

**Dickinson-Iron Community Services
Agency and Affiliate**

Iron Mountain, Michigan

Consolidated Financial Statements and Supplementary
Information

Year Ended September 30, 2017

Dickinson-Iron Community Services Agency and Affiliate

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Independent Auditor's Report

Board of Directors
Dickinson-Iron Community Services Agency and Affiliate
Iron Mountain, Michigan

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Dickinson-Iron Community Services Agency and Affiliate (nonprofit organizations), which comprise the consolidated statement of financial position as of September 30, 2017, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. The financial statements of U.P. Community Services, Inc., the affiliate of Dickinson-Iron Community Services Agency, were not audited in accordance with *Government Auditing Standards*.

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material aspects, the consolidated financial position of Dickinson-Iron Community Services Agency and Affiliate as of September 30, 2017, 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.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of program activity, consolidating statement of financial position, consolidating statement of activities, and schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting Required By Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated [DATE], on our consideration of Dickinson-Iron Community Service Agency'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 Dickinson-Iron Community Service Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Dickinson-Iron Community Service Agency's internal control over financial reporting and compliance.

Wipfli LLP

[DATE]

Madison, Wisconsin

Dickinson-Iron Community Services Agency and Affiliate

Consolidated Statement of Financial Position
Year Ended September 30, 2017

Assets	
Current assets:	
Cash	\$ 97,023
Grants receivable	55,007
Accounts receivable	42,145
Inventory	241,188
Prepaid expenses	13,046
<hr/>	
Total current assets	448,409
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Property and equipment, net	247,175
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TOTAL ASSETS	\$ 695,584
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Liabilities and Net Assets	
Current liabilities:	
Line of credit	\$ 6,000
Current portion of mortgage payable	3,950
Accounts payable	21,770
Accrued payroll and related expenses	40,519
Grant funds received in advance	264,251
<hr/>	
Total current liabilities	336,490
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Long-term liabilities:	
Mortgage payable	128,565
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Total liabilities	465,055
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Net assets:	
Unrestricted	105,255
Temporarily restricted	125,274
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Total net assets	230,529
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TOTAL LIABILITIES AND NET ASSETS	\$ 695,584
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See accompanying notes to consolidated financial statements.

Dickinson-Iron Community Services Agency and Affiliate

Consolidated Statement of Activities
Year Ended September 30, 2017

	Unrestricted	Temporarily Restricted	Total
Revenue:			
Grant revenue	\$ 2,142,141	\$ 51,974	\$ 2,194,115
Program contributions	269,564	0	269,564
Millage	269,155	9,602	278,757
Performance/other income	303,703	0	303,703
In-kind contributions	4,297	0	4,297
Net assets released from restriction through satisfaction of program restrictions	36,281	(36,281)	0
Total revenue	3,025,141	25,295	3,050,436
Expenses:			
Program services:			
Senior citizens	1,255,163	0	1,255,163
Food and nutrition	668,575	0	668,575
Weatherization and energy assistance	376,170	0	376,170
Community services	232,098	0	232,098
Transportation	128,925	0	128,925
Discretionary senior citizens	170,869	0	170,869
Total program services	2,831,800	0	2,831,800
Management and general	174,584	0	174,584
Fund-raising	8,734	0	8,734
Total expenses	3,015,118	0	3,015,118
Change in net assets	10,023	25,295	35,318
Net assets - Beginning of year	95,232	99,979	195,211
Net assets - End of year	\$ 105,255	\$ 125,274	\$ 230,529

