

**United Community Action
Partnership, Inc.**

Marshall, Minnesota

Financial Statements and Supplementary Information
Year Ended September 30, 2018

United Community Action Partnership, Inc.

Financial Statements and Supplementary Information
Year Ended September 30, 2018

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Independent Auditor's Report

Board of Directors
United Community Action Partnership, Inc.
Marshall, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of United Community Action Partnership, Inc. (“the Agency”), which comprise the statement of financial position as of September 30, 2018, and the related statements of activities and cash flows for the year then ended and the related notes to financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of United Community Action Partnership, Inc. as of September 30, 2018, 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.

Other Matters

Other Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2019, on our consideration of United Community Action Partnership, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency'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 Agency's internal control over financial reporting and compliance.

BergankDV, Ltd.

St. Cloud, Minnesota
February 28, 2019

United Community Action Partnership, Inc.

Statement of Financial Position

As of September 30, 2018

<i>Assets</i>	
Current assets:	
Cash and cash equivalents	\$ 1,910,056
Restricted cash	164,903
Certificates of deposit, at cost	178,067
Investment	8,428
Grants and accounts receivable	2,877,390
Current portion of land contracts receivable	80,340
Thrift store inventory	24,224
Donated vehicle inventory	15,925
MURL home inventory	252,700
Donated food inventory	38,101
Prepaid expenses	247,402
Total current assets	5,797,536
<hr/>	
Property and equipment, net	3,672,978
<hr/>	
Noncurrent assets:	
Land contracts receivable, net	803,148
<hr/>	
TOTAL ASSETS	\$ 10,273,662
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<i>Liabilities and Net Assets</i>	
Current liabilities:	
Current portion of notes payable	\$ 149,277
Current portion of capital lease payable	2,625
Accounts payable and other liabilities	722,915
Funds held for other agencies - fiscal agent	57,411
Accrued payroll and related expenses	570,845
Accrued vacation	638,253
Grant funds received in advance	314,463
Total current liabilities	2,455,789
<hr/>	
Long-term liabilities:	
Notes payable, net	727,629
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Total liabilities	3,183,418
<hr/>	
Net assets:	
Unrestricted	6,633,178
Temporarily restricted	457,066
Total net assets	7,090,244
<hr/>	
TOTAL LIABILITIES AND NET ASSETS	\$ 10,273,662
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See notes to financial statements.

United Community Action Partnership, Inc.

Statement of Activities Year Ended September 30, 2018

	Unrestricted	Temporarily Restricted	Total
Revenue:			
Grant and contract revenue	\$ 15,926,100	\$ 0	\$ 15,926,100
Program income	1,039,925	1,430	1,041,355
Contract revenue	727,854	0	727,854
Capital purchase revenue	158,263	0	158,263
Donations	97,103	173,794	270,897
Fundraising	37,217	0	37,217
Interest income	1,431	0	1,431
In-kind contributions	659,554	825,645	1,485,199
Sale of single family homes	985,512	0	985,512
Net gain on sale of property and equipment	22,538	0	22,538
Sale of MURL homes	37,955	0	37,955
Other revenue	12,222	1,440	13,662
Net assets released from restriction through satisfaction of program restrictions	999,953	(999,953)	0
Total revenue	20,705,627	2,356	20,707,983
Expenses:			
Salaries and wages	9,443,038	0	9,443,038
Contracted services	875,860	0	875,860
Space rent and utilities	613,086	0	613,086
Training, meeting, travel	434,221	0	434,221
Depreciation	544,720	0	544,720
Supplies and communication	668,180	0	668,180
Vehicle expenses	595,759	0	595,759
Direct participant benefits	5,150,802	0	5,150,802
Cost of goods sold - single family homes	981,907	0	981,907
In-kind expenses	659,554	0	659,554
Other expense	237,335	0	237,335
Total expenses	20,204,462	0	20,204,462
Change in net assets	501,165	2,356	503,521
Net assets - beginning of the year, as previously reported	5,943,010	454,710	6,397,720
Prior period adjustment	189,003	0	189,003
Net assets - beginning of year, restated	6,132,013	454,710	6,586,723
Net assets - end of the year	\$ 6,633,178	\$ 457,066	\$ 7,090,244

United Community Action Partnership, Inc.

