

# Tri-Valley Opportunity Council, Inc.

Crookston, Minnesota

## Consolidated Financial Statements and Supplementary Information

Year Ended December 31, 2023



**WIPFLI**

# Tri-Valley Opportunity Council, Inc.

Year Ended December 31, 2023

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## **Independent Auditor's Report**

Board of Directors  
Tri-Valley Opportunity Council, Inc.  
Crookston, Minnesota

### ***Report on the Audit of the Consolidated Financial Statements***

#### ***Opinion***

We have audited the accompanying consolidated financial statements of Tri-Valley Opportunity Council, Inc. (a nonprofit organization), and Subsidiaries, which comprise the consolidated statement of financial position as of December 31, 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, based on our audit and the report of other auditors, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Tri-Valley Opportunity Council, Inc. and Subsidiaries as of December 31, 2023, 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.

We did not audit the financial statements of Agassiz Townhomes LP, a controlled subsidiary, which statements reflect total assets of \$6,112,760 as of December 31, 2023, and total revenues of \$324,106 for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Agassiz Townhomes LP, is based solely on the report of the other auditors.

#### ***Basis for Opinion***

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Tri-Valley Opportunity Council, Inc. and Subsidiaries to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. The financial statements of Fisher Townhomes, LLC, Fisher Townhomes, LP, Crookston Townhomes, LLC, Crookston Townhomes, LP, Agassiz Townhomes LP, and Agassiz Townhomes General Partner, LLC, were not audited in accordance with *Government Auditing Standards*.

#### ***Responsibilities of Management for the Consolidated Financial Statements***

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

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

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

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

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

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

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

### **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, Schedule A, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, the schedule of program activity, Schedule B, the consolidating statement of financial position, and the consolidating statement of revenue and expenditures, 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.

In our opinion, the consolidating information on pages 34 and 35, which insofar as it relates to Agassiz Townhomes, LP, is based on the report of other auditors, 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 August 2, 2024 on our consideration of Tri-Valley Opportunity Council, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Tri-Valley Opportunity Council, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Tri-Valley Opportunity Council, Inc.'s internal control over financial reporting and compliance.



Wipfli LLP

Madison, Wisconsin

August 2, 2024

# Tri-Valley Opportunity Council, Inc. and Subsidiaries

## Consolidated Statement of Financial Position

December 31, 2023

<b>Assets</b>	
Current assets:	
Cash	\$ 6,537,381
Grants receivable	1,768,408
Accounts receivable	249,096
Investments	1,250,982
Revolving loans receivable, current portion	17,502
Prepaid expenses	151,211
Total current assets	9,974,580
Other assets:	
ROU - Operating leases	3,522,450
Long-term revolving loans receivable	109,267
Total other assets	3,631,717
Property and equipment, net	14,635,428
<b>TOTAL ASSETS</b>	<b>\$ 28,241,725</b>
<b>Liabilities and Net Assets</b>	
Current liabilities:	
Current maturities of notes payable	\$ 310,434
Current maturities of forgivable notes payable	5,000
Current maturities of finance leases payable	58,615
Current maturities of operating leases payable	575,072
Accounts payable	649,448
Accrued payroll and related expenses	1,433,130
Refundable advances	1,963,085
Total current liabilities	4,994,784
Long-term liabilities:	
Notes payable	2,681,069
Finance leases payable	86,656
Operating leases payable	2,983,262
Accrued interest payable	247,716
Development fee payable	45,540
Forgivable notes payable	25,000
Total long-term liabilities	6,069,243
Total liabilities	11,064,027
Net assets:	
Without donor restrictions	4,959,163
Without donor restrictions - grant funded property	5,856,912
Without donor restrictions - attributable to noncontrolling interest	4,676,352
Total net assets without donor restrictions	15,492,427
Net assets with donor restrictions	1,685,271
Total net assets	17,177,698
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 28,241,725</b>

See accompanying notes to consolidated financial statements.

# Tri-Valley Opportunity Council, Inc. and Subsidiaries

## Consolidated Statement of Activities

Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue:</b>			
Grant revenue	\$ 27,926,376	\$ 131,323	\$ 28,057,699
Program contributions	674,574	-	674,574
Contracted services	1,017,241	-	1,017,241
Tenant rents	819,342	-	819,342
Interest income	62,907	-	62,907
In-kind contributions	1,463,405	-	1,463,405
Other income	368,463	-	368,463
<b>Total revenue</b>	<b>32,332,308</b>	<b>131,323</b>	<b>32,463,631</b>
<b>Program Activity:</b>			
Child education	19,974,416	-	19,974,416
Family and community services	1,582,021	-	1,582,021
Energy assistance	233,791	-	233,791
Senior services	500,043	-	500,043
Transportation	3,393,829	-	3,393,829
Housing and housing rehabilitation	14,820	-	14,820
Homeless/shelter programs	1,313,101	-	1,313,101
Food programs	1,225,410	-	1,225,410
Rental activity	1,047,417	-	1,047,417
Corporate activities	414,671	-	414,671
<b>Total program activities</b>	<b>29,699,519</b>	<b>-</b>	<b>29,699,519</b>
Management and general expenses	1,682,548	-	1,682,548
Fund-raising	22,078	-	22,078
<b>Total operating expenses</b>	<b>31,404,145</b>	<b>-</b>	<b>31,404,145</b>
<b>Change in net assets</b>	<b>928,163</b>	<b>131,323</b>	<b>1,059,486</b>
<b>Net assets - Beginning of year</b>	<b>14,564,264</b>	<b>1,553,948</b>	<b>16,118,212</b>
<b>Net assets - End of year</b>	<b>\$ 15,492,427</b>	<b>\$ 1,685,271</b>	<b>\$ 17,177,698</b>

See accompanying notes to consolidated financial statements.

# Tri-Valley Opportunity Council, Inc. and Subsidiaries

## Consolidated Statement of Functional Expenses Year Ended December 31, 2023

	Program	Management and General	Fund-raising	Total
Salaries and wages	\$ 14,743,867	\$ 1,000,971	\$ 13,962	\$ 15,758,800
Fringe benefits	3,644,453	227,482	8,116	3,880,051
Consultants/contracted labor	2,083,094	146,549	-	2,229,643
Travel/transportation	813,876	19,043	-	832,919
Occupancy	1,218,314	165,086	-	1,383,400
Supplies	1,469,716	33,641	-	1,503,357
Repairs and maintenance	850,756	-	-	850,756
Communications	267,110	18,015	-	285,125
Beneficiary assistance	1,365,079	-	-	1,365,079
Depreciation	1,209,713	-	-	1,209,713
Other	570,136	71,761	-	641,897
In-kind expenses	1,463,405	-	-	1,463,405
<b>Total Expenses</b>	<b>\$ 29,699,519</b>	<b>\$ 1,682,548</b>	<b>\$ 22,078</b>	<b>\$ 31,404,145</b>

See accompanying notes to consolidated financial statements.



# Tri-Valley Opportunity Council, Inc. and Subsidiaries

## Consolidated Statement of Cash Flows

Year Ended December 31, 2023

Increase (decrease) in cash:	
Cash flows from operating activities:	
Change in net assets	\$ 1,059,486
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	1,154,775
Amortization of finance fees included in interest expense	1,849
Debt forgiveness	(5,000)
Net mortgage discount amortization	(30,623)
Bad debt expense	23,907
Noncash lease expense	575,583
ROU asset amortization for finance leases	54,938
Loss on disposal of property and equipment	57,370
Net unrealized/realized loss on investments	1,860
Changes in operating assets and liabilities:	
Grants receivable	(194,471)
Accounts receivable	11,427
Prepaid expenses	(9,616)
Accounts payable	191,174
Accrued payroll and related expenses	283,650
Operating leases payable	(560,764)
Development fee payable	40,235
Refundable advances	548,263
Accrued interest	11,327
<b>Net cash provided by operating activities</b>	<b>3,215,370</b>
Cash flows from investing activities:	
Purchase of property and equipment	(1,599,152)
Re-investment of dividends and interest	(17,424)
Repayments received on revolving loans	29,856
<b>Net cash used in investing activities</b>	<b>(1,586,720)</b>
Cash flows from financing activities:	
Payment on finance lease obligations	(56,193)
Payments on notes payable	(48,607)
<b>Net cash used in financing activities</b>	<b>(104,800)</b>
Change in cash	1,523,850
Cash - Beginning of year	5,013,531
<b>Cash - End of year</b>	<b>\$ 6,537,381</b>
<b>Supplemental schedule of operating activities:</b>	
Interest paid and expensed	\$ 55,816
<b>Supplemental schedule of noncash investing and financing activities:</b>	
Leased assets obtained in exchange for new operating lease liabilities	\$ 2,792,790
Purchase of property with debt	\$ 644,084

See accompanying notes to consolidated financial statements.

# Tri-Valley Opportunity Council, Inc.

## Notes to Consolidated Financial Statements

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### Note 1: Summary of Significant Accounting Policies

#### Nature of Operations

Established in 1965, the mission of Tri-Valley Opportunity Council, Inc. (“TVOC”) is to provide opportunities to improve the quality of life for people and communities. TVOC is a multi-faceted organization that strives to reduce poverty in the states of Minnesota and North Dakota, with its primary service area being the Minnesota counties of West Polk, West Marshall, and Norman. A major focus of TVOC is to provide a seamless system of support by integrating services, reducing redundancies, and maximizing opportunities for clients and communities.

TVOC is primarily supported through government grants, with approximately 58% of TVOC’s grant revenue being earned from the Department of Health and Human Services’ Head Start program.

TVOC is led by an effective management team supported by a dedicated board of directors. TVOC has created strong program delivery systems. The programs available to clients focus on the areas of Community Services, Head Start/Child and Family Programs, Transportation, Food, Housing, and Senior Services. Additional agency resources include training, technical assistance, outcomes development, grant writing, capacity-building, and long-range strategic planning. These combined programs and resources make TVOC an integral partner in each community.

