACCAP.

Note 1: Summary of Significant Accounting Policies (Continued)

Income Taxes (Continued)

ACCAP Oak Manor, LLC, is treated as a disregarded entity as it is owned by HTC Partnership LLC and ACCAP. The activity of ACCAP Oak Manor LP is included in the tax return of ACCAP.

ACCAP Ramsey Townhomes, , is treated as a disregarded entity as it is owned by HTC Partnership LLC and ACCAP. The activity of ACCAP Ramsey Townhomes is included in the tax return of ACCAP.

ACCAP II, LLC is a sole member LLC and, therefore, is treated as disregarded entity for tax purposes. The member owner of ACCAP II, LLC is ACCAP. The activity of ACCAP/Rise Partnership, is included in ACCAP's tax return. As a result of ACCAP II, LLC being treated as a disregarded entity, the activity of ACCAP/Rise Partnership is also included in the tax return of ACCAP.

The Organizations are 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 a tax position does not meet the more likely than not recognition threshold, the benefit of that position is not recognized in the consolidated financial statements. The Organizations have determined there are no amounts to record as assets or liabilities related to uncertain tax positions.

In-Kind Contributions

The Organizations have recorded in-kind contributions for space, supplies, and professional services on the consolidated statement of activities and consolidated statement of functional expenses in accordance with a financial accounting standard that requires that only contributions of service received that create or enhance a nonfinancial asset or required specialized skill by the individual possessing those skills and would typically need to be purchased if not provided by donation be recorded. During the year ended December 31, 2021, the Organizations received $60,209 of such contributions for its Head Start program. The requirements of this standard are different than the in-kind requirements of several of the Organization's grant awards. The Organizations received contributions of nonprofessional volunteer services during the year with a fair value of approximately $71,788 also for its Head Start program, which are not recognized in the consolidated statement of activities or consolidated statement of functional expenses.

Functional Allocation of Costs

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

Subsequent Events

Subsequent events have been evaluated through September 1, 2022, which is the date the consolidated financial statements were available to be issued.

Note 2: Concentration of Credit Risk

The Organizations maintain cash balances and a certificate of deposit at one bank. Accounts at this institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. To secure the amounts in excess of $250,000 at the Organizations' main financial institution, the bank has obtained an irrevocable standby letter of credit in the name of the Organizations with the Federal Home Loan Bank of Des Moines. The irrevocable standby letter of credit is $2,500,000.

The Organizations also have investments (see Note 5). The investments are not insured and subject to economic market conditions.

Note 3: Grants Receivable

The balance consists of amounts due from various agencies as follows:

Federal awards	$ 2,099,027
State of Minnesota awards	168,768
Other programs	650,455
Total grants receivable	$ 2,918,250

Note 4: Restricted Reserves

Several housing projects are required to make periodic deposits to various reserve funds established to meet future commitments. These funds are restricted and disbursements must be approved by the funding source. The reserves are as follows:

Tenant security deposits	$ 92,561
Reserves for real estate taxes, insurance repairs and replacements	274,020
Residual receipts	222,539
Debt service	167,357
Total restricted reserves	$ 756,477

Note 5: Investments

Investments, at fair value, consist of the following at December 31, 2021:

Money market	$ 133,116
Corporate bonds	399,124
Exchange traded funds	3,325,105
Total	$ 3,857,345

Investment income consists of the following for the year ended December 31, 2021:

Interest and dividends	$ 85,852
Realized and unrealized gain on investments	199,045
Fees	(18,504)
Total investment income	$ 266,393

Note 6: Property and Equipment

Property and equipment purchased consist of the following:

Land	$ 3,445,961
Land improvements	217,052
Buildings and improvements	27,882,282
Equipment	1,574,260
Subtotal	33,119,555
Accumulated depreciation and amortization	(13,582,428)
Property and equipment, net	$19,537,127

Note 7: Notes Payable

The notes payable balance consists of:

	Current	Long-Term	Total
Note payable to Minnesota Family Housing Fund for the Board and Lodge project at 1% interest with a lump sum payment due August 2026. Collateralized by real estate.	$ 0	$ 90,500	$ 90,500
Northeast Bank loan for Blaine University project. Interest on The loan is 2.15% (adjusts every 5 years). Monthly payments are $19,040 and the loan matures September 2042. Collateralized by real estate.	146,881	3,663,468	3,810,349
Note payable to Family Housing Fund of Minneapolis-St. Paul, Minnesota, for the Anoka West project at a 1% interest rate and due July 2024. Payments of principal and interest are not required until the maturity date. Collateralized by real estate.	0	180,000	180,000
Note payable to Anoka County, Minnesota, for the Anoka West project, at a 0% interest rate with a lump sum payment due July 2024. Collateralized by real estate.	0	100,000	100,000
Note payable (2nd mortgage) to Minnesota Housing Finance Agency (MHFA) at 1% interest and due on August 2027. The original amount of the loan was $396,000. Payments of principal and interest are not required until the maturity date. Collateralized by real estate.	0	475,016	475,016
Note payable to Family Housing Fund of Minneapolis-St. Paul, Minnesota, at 1% interest and due August 2028. The original amount of the loan was $90,000. MHFA required repayment of principal to start in May 2019. Collateralized by real estate.	18,984	0	18,984

Note 7: Notes Payable (Continued)

	Current	Long-Term	Total
Note payable to Anoka County, Minnesota, at a 1% interest rate compounded annually and due August 2027. The original amount of the loan was $26,000. Payments of principal and interest are not required until the maturity date. Collateralized by real estate.	0	26,000	26,000
Affordable Rental Investment Fund Program note payable to Minnesota Housing Finance Agency (MHFA) (2nd mortgage) at a 1% interest rate and due on July 21, 2029 for HUD Homes. Payments of principal and interest are not required until the maturity date.	0	187,550	187,550
Transitional Housing Program note payable to MHFA (5th mortgage) at a 1% interest rate and due on July 7, 2029 for HUD Homes. Payments of principal and interest are not required until the maturity date.	0	200,000	200,000
Note payable to Anoka County, Minnesota, (4th mortgage) at a 1% interest rate and due on March 23, 2029 for HUD Homes. Payments of principal and interest are not required until the maturity date.	0	190,000	190,000
MHFA Trust Fund note payable to MHFA (5th mortgage) at a 1% interest rate and due September 2028 for Woodfield. Payments of principal and interest are not required until the maturity date.	0	148,000	148,000
Affordable Rental Investment Fund Program note payable to MHFA (2nd mortgage) at a 1% interest rate and due September 2028 for Woodfield. Payments of principal and interest are not required until the maturity date.	0	150,000	150,000
Note payable to Anoka County, Minnesota, (6th mortgage) at a 1% interest rate compounded annually and due September 2028 for Woodfield. Payment of principal and interest are not required until the maturity date.	0	227,000	227,000
Note payable (2nd mortgage) to Anoka County at a 1% interest rate compounded annually and due on July 23, 2028. Payments of principal and interest are not required until the maturity date. Collateralized by real estate.	0	306,913	306,913
Note payable to Family Housing Fund of Minneapolis - St. Paul, Minnesota, (3rd mortgage) at 1% interest and due on July 2029 for HUD Homes. Payments of principal and interest are not required until the maturity date.	0	82,286	82,286

Anoka County Community Action Program, Inc. and Affiliates

Note 7: Notes Payable (Continued)