Statement of Cash Flows Year Ended September 30, 2018

Increase (decrease) in cash:	
Cash flows from operating activities:	
Change in net assets	\$ 503,521
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	544,720
Net gain on sale of property and equipment	(22,538)
Donated vehicle inventory	(5,840)
Donated food inventory	(21,439)
Change in discount on land contracts receivable	98,353
Donated equipment	(75,788)
Write down of MURL home inventory	8,960
Changes in operating assets and liabilities:	
Grants and accounts receivable	192,638
Thrift store inventory	326
Murl home inventory	(4,704)
Construction in progress - single family homes	370,168
Prepaid expenses	(71,703)
Accounts payable and other liabilities	97,360
Grant funds to be returned	(281,251)
Funds held for other agencies - fiscal agent	22,153
Accrued payroll and related expenses	136,597
Accrued vacation	114,634
Grant funds received in advance	(8,317)
Net cash provided by operating activities	1,597,850
Cash flows from investing activities:	
Purchases of property and equipment	(630,791)
Purchase of investments and certificates of deposit	(8,923)
Payments received on land contracts receivable	80,340
Proceeds from sale of property and equipment	52,416
Net cash used in investing activities	(506,958)
Cash flows from financing activities:	
Principal payments on notes payable	(738,273)
Principal payments on capital lease payable	(29,119)
Proceeds on notes payable	500,000
Net cash used in financing activities	(267,392)
Change in cash and cash equivalents	823,500
Cash and cash equivalents at beginning of the year	1,251,459
Cash and cash equivalents at end of the year	\$ 2,074,959
Cash and cash equivalents	\$ 1,910,056
Restricted cash	164,903
Total	\$ 2,074,959
Supplementary Cash Flow Information	
Interest paid	\$ 52,541

United Community Action Partnership, Inc.

Notes to Financial Statements

Note 1 Organization and Significant Accounting Policies

Nature of Operations

Effective October 1, 2016, Heartland Community Action Agency, Inc. merged with Western Community Action, Inc. Effective that same date, the name of the agency changed to United Community Action Partnership, Inc. (“Agency”). The Agency was established under the Federal Economic Opportunity Act of 1964 (the ‘Act’). The Act empowers community action agencies to address the causes and conditions of poverty at the local level. The Agency operates with a combination of federal, state, and local funding.

Basis of Presentation

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

Classification of Net Assets

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

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations or where donor-imposed stipulations are met in the year of the contribution.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that may or may not be met, either by actions of the Agency and/or the passage of time. When a restriction expires, temporarily restricted net assets are transferred to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Agency. Generally, the donors of these assets permit the Agency to use all or part of the income earned on any related investments for general or specific purposes. Currently, the Agency does not have any permanently restricted net assets.

Use of Estimates

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

United Community Action Partnership, Inc.

Notes to Financial Statements

Note 1 Organization and Significant Accounting Policies (Continued)

Presentation of Sales Tax

The Agency collects sales tax from customers and remits the entire amount to the appropriate state for thrift store sales. The Agency's accounting policy is to exclude the tax collected and remitted from revenues and cost of sales.

Revenue Recognition

Contributions are recognized when the donor makes a promise to give to the Agency that is, in substance, unconditional. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and nature of any donor restrictions.

Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Grants are recorded as either contributions or exchange transactions based on criteria contained in the grant award. Grants that qualify as contributions follow contribution recognition policies. Grants that are exchange transactions are recognized as revenue in the accounting period when the related allowable expenses are incurred. Grant funds drawn in excess of the related grant expenses are treated as deferred revenue. Grant expenses in excess of the related grant funds drawn are treated as grants receivable.

Program income is recognized as a supplement or funds committed to a project by the federal or other awarding agency which are used to support related project or program objectives. Program income is recorded in the accounting period that the service is performed, or the condition met. Public transit bus services revenue is based on the criteria for services performed. Public transit bus service revenue consist of fare box contributions, service contracts, and related miscellaneous revenue.

Contracts revenue is based on providing services for a contractual price. Contracts revenues are recorded in the accounting period the service is provided. Revenue is recognized, and any delinquent receivables are written off.

Single Family Homes Revenue is recognized upon the sale of the house(s) for the negotiated sales price.

United Community Action Partnership, Inc.

Notes to Financial Statements

Note 1 Organization and Significant Accounting Policies (Continued)

In-Kind Contributions

The Agency has recorded in-kind contributions for space, donated materials, and professional services in the statement of activities in accordance with accounting principles generally accepted in the United States of America, which require that only contributions of services received which create or enhance a nonfinancial asset or require specialized skill by the individual possessing those skills and would typically need to be purchased if not provided by donation be recorded. Accounting principles generally accepted in the United States of America are different than the in-kind requirements of several of the Agency's grant awards. The Agency recognized \$51,361 of contributed services for the Head Start program in 2018. The Agency received contributions of nonprofessional volunteers during the period with an estimated value of \$255,465 primarily for its Head Start program, which are not recorded in the statement of activities.

The Agency recognized \$841,071 of donated goods which includes food shelve donations and \$592,767 of donated space.

Cash and Cash Equivalents

The Agency considers cash and all financial instruments purchased with a maturity of three months or less to be cash and cash equivalents.

Investment and Certificates of Deposit

The Agency considers financial instruments with a maturity greater than three months to be investments. Certificates of deposit are carried at cost. Other investments are valued using fair value measurements described in Note 5.

Grants and Accounts Receivable

Grants and accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to grants and accounts receivable. Changes in the valuation allowance have not been material to the financial statements. Management determined no allowance was needed as of September 30, 2018.