Fisher Townhomes, LLC is a wholly owned subsidiary of TVOC that was organized to purchase the limited partner interest in the Fisher Townhomes, Limited Partnership. The purchase occurred in April 2015.

Fisher Townhomes Limited Partnership is a limited partnership organized under the laws of the State of Minnesota for the purpose of acquiring, operating, and ultimately disposing of (“Fisher”) and related personal property. The Project consists of ten apartment units in Fisher, Minnesota that is operated for low-income housing. The Project is eligible for Low-Income Housing Tax Credits established under the program described in Section 42 of the Internal Revenue Code. The Partnership shall cease on December 31, 2050, unless dissolved sooner.

Crookston Townhomes, LLC is a wholly owned subsidiary of TVOC that was organized to purchase the limited partner interest in the Crookston Townhomes, LP. The purchase occurred in April 2015.

Crookston Townhomes Limited Partnership is a limited partnership organized under the laws of the State of Minnesota for the purpose of acquiring, operating, and ultimately disposing of (“Crookston”) and related personal property. The Project consists of 30 apartment units in Crookston, Minnesota, that is operated for low-income housing. The Project is eligible for Low-Income Housing Tax Credits established under the program described in Section 42 of the Internal Revenue Code. The Partnership shall cease on December 31, 2050, unless dissolved sooner.

Agassiz Townhomes General Partner, LLC is a wholly owned subsidiary of TVOC that was organized to purchase the general partner interest in the Agassiz Townhomes, LP.

Agassiz Townhomes LP was formed to acquire, own, construct, operate and lease 6 townhome buildings with 30 units in Crookston, MN (“Agassiz”). The Project provides affordable housing utilizing the low-income housing tax program. TVOC has the option of right of first refusal to acquire Agassiz Townhomes LP and has determined that it appears to be prudent and feasible that they will exercise that option at the end of the compliance period.

# Tri-Valley Opportunity Council, Inc.

## Notes to Consolidated Financial Statements

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### **Note 1: Summary of Significant Accounting Policies** (Continued)

#### **Principles of Consolidation**

The accompanying consolidated financial statements include TVOC and all of the wholly owned subsidiaries listed above. In addition, Agassiz Townhomes LP has also been consolidated in accordance with the consolidation guidance contained in Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2017-02, *Not-for-Profit Entities – Consolidation (Subtopic 958-810): Clarifying When a Not-for-Profit Entity That Is a General Partner or Limited Partner Should Consolidate a For-Profit Limited Partnership or Similar Entity*. All significant intercompany transactions and balances have been eliminated in consolidation. Collectively, the entities are referred to as the “Organization”.

#### **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.

#### **Change in Accounting Principle**

Accounting Standards Update (ASU) No. 2016-13, *Measurement of Credit Losses on Financial Instruments*, requires the Organizations to present financial assets measured at amortized cost (including trade receivables) at the net amount expected to be collected over their remaining contractual lives. Estimated credit losses are based on relevant information about historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amounts.

TVOC adopted ASU No. 2016-13 on January 1, 2023. There was no change in opening balances of net assets upon adoption of this standard. See the Accounts Receivable Policy for changes to accounting policies.

#### **Use of Estimates**

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

#### **Accounts Receivable**

Accounts receivable from contracts with customers is reported at the amount that reflects the consideration to which TVOC expects to be entitled, in exchange for providing services. Credit is extended based on prior experience with the customer and evaluation of the customer's financial condition. Accounts receivable from customers are generally received by the end of the following year.

# Tri-Valley Opportunity Council, Inc.

## Notes to Consolidated Financial Statements

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### **Note 1: Summary of Significant Accounting Policies** (Continued)

#### **Accounts Receivable** (Continued)

Beginning January 1, 2023, the estimate of the allowance for credit losses is based on an analysis of historical loss experience, current receivables aging, and management's assessment of current conditions and expected changes during a reasonable and supportable forecast period. TVOC assessed collectability by pooling receivables with similar risk characteristics and evaluating receivables individually when specific customer balances no longer share those risk characteristics.

Prior to 2023, the estimate of the allowance for uncollectible accounts was based on management individually reviewing all accounts receivable balances. Based on an assessment of collection history and customer attributes management estimated the portion, if any, of the balance that would not be collected. At December 31, 2023, no provision for credit loss has been recorded.

#### **Investments**

Investments in marketable securities with readily determinable market values are reported at their fair values on the consolidated statement of financial position. Investment income or loss including realized and unrealized gains and losses on investments, interest and dividends is included in other revenue without donor restrictions unless the income or loss is restricted by donor or law. Investment fees, if any, are netted against investment gain.

#### **Fair Value Measurements**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date. A three-tier hierarchy prioritizes the inputs used in measuring fair value. These tiers include Level 1, defined as observable inputs such as quoted market prices in active markets; Level 2, defined as inputs other than quoted market prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore, requiring an entity to develop its own assumptions. The asset's or liability's fair value measurement within the hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

#### **Revolving Loans Receivable**

TVOC operates a revolving loan program funded by Minnesota Housing and Finance Authority (MHFA). The Organization receives funds from MHFA to construct or renovate homes and then sell those homes under land contracts to eligible individuals. Any funds repaid must be used to construct homes, provide renovation loans to existing individuals under the program, or cover a percentage of administrative costs. Loans receivable are stated at the amount of unpaid principal discounted at the prevailing market rate at the inception of the mortgage. The loans are non-interest-bearing.

# Tri-Valley Opportunity Council, Inc.

## Notes to Consolidated Financial Statements

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### **Note 1: Summary of Significant Accounting Policies** (Continued)

#### **Revolving Loans Receivable** (Continued)

There is no allowance provided on these loans as the Organization holds the home as collateral and can cancel the land contract if the individual is delinquent. TVOC classifies a receivable as delinquent if the individual is two or more months in arrears, has abandoned the home, and/or if the home is at risk of incurring damage.

Delinquent payments are treated on a case-by-case basis but, generally, if a homeowner is late more than 30 days with a payment and no forbearance has been granted, verbal contact is made with the homeowner. A letter follows up the verbal contact confirming the conversation. If the terms outlined during the verbal contact are not met and/or the homeowner becomes 60 days late, cancellation proceedings are started. All cancellations are handled by TVOC's attorney in accordance with the laws of the State of Minnesota.

Management has the intent and ability to hold all loans for the foreseeable future or until maturity or pay-off and has reported the loans at their outstanding unpaid principal balances. Loan origination fees, net of certain direct origination costs, are recognized as income or expense when received or incurred since capitalization of these fees or costs would not have a significant impact on the consolidated financial statements.

#### **Allowance for Revolving Loan Losses**

TVOC does not maintain an allowance for the revolving loan loss account because in the event of non-payment by a homeowner, TVOC will start eviction proceedings and take back possession of the home. The home is then put back on the market to be contracted to another qualifying individual or family.

#### **Leases**

The Organization is a lessee in multiple noncancelable operating and finance leases. If the contract provides the Organization the right to substantially all the economic benefits and the right to direct the use of the identified asset, it is considered to be or contain a lease. Right-of-use (ROU) assets and lease liabilities are recognized at the lease commencement date based on the present value of the future lease payments over the expected lease term. The ROU asset is also adjusted for any lease prepayment 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.

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

The ROU asset for operating leases is subsequently measured throughout the lease term at the amount of the remeasured lease liability (i.e., present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) and prepaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized. For operating leases with lease payments that fluctuate over the lease term, the total lease costs are recognized on a straight-line basis over the lease term. The ROU asset for finance leases is amortized on a straight-line basis over the lease term.

# Tri-Valley Opportunity Council, Inc.

## Notes to Consolidated Financial Statements

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### Note 1: Summary of Significant Accounting Policies (Continued)

#### Leases (Continued)

For all underlying classes of assets, the Organization has elected to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement and do not include an option to purchase the underlying asset that the Organization is reasonably certain to exercise. Leases containing termination clauses in which either party may terminate the lease without cause and the notice period is less than 12 months are deemed short-term lease with lease costs included in short-term lease expense. The Organization recognizes short-term lease cost on a straight-line basis over the lease term.

The Organization made an accounting policy election to not separate the lease components of a contract and its associated non-lease components including lessor-provided maintenance.

#### Property and Equipment

Property and equipment are valued at cost. The Organization considers property and equipment to be items with a cost of \$5,000 or more and a useful life of over one year. Depreciation is provided on the straight-line method over the following useful lives:

Asset	Years
Land improvements	15
Buildings	15-40
Building improvements	5-20
Furniture and equipment	3-10

Property and equipment purchased with grant funds is owned by TVOC while used in the program for which it was 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 net book value of grant-funded equipment is \$5,856,912 at December 31, 2023.

#### Classification of Net Assets

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

Net assets without donor restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets Attributable to Noncontrolling Interest - Net assets attributable to noncontrolling interest represent the equity interest of the outside owner (the Limited Partner) in the consolidated Agassiz Townhomes LP. This interest is reported as a separate component of the Organization's net assets.

# Tri-Valley Opportunity Council, Inc.

## Notes to Consolidated Financial Statements

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### Note 1: Summary of Significant Accounting Policies (Continued)

#### Classification of Net Assets (Continued)

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 those 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.

#### Debt Issuance Costs

Debt issuance costs represent costs associated with obtaining debt to finance the construction of a building. 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.

#### Unemployment

TVOC self-funds unemployment claims through a third-party administrator (TPA). TVOC makes quarterly estimated payments to the TPA to cover expected future claims. Amounts not disbursed by the TPA are available for future claims of TVOC. The funds available at the TPA at December 31, 2023 were \$1,662,111. The amount is not reported as an asset in the consolidated financial statements since any reserve funds would either need to be used to pay future claims or ultimately returned back to the grant funding sources that contributed to the reserve. A net liability would be reported for claims that are expected to exceed reserve funds on hand. Management does not expect claims to exceed the reserve funds available.