Dickinson-Iron Community Services Agency and Affiliate

Consolidated Statement of Cash Flows Year Ended September 30, 2017

Increase (decrease) in cash:	
Cash flows from operating activities:	
Change in net assets	\$ 35,318
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	30,637
Changes in operating assets and liabilities:	
Grants receivable	34,144
Accounts receivable	7,187
Inventory	1,805
Prepaid expenses	(2,783)
Accounts payable	9,141
Accrued payroll and related expenses	21,303
Accrued vacation	(26,199)
Grant funds received in advance	27,236
Net cash provided by operating activities	137,789
Cash used in investing activities:	
Purchases of property and equipment	(60,874)
Cash used in financing activities:	
Principal payments on mortgage payable	(3,691)
Change in cash	73,224
Cash - Beginning of year	23,799
Cash - End of year	\$ 97,023
Supplemental schedule of noncash operating activity:	
Decrease in commodity food inventory/grant funds received in advance	\$ 10,009
Cash paid for interest	9,482

See accompanying notes to consolidated financial statements.

Dickinson-Iron Community Services Agency and Affiliate

Notes to Consolidated Financial Statements

Note 1 **Summary of Significant Accounting Policies**

Nature of Operations

Dickinson-Iron Community Services Agency (DICSA) was organized as a nonprofit corporation in 1989. DICSA was formed to develop and provide resources for the purpose of assisting low-income individuals, elderly and handicapped persons, and disadvantaged youth through a variety of programs in the Michigan counties of Dickinson, Iron, and Baraga. DICSA is primarily supported through federal and state government grants. Approximately 23% of total revenue is received under a commodity supplemental food program and approximately 20% of total revenue is received under a senior services program.

U.P. Community Services, Inc. (UPCSI) was organized as a nonprofit corporation in 1990. This entity holds title to the majority of the transportation vehicles utilized by DICSA. In addition, DICSA and UPCI have a common advisory board of directors. UPCI operates transportation activities in the Michigan counties of Dickinson and Iron.

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.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of DICSA and UPCI (the "Organizations"). These Organizations are under common control, and accordingly, the financial statements are consolidated. Intercompany transactions have been eliminated in consolidation.

Classification of Net Assets

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

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

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

Dickinson-Iron Community Services Agency and Affiliate

Notes to Consolidated Financial Statements

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

Classification of Net Assets (Continued)

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

Use of Estimates

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

Revenue Recognition

Contributions are recognized when the donor makes a promise to give to the Organizations that is, in substance, unconditional. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and nature of any donor restrictions. When a restriction expires, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statements of activities as released from restriction. If a restriction is met in the same period that the contribution is received, the contribution is recorded as unrestricted. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Program contributions represent amounts contributed by program beneficiaries. The contributions are to help defray the cost of the specific program in which the beneficiary received assistance. The contributions are recorded as temporarily restricted revenue due to the implied stipulation that the contributions be used in the program the beneficiary received assistance. When a restriction expires, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statement of activities as released from restriction. If the restriction is met on a program contribution in the year the program contribution is received, the program contribution is reported as unrestricted revenue.

Millage represents funds received from Dickinson, Iron, and Baraga counties. These funds are to be used to support senior program activities and are recorded similar to program contributions.

Dickinson-Iron Community Services Agency and Affiliate

Notes to Consolidated Financial Statements

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

Revenue Recognition (Continued)

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

A. Grant Awards That Are Contributions

Grants that qualify as contributions are recorded as invoiced to the funding sources. Revenue is recognized in the accounting period when the related allowable expenses or asset acquisition costs are incurred. Amounts received in excess of expenses or asset acquisitions are reflected as grant funds received in advance.

B. Grant Awards That Are Exchange Transactions

Exchange transactions reimburse based on a predetermined rate for services performed. The revenue is recognized in the period the service is performed.

Self-Funded Insurance

The self-funded insurance activity is reimbursed by other program activities for services performed and costs incurred on behalf of those program activities. The reimbursements from the grant program activities are included in other income in the self-funded insurance program activity and in the expenses of the benefiting program activities. The interprogram income and expense of \$28,008 to the self-funded program has been eliminated in the accompanying consolidated financial statements.