United Community Action Partnership, Inc.

Notes to Financial Statements

Note 1 Organization and Significant Accounting Policies (Continued)

Land Contracts Receivable and MURL Home Inventory

The Agency received funding from the Minnesota Housing Finance Agency (MHFA) for the Minnesota Urban and Rural Housing Program (MURL). The program provides funding for the acquisition and rehabilitation of single-family homes. The purchase and rehabilitation of homes are recorded as inventory. The homes are sold on the basis of no-interest installment loans. The inventory of homes not sold, if any, is recorded at the lower of cost or net realizable value. Any loans repaid are a reduction in land contracts receivable. The land contracts receivable have been discounted at the prevailing market rate at the inception of the mortgage. There is no allowance provided on these loans, since any uncollectible loan would be secured by the property (see Note 6 for further details).

Thrift Store Inventory

The inventory of the thrift stores consists of donated items that have been recorded at management's estimate of fair value.

Donated Vehicle Inventory

The donated vehicle inventory has been recorded at management's estimate of fair value based on blue book values.

Donated Food Inventory

The inventory of the food shelves consists of donated items that have been recorded at management's estimate of fair value.

Property and Equipment

Property and equipment are capitalized at cost. Depreciation is provided for using the straight-line method over the estimated useful lives of the assets of 2 to 20 years. The Agency considers items with a cost greater than \$5,000 and a useful greater than one year to be property and equipment.

Property and equipment purchased with grant funds are owned by the Agency while used in the program 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. Its disposition, as well as the ownership of any proceeds therefrom, is subject to funding source regulations. The property and equipment purchased with grant funds are normally restricted for use in specific programs operated by the Agency.

United Community Action Partnership, Inc.

Notes to Financial Statements

Note 1 Organization and Significant Accounting Policies (Continued)

Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Determination of recoverability is based on an estimate of undiscounted future cash flows resulting from the use of the asset and its eventual disposition. Measurement of an impairment loss for long-lived assets is based on the fair value of the asset. Long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less costs to sell. Management has determined that no impairment existed at September 30, 2018.

Tax Status

The Agency is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is also exempt from Minnesota franchise and income taxes for related business activities.

The Agency 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 Agency has determined there are no amounts to record as assets or liabilities related to uncertain tax positions.

Cost Allocation

The Agency follows a cost allocation plan to allocate joint costs not directly attributable to specific programs. Joint costs are those costs incurred for the common benefit of all Agency programs that cannot be readily identified with a final cost objective. Joint costs are allocated to benefiting programs using the direct method allocation. The direct method allocates joint costs to each program based on its share of the allocation base.

Advertising Costs

The Agency's policy is to expense advertising costs as they are incurred. For 2018, the Agency incurred advertising costs totaling \$18,616

Unemployment Insurance

The Agency reimburses the State of Minnesota for unemployment payments as allowed by the State of Minnesota statute. The Agency utilizes an outside vendor to manage claims and reimburse the State of Minnesota for actual unemployment claims paid. The Agency makes estimated quarterly payments from corporate funds to the outside vendor to cover estimated claims and to build a reserve for future unemployment claims. The amount of funds held by the outside vendor as of September 30, 2018 was \$164,903 and are shown as restricted cash.

United Community Action Partnership, Inc.

Notes to Financial Statements

Note 1 Organization and Significant Accounting Policies (Continued)

Recently Issued Accounting Pronouncements

In August 2016, the FASB issued ASU No. 2016-14, Presentation of Financial Statements of Not-For-Profit Entities (Topic 958). This update does not have an impact on recognition or measurement of assets, liabilities, net assets, revenues or expenses, it instead improves the presentation of financial statements of not-for-profit entities. This standard reduces the net asset classification from three to two; net assets with and without donor restrictions. In addition, this update expands disclosures about liquidity and financial performance of the not-for-profit entity. This update is effective for annual reporting periods beginning after December 15, 2017, with early adoption permitted. The Agency is currently evaluating the impact this standard will have on its financial statements.

In May 2014, the FASB issued ASU No.2014-09, Revenue from Contracts with Customers (Topic 606). This update will replace most existing revenue recognition guidance in U.S GAPP when it becomes effective. The standard will affect organizations that enter into contracts with customers and provides a five step process for determining when revenue should be recognized to match the transfer of goods or services. In August 2015, The FASB issued ASU No. 2015-14 which defers the effective date one year making it effective for annual reporting periods beginning after December 15, 2018, with early adoption permitted. The Agency is currently evaluating the impact this standard will have on its financial statements.

In June 2018, the FASB issued ASU No. 2018-08, Not-For-Profit Entities (Topic 958) Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made. This update aims to standardize how grants and other contracts are classified as either an exchange transaction or a contribution. Classifying grants as either a contribution or exchange transaction is the first step in implementing revenue recognition. For most recipients, this update is effective for annual reporting periods beginning after December 15, 2018, with early adoption permitted. The Agency is currently evaluating the impact this standard will have on its financial statements.

