Anoka County Community Action Program, Inc. and Affiliates

Blaine, Minnesota

Consolidated Financial Statements and Supplementary Information

Year Ended December 31, 2020

WIPFLI

Anoka County Community Action Program, Inc. and Affiliates

Consolidated Financial Statements and Supplementary Information
Year Ended December 31, 2020

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Independent Auditor's Report

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

Report on the Financial Statements

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, 2020, 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.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. 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* as these entities did not receive federal funding.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated 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 entity'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 consolidated 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 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, 2020, 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, Anoka County Community Action Program, Inc. and Affiliates adopted the amendments in Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*. The amendments have been applied for the year ended December 31, 2020, as permitted by the ASU.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, Schedule A, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* the schedules B and C 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 June 2, 2021, on our consideration of Anoka County Community Action Program, Inc. and Affiliate'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. and Affiliate'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. and Affiliate's internal control over financial reporting and compliance.

Wipfli LLP

Wipfli LLP

June 2, 2021
Madison, Wisconsin

Anoka County Community Action Program, Inc. and Affiliates

Consolidated Statement of Financial Position

December 31, 2020

Assets	
Current assets:	
Cash	$ 1,541,280
Grants receivable	1,696,583
Accounts receivable	501,415
Prepaid expenses	26,161
Total current assets	3,765,439
Investments	3,598,634
Other assets:	
Forgivable housing loans receivable	165,835
Operating lease asset, net	427,289
Finance lease asset, net	826,079
Restricted reserves	760,727
Total other assets	2,179,930
Property and equipment, net	20,558,759
TOTAL ASSETS	$ 30,102,762

See accompanying notes to consolidated financial statements.

Anoka County Community Action Program, Inc. and Affiliates

Consolidated Statement of Financial Position (Continued)

December 31, 2020

Liabilities and Net Assets	
Current liabilities:	
Notes payable, current portion	$ 435,309
Forgivable loans payable, current portion	34,191
Operating lease obligations, current portion	68,713
Finance lease obligations, current portion	110,000
Accounts payable	649,038
Security deposits	256,402
Refundable advance liability	80,958
Accrued payroll and related expenses	951,770
Total current liabilities	2,586,381
Long-term liabilities:	
Notes payable	8,923,215
Forgivable loans payable	461,763
Operating lease obligations	364,525
Finance lease obligations	890,418
Accrued interest	502,641
Forgivable housing loans	51,935
Total long-term liabilities	11,194,497
Total liabilities	13,780,878
Net assets:	
Without donor restrictions	16,171,190
Without donor restrictions - board designated	10,500
Total net assets without donor restrictions	16,181,690
With donor restrictions	140,194
Total net assets	16,321,884
TOTAL LIABILITIES AND NET ASSETS	$ 30,102,762

Anoka County Community Action Program, Inc. and Affiliates

Consolidated Statement of Activities

Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Grant revenue	$ 14,095,252	$ 0	$ 14,095,252
Other revenue	1,536,878	0	1,536,878
Contributions	6,891	26,506	33,397
Program service fees	80,128	0	80,128
Rental revenue	3,157,322	0	3,157,322
Investment income	324,368	0	324,368
Debt forgiveness	34,194	0	34,194
In kind contributions	58,045	0	58,045
Net assets released from restriction through satisfaction of program restrictions	22,539	(22,539)	0
Total revenue	19,315,617	3,967	19,319,584
Expenses:			
Program	16,380,063	0	16,380,063
Management and general	2,370,665	0	2,370,665
Development and fund-raising	58,192	0	58,192
Total expenses	18,808,920	0	18,808,920
Change in net assets	506,697	3,967	510,664
Net assets at beginning of year	15,674,993	136,227	15,811,220
Net assets at end of year	$ 16,181,690	$ 140,194	$ 16,321,884

See accompanying notes to consolidated financial statements.