#### Revenue Recognition

##### Contributions

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

# Tri-Valley Opportunity Council, Inc.

## Notes to Consolidated Financial Statements

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### Note 1: Summary of Significant Accounting Policies (Continued)

#### Revenue Recognition (Continued)

##### Grants

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

##### **A. Grant Awards that are Contributions**

Grants awards that are contributions are evaluated for conditions and recognized as revenue when the conditions are satisfied. Unconditional awards are recognized as revenue when the award is received. Amounts received where conditions have not been met are reflected as a refundable advance.

##### **B. Grant Awards that are Exchange Transactions**

Exchange transactions are those in which the resource provider or grantor received a commensurate value in exchange for goods or services transferred. Revenue is recognized when control of the promised goods or services is transferred to the customer (grantor) in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Amounts received in excess of recognized revenue are reflected as a contract liability.

##### Contracted Services

TVOC operates the Tri-Valley Heartland Express, providing transportation services to the general public in eight Minnesota counties: Polk, Red Lake, Norman, Marshall, Kittson, Pennington, Mahnomen, and Clearwater. Buses have seating available for up to 40 passengers. The program is operated using grants provided by the Minnesota Department of Transportation and fare box revenue. Grants provided by the Minnesota Department of Transportation are reported as contributions. Fare box revenue is reported at the point in time the ride is provided to the customer, at an amount that reflects the consideration to which TVOC believes is entitled in exchange for providing the transportation service. Customers pay per ride upon entering the bus through cash deposits into the fareboxes on the buses, or by purchasing passes from bus drivers or at the Transportation office, at a stand-alone selling price. TVOC also provides transportation services where consideration for the service provided is expected to be paid for by third-party payors. Generally, third party payors are billed in the month the service is performed. TVOC determines the transaction price based on the contractual agreement with the third-party payor. The amount recorded for transportation services provided at the point in time the service is performed was \$787,295 for the year ended December 31, 2023. Accounts receivable were \$52,306 at January 1, 2023, and \$80,899 at December 31, 2023.



# Tri-Valley Opportunity Council, Inc.

## Notes to Consolidated Financial Statements

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### **Note 1: Summary of Significant Accounting Policies** (Continued)

#### **Revenue Recognition** (Continued)

##### Contracted Services (Continued)

TVOC has contracts to provide transportation and shuttle services to business and universities in Crookston and Thief River Falls, Minnesota. The contracts contain only one performance obligation which is to provide rides during the agreed upon dates and times specified in the contract. Revenue from these contracts is recognized over the term of the contract as TVOC provides the service. The passage of time is used as management considers that to be the best available measure of progress on TVOC's delivery of the service. Revenue is reported at the amount of consideration that TVOC expects to be entitled to in exchange for providing the service. TVOC determines the transaction price based on standard charges for the service provided. The amount recorded for contracted transportation services provided over time was \$22,894 for the year ended December 31, 2023. No receivables were recorded at the beginning or end of 2023.

TVOC offers childcare services outside Head Start program operating hours. The cost of these services is covered by parents or a third-party payor. TVOC's performance obligation is to perform childcare services. The revenue is recognized over time, as the benefit is consumed at the same time of the service being performed. Revenue is reported at an amount of consideration that TVOC expects to be entitled to in exchange for providing the service. TVOC determines that transaction price based on standard charges for the service provided. The amount recorded for childcare services over time was \$88,334 for the year ended December 31, 2023. No receivables were recorded at the beginning or end of 2023.

TVOC contracts with various other entities to provide a wide variety of contractual services. Pricing is established based on individual contract and revenue is recognized over the duration of the respective contract. The amount of contract revenue recognized over time was \$118,718 for the year ended December 31, 2023. No receivables were recorded at the beginning or end of 2023.

##### Tenant Rents

The Organization leases consist of tenant leases related to the rental property reported in the consolidated statement of financial position. Tenant leases are typically for 12 months or less, do not include extension options and are classified as operating leases. Tenant rents are recognized as revenue over the term of the lease. Advance receipts, if any, are deferred and classified as liabilities until earned.

#### **In-Kind Contributions**

TVOC records in-kind contributions at fair market value for space, supplies, and professional services in the consolidated statement of activities in accordance with accounting standards generally accepted in the United States, 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. TVOC received contributions, primarily for the Head Start program, of nonprofessional volunteers during the year with a value of approximately \$163,583 which are not recorded in the consolidated statement of activities.

# Tri-Valley Opportunity Council, Inc.

## Notes to Consolidated Financial Statements

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### **Note 1: Summary of Significant Accounting Policies** (Continued)

#### **Functional Allocation**

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

#### **Income Taxes**

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

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

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

Agassiz Townhomes General Partner, LLC is a sole member LLC and, therefore, is treated as disregarded entity for tax purposes. Agassiz Townhomes, LP is not a taxpaying entity. All tax effects of the partnership are passed through to the partners of the partnership.

The Organization is required to assess whether it is more likely than not that a tax position will be sustained upon examination on the technical merits of the position assuming that 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 consolidated financial statements. The Organization has determined there are no amounts to record as assets or liabilities related to uncertain tax positions.

#### **Subsequent Events**

Subsequent events have been evaluated through August 2, 2024, which is the date the consolidated financial statements were available to be issued.

### **Note 2: Concentration of Credit Risk**

The Organization maintains cash deposits primarily at one bank. Accounts at this institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At certain times during the year, cash balances may be in excess of FDIC coverage. The Organization has not experienced any losses in such accounts, and believes they are not exposed to any significant credit risk on cash.

# Tri-Valley Opportunity Council, Inc.

## Notes to Consolidated Financial Statements

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### Note 3: 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 consolidated statement of financial position date, comprised the following as of December 31, 2023:

Cash	\$	6,537,381
Receivables		2,017,504
Investments		1,250,982
<hr/>		
Financial assets available		9,805,867
Less : Accounts payable and accrued expenses designated for grant expenditures		(2,082,578)
Less : Net assets with donor restriction in cash		(1,445,202)
Less : Refundable advances		(1,963,085)
<hr/>		
Total	\$	4,315,002

TVOC does not have a formal liquidity policy, but generally maintains financial assets in cash for approximately one month of operating expenses. TVOC can rely on a lower cash balance as they are primarily funded with cost reimbursement grants. Under cost reimbursement grants, once expenses are incurred, an organization can request reimbursement from the funding source. The Organization's grants have varying renewal dates. TVOC has grant commitments for future expenses of over \$10,200,000, see Note 17.

### Note 4: Grants Receivable

Grants receivable due from funding sources are as follows at December 31, 2023:

Federal programs	\$	782,912
State and other programs		985,496
<hr/>		
Total	\$	1,768,408

### Note 5: Investments

Investments are as follows at December 31, 2023:

Fixed income securities	\$	1,250,755
Money market		227
<hr/>		
Total	\$	1,250,982

# Tri-Valley Opportunity Council, Inc.

## Notes to Consolidated Financial Statements

### Note 5: Investments (Continued)

Income from investments, included in interest income on the consolidated statement of activities, consisted of the following at December 31, 2023:

Interest and dividends	\$	47,993
Investment fees		(11,895)
Net realized/unrealized loss		(1,860)
<hr/>		
Total investment income	\$	34,238

### Note 6: Fair Value Measurements

Information regarding the fair value of assets measured at fair value on a recurring basis as of December 31, 2023, was as follows:

	Fair Value Measurements Using			Total Assets at Fair Value
	Level 1	Level 2	Level 3	
Fixed income securities	\$ 1,250,755	\$ -	\$ -	\$ 1,250,755
Money market	-	227	-	227
<hr/>				
Totals	\$ 1,250,755	\$ 227	\$ -	\$ 1,250,982

The following is a description of the valuation methodology used for each asset measured at fair value on a recurring basis:

- Money market funds are valued using \$1 as the net asset value.
- Fixed income securities are valued at quoted market prices.

The methods described and shown above for fair value calculations may produce a fair value calculation that may be different from the net realizable value or not reflective of future values expected to be received. TVOC believes that its valuation methods are appropriate and consistent with other market participants; however, the use of these various methodologies and assumptions may produce results that differ in the estimates of fair value at the financial reporting date. TVOC does not have any liabilities measured at fair value on a recurring basis nor any assets or liabilities measured at fair value on a nonrecurring basis.

# Tri-Valley Opportunity Council, Inc.

## Notes to Consolidated Financial Statements

### Note 7: Revolving Loans Receivable

TVOC operates a housing revolving loan fund that provides assistance to eligible participants in the form of non-interest-bearing loans which are secured by various property owned by the recipients. Principal payments are based on the participants' ability to pay, and repayment terms are adjusted annually. As loan funds are repaid, they are available to be re-loaned to eligible participants and to cover a fixed percentage of administrative and program costs. The loans are due and payable on the occurrence of various events, including sale, transfer, or reassignment of the property, death of the homeowner, the homeowner no longer occupying the property, and/or the passage of time.

The loans were discounted to their net present value using a discount rate of 6%. The loans receivable are as follows at December 31, 2023:

Loans receivable	\$ 276,531
Discount on loans receivable	(149,762)
<hr/>	
Loans receivable, net	126,769
Current portion	(17,502)
<hr/>	
Net long-term loans receivable	\$ 109,267

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

### Note 8: Leases

TVOC leases space under leases classified as operating leases to operate Head Start centers, space for storage of materials, and office space in East Grand Forks as a satellite office. The majority of leases entered into do not include options to renew. The exercise of lease renewal options is at TVOC's sole discretion. Renewal option periods are included in the measurement of the ROU asset and lease liability when the exercise is reasonably certain to occur. TVOC leases IT server equipment and three buses under finance leases.

The depreciable life of assets and leasehold improvements are limited by the expected lease term, unless there is a transfer of title or purchase option reasonably certain of exercise.

TVOC's lease agreements do not contain any material residual value guarantees or material restrictive covenants. Payments due under the lease contracts include fixed payments.