Accounts Receivable

Accounts receivable consist primarily of amounts billed under performance contracts related to senior programs. Amounts are reviewed for collectability by management, and an allowance for doubtful accounts is recorded as needed based on collection history and customer attributes. Management considers these receivables to be collectible, and therefore, no allowance for uncollectible amounts has been recorded.

Inventory and Food Commodities Distributed

Inventory, which consists of food commodities, are received for the food program and are recorded in an asset account and are expensed to the commodity food program upon distribution to eligible families. Food commodities distributed represent the value of food received through the State of Michigan and distributed to low-income households. The value of commodity inventories is provided by the State of Michigan.

Dickinson-Iron Community Services Agency and Affiliate

Notes to Consolidated Financial Statements

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

Property and Equipment

Property and equipment are capitalized at cost. Depreciation is provided for using the straight-line method over the estimated useful life of the asset. The Organizations consider items with a cost greater than \$5,000 and a useful life greater than one year to be equipment and vehicles.

Property and equipment purchased with grant funds are owned by the Organizations while used in the program for which they were purchased or in other future authorized programs. However, the various funding sources have a reversionary interest in the property and equipment purchased with grant funds. Their disposition, as well as the ownership of any proceeds therefrom, is subject to funding source regulations. The property and equipment purchased with grant funds are normally restricted for use in specific programs operated by the Organizations. The net book value of grant-funded equipment included on the consolidated statement of financial position is \$114,175 at September 30, 2017.

The Organizations have adopted a policy of implying a time restriction on assets purchased with grant funds. Grant-funded property and equipment are recorded as temporarily restricted net assets. As the property and equipment are depreciated, the temporarily restricted net assets are released from restriction and reported in the consolidated statement of activities as net assets released from restriction.

In-Kind Contributions

The Organizations follow a financial accounting standard that requires that only contributions of service 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. The requirements of this standard are different than the in-kind requirements of several of the Organizations' grant awards. The Organizations received contributions of nonprofessional volunteers during the year with a value of \$65,213 primarily for its senior programs, which are not recorded in the consolidated statement of activities.

Income Taxes

The Organizations are nonprofit corporations as described in Section 501(c)(3) of the Internal Revenue Code (the "Code") and are exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. The Organizations are also exempt from state income taxes on related income.

The Organizations are required to assess whether it is more likely than not that a tax position will be sustained upon examination on the technical merits of the position assuming the taxing authority has full knowledge of all information. If 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 Organizations have determined there are no amounts to record as assets or liabilities related to uncertain tax positions.

Dickinson-Iron Community Services Agency and Affiliate

Notes to Consolidated Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Cost Allocation

Joint costs are allocated to benefiting programs using various allocation methods depending on the type of joint cost being allocated. Joint costs are those costs incurred for the common benefit of all organization programs that cannot be readily identified with a final cost objective.

Subsequent Events

Subsequent events have been evaluated through [DATE], which is the date the consolidated financial statements were available to be issued.

Note 2 Concentration of Credit Risk

The Organizations maintain cash balances at several financial institutions, which are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At times during the year, balances in these accounts may exceed the insurance limits. Management believes the financial institutions have strong credit ratings and credit risk related to these deposits is minimal.

Note 3 Grants Receivable

Grants receivable consist of amounts due from funding sources as follows:

State of Michigan	\$	8,854
Other		46,153
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Totals	\$	55,007

Note 4 Property and Equipment

A summary of equipment and vehicles at September 30, 2017, is as follows:

	DISCA	UPCSI	Totals
Building	\$ 140,000	\$ 0	\$ 140,000
Equipment	38,922	18,264	57,186
Vehicles	71,045	290,781	361,826
Subtotals	249,967	309,045	559,012
Accumulated depreciation	(104,293)	(207,544)	(311,837)
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Property and equipment, net	\$ 145,674	\$ 101,501	\$ 247,175

Dickinson-Iron Community Services Agency and Affiliate

Notes to Consolidated Financial Statements

Note 5 **Line of Credit**

The Organizations maintain a \$100,000 line of credit with the First National Bank and Trust Company of Iron Mountain that expires June 1, 2018, with a variable interest rate based on the Wall Street Journal U.S. Prime Rate, but will not be greater than 9% or less than 5%. The line of credit is unsecured. The outstanding balance as of September 30, 2017, was \$6,000.