Anoka County Community Action Program, Inc. and Affiliates

Consolidated Statement of Functional Expenses

Year Ended December 31, 2020

	Program Expenses	Management and General	Development and Fundraising	Total
Personnel	$ 7,442,879	$ 1,474,631	$ 58,192	$ 8,975,702
Beneficiary assistance	4,505,411	0	0	4,505,411
Professional services	202,231	85,779	0	288,010
Insurance	175,107	4,704	0	179,811
Occupancy	502,662	312,091	0	814,753
Depreciation	857,827	332,143	0	1,189,970
Interest	294,894	0	0	294,894
Property tax	417,288	0	0	417,288
Repair and maintenance	1,044,518	1,852	0	1,046,370
Office expense	867,434	159,465	0	1,026,899
In-kind	69,812	0	0	69,812
Total	$ 16,380,063	$ 2,370,665	$ 58,192	$ 18,808,920

See accompanying notes to consolidated financial statements.

Anoka County Community Action Program, Inc. and Affiliates

Consolidated Statement of Cash Flows

Year Ended December 31, 2020

Increase (decrease) in cash and restricted reserves:	
Cash flows from operating activities:	
Change in net assets	$ 510,664
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	1,189,970
Amortization of financing fees	(15,128)
Payments of operating lease obligations	(63,014)
Amortization of operating lease assets included in occupancy expense	68,963
Realized and unrealized gain on investments	(240,805)
Writeoff of loan receivable	12,000
Loans forgiven	(34,194)
Changes in operating assets and liabilities:	
Grants receivable	(144,348)
Accounts receivable	(422,457)
Prepaid expenses	61,842
Accounts payable	144,879
Security deposits	26,726
Accrued payroll and related expenses	4,555
Accrued interest	646
Refundable advance liability	77,164
Net cash provided by operating activities	1,177,463
Cash flows from investing activities:	
Cash paid in business acquisition	0
Purchase of property and equipment	(52,007)
Proceeds from sale of property and equipment	0

Anoka County Community Action Program, Inc. and Affiliates

Consolidated Statement of Cash Flows (Continued)

Year Ended December 31, 2020

Cash flows from financing activities:		
Principal payments on notes payable	(	225,782)
Principal payments on finance lease obligations	(	113,764)
Net cash used in financing activities	(	339,546)
Change in cash and restricted reserves		722,752
Cash and restricted reserves- Beginning of year		1,579,255
Cash and restricted reserves - End of year	$	2,302,007
Other cash activity:		
Interest paid	$	294,248
Reconciliation of cash and restricted reserves at December 31, 2020:		
Cash	$	1,541,280
Restricted reserves		760,727
Total cash and restricted reserves	$	2,302,007

See accompanying notes to consolidated financial statements

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 47% 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. Financial results are reported from that date forward.

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 conformity 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 fiscal 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 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, 2020.

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

Accounts Receivable

Accounts receivable consist primarily of advances made to other nonprofits. ACCAP evaluates the creditworthiness of the nonprofit and establishes an allowance if necessary. At December 31, 2020, there were no allowances as all receivables were deemed to be collectible.

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

ACCAP measures 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.

Note 1: Summary of Significant Accounting Policies (Continued)

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. ACCAP does 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, ACCAP 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 $90,886 and current year amortization is $15,128.

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 ACCAP 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 $965,351 at December 31, 2020.

Change in Accounting Policy

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, Leases (Topic 842). ASU 2016-02 is intended to improve financial reporting of leasing transactions by requiring organizations that lease assets to recognize assets and liabilities for the rights and obligations created by leases on the consolidated statement of financial position. This accounting update also requires additional disclosures surrounding the amount, timing, and uncertainty of cash flows arising from leases. ACCAP adopted this guidance for the year ended December 31, 2020. ACCAP has elected the package of practical expedients permitted in ASC Topic 842. Accordingly, ACCAP accounted for its existing operating leases as operating leases and capital leases as finance leases under the new guidance, without reassessing (a) whether the contracts contain a lease under ASC Topic 842, (b) whether the classification of the leases would be different in accordance with ASC Topic 842, or (c) whether any unamortized initial direct costs before transition adjustments (as of December 31, 2019) would have met the definition of initial direct costs in ASC Topic 842 at lease commencement. Similarly, ACCAP did not reassess service contracts evaluated for lease treatment under ASC 840 for embedded leases under ASC 842. This standard did not have a material impact on ACCAP's net assets or cash flows from operations and had an immaterial impact on ACCAP's operating results. The most significant impact was the recognition of the right-of-use ("ROU") assets and lease obligations for operating leases.