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842). The new guidance will require all leases to be recorded as assets and liabilities on the statement of financial position. This update would require capitalization of the "right to use" an asset and recognition of an obligation for future lease payments for most leases currently classified as operating leases. Other leases currently classified as capital leases will be referred to as financing leases and will continue to be recorded as assets and liabilities in a similar manner. This update is effective for annual reporting periods beginning after December 15, 2019, with early adoption permitted. The Agency is currently evaluating the impact this standard will have on its financial statements.

Note 2 Supplementary Cash Flow Information – Noncash Transactions

During 2018, the Agency received donated equipment totaling \$75,788 and donated imputed interest expense on a note payable totaling \$8,548.

United Community Action Partnership, Inc.

Notes to Financial Statements

Note 3 Concentrations

The Agency maintains cash balances at five banks. The Agency's bank accounts are sometimes in excess of Federal Deposit Insurance Corporation (FDIC) coverage. Bank account balances are insured by the FDIC up to \$250,000. To minimize the risk of cash balances, the Agency has elected to participate in a sweep account with one bank. The Agency sweeps cash daily into a repurchase agreement whereby the Agency owns a secured interest in securities sold by the bank. The securities, which consist of government bonds, had a fair value of \$924,107 at September 30, 2018. The balance at the other banks were not in excess of FDIC limits.

Approximately 34% of the Agency's employees are members of the Minnesota Council 65, of the American Federation of State, County and Municipal Employees, AFL-CIO, Union #3444. The Agency's contract with the union is subject to renegotiation during 2020. The Agency's other employees are not represented by a union.

Federal grant revenue from the U.S Department of Health and Human Services for the Head Start program was approximately 21% of total revenue for the Agency during 2018.

Note 4 Grants and Accounts Receivable

Federal programs	\$ 2,058,149
State programs	367,284
Other programs	451,957
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Total	<u>\$ 2,877,390</u>

Note 5 Fair Value Measurements

The Fair Value Measurements and Disclosures Topic of FASB ASC establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The 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.

United Community Action Partnership, Inc.

Notes to Financial Statements

Note 5 Fair Value Measurements (Continued)

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.

Level 2 inputs are inputs other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2018.

Investment – Valued using quoted market prices.

Thrift store inventory – Valued using the market approach based on historical sale prices for similar items sold in the thrift store.

Donated food inventory – Valued using the market approach based on the prices of similar foods sold in Central Minnesota.

Donated vehicle inventory – Valued using the market approach based on the prices of similar vehicles using blue book values.

Donated equipment – Valued using the market approach based on the prices of similar equipment sold in Central Minnesota.

Fair values of assets measured on a recurring basis are as follows:

	<u>Fair value measurement at reporting date using</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
September 30, 2018				
Investment - growth and income	<u>\$ 8,428</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,428</u>

United Community Action Partnership, Inc.

Notes to Financial Statements

Note 5 Fair Value Measurements (Continued)

Fair values of assets measured on a non-recurring basis are as follows:

	Fair value measurement at reporting date using			
	Level 1	Level 2	Level 3	Total
September 30, 2018				
Thrift store inventory	\$ -	\$ 24,224	\$ -	\$ 24,224
Donated food inventory	-	38,101	-	38,101
Donated vehicle inventory	-	15,925	-	15,925
Donated equipment	-	75,788	-	75,788
	<u>\$ -</u>	<u>\$ 154,038</u>	<u>\$ -</u>	<u>\$ 154,038</u>

Note 6 Land Contracts Receivable

The Agency received funding from the MHFA for the MURL program as disclosed in Note 1. The program provides funding for the acquisition and rehabilitation of single-family homes. The rehabilitated homes are sold by the Agency to eligible homebuyers under a no-interest, installment loan basis. The monthly loan payment is set at the greatest of 10% of homebuyer's gross monthly income or 25% of their adjusted gross monthly income. The loan payment covers real estate tax and insurance escrow and the repayment of the loan. The duration of loans varies according to the amount of the loan and the amount of the monthly payments.

The Agency records land contracts receivable and other income from the sale of inventory upon the sale of the homes. The land contracts receivable at September 30, 2018, are as follows:

Land contracts receivable	\$ 1,289,339
Discounted at 5%	(405,851)
Land contracts receivable, net	883,488
Current portion	(80,340)
<u>Long-term portion</u>	<u>\$ 803,148</u>

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

United Community Action Partnership, Inc.