Weighted-average remaining lease term – Finance leases	2.10 years
Weighted-average remaining lease term – Operating leases	7.73 years
Weighted-average discount rate – Finance leases	2.90%
Weighted-average discount rate – Operating leases	3.63%

# Tri-Valley Opportunity Council, Inc.

## Notes to Consolidated Financial Statements

### Note 8: Leases (Continued)

Components of lease expense were as follows for the year ended December 31, 2023:

Lease costs		
Finance lease cost:		
Interest	\$	3,975
Amortization of right-of-use asset		54,938
Operating lease cost		654,519
Short-term lease cost		93,724
<hr/>		
Total lease cost	\$	807,156

Maturities of lease liabilities for operating leases are as follows as of December 31, 2023:

2024	\$	677,700
2025		511,124
2026		457,994
2027		463,357
2028		408,034
Thereafter		1,544,400
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Total lease payments		4,062,609
Imputed interest		(504,275)
<hr/>		
Present value of minimum lease payments	\$	3,558,334

Finance leases are included in property and equipment, net on the consolidated statement of financial position. A summary of the acquisition costs and accumulated amortization on assets acquired through finance leases at December 31, 2023, is as follows:

Equipment	\$	81,344
Vehicles		193,345
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Subtotal		274,689
Accumulated Depreciation		(127,255)
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Net	\$	147,434

# Tri-Valley Opportunity Council, Inc.

## Notes to Consolidated Financial Statements

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### Note 8: Leases (Continued)

The following is a schedule showing the future minimum lease payments under finance leases by years and the present value of the minimum lease payments as of December 31, 2023:

2024	\$	62,348
2025		62,348
2026		26,608
<hr/>		
Total minimum lease payments		151,304
Interest		(6,033)
<hr/>		
Present value of minimum lease payments	\$	145,271

### Note 9: Property and Equipment

The balance of property and equipment at December 31, 2023, consists of the following:

Land	\$	304,921
Land improvements		308,430
Building and improvements		19,539,012
Furniture and equipment		7,172,035
Construction in progress		856,473
<hr/>		
Subtotal		28,180,871
Accumulated depreciation		(13,545,443)
<hr/>		
Property and equipment, net	\$	14,635,428

Construction in progress is related to renovation projects at TVOC's Prairieland Duplex rental. Costs to date are included above in construction in progress as of December 31, 2023. The Prairieland renovations are financed with Minnesota Housing Finance Agency loan funds.

# Tri-Valley Opportunity Council, Inc.

## Notes to Consolidated Financial Statements

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### Note 10: Lessor Activity

TVOC's rental projects are a mix of low-to-moderate income projects and a migrant housing project. Leases are all for one year or less. Rental income for the year ended December 31, 2023, was \$819,342.

A summary of the acquisition costs and accumulated depreciation on the rental properties at December 31, 2023, is as follows:

Land	\$ 129,382
Land improvements	308,430
Building	8,488,497
Equipment	209,833
Construction in progress	856,473
<hr/>	
Subtotal	9,992,615
Accumulated depreciation	(1,885,688)
<hr/>	
Net	\$ 8,106,927

### Note 11: Refundable Advances

Refundable advances at December 31, 2023 are associated with the following programs:

Transportation	\$ 1,591,040
Child programs	111,107
Family homeless assistance program	110,665
Others	150,273
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Total refundable advances	\$ 1,963,085



# Tri-Valley Opportunity Council, Inc.

## Notes to Consolidated Financial Statements

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### Note 12: Notes Payable

The notes payable at December 31, 2023, consist of the following:

Note payable to Farmers Home Administration, Department of Agriculture, collateralized with property, with interest at 1.00%, with monthly payments of \$282, due 2043.	\$ 59,997
Mortgage payable to Minnesota Housing Finance Agency (MHFA) with interest at 1.00% compounded annually. Principal and interest due July 2029. Collateralized by Fisher Townhomes property	315,812
Mortgage payable to Bremer Bank N.A. at a variable interest rate (currently 3.92%) with \$1,000 monthly payments. The note matures in November 2025. Mortgage collateralized by real estate. The Organization is not in compliance with the debt/worth ratio on the mortgage payable, and therefore the outstanding balance is shown as currently payable.	130,811
Affordable Rental Investment Fund Program mortgage payable to MHFA at a 1.00% interest rate and due in July 2029. Payments of principal and interest are not required until maturity. Collateralized by Crookston Townhomes property.	695,050
Mortgage payable to Greater Minnesota Housing Fund (GMHF), secured by real estate and an assignment of the tax increment receivable of Agassiz Townhomes LP, with monthly payments of \$2,809 and interest at 4.90%. The loan matures December 2045.	487,168
Mortgage payable to MHFA, secured by real estate of Agassiz Townhomes LP, without interest. Principal due December 2045.	315,000
Mortgage payable to MHFA, secured by real estate of Prairieland, without interest. Principal due May 2043.	644,084
Mortgage payable to GMHF, secured by real estate under Agassiz Townhomes LP, without interest. Monthly principal payments of \$7,517 are based on cash flow after certain other payments are made as defined in the partnership agreement. Principal due December 2045.	218,000
Mortgage payable to Bremer Bank N.A. at a variable interest rate (currently 3.92%) with \$2,512 monthly payments. The note matures in November 2025. Mortgage collateralized by real estate. The Organization is not in compliance with the debt/worth ratio on the mortgage payable, and therefore the outstanding balance is shown as currently payable.	167,950
Subtotal	3,033,872
Unamortized debt issuance costs	(42,369)
Current maturities of notes payable	(310,434)
Notes payable-Long-term	\$ 2,681,069

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# Tri-Valley Opportunity Council, Inc.

## Notes to Consolidated Financial Statements

### Note 12: Notes Payable (Continued)

Future debt maturities as of December 31, 2023, are as follows:

2024	\$	310,434
2025		13,011
2026		13,556
2027		14,129
2028		14,667
Thereafter		2,668,075
<hr/>		
Total	\$	3,033,872
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At December 31, 2023, the original cost of the financing fees was \$51,769 and accumulated amortization was \$9,400. Amortization of financing fees for the year ended December 31, 2023, was \$1,849. Total interest expense for the year ended December 31, 2023, was \$55,816.

### Note 13: Forgivable Note Payable

A 30-year forgivable note payable from MHFA for the construction of a housing project in 1999, collateralized by the housing project. The loan requires compliance with provisions of the loan agreement for a 30-year period. The loan is forgiven at a rate of 5.00% annually beginning in the 11th year of the note.

	\$	30,000
<hr/>		
Current portion of forgivable notes payable		(5,000)
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Forgivable notes payable, long-term	\$	25,000
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Future forgiveness of notes payable is as follows:

2024	\$	5,000
2025		5,000
2026		5,000
2027		5,000
2028		5,000
Thereafter		5,000
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Total	\$	30,000
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# Tri-Valley Opportunity Council, Inc.

## Notes to Consolidated Financial Statements

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### Note 14: Net Assets with Donor Restrictions

Net assets with donor restrictions consist of revolving loan funds and program contributions. The revolving loan funds are to be used for housing loans to eligible participants and to cover administrative costs of operating the program. The reach out for warmth funds are to be used to cover energy payments for participants. Transportation is restricted to cover costs associated with the transportation program. Net assets with donor restrictions as December 31, 2023, are as follows:

Transportation	\$ 1,433,766
Reach out for warmth	11,436
Revolving loan funds	240,069
<hr/>	
Net assets with donor restrictions	<u>\$ 1,685,271</u>

There were no releases of net assets with donor restrictions for the year ended December 31, 2023.

### Note 15: Program Operations

TVOC 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 \$2,212,757 paid by the state are not included in the consolidated statement of activities.

### Note 16: Retirement Plan

TVOC has a 401(k) plan for eligible employees. TVOC contributes one dollar for every dollar each employee contributes, up to a maximum contribution of 5% of the annual gross wages of the employee. The employees are vested immediately. The employer's contribution for the year ended December 31, 2023, was \$491,777.

### Note 17: Grant Awards

At December 31, 2023, TVOC has received commitments for future funding under various grant awards of approximately \$10,200,000. These commitments are not recognized in the accompanying consolidated financial statements as receivables and revenue as they are conditional awards.

# Tri-Valley Opportunity Council, Inc.

## Notes to Consolidated Financial Statements

### Note 18: Contributed Nonfinancial Assets (In-kind Contributions)

For the year ended December 31, 2023, contributed nonfinancial assets included in in-kind revenue on the consolidated statement of activities are as follows:

	Value	Usage in Programs/Activities	Donor-imposed Restrictions	Valuation Techniques & Inputs
Professional volunteer	\$ 10,186	Head Start and Foster Grandparent	None	Professional volunteer services are based on current rates of donor services provided by the donor.
Supplies	26,073	Head Start and Foster Grandparent	None	Supplies are based on the estimated fair value on the basis of wholesale values that would be received for selling similar products in the United States. Estimated fair value on the basis of recent comparable rental price in the Organization's real estate market.
Rent	1,427,146	Head Start	None	
<b>Total</b>	<b>\$ 1,463,405</b>			

### Note 19: Commitments and Contingencies

TVOC renovated a property with the use of \$500,000 of grant funds from the State of Minnesota Department of Children, Families, and Learning. The grant funds would be payable to the State of Minnesota Department of Children, Families, and Learning if the property were sold or converted to a use other than stipulated in the loan restriction. The total contingency is based on the proceeds received from the sale. The agreement stipulates that TVOC would have to repay the entire grant amount plus a portion of the remaining proceeds if it exceeds the original grant. However, if sales proceeds are less than \$500,000, the lesser amount is due. TVOC has no intentions of selling or converting the property, therefore, no liability has been recorded.