Note 6 **Temporarily Restricted Net Assets**

Temporarily restricted net assets represent balances that are available for use in the following activities:

Housing programs	\$	7,307
Homeless programs		2,471
Self-insurance		702
Grant-funded equipment		114,175
Other programs		148
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Total temporarily restricted net assets	\$	124,803

Note 7 **Deferred Compensation Plan**

The Organizations have a defined contribution pension plan, which is available to all full-time employees. The pension plan was created in accordance with Internal Revenue Code Section 457. The plan permits employees to defer a portion of their current earnings and allows the employer to contribute an amount on behalf of eligible employees. Effective January 1, 2016, new employees will be vested after 7 years with the Organization. If an employee leaves before 7 years, the amount contributed by the Organization will return to the Organization. Total contribution to the plan in the year ended September 30, 2017, was \$20,504.

Note 8 **Grant Awards**

At September 30, 2017, the Organizations had received commitments for future funding under various grant awards of approximately \$196,000. These commitments are not recognized in the accompanying consolidated financial statements as receivables and revenue because they are conditional awards.

Note 9 **Mortgage Payable**

DICSA has a mortgage payable secured by a building. The balance at September 30, 2017 was \$132,515. Monthly principal and interest payments are \$1,065 at 6.75% interest, with final maturity due August 1, 2035. Future maturities are \$3,950 in 2018, \$4,225 in 2019, \$4,519 in 2020, \$4,834 in 2021, \$5,171 in 2022, and \$109,816 thereafter.

Supplementary Information

Dickinson-Iron Community Services Agency and Affiliate

Schedule of Program Activities
Year Ended September 30, 2017

	FEDERAL PROGRAMS							HUD 14,228 Dickinson County CDBG #MSC- 2009-0736-HOA (5)
	Department of Agriculture						10.565 & 10.569 Cluster	
	10.565		10.568	10.569				
	Commodity	Commodity	TEFAP	TEFAP				
	Supplemental Food Program 220001006C	Supplemental Food Program 220001006C	Food Distribution 220001006C	Commodity Food 220001006C				
Total	(1)	(2)	10.565 Subtotal	(3)	(4)	702,906		
REVENUE								
Grant revenue	\$ 2,194,115	\$ 444,637	\$ 159,700	\$ 604,337	\$ 74,477	\$ 24,092	\$ 702,906	\$ 0
Program contributions	269,564	0	0	0	0	0	0	0
Millage	278,757	0	0	0	0	0	0	0
Performance/other income	303,703	0	1,285	1,285	0	0	1,285	0
In-kind contributions	4,297	0	0	0	0	0	0	0
Total Revenue	3,050,436	444,637	160,985	605,622	74,477	24,092	704,191	0
EXPENSE								
Wages and salaries	1,221,124	0	57,372	57,372	0	7,097	64,469	0
Fringe benefits	305,715	0	25,606	25,606	0	2,020	27,626	0
Consultants/contract labor	166,466	0	2,078	2,078	0	297	2,375	0
Travel/transportation	119,761	0	12,287	12,287	0	668	12,955	0
Space/utilities	103,505	0	47,176	47,176	0	3,373	50,549	0
Training	1,948	0	135	135	0	0	135	0
Consumable supplies/materials/food purchases	116,144	0	2,969	2,969	0	9,588	12,557	0
Minor equipment purchases	15,107	0	0	0	0	0	0	0
Other costs	106,607	0	13,362	13,362	0	1,049	14,411	0
Direct services	139,834	0	0	0	0	0	0	0
Food/Commodity food distributed	709,157	444,637	0	444,637	74,477	0	519,114	0
Program support	5,453	0	0	0	0	0	0	0
In-kind expenses	4,297	0	0	0	0	0	0	0
Total Expenses	3,015,118	444,637	160,985	605,622	74,477	24,092	704,191	0
Change in Net Assets	35,318	0	0	0	0	0	0	0
Net assets - Beginning of year	195,211	0	0	0	0	0	0	2,356
NET ASSETS - END OF YEAR	\$ 230,529	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,356