Note 1: Summary of Significant Accounting Policies (Continued)

Lease Policy

ACCAP is a lessee in multiple noncancelable operating and financing leases. If the contract provides ACCAP 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.

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.

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

The ROU asset for operating leases is subsequently measured throughout the lease term at the amount of the remeasured lease liability (i.e., present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized. 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, ACCAP 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 ACCAP is reasonably certain to exercise. Leases containing termination clauses in which either party may terminate the lease without cause and the notice period is less than 12 months are deemed short-term leases with lease costs included in short-term lease expense. ACCAP recognizes 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.

Note 1: Summary of Significant Accounting Policies (Continued)

Income Taxes (Continued)

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.

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

ACCAP has 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, 2020, ACCAP received $58,045 of such contributions for its Head Start program. The requirements of this standard are different than the in-kind requirements of several of ACCAP's grant awards. ACCAP received contributions of nonprofessional volunteer services during the year with a fair value of approximately $1,087,000 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 statement of activities. 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.

Note 1: Summary of Significant Accounting Policies (Continued)

Subsequent Events

Subsequent events have been evaluated through June 2, 2021, which is the date the consolidated financial statements were available to be issued.

Note 2: Concentration of Credit Risk

ACCAP maintains 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 ACCAP's main financial institution, the bank has obtained an irrevocable standby letter of credit in the name of ACCAP with the Federal Home Loan Bank of Des Moines. The irrevocable standby letter of credit is $2,500,000.

ACCAP also has investments (see Note 5). The investments are subject to economic market conditions.

Note 3: Grants Receivable

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

Federal awards	$ 1,200,856
State of Minnesota awards	281,355
Other programs	214,372
Total grants receivable	$ 1,696,583

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 deposit	$ 81,914
Reserves for real estate taxes, insurance repairs and replacements	234,061
Residual receipt	277,398
Debt service	167,354
Total restricted reserves	$ 760,727

Note 5: Investments

Investments, at fair value, consist of the following at December 31, 2020:

Money market	$ 126,733
Corporate bonds	407,259
Exchange traded funds	3,064,642
Total	$ 3,598,634

Note 5: Investments (Continued)

Investment income consists of the following for the year ended December 31, 2020:

Interest and dividends	$ 99,411
Realized and unrealized gain on investments	240,805
Fees	(15,848)
Total investment income	$ 324,368

Note 6: Property and Equipment

Property and equipment purchased consist of the following:

Land	$ 3,438,245
Land improvements	217,052
Buildings and improvements	27,913,144
Equipment	1,489,391
Subtotal	33,057,832
Accumulated depreciation and amortization	(12,499,073)
Property and equipment, net	$20,558,759

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.	143,717	3,811,483	3,955,200
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 the MHFA for the Theatre Heights project at 1% interest. Monthly payments of $526 through October 2021. Collateralized by real estate.	158,638	0	158,638

Note 7: Notes Payable (Continued)

	Current	Long-Term	Total
Note payable to Anoka County, Minnesota, for the Anoka West project, at a 0% interest rate and 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.	30,379	25,865	56,244
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 7: Notes Payable (Continued)

	Current	Long-Term	Total
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
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.	75,665	1,225,863	1,301,528
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
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.	26,910	975,595	1,002,505

Note 7: Notes Payable (Continued)

	Current	Long-Term	Total
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
Subtotal	435,309	9,078,776	9,514,085
Unamortized debt issuance cost, net of accumulated amortization			(155,561)
Total			$ 9,358,524

Future principal payments, under refinanced terms, at December 31, 2020 are as follows:

2021	$ 435,309
2022	253,708
2023	261,372
2024	549,081
2025	401,739
Thereafter	7,612,876
Total	$9,514,085

Note 8: Forgivable Loans Payable

ACCAP has several non-interest-bearing loans that were used for the purchase and renovation of properties used in ACCAP's transitional housing programs. For the year ended December 31, 2020, loans totaling $34,194 were forgiven and recorded as revenue in the consolidated statement of activities. Provided that ACCAP continues 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	87,571	94,868	Towerview North
MHFA Loan	Feb. 2033	2,432	29,192	31,624	Towerview North
MHFA Loan	May 2021	18,792	0	18,792	Towerview South
MHFA Loan	Oct. 2021	3,170	0	3,170	Wyldwood
MHFA Loan	Aug. 2026	2,500	10,000	12,500	Theatre Heights
Totals		$ 34,191	$ 461,763	$495,954	

Note 8: Forgivable Loans Payable (Continued)

Future forgivable loan maturities at December 31, 2020 are as follows:

2021	$	34,191
2022		12,229
2023		12,229
2024		12,229
2025		347,229
Thereafter		77,847
Total	$	495,954

Note 9: Lease Assets and Obligations

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

Finance Lease Assets and Obligations

ACCAP classifies its lease with Anoka County as finance leases due to transferring ownership of the land and facilities to ACCAP 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. ACCAP amortizes 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 $1,509,864 and accumulated amortization was $683,785 at December 31, 2020.

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.

Beginning with the year ended December 31, 2020, ACCAP recognizes 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, 2020. Amortization and interest expenses for the finance leases were $62,131 and $58,253, respectively, for the year ended December 31, 2020.

Note 9: Lease Assets and Obligations

The following is a schedule of future minimum payments required under finance lease obligations as of December 31, 2020:

2021	$ 163,312
2022	163,000
2023	162,096
2024	160,640
2025	163,789
Thereafter	483,697
Total minimum lease payments	1,296,534
Unamortized debt issuance costs, net of accumulated amortization	(49,582)
Amount representing interest	(246,534)
Present value of net minimum lease payment	$ 1,000,418
Current portion	$ 110,000
Unamortized debt issuance costs, net of accumulated	(49,582)
Long-term portion	940,000
Total	$ 1,000,418

Operating Lease Assets and Liabilities

ACCAP classifies leases as operating leases if they are not short-term leases or finance leases. For operating leases, the ACCAP recognizes 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 least 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.

ACCAP recognizes 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, 2020 was $87,693.

Note 9: Lease Assets and Obligations (Continued)

The following is a schedule of future minimum payments required under operating lease obligations as of December 31, 2020:

2021	$ 84,960
2022	89,623
2023	89,623
2024	89,623
2025	89,623
Thereafter	44,811
Total minimum lease payments	488,263
Amount representing interest	(55,025)
Present value of net minimum lease payments	433,238
Less: Current portion	(68,713)
Total long-term portion	$ 364,525

ACCAP subleases space at the administrative office to two other organizations under operating leases. Payments received under these subleases for the year ended December 31, 2020, was $253,424.

Note 10: Lessor Activity

Rental income of $3,157,322 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. A summary of the acquisition costs and accumulated depreciation on the above properties at December 31, 2020, is as follows:

Land	$ 2,987,917
Land improvements	217,052
Buildings and improvements	23,709,901
Capitalized lease - Houses	1,509,864
Equipment	223,483
Subtotal	28,648,217
Accumulated depreciation	(9,378,305)
Net	$ 19,269,912

Note 11: Net Assets With Donor Restrictions

Net assets with donor restrictions of $140,194 relate to contributions received with a purpose restriction for the head start, assets for independence, and energy programs.

Note 12: Retirement Plan

All employees of ACCAP 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, ACCAP contributes $1 for every dollar each employee contributes. The maximum agency contribution was increased in 2020 to the lesser of $3,500 or 10% of the annual gross wages of the employee. The employees are vested upon contribution to the plan. Total ACCAP contributions during the year ended December 31, 2020, were $269,546.