TVOC renovated a property with the use of \$440,000 of grant funds from the State of Minnesota Department of Transportation. The grant funds would be payable to the State of Minnesota Department of Transportation if the property were sold or converted to a use other than stipulated in the loan restriction. The total contingency is based on the proceeds received from the sale. The agreement stipulates that TVOC would have to repay the entire grant amount plus a portion of the remaining proceeds if it exceeds the original grant. However, if sales proceeds are less than \$440,000 the lesser amount is due. TVOC has no intentions of selling or converting the property; therefore, no liability has been recorded.

# Tri-Valley Opportunity Council, Inc.

## Notes to Consolidated Financial Statements

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### **Note 19: Commitments and Contingencies** (Continued)

Under the partnership agreement for Agassiz Townhomes LP, TVOC made a guarantee for operating deficits. The agreement stipulates that the obligation is unlimited through the date of payment of the investor limited partner's final installment capital contribution. After the final installment has been paid, Agassiz Townhomes General Partner, LLC is limited to \$117,146 in the aggregate and continues for a minimum of 5 years. Agassiz Townhomes General Partner, LLC can be released from the obligation at the 49<sup>th</sup> month after the final installment if the following conditions are met: (1) a debt service coverage ratio of at least 1.15 to 1.0 for a 12-month period and a projected debt service coverage ratio of 1.15 to 1 for the compliance period; and (2) the operating reserve balance is fully funded with a balance of at least \$117,146. Agassiz Townhomes General Partner, LLC is also obligated to make unlimited operating deficit loans throughout the compliance period for any obligation resulting from the failure to receive subsidies under the HAP contract, failure to receive low income rental classification for property taxes, providing supporting services, and failure to obtain any TIF payments. Advances made under the operating deficit guaranty bear interest at prime, compounded annually, and are repayable from cash flow. There is no indication that any of the conditions will not be met. Accordingly, no provision for any liability has been recorded.

## **Supplementary Information**

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# Tri-Valley Opportunity Council, Inc.

## Schedule A Schedule of Expenditures of Federal Awards Year Ended December 31, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Grant Number	AL Number	Sub-Recipient	Federal Expenditures
<b>U.S. Department of Agriculture</b>				
Passed-Through the MN Department of Education Child and Adult Care Food Program	N/A	10.558	\$ -	\$ 450,099
Passed-Through the ND Department of Public Instruction Child and Adult Care Food Program	N/A	10.558	-	31,489
<b>Total AL # 10.558</b>			<b>-</b>	<b>481,588</b>
<b>Child Nutrition Cluster</b>				
Passed-Through the MN Department of Education Summer Food Service Program for Children	N/A	10.559	-	<b>11,274</b>
<b>SNAP Cluster</b>				
Passed-Through the MN Department of Human Services Food Support Outreach	219983	10.561	-	<b>120,101</b>
<b>U.S. Department of Housing and Urban Development</b>				
Passed-Through Northwestern Mental Health COVID-19 ESG-CV2-Em Solutions CARES RR Housing	N/A	14.231	-	<b>64,816</b>
Direct Grant Continuum of Care Supportive Housing	MN0434L5K062103 MN0410L5K062104 MN0255L5K062110 MN0255L5K062211 MN0520R5K062200 MN0434L5K062204	14.267	-	<b>194,062</b>
Passed-Through the Inter County Community Council HUD Youth Homeless Demo-ICCC	MN0442Y5K062102 MN0442Y5K062203	14.276	-	<b>27,723</b>
<b>U.S. Department of Justice</b>				
Direct Grant STOP-Threat Assessment	2019-YS-BX-0206	16.839	-	58,021
STOP-Prevention Training	2020-YS-BX-0066		-	130,210
<b>Total AL # 16.839</b>			<b>-</b>	<b>188,231</b>
<b>U.S. Department of Transportation</b>				
<b>Federal Transit Cluster</b>				
Passed-Through MN Department of Transportation Formula Grants for Other Than Urbanized Areas	1035603	20.500	-	<b>434,250</b>
Passed-Through MN Department of Transportation Formula Grants for Other Than Urbanized Areas	1026737 1051360	20.509	-	<b>1,557,307</b>
<b>U.S. Department of Treasury</b>				
Passed-Through MN Housing Finance Agency COVID-19 CERA Housing Stability Services	N/A	21.023	-	<b>217,526</b>

See Independent Auditor's Report.

See Notes to Schedule of Expenditures of Federal Awards.

# Tri-Valley Opportunity Council, Inc.

## Schedule A Schedule of Expenditures of Federal Awards Year Ended December 31, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Grant Number	AL Number	Sub-Recipient	Federal Expenditures
<b>U.S. Department of Education</b>				
Passed-Through ND Department of Public Instruction Migrant Education	3609	84.011	-	36,255
Passed-Through the MN Department of Education Midwest Migrant Resource Center	6436		-	229,278
Migrant Education	5648	84.011	-	703,655
<b>Total AL # 84.011</b>			-	<b>969,188</b>
<b>U.S. Department of Health and Human Services</b>				
Passed-Through MN Community Action P/S MNSure Consumer Assistance	N/A	93.525	-	<b>11,988</b>
Passed-Through MN Department of Commerce Low-Income Home Energy Assistance	2302MNLIEA, 2402MNLIEA	93.568	-	<b>2,450,521</b>
Passed-Through MN Department of Human Services Community Services Block Grant	198161	93.569	-	<b>67,367</b>
<b>CCDF Cluster</b>				
Passed-Through MN Department of Human Services Friends Family & Neighbors Caregivers	209169, 237268		-	105,507
Child Care and Development Block Grant	196706	93.575	-	300,129
<b>Total AL # 93.575</b>			-	<b>405,636</b>
Direct Grant				
<b>Head Start Cluster</b>				
Migrant Head Start 22-23	90CM009836/04	93.600	-	1,716,659
Head Start 22-23	05CH010528/05		-	1,269,562
Migrant Head Start 23-24	90CM009836/05		-	10,718,350
Head Start 23-24	05CH012228/01		-	2,282,945
COVID-19 Migrant Head Start C6	90HN00001501C6		-	210,665
COVID-19 Head Start C5	05HE00041901C5		-	70,645
COVID-19 Head Start C6	05HE00041901C6		-	101,154
<b>Total Head Start Cluster</b>			-	<b>16,369,980</b>
Passed-Through MN Department of Human Services Child Care and Development Block Grant	127366, 229701	93.667	-	<b>537,257</b>
<b>Corporation for National and Community Services</b>				
<b>Foster Grandparent/Senior Companion Cluster</b>				
Direct Grant				
Foster Grandparent Program	20SFNMN002, 22SFNMN001 20SFND001, 23SFND002	94.011	-	<b>349,076</b>
<b>TOTAL FEDERAL EXPENDITURES</b>			<b>\$ -</b>	<b>\$ 24,457,891</b>

See Independent Auditor's Report.

See Notes to Schedule of Expenditures of Federal Awards.



# Tri-Valley Opportunity Council, Inc.

## Notes to Schedule of Expenditures of Federal Awards

Year Ended December 31, 2023

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### **Note 1: General**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Tri-Valley Opportunity Council, Inc. under programs of the federal government for the year ended December 31, 2023. 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 Tri-Valley Opportunity Council, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of Tri-Valley Opportunity Council, Inc.

### **Note 2: Basis of Accounting**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

### **Note 3: Indirect Cost Rate**

Tri-Valley Opportunity Council, Inc. has elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

### **Note 4: State of Minnesota eHeat Payments**

Included in AL #93.568 are client benefits paid by the state of Minnesota of \$2,212,757. These expenditures are not included in the statement of activities.