Notes to Financial Statements

Note 7 Property and Equipment

A summary of property and equipment as of September 30, 2018, is as follows:

Land	\$ 348,281
Buildings and building improvements	3,609,432
Equipment	4,285,587
Construction in progress – Head Start building	28,190
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Total	8,271,490
Accumulated depreciation	(4,598,512)
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Property and equipment, net	\$ 3,672,978

Note 8 Notes Payable

The Agency notes payable at September 30, 2018, are as follows:

Note payable to Home State Bank at 4.0% annual interest, with monthly payments of \$2,422 (principal and interest). Interest rate is adjusted every five years starting December 2013. The loan matures in November 2023. The note is secured by real estate.	\$ 134,346
Note payable to Bremer Bank at a 5.5% fixed interest with a monthly payment of \$1,763. The loan matures in September 2023. The note is secured by real estate.	92,117
Note payable to Southwest Minnesota Housing Partnership at 0% interest with a one-time payment due upon maturity in August 2049. The note is secured by real estate.	12,430
Note payable to USDA at 4.375% fixed interest with monthly payments of \$2,652. The loan matures in August 2049. The note is secured by real estate.	538,013
Note payable to Turkey Valley Farms at 3% interest with a one-time payment due upon maturity. The loan matures the earlier of February 2020 or the date the properties are sold. The note is secured by the properties. Interest expense is provided as a charitable contribution annually.	\$ 100,000
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Total	876,906
Current portion	(149,277)
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Long-term notes payable	\$ 727,629

United Community Action Partnership, Inc.

Notes to Financial Statements

Note 8 **Notes Payable (Continued)**

Future debt maturities are as follows:

2019	\$ 149,277
2020	51,392
2021	53,794
2022	56,310
2023	58,476
Thereafter	507,657
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Total	<u>\$ 876,906</u>

Note 9 **Capital Lease Payable**

The Agency leases office equipment under a capital lease which expires in October 2018. The asset and liability under the capital lease are recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. The asset is depreciated over the lower of their related lease terms or their estimated useful life. Depreciation of the asset under the capital lease was \$22,399 and is included in depreciation expense for 2018.

The following is an analysis of the leased asset in property and equipment

Equipment	\$ 112,000
Less accumulated depreciation	(110,132)
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<u>Equipment, net</u>	<u>\$ 1,868</u>

Minimum future lease payments under the capital lease as of September 30 are as follows:

2019	\$ 2,660
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Total minimum lease payments	2,660
Less amounts representing interest	(35)
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<u>Present value of minimum lease payments</u>	<u>\$ 2,625</u>

United Community Action Partnership, Inc.

Notes to Financial Statements

Note 10 **Temporarily Restricted Net Assets**

Temporarily restricted net assets are available for the following purposes:

Food Shelves	\$ 245,648
FAIM	2,489
Refuge	101,106
Horizon Mountain Lake	3,142
Helping People Get there	7,888
Meeker Holiday Project	15,435
Crisis Fund	15,898
CFS Financial Empower	11,452
Safe Harbor	2,560
Coats for Kids	5,187
Angel Tree	7,085
CFS Help Hope Change	2,810
Baby Bundle	2,924
Emergency Needs	5,807
St Mary's Tithing	179
MAMA	497
ROFW	26,959
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Total	\$ 457,066

The above net assets have a specific purpose or time restrictions. When the restrictions are met, net assets are released from restriction and reported as unrestricted net assets.

Temporarily restricted net assets were released for the following purposes:

Food Shelves	\$ 911,809
Helping People Get There	33,374
Meeker Holiday Project	16,159
Safe Harbor	9,350
Coats for Kids	4,329
Emergency Needs	6,383
St Mary's Tithing	15,992
Other	1,557
<hr/>	
Total	\$ 999,953

United Community Action Partnership, Inc.

Notes to Financial Statements

Note 11 Operating Lease Agreements

The Agency leases various facilities and equipment for operation of its programs. The operating lease payments for 2018 amounted to \$357,778.

Future binding commitments on non-cancelable operating leases are as follows:

2019	\$ 203,131
2020	57,802
2021	24,800
2022	24,000
Thereafter	342,000
<hr/>	
Total	\$ 651,733

Note 12 Retirement Plans

The Agency has a savings plan for its employees under IRS Code Section 401(k) & 403(b). The Agency consolidated the two plans into a 401(k)-plan effective January 1, 2018. Eligible employees may contribute a portion of their wages to the plan up to the maximum allowed per IRS regulations. The Agency matches up to 5% of the employee's compensation. The employer's pension expense for 2018 was \$197,122.

Note 13 Functional Classification Expenses

The following program and supporting services are reflected in the statement of activities for 2018:

Federal and state programs:	
Housing & Rehabilitation	\$ 2,820,964
Weatherization/Energy assistance	2,105,508
Transportation	4,197,847
Community & Family	2,448,555
Head Start	6,304,963
Food Programs	935,960
Total program activities	18,813,797
Fund-raising	6,306
Management and general expenses	1,384,359
<hr/>	
Total expenses	\$ 20,204,462

United Community Action Partnership, Inc.

