



COMMONBOND COMMUNITIES

**SCHEDULE OF EXPENDITURES OF FEDERAL
AWARDS AND RELATED REPORTS**

FOR THE YEAR ENDED DECEMBER 31, 2022



COMMONBOND COMMUNITIES

**SCHEDULE OF EXPENDITURES OF FEDERAL
AWARDS AND RELATED REPORTS**

For the Year Ended December 31, 2022

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COMMONBOND COMMUNITIES

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2022

Federal Grantor/ Program Title/ Pass-through Grantor/ Grant Number	Federal Assistance Listing Number	Award Amount	Federal Expenditures
Department of the Treasury			
Passed through Neighborhood Reinvestment Corporation:	21.000		
Expendable Grants - Conference travel		\$ 15,860	\$ 11,008
Expendable Grants - Unrestricted Annual Funds		514,000	514,000
Expendable Grants - Health Equity Learning Grant		10,000	10,000
Expendable Grants - NeighborWorks Week		1,000	928
Expendable Grants - Resident Leader Award		5,000	305
Expendable Grants - Travel/Training		6,000	-
			<u>536,241</u>
Direct Program:			
Community Development Financial Institutions Program			
Capital Magnet Funds	21.011	4,000,000	<u>4,000,000</u>
			<u>4,000,000</u>
Passed through the State of Wisconsin:			
Coronavirus State and Local Fiscal Recovery Funds	21.027	1,000,000	<u>554,053</u>
			<u>554,053</u>
<i>Total Department of the Treasury</i>			<u>5,090,294</u>
Department of Housing and Urban Development			
Direct Program:			
Continuum of Care Program	14.267		
Granada Lakes - Award No. MN0220L5K032009		23,347	23,347
Lexington - Award No. MN0034L5K011908		86,825	3,310
Lexington - Award No. MN0034L5K012110		86,825	86,583
Upper Post - Award No. MN0305L5K012107		70,878	16,163
Upper Post - Award No. MN0305L5K012006		69,798	28,585
Wilder - Award No. MN0453L5K011900		30,000	18,143
Wilder - Award No. MN0453L5K012101		30,000	<u>13,833</u>
			<u>189,964</u>
CDBG - Entitlement Grants Cluster:	14.218		
Passed through the City of Rapid City			
CB Rapid City		547,000	<u>492,300</u>
			<u>492,300</u>
<i>Total Department of Housing and Urban Development</i>			<u>682,264</u>

(Continued)

COMMONBOND COMMUNITIES

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2022

Federal Grantor/ Program Title/ Pass-through Grantor/ Grant Number	Federal Assistance Listing Number	Award Amount	Federal Expenditures
Department of Health and Human Services			
Nutrition Services for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services Passed through Trellis Area Agency on Aging # 311-22-003D-286	93.045	\$ 36,013	\$ 36,013
			<u>36,013</u>
Assistance Program for Chronic Disease Prevention and Control Passed through Minnesota Department of Health Grant No. 193535 Grant No. 193528	93.945	2,300 3,500	651 2,705
			<u>3,356</u>
<i>Total Department of Health and Human Services</i>			<u>39,369</u>
Total expenditures of federal awards			<u>\$ 5,811,927</u>

See accompanying notes to the schedule.

COMMONBOND COMMUNITIES

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2022

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of CommonBond Communities and affiliates under programs of the federal government for the year ended December 31, 2022. CommonBond Communities' consolidated financial statements include the operations of various for-profit entities and nonprofit entities (referred to as Housing Communities). Certain of these entities receive federal awards which are excluded from the Schedule for the year ended December 31, 2022. The for-profit Housing Communities were excluded from the Schedule because for-profit entities are not required to follow Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance). Such entities followed the requirements of the *Consolidated Audit Guide for Audits of HUD Programs* (the "Guide") when required. The nonprofit Housing Communities were excluded from the Schedule because separate audits of these entities were conducted in accordance with the Uniform Guidance.