# Tri-Valley Opportunity Council, Inc. and Subsidiaries

## Schedule B Schedule of Program Activity Year Ended December 31, 2023

AL Number	Grant Number	Program Name	Grantor Agency	Program Period	Program or Award Amount	Unapplied Grant Funds 12/31/22	Current Grant Revenue	Other Revenue	Expenses	Repaid/Deobligated	Transfers	Unapplied Grant Funds 12/31/23
<b>ASSISTANCE LISTING AS PROVIDED BY RESPECTIVE FEDERAL DEPARTMENTS</b>												
<b>U.S. Department of Agriculture</b>												
10.558		Child & Adult Care Food Program	MN Dept. of Education	01/01/23-12/31/23	\$ 450,099	\$ -	\$ -	\$ 450,099	\$ (450,099)	\$ -	\$ -	\$ -
10.558		Child & Adult Care Food Program	ND Dept. of Public Instruction	01/01/23-12/31/23	31,489	-	-	31,489	(31,489)	-	-	-
		<b>Subtotal 10.558</b>				-	-	<b>481,588</b>	<b>(481,588)</b>	-	-	-
10.559		Summer Food Service Program	MN Dept. of Education	01/01/23-12/31/23	11,274	-	-	11,274	(11,274)	-	-	-
		<b>Subtotal 10.559</b>				-	-	<b>11,274</b>	<b>(11,274)</b>	-	-	-
10.561	219983	Food Support Outreach	MN Dept. of Human Services	10/01/22-09/30/23	139,175	-	105,712	-	(105,712)	-	-	-
10.561	219983	Food Support Outreach	MN Dept. of Human Services	10/01/23-09/30/24	223,844	-	14,389	-	(14,389)	-	-	-
		<b>Subtotal 10.561</b>				-	<b>120,101</b>	-	<b>(120,101)</b>	-	-	-
<b>U.S. Department Housing and Urban Development</b>												
14.231		COVID-19 ESG-CV2-Em Solutions CARES RR Housing	Northwestern Mental Health	03/03/21-09/30/23	103,464	-	64,816	-	(64,816)	-	-	-
		<b>Subtotal 14.231</b>				-	<b>64,816</b>	-	<b>(64,816)</b>	-	-	-
14.267	MN0434L5K062103	Continuum of Care DVRRH	US Dept of HUD	06/01/22-05/31/23	50,360	-	26,184	-	(26,184)	-	-	-
14.267	MN0410L5K062104	Continuum of Care PLM	US Dept of HUD	09/01/22-08/31/23	36,217	-	27,069	-	(27,069)	-	-	-
14.267	MN0255L5K062110	Continuum of Care PSH	US Dept of HUD	12/01/22-11/30/23	129,566	-	99,842	-	(99,842)	-	-	-
14.267	MN0255L5K062211	Continuum of Care PSH	US Dept of HUD	12/01/23-11/30/24	129,566	-	9,414	-	(9,414)	-	-	-
14.267	MN0520R5K062200	Continuum of Care PLM	US Dept of HUD	12/01/23-11/30/26	285,469	-	345	-	(345)	-	-	-
14.267	MN0434L5K062204	Continuum of Care DVRRH	US Dept of HUD	06/01/23-05/31/24	50,360	-	31,208	-	(31,208)	-	-	-
		<b>Subtotal 14.267</b>				-	<b>194,062</b>	-	<b>(194,062)</b>	-	-	-
14.276	MN0442Y5K062102	Youth Homeless	Inter County Community Council	10/09/22-09/30/23	30,994	-	19,801	-	(19,801)	-	-	-
14.276	MN0442Y5K062203	Youth Homeless	Inter County Community Council	10/09/23-09/30/24	30,246	-	7,922	-	(7,922)	-	-	-
		<b>Subtotal 14.276</b>				-	<b>27,723</b>	-	<b>(27,723)</b>	-	-	-
<b>U.S. Department of Justice</b>												
16.839	2019-YS-BX-0206	STOP-Threat Assessment	US Dept of Justice	05/01/21-09/30/23	40,404	-	40,404	-	(40,404)	-	-	-
16.839	2020-YS-BX-0066	STOP-Prevention Training	US Dept of Justice	05/01/21-09/30/23	100,248	-	100,248	-	(100,248)	-	-	-
16.839	2019-YS-BX-0206	STOP-Threat Assessment	US Dept of Justice	05/01/21-09/30/24	465,444	-	17,617	-	(17,617)	-	-	-
16.839	2020-YS-BX-0066	STOP-Prevention Training	US Dept of Justice	05/01/21-09/30/24	457,980	-	29,962	-	(29,962)	-	-	-
		<b>Subtotal 16.839</b>				-	<b>188,231</b>	-	<b>(188,231)</b>	-	-	-
<b>U.S. Department of Transportation</b>												
20.500	1035603	Transportation	MN Dept. of Transportation	02/04/21-12/31/23	517,505	-	434,250	33,150	(485,615)	-	18,215	-
		<b>Subtotal 20.500</b>				-	<b>434,250</b>	<b>33,150</b>	<b>(485,615)</b>	-	<b>18,215</b>	-
20.509	1026737	Transportation	MN Dept. of Transportation	01/01/22-12/31/22	3,665,900	-	277,273	-	-	-	-	277,273
20.509	1035603	Transportation	MN Dept. of Transportation	01/01/20-12/31/21	5,907,875	1,303,767	-	-	-	-	-	1,303,767
20.509	1051360	Transportation	MN Dept. of Transportation	01/01/23-12/31/23	3,830,780	-	3,277,630	391,622	(3,450,137)	-	(81,520)	-
		<b>Subtotal 20.509 *</b>				<b>1,303,767</b>	<b>3,554,903</b>	<b>391,622</b>	<b>(3,450,137)</b>	-	<b>(81,520)</b>	<b>1,581,040</b>
*Program has commingled federal and state funding.												
<b>U.S. Department of Treasury</b>												
21.023		CERA Housing Stability Services	MHFA	06/15/22-06/30/24	291,948	-	217,526	-	(217,526)	-	-	-
		<b>Subtotal 21.023</b>				-	<b>217,526</b>	-	<b>(217,526)</b>	-	-	-

# Tri-Valley Opportunity Council, Inc. and Subsidiaries

## Schedule B Schedule of Program Activity Year Ended December 31, 2023

AL Number	Grant Number	Program Name	Grantor Agency	Program Period	Program or Award Amount	Unapplied Grant Funds 12/31/22	Current Grant Revenue	Other Revenue	Expenses	Repaid/Deobligated	Transfers	Unapplied Grant Funds 12/31/23
<b>U.S. Department of Education</b>												
84.011	6436	MIW Migrant Ed Resource Center	MN Dept. of Education	12/16/22-06/30/23	90,000	-	80,233	-	(80,233)	-	-	-
84.011	6436	MIW Migrant Ed Resource Center	MN Dept. of Education	04/01/23-06/30/24	350,000	-	149,045	-	(149,045)	-	-	-
84.011	5648	Migrant Education-State	MN Dept. of Education	07/01/22-06/30/23	645,000	-	318,862	-	(318,862)	-	-	-
84.011	5648	Migrant Education-State	MN Dept. of Education	07/01/23-06/30/24	745,000	-	384,793	-	(384,793)	-	-	-
84.011	3609	Migrant Education-State	ND Dept. of Public Instruction	05/01/22-04/30/23	26,461	-	9,794	-	(9,794)	-	-	-
84.011	3609	Migrant Education-State	ND Dept. of Public Instruction	05/01/23-04/30/24	26,461	-	26,461	-	(26,461)	-	-	-
		<b>Subtotal 84.011</b>				-	<b>969,188</b>	-	<b>(969,188)</b>	-	-	-
<b>U.S. Department of Health and Human Services</b>												
93.525	N/A	MNSure Consumer Assistance	MN Community Action P/S	07/01/22-06/30/23	14,793	-	11,988	-	(11,988)	-	-	-
		<b>Subtotal 93.525</b>				-	<b>11,988</b>	-	<b>(11,988)</b>	-	-	-
93.568	2302MNLIEA	EAP	MN Dept. of Commerce	10/01/22-09/30/23	274,256	-	174,512	188	(174,700)	-	-	-
93.568	2402MNLIEA	EAP	MN Dept. of Commerce	10/01/23-09/30/24	175,911	-	63,252	249	(63,501)	-	-	-
93.568	N/A	EAP eHeat Payments	MN Dept. of Commerce	01/01/23-12/31/23	N/A	-	2,212,757	-	(2,212,757)	-	-	-
		<b>Subtotal 93.568</b>				-	<b>2,450,521</b>	<b>437</b>	<b>(2,450,958)</b>	-	-	-
93.569	198161	CSBG 23	MN Dept. of Human Svcs.	10/01/22-12/31/23	71,793	-	67,367	-	(67,367)	-	-	-
		<b>Subtotal 93.569</b>				-	<b>67,367</b>	-	<b>(67,367)</b>	-	-	-
93.575	196706	Child Care Aware	MN Dept. of Human Svcs.	07/01/23-06/30/24	285,179	-	157,902	296	(158,198)	-	-	-
93.575	196706	Child Care Aware	MN Dept. of Human Svcs.	07/01/22-06/30/23	277,000	-	142,227	451	(142,678)	-	-	-
93.575	237268	FFN Caregivers	MN Dept. of Human Svcs.	10/01/23-03/30/25	322,800	-	20,730	-	(20,730)	-	-	-
93.575	209169	FFN Caregivers	MN Dept. of Human Svcs.	07/01/23-09/30/23	16,539	-	16,539	-	(16,539)	-	-	-
93.575	209169	FFN Caregivers	MN Dept. of Human Svcs.	07/01/22-06/30/23	113,855	-	68,238	-	(68,238)	-	-	-
		<b>Subtotal 93.575</b>				-	<b>405,636</b>	<b>747</b>	<b>(406,383)</b>	-	-	-
93.600	90CM009836/04	Migrant Head Start 22-23	U.S. Dept. of H.H.S.	04/01/22-03/31/23	10,325,742	-	1,520,165	249,730	(1,769,895)	-	-	-
93.600	90CM009836/04	Migrant Early Head Start 22-23	U.S. Dept. of H.H.S.	04/01/22-03/31/23	1,773,193	-	196,494	3,664	(695,680)	-	495,522	-
93.600	05CHO10528/05	Head Start 22-23	U.S. Dept. of H.H.S.	05/01/22-04/30/23	2,031,375	-	959,215	202,585	(1,161,800)	-	-	-
93.600	05CHO10528/05	Early Head Start 22-23	U.S. Dept. of H.H.S.	05/01/22-04/30/23	1,331,686	-	310,347	26,707	(443,363)	-	106,309	-
93.600	90CM009836/05	Migrant Head Start 23-24	U.S. Dept. of H.H.S.	04/01/23-03/31/24	11,402,166	-	9,778,821	1,188,885	(10,967,706)	-	-	-
93.600	90CM009836/05	Migrant Early Head Start 23-24	U.S. Dept. of H.H.S.	04/01/23-03/31/24	1,915,245	-	939,529	6,161	(2,496,347)	-	1,550,657	-
93.600	05CHO12228/01	Head Start 23-24	U.S. Dept. of H.H.S.	05/01/23-04/30/24	2,192,468	-	1,168,590	293,693	(1,462,283)	-	-	-
93.600	05CHO12228/01	Early Head Start 23-24	U.S. Dept. of H.H.S.	05/01/23-04/30/24	1,440,163	-	1,114,355	35,564	(1,360,794)	-	210,875	-
93.600	90HN00001501C6	RXII MHS COVID-C6	U.S. Dept. of H.H.S.	04/01/21-03/31/23	759,778	-	210,665	-	(210,665)	-	-	-
93.600	05HE00041901C5	RV HS COVID-C5	U.S. Dept. of H.H.S.	04/01/21-03/31/23	76,446	-	70,645	-	(70,645)	-	-	-
93.600	05HE00041901C6	RV HS COVID-C6	U.S. Dept. of H.H.S.	04/01/21-03/31/23	303,911	-	101,154	-	(101,154)	-	-	-
		<b>Subtotal 93.600</b>				-	<b>16,369,980</b>	<b>2,006,989</b>	<b>(20,740,332)</b>	-	<b>2,363,363</b>	-
93.667	229701	Migrant Child Care	MN Dept. of Human Svcs.	07/01/23-06/30/24	465,578	-	314,114	-	(314,114)	-	-	-
93.667	127366	Migrant Child Care	MN Dept. of Human Svcs.	07/01/22-06/30/23	443,408	-	223,143	-	(223,143)	-	-	-
		<b>Subtotal 93.667</b>				-	<b>537,257</b>	-	<b>(537,257)</b>	-	-	-
<b>Corporation for National and Community Services</b>												
94.011	20SFNMN002	Foster Grandparent	Corporation for National and Community Services	07/01/22-06/30/23	297,160	-	107,065	7,838	(114,903)	-	-	-
94.011	22SFNMN001	Foster Grandparent	Corporation for National and Community Services	07/01/23-06/30/24	297,160	-	98,551	3,760	(102,311)	-	-	-
94.011	20SFND001	Foster Grandparent	Corporation for National and Community Services	07/01/22-06/30/23	314,441	-	67,004	285	(67,289)	-	-	-
94.011	23SFND001	Foster Grandparent	Corporation for National and Community Services	07/01/22-06/30/23	314,441	-	76,456	4,611	(81,067)	-	-	-
		<b>Subtotal 94.011</b>				-	<b>349,076</b>	<b>16,494</b>	<b>(365,570)</b>	-	-	-
		<b>Total Federal Programs</b>				<b>1,303,767</b>	<b>25,962,625</b>	<b>2,942,301</b>	<b>(30,790,116)</b>	-	<b>2,300,058</b>	<b>1,581,040</b>