Dickinson-Iron Community Services Agency and Affiliate

Schedule of Program Activities
Year Ended September 30, 2017

	FEDERAL PROGRAMS						
	HUD		Dept. of VA	Department of Energy			
	14.228		14.231	64.033	81.042		
	Iron		Emergency	Supportive	Weatherization	Weatherization	81.042
	County		Solutions	Services for	Assistance	Assistance	Subtotal
	CDBG #MSC-	14.228	Grant	Veterans/Family	Program	Program	
	2007-0740-HOA	Subtotal			WAP-16-22008-1	WAP-16-22008-2	
	(6)		(7)	(8)	(9)	(10)	
REVENUE							
Grant revenue	\$ 0	\$ 0	\$ 43,801	\$ 85,495	\$ 123,500	\$ 12,295	\$ 135,795
Program contributions	0	0	0	0	0	0	0
Millage	0	0	0	0	0	0	0
Performance/other income	0	0	0	0	1,423	100	1,523
In-kind contributions	0	0	0	0	0	0	0
Total Revenue	0	0	43,801	85,495	124,923	12,395	137,318
EXPENSE							
Wages and salaries	0	0	25,340	52,474	29,099	5,846	34,945
Fringe benefits	0	0	6,253	16,123	11,831	1,786	13,617
Consultants/contract labor	0	0	1,088	1,597	77,101	1,557	78,658
Travel/transportation	0	0	3,893	7,234	908	1,380	2,288
Space/utilities	0	0	3,300	4,251	1,152	332	1,484
Training	0	0	0	0	0	0	0
Consumable supplies/materials/food purchase:	0	0	875	760	350	30	380
Minor equipment purchases	0	0	0	0	0	0	0
Other costs	0	0	3,052	3,056	4,495	993	5,488
Direct services	0	0	0	0	0	0	0
Food/Commodity food distributed	0	0	0	0	0	0	0
Program support	0	0	0	0	0	0	0
In-kind expenses	0	0	0	0	0	0	0
Total Expenses	0	0	43,801	85,495	124,936	11,924	136,860
Change in Net Assets	0	0	0	0	(13)	471	458
Net assets - Beginning of year	4,951	7,307	0	900	161	0	161
NET ASSETS - END OF YEAR	\$ 4,951	\$ 7,307	\$ 0	\$ 900	\$ 148	\$ 471	\$ 619

See Independent Auditor's Report.