Note 13: Grant Awards

At December 31, 2020, ACCAP had received future funding commitments under various grants of approximately $11,705,000. These commitments are not recognized in the accompanying consolidated financial statements as receivables and revenue as they are conditional awards.

Note 14: Program Operations

ACCAP has a grant with the State of Minnesota, Department of Commerce for outreach, intake, eligibility, and certification of LIHEAP-eligible participants. Client benefits for LIHEAP-eligible participants are subsequently paid directly by the State of Minnesota. Client benefits in the amount of $1,382,591 paid by the state are not included in the consolidated statement of activities as they were not part of the grant award.

ACCAP has 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 $15,367,765 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 at historical cost, which approximates fair 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 ACCAP believes its 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, 2020. Information regarding assets measured at fair value on a recurring basis was as follows at December 31, 2020:

Note 15: Fair Value Measurements (Continued)

	Fair Value Measurements Using			Total Assets
	Level 1	Level 2	Level 3	at Fair Value
Money market	$ 0	$ 126,733	$ 0	$ 126,733
Corporate bonds	0	407,259	0	407,259
Exchange traded funds:				
Fixed income	1,137,936	0	0	1,137,936
Equity	1,926,706	0	0	1,926,706
Total assets	$ 3,064,642	$ 533,992	$ 0	$ 3,598,634

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, 2020:

Cash	$1,541,280
Investments	3,598,634
Subtotal financial assets	5,139,914
Less: Net assets with donor restrictions	(140,194)
Less: Refundable advance liability	(80,958)
Less: Board designated funds	(10,500)
Total	$ 4,908,262

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.

ACCAP invests 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. ACCAP has grant commitments for future expenses of approximately $11,705,000.

Supplementary Information

Anoka County Community Action Program, Inc.

Schedule A

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2020

Federal Grantor/Pass-Through Grantor/Program Title	Grant Number	Federal CFDA Number	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Education			
Child and Adult Care Food Program	N/A	10.558	**$ 161,850**
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
MN Homeownership Center			
HUD Comprehensive Housing	FY 2020-02	14.169	**5,823**
Passed-Through Anoka County			
CDBG Entitlement Grants Cluster			
Community Development Block Grants	C0007135, C0007136	14.218	**139,770**
U.S. DEPARTMENT OF TREASURY			
Anoka County			
COVID-19 Housing Assistance Program	C00008175	21.019	**278,595**
Passed-Through Metropolitan Area Agency on Aging			
Aging Cluster			
COVID Special Programs for Aging -Ttile III, Part B	311-20-003B-299,	93.044	102,723
Special Programs for Aging - Title III, Part B	311-20-003B-299 - 1		81,640
Total CFDA 93.044			**184,363**
Passed-Through the State of Minnesota, Department of Commerce			
Low-Income Home Energy Assistance	1563	93.568	**1,788,582**
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)			
Passed-Through the State of Minnesota, Department of Human Services			
COVID-19 Community Services Block Grant	GRK% 177845	93.569	202,377
Community Services Block Grant	GRK% 157606		311,479
Total CFDA 93.569			**513,856**
Passed-Through the State of Minnesota, Department of Human Services			
CCDF Cluster			
Child Care and Development Block Grant	GRK%131114, GRK%131118	93.575	**355,466**
Direct Grant			
Head Start Cluster			
COVID-19 Head Start	05HP000317-01, 05HP000317-02	93.600	91,444
Head Start	05CH010250-05, 05CH011838-01		6,482,445
Total CFDA 93.600			**6,573,889**
TOTAL FEDERAL EXPENDITURES			**$ 10,002,194**

Anoka County Community Action Program, Inc.

Schedule A
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2020

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, 2020. 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. 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 3 - State of Minnesota eHeat Payments

Included in CFDA #93.568 are client benefits paid by the State of Minnesota of $1,382,591. These expenditures are not included in the consolidated statement of activities.

NOTE 4 - Subrecipients

Anoka County Community Action Program, Inc. did not subcontract any federal funds to subrecipients for the year ended December 31, 2020.