See Independent Auditor's Report.

# Tri-Valley Opportunity Council, Inc. and Subsidiaries

## Schedule B Schedule of Program Activity Year Ended December 31, 2023

AL Number	Grant Number	Program Name	Grantor Agency	Program Period	Program or Award Amount	Unapplied Grant Funds 12/31/22	Current Grant Revenue	Other Revenue	Expenses	Repaid/Deobligated	Transfers	Unapplied Grant Funds 12/31/23
<b>OTHER STATE AND LOCAL PROGRAMS</b>												
N/A		FGP United Way	United Way	07/01/01-12/31/23	16,750	4,322	3,000	-	(785)	-	-	6,537
N/A		HUB Implementation Project	NW MN Foundation	04/01/21-06/30/23	38,250	17,302	-	-	(17,302)	-	-	-
N/A	33025017	EGF Facility Revitalization	First Childrens Finance	01/01/23-08/31/23	15,575	-	15,575	-	(15,575)	-	-	-
N/A	38756100	First Childrens Finance Projects	First Childrens Finance	05/15/23-11/15/23	32,516	-	32,510	-	(32,510)	-	-	-
N/A	43884393	First Childrens Finance Projects	First Childrens Finance	11/20/23-05/31/24	20,324	-	18,292	-	(2,821)	-	-	15,471
N/A		CCA PPREP	NW MN Foundation	05/01/22-05/31/23	12,700	9,755	-	-	(5,528)	-	-	4,227
N/A		Lived Experience Advisory Board	NW MN Foundation	06/26/23-12/31/23	5,000	-	5,000	-	(649)	-	-	4,351
N/A		MT Migrant Ed Program	MT Migrant Ed Program	04/01/23-09/30/23	6,489	-	-	6,489	(6,489)	-	-	-
N/A		MT Migrant Ed Program	MT Migrant Ed Program	10/01/23-09/30/24	13,000	-	-	13,000	(2,912)	-	-	-
N/A	127539	Transitional Housing	MN Dept. of Human Services	07/01/22-06/30/23	61,569	-	27,819	-	(27,819)	-	-	-
N/A	201146	Transitional Housing	MN Dept. of Human Services	07/01/23-09/30/24	115,382	-	31,144	-	(31,144)	-	-	-
N/A		Emergency Services Program (ESP)	MN Dept. of Human Services	07/01/23-09/30/24	54,980	-	4,038	-	(4,038)	-	-	-
N/A	229692	MCAG	MN Dept. of Human Services	07/01/23-06/30/24	72,548	-	41,630	-	(41,630)	-	-	-
N/A	198161	MCAG	MN Dept. of Human Services	07/01/22-06/30/23	51,167	-	3,351	-	(3,351)	-	-	-
N/A		MNSure	MN Dept. of Human Services	03/01/16-12/31/23	N/A	-	-	2,769	(10,401)	-	-	-
N/A		MNSure	MN Dept. of Human Services	07/01/23-06/30/24	N/A	-	9,997	-	(9,997)	-	-	-
N/A	213128	Senior Outreach HCBS Services	MN Dept. of Human Services	06/06/22-04/30/23	22,844	-	17	-	(17)	-	-	-
N/A		NW Comm Action CCA	NW Comm Action Agency	01/01/20-06/30/24	49,000	21,846	14,000	-	(23,447)	-	-	12,399
N/A	179304	MN Foster Grandparent	MN Board on Aging	07/01/23-06/30/24	114,781	-	48,039	1,308	(49,347)	-	-	-
N/A		MN Foster Grandparent	MN Board on Aging	07/01/22-06/30/23	127,534	-	58,964	12,588	(71,552)	-	-	-
N/A	213705	MN Migrant EHS	MN Dept. of Education	07/01/22-06/30/23	1,703,941	-	920,500	-	(920,500)	-	-	-
N/A	6806	MN Migrant EHS	MN Dept. of Education	07/01/23-06/30/24	2,323,090	-	1,357,464	-	(1,357,464)	-	-	-
N/A	213707	MN Early Head Start	MN Dept. of Education	07/01/22-06/30/23	307,893	-	136,201	-	(136,201)	-	-	-
N/A	6807	MN Early Head Start	MN Dept. of Education	07/01/23-06/30/24	424,033	-	180,983	-	(180,983)	-	-	-
N/A	MRA20426	Bridges Rent Assistance	MHFA	07/01/21-06/30/23	189,660	-	31,223	-	(31,223)	-	-	-
N/A	MRA20591	Bridges Rent Assistance	MHFA	07/01/23-06/30/25	192,220	-	63,890	-	(63,890)	-	-	-
N/A		Supportive Services	Mahube Community Council	01/01/22-12/31/23	209,601	-	65,902	-	(65,902)	-	-	-
N/A		Bremer 211	Bremer Foundation	03/01/08-12/31/23	110,000	16,871	-	-	-	-	-	16,871
N/A	2023-103135	RTC Medica Foundation	Medica Foundation	01/01/24-12/31/24	10,000	-	10,000	-	-	-	-	10,000
N/A		FHPAP	MHFA	10/01/21-09/30/23	373,200	-	106,689	-	(106,689)	-	-	-
N/A		FHPAP Fasttrack	MHFA	06/01/23-09/30/23	500,000	-	402,593	-	(402,593)	-	-	-
N/A		FHPAP Fasttrack	MHFA	10/01/23-06/30/24	425,696	-	212,848	-	(144,876)	-	-	67,972
N/A		FHPAP	MHFA	10/01/23-09/30/24	400,899	-	50,112	-	(12,196)	-	-	37,916
N/A		Housing Trust Fund	MHFA	10/01/23-09/30/25	122,100	-	2,516	-	(2,516)	-	-	-
N/A		Pathway I	MN Dept. of Education	07/01/21-06/30/23	661,344	40,959	2,325	-	(43,284)	-	-	-
N/A		Pathway I	MN Dept. of Education	07/01/22-06/30/23	634,344	-	442,354	-	(414,646)	-	-	27,708
N/A		Pathway I	MN Dept. of Education	07/01/23-06/30/24	618,916	-	160,857	-	(160,857)	-	-	-
N/A		Pathway II	MN Dept. of Education	07/01/22-06/30/23	262,500	-	111,561	-	(111,561)	-	-	-
N/A		Pathway II	MN Dept. of Education	07/01/23-06/30/24	262,500	-	154,936	-	(87,008)	-	-	67,928
N/A		Family Resource Centers	Sauer Family Foundation	07/01/23-07/31/25	272,276	-	136,138	-	(25,473)	-	-	110,665
N/A		Peer Support	Alluma	07/01/21-03/31/23	N/A	-	-	25,987	(24,386)	-	-	-
<b>Subtotal Other State and Local Programs</b>						<b>111,055</b>	<b>4,862,468</b>	<b>62,141</b>	<b>(4,649,562)</b>	<b>-</b>	<b>-</b>	<b>382,045</b>
<b>TOTALS</b>						<b>\$ 1,414,822</b>	<b>\$ 30,825,093</b>	<b>\$ 3,004,442</b>	<b>\$ (35,439,678)</b>	<b>\$ -</b>	<b>\$ 2,300,058</b>	<b>\$ 1,963,085</b>

See Independent Auditor's Report.