	Current	Long-Term	Total
Note payable to Family Housing Fund of Minneapolis-St. Paul, Minnesota, at 1% interest and due in 2025. The original amount of the loan was $20,000. Payments are not required until the maturity date. Collateralized by real estate.	0	20,000	20,000
Note payable to Anoka County at a 0% due in 2025 for Liberty Park. Payments of principal and interest are not required until the maturity date. Collateralized by real estate.	0	104,264	104,264
Note payable to Northeast State Bank at 3.75% interest due May 2034, with monthly payments of principal and interest of $10,960. Collateralized by real estate.	78,608	1,146,034	1,224,642
Affordable Rental Investment Fund Program mortgage payable to Minnesota Housing Finance Agency with and original loan amount of $310,000 (MHFA) (2nd mortgage) at a 1% interest rate and due on May 1, 2032.	0	310,000	310,000
Mortgage payable to Anoka County, Minnesota, with an original loan amount of $242,441 (3rd mortgage) with a 0% interest rate and due on July 3, 2032. Payments of principal and interest are not required until the maturity date. The terms of this mortgage require that four units be rented to low- and moderate-income families for the period of the loan. If the units are not rented to eligible individuals, the loan is in default and is payable in full.	0	242,441	242,441
First mortgage payable to Prudential Huntoon Paige Associates, Ltd. At an interest rate of 4.76%. Monthly principal and interest payments are $6,187 with the final payment due in August 2042. The mortgage note is secured by the apartment project.	28,219	947,176	975,395
Subtotal	272,692	8,796,648	9,069,340
Unamortized debt issuance cost, net of accumulated amortization	(0)	(146,833)	(146,833)
Total	$ 272,692	$ 8,649,815	$ 8,922,507

Note 7: Notes Payable (Continued)

Future principal payments as of December 31, 2021 are as follows:

2022	$ 272,692
2023	261,372
2024	549,081
2025	401,739
2026	376,440
Thereafter	7,208,016
Total	$ 9,069,340

Note 8: Forgivable Loans Payable

The Organizations have several non-interest-bearing loans that were used for the purchase and renovation of properties used in the Organizations' transitional housing programs. For the year ended December 31, 2021, loans totaling $34,191 were forgiven and recorded as revenue in the consolidated statement of activities. Provided that the Organizations continue to comply with the terms of the loan agreements, the loans will be forgiven and recorded as revenue over the specified term as detailed below:

	Final Date of Forgiveness	Current	Long-Term	Total	Related Property
MHFA Loan	Aug. 2025	$ 0	$ 335,000	$ 335,000	Skyline
MHFA Loan	Feb. 2033	7,297	80,274	87,571	Towerview North
MHFA Loan	Feb. 2033	2,432	26,760	29,192	Towerview North
MHFA Loan	Aug. 2026	2,500	7,500	10,000	Theatre Heights
Totals		$ 12,229	$ 449,534	$ 461,763	

Future forgivable loan maturities at December 31, 2021 are as follows:

2022	$ 12,229
2023	12,229
2024	12,229
2025	347,229
2026	9,729
Thereafter	68,118
Total	$ 461,763

Note 9: Lease Assets and Obligations

The Organizations lease single family homes from Anoka County under a lease which qualifies as a financing lease for accounting purposes.

Finance Lease Assets and Obligations

The Organizations classify its lease with Anoka County as finance leases due to transferring ownership of the land and facilities to the Organizations upon termination of the lease. The finance lease assets are initially measured at cost, which is comprised of the sum of the initial amount of the finance lease liability, initial direct costs incurred, and lease payments made before or at lease commencement, reduced for any lease incentives received. The Organizations amortize the finance lease assets on a straight-line basis over the period from the commencement date to the earlier of the end of the useful life of the asset or the end of the lease term. The finance lease assets cost was $1,406,594 and accumulated amortization was $690,454 at December 31, 2021.

The finance lease liability is initially measured at the present value of the lease payments, discounted using the discount rate determined at commencement. Subsequent to commencement, the finance lease liability is measured on an amortized cost basis using the effective interest method.

The Organizations recognize the following amounts on the consolidated statement of activities during each period of the leases: amortization of the finance lease asset, interest on the lease liability, any variable lease payments in the period in which the obligation is incurred, and any impairment of the finance lease asset. Amortization of the finance lease assets is included in depreciation and amortization expense and finance lease interest costs are included in interest expense on the consolidated statement of functional expenses. There was no impairment of the finance lease assets during the year ended December 31, 2021. Amortization and interest expenses for the finance leases were $59,643 and $53,312 for the year ended December 31, 2021.