Dickinson-Iron Community Services Agency and Affiliate

Schedule of Program Activities
Year Ended September 30, 2017

	FEDERAL PROGRAMS							
	Department of Health and Human Services							
	93.044	93.045		93.045		93.053	93.052	
	IN HOME SERVICES UP16D1	Senior Congregate Meals		Home Delivered Meals		Senior Nutrition Food Program UP16D1	93.044, 93.045, 93.053 Cluster Subtotal	National Family Caregivers Support Program UP16D1
(11)	(12)		(13)		(14)	(15)		
REVENUE								
Grant revenue	\$ 113,762	\$ 119,583	\$ 170,442	\$ 290,025	\$ 82,337	\$ 486,124	\$ 20,877	
Program contributions	8,207	101,616	114,055	215,671	0	223,878	0	
Millage	0	0	0	0	0	0	0	
Performance/other income	1,009	0	2,852	2,852	0	3,861	0	
In-kind contributions	0	15,134	22,262	37,396	0	37,396	1,675	
Total Revenue	122,978	236,333	309,611	545,944	82,337	751,259	22,552	
EXPENSE								
Wages and salaries	103,201	138,942	289,146	428,088	0	531,289	16,759	
Fringe benefits	22,626	27,767	65,969	93,736	0	116,362	3,762	
Consultants/contract labor	1,249	19,376	3,593	22,969	0	24,218	281	
Travel/transportation	3,073	398	26,281	26,679	0	29,752	372	
Space/utilities	1,370	5,512	11,265	16,777	0	18,147	508	
Training	13	207	142	349	0	362	14	
Consumable supplies/materials/food purchases	7,623	14,673	41,158	55,831	0	63,454	769	
Minor equipment purchases	0	88	272	360	0	360	0	
Other costs	2,148	10,731	16,862	27,593	0	29,741	561	
Direct services	0	0	0	0	0	0	0	
Food/Commodity food distributed	0	34,061	62,176	96,237	82,337	178,574	0	
Program support	(18,325)	(30,556)	(229,515)	(260,071)	0	(278,396)	(2,149)	
In-kind expenses	0	15,134	22,262	37,396	0	37,396	1,675	
Total Expenses	122,978	236,333	309,611	545,944	82,337	751,259	22,552	
Change in Net Assets	0	0	0	0	0	0	0	
Net assets - Beginning of year	0	0	0	0	0	0	0	
NET ASSETS - END OF YEAR	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	

See Independent Auditor's Report.

Dickinson-Iron Community Services Agency and Affiliate

Schedule of Program Activities
Year Ended September 30, 2017

	FEDERAL PROGRAMS					
	Department of Health and Human Services				CNCS	
	93.568		93.569		94.002	
	Low-Income	Community				
Home Energy	Services Block	CSBG-		Corporation for	Total	
Assistance	Grant	Discretionary	93.569	National &	Federal	
LIHEAP-16-22008 3	CSBG-16-22008 3	CSBG-D-16-22008 3	Subtotal	Community Service	Programs	
(16)	(17)	(18)		(19)		
REVENUE						
Grant revenue	\$ 69,973	\$ 213,295	\$ 25,429	\$ 238,724	\$ 959	\$ 1,784,654
Program contributions	0	0	20	20	0	223,898
Millage	0	0	0	0	0	0
Performance/other income	0	0	85	85	0	6,754
In-kind contributions	0	0	2,330	2,330	0	41,401
Total Revenue	69,973	213,295	27,864	241,159	959	2,056,707
EXPENSE						
Wages and salaries	19,676	115,708	17,443	133,151	0	878,103
Fringe benefits	7,616	39,298	4,432	43,730	0	235,089
Consultants/contract labor	41,741	7,839	201	8,040	0	157,998
Travel/transportation	260	10,116	2,212	12,328	0	69,082
Space/utilities	297	9,601	197	9,798	701	89,035
Training	0	284	375	659	258	1,428
Consumable supplies/materials/food purchases	61	15,533	228	15,761	0	94,617
Minor equipment purchases	0	0	0	0	0	360
Other costs	322	14,916	446	15,362	0	71,993
Direct services	0	0	0	0	0	0
Food/Commodity food distributed	0	0	0	0	0	697,688
Program support	0	0	0	0	0	(280,545)
In-kind expenses	0	0	2,330	2,330	0	41,401
Total Expenses	69,973	213,295	27,864	241,159	959	2,056,249
Change in Net Assets	0	0	0	0	0	458
Net assets - Beginning of year	0	0	0	0	0	8,368
NET ASSETS - END OF YEAR	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,826

See Independent Auditor's Report.