## Tri-Valley Opportunity Council, Inc. and Subsidiaries

Consolidating Statement of Financial Position  
December 31, 2023

<i>Assets</i>	TVOC	Fisher Townhomes	Crookston Townhomes	Agassiz Townhomes	Subtotals	Eliminations	Totals
<b>Current assets:</b>							
Cash	\$ 5,778,227	\$ 27,254	\$ 455,781	\$ 276,119	\$ 6,537,381	\$ -	\$ 6,537,381
Investments	1,250,982	-	-	-	1,250,982	-	1,250,982
Grants receivable	1,768,408	-	-	-	1,768,408	-	1,768,408
Accounts receivable	402,920	4,376	5,043	79,218	491,557	(242,461)	249,096
Revolving loans receivable, current portion	17,502	-	-	-	17,502	-	17,502
Homes held for sale	-	-	-	-	-	-	-
Prepaid expenses	112,992	-	-	38,219	151,211	-	151,211
Total current assets	9,331,031	31,630	460,824	393,556	10,217,041	(242,461)	9,974,580
<b>Other assets:</b>							
Investment in partnership	239,141	-	-	-	239,141	(239,141)	-
ROU - Operating Leases	3,522,450	-	-	-	3,522,450	-	3,522,450
Development fee receivable	55,944	-	-	-	55,944	(55,944)	-
Long-term revolving loans receivable	109,267	-	-	-	109,267	-	109,267
Total other assets	3,926,802	-	-	-	3,926,802	(295,085)	3,631,717
Property and equipment, net	7,464,209	332,144	1,119,871	5,719,204	14,635,428	-	14,635,428
<b>TOTAL ASSETS</b>	<b>\$ 20,722,042</b>	<b>\$ 363,774</b>	<b>\$ 1,580,695</b>	<b>\$ 6,112,760</b>	<b>\$ 28,779,271</b>	<b>\$ (537,546)</b>	<b>\$ 28,241,725</b>
<b>Liabilities and Net Assets</b>							
<b>Current liabilities:</b>							
Current maturities of notes payable	\$ 2,800	\$ 130,811	\$ 167,950	\$ 8,873	\$ 310,434	\$ -	\$ 310,434
Current maturities of forgivable notes payable	5,000	-	-	-	5,000	-	5,000
Current maturities of finance Leases payable	58,615	-	-	-	58,615	-	58,615
Current maturities of operating leases	575,072	-	-	-	575,072	-	575,072
Accounts payable	541,168	120,059	16,631	91,393	769,251	(119,803)	649,448
Accrued payroll and related expenses	1,433,130	-	-	-	1,433,130	-	1,433,130
Refundable advances	1,963,085	-	-	-	1,963,085	-	1,963,085
Total current liabilities	4,578,870	250,870	184,581	100,266	5,114,587	(119,803)	4,994,784
<b>Long-term liabilities:</b>							
Notes payable	701,281	315,812	795,050	968,926	2,781,069	(100,000)	2,681,069
Finance leases payable	86,656	-	-	-	86,656	-	86,656
Operating leases	2,983,262	-	-	-	2,983,262	-	2,983,262
Accrued interest	-	80,579	163,264	4,676	248,519	(803)	247,716
Development fee payable	-	-	-	123,339	123,339	(77,799)	45,540
Forgivable notes payable	25,000	-	-	-	25,000	-	25,000
Total long-term liabilities	3,796,199	396,391	958,314	1,096,941	6,247,845	(178,602)	6,069,243
Total liabilities	8,375,069	647,261	1,142,895	1,197,207	11,362,432	(298,405)	11,064,027
<b>Net assets (deficit):</b>							
Without donor restrictions	4,804,790	(283,487)	437,800	239,201	5,198,304	(239,141)	4,959,163
Without donor restrictions - grant funded property	5,856,912	-	-	-	5,856,912	-	5,856,912
Without donor restrictions - attributable to noncontrolling interest	-	-	-	4,676,352	4,676,352	-	4,676,352
Total net assets (deficit) without donor restrictions	10,661,702	(283,487)	437,800	4,915,553	15,731,568	(239,141)	15,492,427
Net assets with donor restrictions	1,685,271	-	-	-	1,685,271	-	1,685,271
Total net assets (deficit)	12,346,973	(283,487)	437,800	4,915,553	17,416,839	(239,141)	17,177,698
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 20,722,042</b>	<b>\$ 363,774</b>	<b>\$ 1,580,695</b>	<b>\$ 6,112,760</b>	<b>\$ 28,779,271</b>	<b>\$ (537,546)</b>	<b>\$ 28,241,725</b>

See Independent Auditor's Report

# Tri-Valley Opportunity Council, Inc. and Subsidiaries

## Consolidating Statement of Revenue and Expenditures

Year Ended December 31, 2023

	Without Donor Restrictions						Elimination	Total Without Donor Restrictions	With Donor Restrictions	Totals
	TVOC	Fisher Townhomes	Crookston Townhomes	Agassiz Townhomes	Subtotals					
Revenue:										
Grant revenue	\$ 27,926,376	\$ -	\$ -	\$ -	\$ 27,926,376	\$ -	\$ 27,926,376	\$ 131,323	\$ 28,057,699	
Program contributions	674,574	-	-	-	674,574	-	674,574	-	674,574	
Contracted services	1,017,241	-	-	-	1,017,241	-	1,017,241	-	1,017,241	
Tenant rents	195,582	83,942	262,468	277,350	819,342	-	819,342	-	819,342	
Interest income	41,174	133	18,459	3,141	62,907	-	62,907	-	62,907	
In-kind contributions	1,463,405	-	-	-	1,463,405	-	1,463,405	-	1,463,405	
Other income	305,049	9,381	10,418	43,615	368,463	-	368,463	-	368,463	
<b>Total revenue</b>	<b>31,623,401</b>	<b>93,456</b>	<b>291,345</b>	<b>324,106</b>	<b>32,332,308</b>	<b>-</b>	<b>32,332,308</b>	<b>131,323</b>	<b>32,463,631</b>	
Operating expenses:										
Salaries and wages	15,758,800	-	-	-	15,758,800	-	15,758,800	-	15,758,800	
Fringe benefits	3,880,051	-	-	-	3,880,051	-	3,880,051	-	3,880,051	
Consultants/contracted labor	2,151,973	9,374	31,050	37,246	2,229,643	-	2,229,643	-	2,229,643	
Travel/transportation	832,919	-	-	-	832,919	-	832,919	-	832,919	
Occupancy	1,132,148	37,434	79,007	134,811	1,383,400	-	1,383,400	-	1,383,400	
Supplies	1,498,892	707	1,660	2,098	1,503,357	-	1,503,357	-	1,503,357	
Repairs and maintenance	667,845	30,932	82,154	69,825	850,756	-	850,756	-	850,756	
Communications	275,980	2,036	2,845	4,264	285,125	-	285,125	-	285,125	
Beneficiary assistance	1,365,079	-	-	-	1,365,079	-	1,365,079	-	1,365,079	
Depreciation	934,766	15,133	48,757	211,057	1,209,713	-	1,209,713	-	1,209,713	
Other	583,111	1,015	15,766	42,005	641,897	-	641,897	-	641,897	
In-kind expenses	1,463,405	-	-	-	1,463,405	-	1,463,405	-	1,463,405	
<b>Total operating expenses</b>	<b>30,544,969</b>	<b>96,631</b>	<b>261,239</b>	<b>501,306</b>	<b>31,404,145</b>	<b>-</b>	<b>31,404,145</b>	<b>-</b>	<b>31,404,145</b>	
Change in net assets (deficit)	1,078,432	(3,175)	30,106	(177,200)	928,163	-	928,163	131,323	1,059,486	
Net assets (deficit) - Beginning of year	9,583,270	(280,312)	407,694	5,092,753	14,803,405	(239,141)	14,564,264	1,553,948	16,118,212	
Net assets (deficit) - End of year	\$ 10,661,702	\$ (283,487)	\$ 437,800	\$ 4,915,553	\$ 15,731,568	\$ (239,141)	\$ 15,492,427	\$ 1,685,271	\$ 17,177,698	

See Independent Auditor's Report

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

Board of Directors  
Tri-Valley Opportunity Council, Inc.  
Crookston, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the consolidated financial statements of Tri-Valley Opportunity Council, Inc. (a nonprofit organization) and Subsidiaries, which comprise the consolidated statement of financial position as of December 31, 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements and have issued our report thereon dated August 2, 2024. The financial statements of Fisher Townhomes, LLC, Fisher Townhomes, LP, Crookston Townhomes, LLC and Crookston Townhomes, LP, Agassiz Townhomes, LLC, and Agassiz Townhomes LP were not audited in accordance with *Government Auditing Standards* and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with these entities.

### **Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered Tri-Valley Opportunity Council, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Tri-Valley Opportunity Council, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Tri-Valley Opportunity Council, 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 reasonable possibility that a material misstatement of Tri-Valley Opportunity Council, Inc.'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 or significant deficiencies may exist that were not identified.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Tri-Valley Opportunity Council, Inc.'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 consolidated 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 Tri-Valley Opportunity Council, 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 Tri-Valley Opportunity Council, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Wipfli LLP". The signature is written in a cursive, flowing style.

Wipfli LLP

Madison, Wisconsin  
August 2, 2024



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

Board of Directors  
Tri-Valley Opportunity Council, Inc.  
Crookston, Minnesota

### **Report on Compliance for Each Major Federal Program**

#### ***Opinion on Each Major Federal Program***

We have audited Tri-Valley Opportunity Council, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023. Tri-Valley Opportunity Council, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Tri-Valley Opportunity Council, 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 major federal program for the year ended December 31, 2023.

#### **Basis for Opinion on Each Major Federal Program**

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

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

#### **Responsibilities of Management for Compliance**

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

## **Auditor's Responsibility for the Audit of Compliance**

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

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

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

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

## **Report on Internal Control Over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over-compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Wipfli LLP". The signature is written in a cursive, flowing style.

Wipfli LLP

Madison, Wisconsin

August 2, 2024

# Tri-Valley Opportunity Council, Inc.

## Schedule of Findings and Questioned Costs

Year Ended December 31, 2023

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### Section I - Summary of Auditor's Results

#### Financial Statements

Type of auditor's report issued on whether the financial statements were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None Reported

Noncompliance material to financial statements noted?

Yes  No

#### Federal Awards

Internal control over major programs:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None Reported

Type of auditor's report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

Yes  No

#### Identification of major programs

<u>AL Number(s)</u>	<u>Federal Program or Cluster</u>
84.011	Migrant Education
93.600	Head Start Cluster

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

Auditee qualified as low-risk auditee?

Yes  No

# **Tri-Valley Opportunity Council, Inc.**

## **Schedule of Findings and Questioned Costs**

Year Ended December 31, 2023

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### **Section II - Audit Findings in Relation to Financial Statements**

No findings related to the financial statements.

### **Section III - Audit Findings and Questioned Costs in Relation to Federal Awards**

No findings or questioned costs related to federal awards.

### **Section IV - Status of Prior Year Audit Findings**

There were no prior year audit findings