The following is a schedule of future minimum payments required under finance lease obligations as of December 31, 2021:

2022	$ 163,000
2023	162,096
2024	160,640
2025	163,789
2026	161,262
Thereafter	322,435
Total minimum lease payments	1,133,222
Unamortized debt issuance costs, net of accumulated amortization	(43,083)
Amount representing interest	(193,222)
Present value of net minimum lease payment	$ 896,917
Current portion, net of interest	$ 115,000
Long-term portion, net of amortized debt issuance costs	781,917
Total	$ 896,917

Note 9: Lease Assets and Obligations (Continued)

Operating Lease Assets and Liabilities

The Organizations classify leases as operating leases if they are not short-term leases or finance leases. For operating leases, the Organizations recognize a right-of-use asset and a lease liability at lease commencement. The initial operating lease assets are initially measured at cost, which is comprised of the sum of the initial amount of the operating lease liability, initial direct costs incurred, and lease payments made before or at lease commencement, reduced for any lease incentives received.

The operating lease liability is initially measured at the present value of the lease payments, discounted using the discount rate determined at commencement.

The Organizations recognize a single lease expense on the consolidated statement of functional expenses, calculated so that the remaining cost of the lease is allocated over the remaining lease term on a straight-line basis. The lease cost equals the total lease payments for the lease term, plus total initial direct costs incurred, less the periodic lease cost previously recognized. Any variations in lease payments dependent on a rate or index are expensed in the period in which they are incurred. There were no other variable payments outside of those based on an index or rate. Lease expense for the year ended December 31, 2021 was $87,693.

The following is a schedule of future minimum payments required under operating lease obligations as of December 31, 2021:

2022	$ 89,623
2023	89,623
2024	89,623
2025	89,623
2026	44,811
Total minimum lease payments	403,303
Amount representing interest	(38,778)
Present value of net minimum lease payments	364,525
Less: Current portion	(75,953)
Total long-term portion	$ 288,572

The Organizations sublease space at the administrative office to two other organizations under operating leases. Payments received under these subleases for the year ended December 31, 2021, was $257,824.

Note 10: Lessor Activity

Rental income of $3,508,608 is included in the consolidated statement of activities. Leases are all for one year or less. The Organizations rental projects are a mix of Transitional Housing projects and low-to-moderate income units.

Note 10: Lessor Activity (Continued)

A summary of the acquisition costs and accumulated depreciation on the above properties at December 31, 2021, is as follows:

Land	$ 2,987,924
Land improvements	217,052
Buildings and improvements	23,704,322
Equipment	223,483
Subtotal	27,132,781
Accumulated depreciation	(9,483,028)
Net	$ 17,649,753

Note 11: Net Assets With Donor Restrictions

Net assets with donor restrictions of $140,194 were released from donor restrictions by incurring expenses, satisfying the restricted purpose specified by the donor.

Note 12: Retirement Plan

All employees of the Organizations are eligible to participate in a voluntary self-directed retirement plan authorized under Section 403(b) of the Internal Revenue Code. For regular status employees, the Organizations contribute $1 for every dollar each employee contributes up to the lesser of $3,500 or 10% of annual gross wages. The employees are vested upon contribution to the plan. Total contributions during the year ended December 31, 2021, were $264,328.

Note 13: Grant Awards

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

Note 14: Program Operations

The Organizations have a grant with the State of Minnesota, Department of Commerce for outreach, intake, eligibility, and certification of LIHEAP-eligible participants. Client benefits for LIHEAP-eligible participants are subsequently paid directly by the State of Minnesota. Client benefits in the amount of $1,499,833 paid by the state are not included in the consolidated statement of activities as they were not part of the grant award.

The Organizations have a grant with the State of Minnesota for Child Care Assistance eligible participants. Client benefits for Child Care Assistance are subsequently paid directly by the State of Minnesota. Client benefits in the amount of $12,980,506 paid by the state are not included in the consolidated statement of activities as they were not part of the grant award.