Anoka County Community Action Program, Inc.

Schedule B
Schedule of Financial Information for Theatre Heights Property
December 31, 2020

Assets, Liabilities, and Net Assets

Assets:		
Cash	$	76,631
Accounts receivable		11,294
Escrows		31,003
Security deposit cash		9,930
Property and equipment, net		201,646
Total assets		330,504
Liabilities and net assets:		
Accounts payable		6,810
Security deposits		11,723
Deferred revenue		3,872
Notes payable		171,138
Total liabilities		193,543
Net assets without donor restrictions		136,961
Total liabilities and net assets	$	330,504

Income and Expense for the Year Ended December 31, 2020

Revenue:		
Rental revenue	$	134,343
Other income		90,616
Total revenue		224,959
Expenses:		
Administration		40,061
Maintenance		30,113
Utilities		19,694
Insurance		4,759
Real estate taxes		16,696
Depreciation		23,889
Interest		1,070
Total expenses		136,282
Change in net assets	$	88,677

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

Anoka County Community Action Program, Inc.

Schedule C
Schedule of Financial Information for ACCAP Thousand Oaks Property
December 31, 2020

Assets, Liabilities, and Net Assets		
Assets:		
Cash	$	152,422
Restricted reserves		99,769
Security deposit cash		12,618
Accounts receivable		2,119
Property and equipment, net		392,431
Total assets		659,359
Liabilities and net assets:		
Accounts payable		2,016
Accrued interest payable		22,563
Security deposits		11,767
Deferred revenue		3,902
Notes payable		557,260
Total liabilities		597,508
Net assets without donor restrictions		61,851
Total liabilities and net assets	$	659,359

Income and Expense for the Year Ended December 31, 2020		
Revenue:		
Rental revenue	$	162,307
Other income		353
Interest income (expense)		1,139
Total revenue		163,799
Expenses:		
Administration		24,052
Maintenance		25,357
Utilities		7,796
Insurance		7,743
Real estate taxes		19,338
Depreciation		49,378
Total expenses		133,664
Change in net assets	$	30,135

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

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, 2020, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 2, 2021. 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* as these entities did not receive federal funding 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 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 the Anoka County Community Action Program, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Anoka County Community Action Program, 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 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 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 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 internal control over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose.

Wipfli LLP

Wipfli LLP

June 2, 2021
Madison, Wisconsin

WIPFLI

Independent Auditor's Report on Compliance For Each Major Federal Program and Internal Control Over Compliance

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

Report on Compliance for Each 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 each of its major federal programs for the year ended December 31, 2020. Anoka County Community Action Program, Inc.'s major federal programs are 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, 2020, and has had a separate single audit, and therefore, the federal expenditures of that entity are not included in this audit.

Management's Responsibility

Management of Anoka County Community Action Program, Inc.is responsible for compliance with the 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 Anoka County Community Action Program, Inc.'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; 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). 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 Anoka County Community Action Program, Inc.'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 programs. However, our audit does not provide a legal determination on Anoka County Community Action Program, Inc.'s compliance.

Opinion on Each Major Federal Program

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 each of its major federal program for the year ended December 31, 2020.

Report on Internal Control over Compliance

Management of Anoka County Community Action Program, Inc. is responsible for establishing and maintaining effective internal control over compliance ("internal control") with types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Anoka County Community Action Program, Inc.'s internal control with 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 the major federal program and to test and report on internal control in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we do not express an opinion on the effectiveness of Anoka County Community Action Program, Inc.'s internal control.

A deficiency in internal control 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 is a deficiency, or a combination of deficiencies, in internal control, 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 is a deficiency, or a combination of deficiencies, in internal control with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control, 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. 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.

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

June 2, 2021
Madison, Wisconsin

Anoka County Community Action Program, Inc. and Affiliates

Schedule of Findings and Questioned Costs
Year Ended December 31, 2020

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?	No
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major federal programs:	
Material weaknesses identified?	No
Significant deficiencies identified?	No
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	CFDA No.
COVID-19 Housing Assistance Program	20.019
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