Notes to Financial Statements

Note 14 **Program Operations**

The Agency 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 for LIHEAP-eligible participants are subsequently paid directly by the State of Minnesota. Client benefits in the amount of \$2,844,846 paid by the State of Minnesota are not included in the statement of activities because they were not part of the grant award.

Note 15 **Matching Funds**

Certain grants require securing matching funds from other sources. The Agency has met the matching fund requirements through September 30, 2018.

Note 16 **Fiscal Agent Agreement**

The Agency acts as the fiscal agent for the Cinco de Mayo Committee, Meeker Family & Friends Circles of Support, Community Action MIS, Meeker County Domestic Violence, CAMIS, and HOMES during 2018. The Agency collected \$50,462 and disbursed \$28,309 on behalf of these entities.

Note 17 **Prior Period Adjustment**

During the fiscal year ended September 30, 2018, the Agency identified and recorded \$189,003 of unrestricted net assets and property and equipment that had not been previously reported. This correction recognized the transfer of buses from Pipestone County Transit in 2017.

Note 18 **Subsequent Events**

Subsequent events have been evaluated through February 28, 2019, which is the date the financial statements were available to be issued.

Effective January 29, 2019, the Agency signed an agreement with an architectural firm for construction of a Head Start facility in Marshall. The amount of the agreement is \$211,000.

Supplementary Information

United Community Action Partnership, Inc.

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2018

Federal Grantor/Program or Cluster Title	CFDA Number	Funding Source	Program Period	Federal Expenditures	Provided to Subrecipients
DEPARTMENT OF AGRICULTURE					
Child and Adult Care Food Program	10.558	State of Minnesota, Dept. of Education	10/01/17-09/30/18	183,884	0
SNAP Cluster					
Supplemental Nutrition Assistance Program Outreach 2018-2019 GRK	10.561	State of Minnesota, Dept. of Human Services	10/01/17-09/30/18	166,493	0
Food Distribution Cluster:					
Nutrition Assistance Program for Seniors P-1303	10.565	USDA-Food & Nutrition Services	02/01/17-01/31/18	12,334	0
TEFAP - Donated Food	10.569	Second Harverst - St Paul Food Bank	10/01/17-09/30/18	102,117	0
Total Food Distribution Cluster				114,451	0
Total Department of Agriculture				464,829	0
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					
Supportive Housing for Persons With Disabilities					
Country View Willmar HRA Supportive Housing 17-18	14.181	Kandiyohi County, MN HRA	04/01/17-03/31/18	9,239	0
Country View Willmar HRA Supportive Housing 18-19		Kandiyohi County, MN HRA	04/01/18-03/31/19	9,639	0
HUD Supportive Housing - Westwinds Townhomes - MN0185B5K111504		US Department of Housing and Urban Development	11/01/16-10/31/17	3,902	0
HUD Supportive Housing - Westwinds Townhomes - MN0185L5K111605		US Department of Housing and Urban Development	11/01/17-10/31/18	74,877	0
HUD Supportive Housing - Safe At Home MN0187L5K111605		US Department of Housing and Urban Development	07/01/17-06/30/18	75,659	0
HUD Supportive Housing - Safe At Home MN0187L5K111706		US Department of Housing and Urban Development	07/01/18-06/30/19	30,065	0
HUD Supportive Housing - McLeod/Meeker MN0142L5K111606		US Department of Housing and Urban Development	09/15/17-07/31/18	35,061	2,945
HUD Supportive Housing - McLeod/Meeker MN0142L5K111707		US Department of Housing and Urban Development	08/01/18-07/31/19	5,424	0
HUD Supportive Housing - Kandiyohi MN0146L5K111609		US Department of Housing and Urban Development	08/01/17-06/30/18	112,116	14,168
HUD Supportive Housing - Kandiyohi MN0146L5K111710		US Department of Housing and Urban Development	07/01/18-06/30/19	25,028	0
Total Federal Expenditures CFDA 14.181				381,010	17,113
Community Development Block Grant					
Small Cities - Westbrook CDAP-14-0031-O-FY18	14.228	MN Dept of Employment and Economic Development	06/30/15-12/31/17	63,137	0
Small Cities - Tracy CDAP-13-0075-O-FY14		MN Dept of Employment and Economic Development	05/29/14-12/31/17	314,226	16,150
Small Cities - Raymond CDAP-17-0053-O-F18		MN Dept of Employment and Economic Development	06/27/18-9/30/21	27	0
Small Cities - Maynard		MN Dept of Employment and Economic Development	06/27/18-9/30/21	112	0
Small Cities - Lakefield CDAP-15-0031-O-FY18		MN Dept of Employment and Economic Development	05/03/16-12/31/18	367,465	0
Small Cities - Fairfax CDAP-15-0040-O-FY18		MN Dept of Employment and Economic Development	10/01/16-09/30/19	206,943	0
Small Cities - Fulda CDAP-15-0049-O-FY18		MN Dept of Employment and Economic Development	10/01/16-09/30/19	208,638	25,833
Small Cities - Vesta, Lucan, Morton CDAP-16-0022-O-FY18		MN Dept of Employment and Economic Development	06/29/17-09/30/20	109,202	0
Small Cities - Jackson CDAP-16-0023-O-FY18		MN Dept of Employment and Economic Development	06/29/17-09/30/20	17,726	0
Total Federal Expenditures CFDA 14.228				1,287,476	41,983

United Community Action Partnership, Inc.