Note 15: Fair Value Measurements

The following is a description of the valuation methodologies used for assets measured at fair value:

- Money market funds are valued using $1 as the net asset value.
- Corporate bonds are valued at quoted market prices based on recent trading activity and other observable market data.
- Exchange traded funds are valued at quoted market prices.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair value. Furthermore, while the Organizations believe the valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There were no transfers between Level 1 and Level 2 during the year ended December 31, 2021. Information regarding assets measured at fair value on a recurring basis was as follows at December 31, 2021:

	Fair Value Measurements Using			Total Assets
	Level 1	Level 2	Level 3	at Fair Value
Money market	$ 0	$ 133,116	$ 0	$ 133,116
Corporate bonds	0	399,124	0	399,124
Exchange traded funds:				
Fixed income	1,111,497	0	0	1,111,497
Equity	2,213,608	0	0	2,213,608
Total assets	$ 3,325,105	$ 532,240	$ 0	$ 3,857,345

Note 16: Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions or designations limiting their use, within twelve months of the statement of financial position date, are comprised of the following as of December 31, 2021:

Cash	$1,488,883
Investments	3,857,345
Subtotal financial assets	5,346,228
Less: Refundable advance liability	(187,878)
Less: Board designated funds	(10,500)
Total	$ 5,147,850

The Organizations do not have a formal liquidity policy but generally maintain financial assets in liquid form such as cash and cash equivalents for approximately two to three months of operating expenses.

The Organizations invest in a broadly diversified portfolio, which can include equities, debt instruments, both private and public, and money market funds, which can be liquidated if needed. This is done with excess non-restricted funds to maximize return of investment without undue risk. The Organizations have grant commitments for future expenses of approximately $7,000,000.

Supplementary Information

Anoka County Community Action Program, Inc.

Schedule A
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2021

Federal Grantor/Pass-Through Grantor/Program Title	Grant Number	Federal AL Number	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Passed-Through the State of Minnesota, Department of Education			
Child and Adult Care Food Program	N/A	10.558	**$ 255,734**
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed-Through MN Homeownership Center			
HUD Comprehensive Housing	FY 2020-02	14.169	**6,844**
Passed-Through Anoka County			
CDBG Entitlement Grants Cluster			
Community Development Block Grants	C0007135, C0007136	14.218	**966**
U.S. DEPARTMENT OF TREASURY			
Passed-Through Anoka County			
COVID-19 Housing Assistance program	C000008175	21.019	**211**
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed-Through Metropolitan Area Agency on Aging			
Aging Cluster			
Special Programs for Aging - Title III, Part B	311-20-003B-299, 311-20-003B-299-1	93.044	**70,615**
Passed-Through the State of Minnesota, Department of Commerce			
Low-Income Home Energy Assistance	1563	93.568	**1,867,813**
Passed-Through the State of Minnesota, Department of Human Services			
COVID-19 Community Services Block Grant	GRK% 177845	93.569	47,667
Community Services Block Grant	GRK% 157606		293,792
Total AL# 93.569			**341,459**
Passed-Through the State of Minnesota, Department of Human Services			
CCDF Cluster			
Child Care and Development Block Grant	GRK%131114, GRK%131118	93.575	**209,463**
Direct Grant			
Head Start Cluster			
COVID-19 Head Start	05HP000317-01, 05HP000317-02	93.600	454,839
Head Start	05CH010250-05, 05CH011838-01		7,113,731
Total AL# 93.600			**7,568,570**
TOTAL FEDERAL EXPENDITURES			**$ 10,321,675**

Anoka County Community Action Program, Inc.

Schedule A

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2021

Notes to the Schedule of Expenditures of Federal Awards

NOTE 1 - Basis of Presentation

The schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Anoka County Community Action Program, Inc. under programs of the federal government for the year ended December 31, 2021. The information in this schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of operations of Anoka County Community Action Program, Inc. it is not intended to and does not present the financial position, changes in net assets or cash flows of Anoka County Community Action Program, 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. 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

Anoka County Community Action Program, Inc. has elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 4 - State of Minnesota eHeat Payments

Included in AL# 93.568 are client benefits paid by the State of Minnesota of $1,499,833. These expenditures are not included in the consolidated statement of activities.

NOTE 5 - Subrecipients

Anoka County Community Action Program, Inc. did not subcontract any federal funds to subrecipients for the year ended December 31, 2021.

Anoka County Community Action Program, Inc.