The information in this Schedule is presented in accordance with the requirements of the Uniform Guidance. Because the Schedule presents only a selected portion of the operations of CommonBond Communities and affiliates, it is not intended to and does not present the financial position, changes in net assets, or cash flows of CommonBond Communities and affiliates.

Note 2. Summary of Significant Accounting Policies

(1) 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.

(2) Pass-through entity identifying numbers are presented where available.

(3) CommonBond Communities has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance. CommonBond Communities has a federally negotiated indirect cost rate.

Note 3. Community Development Financial Institutions Program

Federal expenditures for the Community Development Financial Institutions program includes \$266,703 of new loans made during the year from the original \$4,000,000 pool of funds, plus the balance at the beginning of the year of revolving loan funds for which the grantor imposes continuing compliance requirements. In accordance with terms of the Capital Magnet Funds, loan repayments are added back to the pool of funds for which the grantor imposes continuing compliance requirements. Loan repayments will be used to make additional loans under the program. Repayments totaled \$1,639,271 in 2022. Recycled funds totaling \$1,625,817 were used for allowable costs under the grant agreement. The December 31, 2022 outstanding loan balance is \$2,927,486.



**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***

To the Board of Directors
CommonBond Communities
Saint Paul, Minnesota

We have audited the consolidated financial statements of CommonBond Communities (a nonprofit organization) and affiliates, which comprise the consolidated statement of financial position as of December 31, 2022, and the related consolidated statements of activities, changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to consolidated financial statements, and have issued our report thereon dated May 18, 2023. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered CommonBond Communities’ internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of CommonBond Communities’ internal control. Accordingly, we do not express an opinion on the effectiveness of CommonBond Communities’ internal control.

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

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

(Continued)

Report on Compliance and Other Matters

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

Purpose of this Report

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

Mahoney Ulbrich
Christiansen & Russ, PA

May 18, 2023



**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE AND ON THE SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors
CommonBond Communities
Saint Paul, Minnesota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited CommonBond Communities’ 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 CommonBond Communities’ major federal programs for the year ended December 31, 2022. CommonBond Communities’ 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, CommonBond Communities complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

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 of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the 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 CommonBond Communities 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 CommonBond Communities’ 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 laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to CommonBond Communities’ federal programs.

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Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on CommonBond Communities' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than 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 CommonBond Communities' compliance with the requirements of each major federal program as a whole.

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

- Exercise professional 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 CommonBond Communities' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of CommonBond Communities' 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 CommonBond Communities' 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.

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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.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of CommonBond Communities as of and for the year ended December 31, 2022, and have issued our report thereon dated May 18, 2023, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

May 18, 2023

Mahoney Ulbrich
Christiansen & Russ, PA

COMMONBOND COMMUNITIES

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended December 31, 2022

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued	Unmodified		
"Going concern" emphasis-of-matter paragraph included in the auditor's report?	<u> </u> yes	<u> X </u> no	
Internal control over financial reporting:			
• Material weakness(es) identified?	<u> </u> yes	<u> X </u> no	
• Significant deficiency(s) identified?	<u> </u> yes	<u> X </u> none reported	
Noncompliance material to financial statements noted?	<u> </u> yes	<u> X </u> no	

FEDERAL AWARDS

Internal control over major programs:			
• Material weakness(es) identified?	<u> </u> yes	<u> X </u> no	
• Significant deficiency(s) identified?	<u> </u> yes	<u> X </u> 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 section 200.516(a)?	<u> </u> yes	<u> X </u> no	
Identification of major programs:	Assistance Listing Number 21.011 – Capital Magnet Fund Assistance Listing Number 21.027 – Coronavirus State and Local Fiscal Recovery Funds		
Dollar threshold used to distinguish between type A and type B programs		<u> \$ 750,000 </u>	
Auditee qualified as low-risk auditee?	<u> X </u> yes	<u> </u> no	

SECTION II – FINDINGS – FINANCIAL STATEMENTS AUDIT

No matters were reported

SECTION III – FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT

No matters were reported