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2018

Federal Grantor/Program or Cluster Title	CFDA Number	Funding Source	Program Period	Federal Expenditures	Provided to Subrecipients
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					
Emergency Solutions Grant Re-housing GRK%126831	14.231	State of Minnesota, Dept. of Human Services	07/01/17-06/30/19	80,273	0
Emergency Solutions Grant - Shelter GRK%126831		State of Minnesota, Dept. of Human Services	07/01/17-06/30/19	89,951	0
		Total Federal Expenditures CFDA 14.231		170,224	0
HUD Supportive Housing Program MN0143L5K111606	14.235	US Department of Housing and Urban Development	04/01/17-03/31/18	96,839	0
HUD Supportive Housing Program MN0143L5K111707		US Department of Housing and Urban Development	04/01/18-03/31/19	114,972	0
HUD Supportive Housing Program - Cottonwood MN0392L5K111600		US Department of Housing and Urban Development	11/01/17-10/31/18	10,962	0
		Total Federal Expenditures CFDA 14.235		222,773	0
<i>Total Department of Housing and Urban Development</i>				2,061,483	59,096
DEPARTMENT OF STATE					
U.S Refugee Admissions Program	19.510	US Conference of Catholic Bishops (USCCB)	10/01/17-09/30/18	22,200	0
DEPARTMENT OF TRANSPORTATION					
Formula Grants for Rural Areas					
Transportation - Capital Purchase Revenue	20.509	MN Department of Transportation	01/01/17-12/31/17	201,186	0
Transit Operating Assistance		MN Department of Transportation	01/01/18-12/31/18	827,824	0
		Total Federal Expenditures CFDA 20.509		1,029,010	0
Transit Services Program Cluster:					
Transportation Coordination Assistance Grant #1027006	20.513	MN Department of Transportation	01/01/17-12/31/17	26,323	0
Transportation Coordination Assistance Grant #1027006 Amend #1		MN Department of Transportation	01/01/18-12/31/19	83,593	0
		Total Federal Expenditures CFDA 20.513		109,916	0
<i>Total Department of Transportation</i>				1,138,926	0
DEPARTMENT OF TREASURY					
Volunteer Income Tax Assistance 115835/300009241	21.009	Internal Revenue Service	07/01/16-07/31/18	28,470	
DEPARTMENT OF ENERGY					
Weatherization Assistance for Low-Income Persons					
WAP DOE A2500 #125260/9815	81.042	State of Minnesota, Dept. of Commerce	07/01/17-06/30/18	391,181	0
WAP DOE A2500 #141991/10884 - DE-EE0007928		State of Minnesota, Dept. of Commerce	07/01/18-06/30/19	102,651	0
		Total Federal Expenditures CFDA 81.042		493,832	0
DEPARTMENT OF HEALTH AND HUMAN SERVICES					
State Planning and Establishment Grants for the Affordable Care Act (ACA) OS Exchanges					
MNSure Outreach Assistance	93.525	Minnesota Insurance Marketplace, MNSure	07/01/17-06/30/18	258,806	147,730
MNSure Outreach Assistance		Minnesota Insurance Marketplace, MNSure	07/01/17-06/30/19	67,860	37,062
MNSure Consumer Assistance Partner		State of Minnesota, Dept. Human Services	07/01/16-06/30/19	3,080	0
		Total Federal Expenditures CFDA 93.525		329,746	184,792
Low-Income Home Energy Assistance					
2017 Low-Income Home Energy Assistance Program #131490/10090-1563	93.568	State of Minnesota, Dept. of Commerce	10/01/17-09/30/18	673,632	0
EAPWX A2107 (CO) #125260/9815 - 17B1MNLIEA		State of Minnesota, Dept. of Commerce	10/01/17-06/30/18	534,743	0
EAPWX A2108 #141991/10884 - 18B1MNLIEA		State of Minnesota, Dept. of Commerce	07/01/18-06/30/19	4,967	0
EAPWX A2108 #141991/10884 - 17B1MNLIEA		State of Minnesota, Dept. of Commerce	07/01/18-09/30/18	225,685	0
EAP - Direct Payments #1 #141991/10884 - 17B1MNLIEA		State of Minnesota, Dept. of Commerce	07/01/18-09/30/18	2,844,846	0
		Total Federal Expenditures CFDA 93.568		4,283,872	0

United Community Action Partnership, Inc.