Schedule B

Schedule of Financial Information for ACCAP Thousand Oaks Property

December 31, 2021

Assets, Liabilities, and Net Assets		
Assets:		
Cash	$	238,973
Restricted reserves		110,159
Security deposit cash		12,637
Accounts receivable		3,627
Property and equipment, net		343,053
Total assets		708,449
Liabilities and net assets:		
Accounts payable		2,108
Accrued interest payable		22,563
Security deposits		11,767
Deferred revenue		494
Notes payable		520,000
Total liabilities		556,932
Net assets without donor restrictions		151,517
Total liabilities and net assets	$	708,449

Income and Expense for the Year Ended December 31, 2021		
Revenue:		
Rental revenue	$	178,323
Interest income (expense)		444
Total revenue		178,767
Expenses:		
Administration		27,108
Maintenance		29,444
Utilities		6,490
Insurance		7,715
Real estate taxes		17,977
Depreciation		49,378
Total expenses		138,112
Change in net assets	$	40,655

The above information is included in the consolidated financial statements. This schedule is provided to satisfy an MHFA requirement.

WIPFLI

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Directors
Anoka County Community Action Program, Inc.
Blaine, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Anoka County Community Action Program, Inc. (a nonprofit organization) and Affiliates, which comprise the consolidated statement of financial position as of December 31, 2021, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated September 1, 2022. The financial statements of ACCAP Thousand Oaks, LLC, ACCAP Thousand Oaks, LP, HTC Partnership LLC, ACCAP Liberty Park LP, ACCAP HUD Homes, LP, ACCAP Oak Manor, LP, ACCAP Woodfield, LP, ACCAP II LLC, ACCAP-Ramsey Townhomes and ACCAP/Rise Partnership were not audited in accordance with *Government Auditing Standards* and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with these entities.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Anoka County Community Action Program, Inc.'s and Grasslands Housing, Inc.'s internal control over financial reporting (internal control) as a basis for designing the 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 Anoka County Community Action Program, Inc.'s and Grasslands Housing, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Anoka County Community Action Program, Inc.'s and Grasslands Housing, Inc.'s internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Anoka County Community Action Program, Inc.'s and Grasslands Housing, 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 Anoka County Community Action Program, Inc.'s and Grasslands Housing, 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 Anoka County Community Action Program, Inc.'s and Grasslands Housing, Inc.'s internal control over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose.

Wipfli LLP

Wipfli LLP

September 1, 2022
Madison, Wisconsin

WIPFLI

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

Board of Directors
Anoka County Community Action Program, Inc.
Blaine, Minnesota

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Anoka County Community Action Program, Inc.'s (a nonprofit organization) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on its major federal programs for the year ended December 31, 2021. Anoka County Community Action Program, Inc.'s major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Anoka County Community Action Program, Inc.'s consolidated financial statements include Grasslands Housing, Inc., a related entity, that has greater than $750,000 of federal awards in the year ended December 31, 2021, and has had a separate single audit, and therefore, the federal expenditures of that entity are not included in this audit.

In our opinion, Anoka County Community Action Program, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2021.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States and 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 Anoka County Community Action Program, 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 the major federal program. Our audit does not provide a legal determination of Anoka County Community Action Program, 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, rules, and provisions of contracts or grant agreements applicable to Anoka County Community Action Program, Inc.'s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Anoka County Community Action Program, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about Anoka County Community Action Program, Inc.'s compliance with the requirements of the major federal program as a whole.

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

- Exercise professional judgement 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 Anoka County Community Action Program, 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 Anoka County Community Action Program, 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 Anoka County Community Action Program, 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 or state 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 or state 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

September 1, 2022
Madison, Wisconsin

Anoka County Community Action Program, Inc. and Affiliates

Schedule of Findings and Questioned Costs
Year Ended December 31, 2021

Section I. Summary of Auditor's Results

Financial Statements

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

Federal Awards

Internal control over major federal programs:	
Material weaknesses identified?	No
Significant deficiencies identified?	None reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance [2 CFR 200.516(a)]?	No
Identification of major federal programs:	

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

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

Section II. Findings – Financial Statements Audit

None

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

None

Section IV. Findings and Questioned Costs - Prior Year

None