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2018

Federal Grantor/Program or Cluster Title	CFDA Number	Funding Source	Program Period	Federal Expenditures	Provided to Subrecipients
DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Community Services Block Grant					
2018-2019 Community Service Block Grant GRK% 127540	93.569	State of Minnesota, Dept. of Human Services	10/01/17-12/31/19	276,245	0
Discretionary Community Services Block Grant GRK% 106341		State of Minnesota, Dept. of Human Services	02/23/16-12/31/17	1,556	0
Discretionary Community Services Block Grant		State of Minnesota, Dept. of Human Services	09/01/18-12/31/19	22,900	0
		Total Federal Expenditures CFDA 93.569		300,701	0
CCDF Cluster:					
2017-2018 Child Care Aware Baseline Grant #131099-7939	93.575	State of Minnesota, Dept. of Human Services	07/01/17-06/30/18	100,040	0
2018-2019 Child Care Aware Baseline Grant #131099-7940		State of Minnesota, Dept. of Human Services	07/01/18-06/30/19	35,396	0
		Total Federal Expenditures CFDA 93.575		135,436	0
Head Start\Early Head Start 05CH8402/03	93.600	U.S. Dept. of Health and Human Services	05/01/17-04/30/18	1,756,071	0
Head Start\Early Head Start 05CH8402/04		U.S. Dept. of Health and Human Services	05/01/18-04/30/19	879,972	0
Head Start\Early Head Start 05CH10360/02		U.S. Dept. of Health and Human Services	05/01/17-4/30/18	1,128,781	0
Head Start\Early Head Start 05CH10360/03		U.S. Dept. of Health and Human Services	05/01/18-4/30/19	585,314	0
		Total Federal Expenditures CFDA 93.600		4,350,138	0
Medicaid Cluster:					
MNSure Consumer Assistance Partner	93.778	State of Minnesota, Dept. Human Services	07/01/16-06/30/19	14,795	0
Total Department of Health and Human Services				9,414,688	184,792
DEPARTMENT OF HOMELAND SECURITY					
Emerergency Food & Shelter Program Kandiyohi County 30-4974-00-33/34	97.024	United Way of West Central MN	10/31/16-01/31/18	1,031	0
TOTAL FEDERAL EXPENDITURES				\$ 13,625,459	\$ 243,888

Notes to Schedule of Expenditures of Federal Awards

NOTE 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of United Community Action Partnership, Inc. under the programs of the federal government for the year ended September 30, 2018. The information in this Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Agency, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Agency.

NOTE 2 – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting, which conform to accounting principles generally accepted in the United States of America. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3 - Indirect Cost Rate

The Agency has elected not to use the 10-percent de minimus indirect cost rate allowed under the Uniform Guidance.

NOTE 4 – Energy Assistance Payments

Included in CFDA 93.568 are client benefits paid by the State of Minnesota of \$2,844,846. These expenditures are not included in the statement of activities.

**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***

Independent Auditor's Report

Board of Directors
United Community Action Partnership, Inc.
Marshall, 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 consolidated financial statements of United Community Action Partnership, Inc. as of and for the year ended September 30, 2018, and the related notes to financial statements, which collectively comprise the Agency's financial statements, and have issued our report thereon dated February 28, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Agency's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency'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 Agency's consolidated financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

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

BergankDV, Ltd.

St. Cloud, Minnesota
February 28, 2019

**Report on Compliance for Each Major Federal
Program and on Internal Control Over
Compliance Required by the Uniform Guidance**

Independent Auditor's Report

To the Board of Directors
United Community Action Partnership, Inc.
Marshall, Minnesota

Report on Compliance for Each Major Federal Program

We have audited United Community Action Partnership, Inc.'s compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of United Community Action Partnership, Inc.'s major federal programs for the year ended September 30, 2018. The Agency's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Agency's compliance.

Opinion on Each Major Federal Program

In our opinion, United Community Action Partnership, Inc. complied, in all material respects, with the types of compliance requirements referred to in the first paragraph that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2018.

Report on Internal Control Over Compliance

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

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

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

Purpose of Report

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.

BergankDV, Ltd.

St. Cloud, Minnesota
February 28, 2019

United Community Action Partnership, Inc.

Schedule of Findings and Questioned Costs
Year Ended September 30, 2018

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Federal Awards

Internal control over major federal programs:	
• Material weakness(es) identified?	None
• Significant deficiency(ies) identified?	None reported
Type of auditor's report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of Major Federal Programs

Name of Federal Program	CFDA No.: 14.181 Supportive Housing for Persons with Disabilities
Name of Federal Program	CFDA No.: 20.509 Formula Grants for Rural Areas
Name of Federal Program	CFDA No.: 93.568 Low-Income Home Energy Assistance
Dollar threshold used to distinguish between type A and type B programs?	\$750,000
Auditee qualified as low-risk auditee	No

United Community Action Partnership, Inc.

Schedule of Findings and Questioned Costs
Year Ended September 30, 2018

SECTION II – FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.