Dickinson-Iron Community Services Agency and Affiliate

Schedule of Program Activities
Year Ended September 30, 2017

STATE AND LOCAL PROGRAMS

	MPCSC MCAAA Energy Assistance (20)	LCA-MEAP Assistance Del Fuel (21)	LCA-LIEAP Assistance Summer Fuel (22)	Volunteer Investment Grant 801P3000418 (23)	Family Ties - Adult Day Care (24)	Retired Senior Volunteer Program #2016 (25)	Baraga County Millage - Senior Citizen (26)
REVENUE							
Grant revenue	\$ 26,451	\$ 132,862	\$ 0	\$ 3,298	\$ 25,088	\$ 62,384	\$ 0
Program contributions	0	0	0	0	23,801	0	0
Millage	0	0	0	0	0	0	7,500
Performance/other income	0	0	0	5	83,401	39	0
In-kind contributions	0	0	0	0	4,981	23,128	0
Total Revenue	26,451	132,862	0	3,303	137,271	85,551	7,500
EXPENSE							
Wages and salaries	3,812	14,502	0	0	101,577	24,364	0
Fringe benefits	1,317	5,076	0	0	24,066	8,107	0
Consultants/contract labor	0	0	0	0	2,913	872	0
Travel/transportation	1	7	0	1,887	243	19,810	0
Space/utilities	0	86	0	0	7,545	1,484	0
Training	0	0	0	0	290	0	0
Consumable supplies/materials/food purcha	0	0	0	1,402	2,135	4,233	0
Minor equipment purchases	0	0	0	0	0	0	0
Other costs	0	1	0	14	6,821	3,553	0
Direct services	21,321	113,190	0	0	0	0	0
Food/Commodity food distributed	0	0	0	0	0	0	0
Program support	0	0	0	0	(13,300)	0	7,500
In-kind expenses	0	0	0	0	4,981	23,128	0
Total Expenses	26,451	132,862	0	3,303	137,271	85,551	7,500
Change in Net Assets	0	0	0	0	0	0	0
Net assets - Beginning of year	0	0	0	0	0	0	0
NET ASSETS - END OF YEAR	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

Dickinson-Iron Community Services Agency and Affiliate

Schedule of Program Activities
Year Ended September 30, 2017

	STATE AND LOCAL PROGRAMS				OTHER				
	Iron County Millage - Senior Citizen (27)	Dickinson County Millage - Senior Citizen (28)	Michigan Dept. of Transportation #2016-0135 (29)	MDOT SPECIAL GRANT Transportation #2012-0175 (30)	Total State and Local Programs	Self-Insurance Fund (31)	Grant- Funded Equipment (32)	MCAH HOMELESS Housing (33)	TOTAL PROGRAM ACTIVITY
REVENUE									
Grant revenue	\$ 0	\$ 0	\$ 100,865	\$ 48,714	\$ 399,662	\$ 0	\$ 0	\$ 0	\$ 2,184,316
Program contributions	0	0	21,775	0	45,576	0	0	0	269,474
Millage	31,702	239,555	0	0	278,757	0	0	0	278,757
Performance/other income	0	0	22,033	0	105,478	28,008	0	0	140,240
In-kind contributions	0	0	0	0	28,109	0	0	0	69,510
Total Revenue	31,702	239,555	144,673	48,714	857,582	28,008	0	0	2,942,297
EXPENSE									
Wages and salaries	0	0	83,244	0	227,499	0	0	0	1,105,602
Fringe benefits	0	0	21,710	0	60,276	11,740	0	0	307,105
Consultants/contract labor	0	0	1,421	0	5,206	0	0	0	163,204
Travel/transportation	0	0	24,446	230	46,624	0	0	0	115,706
Space/utilities	0	0	1,139	0	10,254	0	0	0	99,289
Training	0	0	0	0	290	0	0	0	1,718
Consumable supplies/materials/food purc	0	0	786	0	8,556	0	0	0	103,173
Minor equipment purchases	0	0	0	48,484	48,484	0	(33,737)	0	15,107
Other costs	0	0	17,930	0	28,319	0	0	0	100,312
Direct services	0	0	0	0	134,511	0	0	0	134,511
Food/Commodity food distributed	0	0	0	0	0	0	0	0	697,688
Program support	31,702	249,157	(6,003)	0	269,056	0	0	0	(11,489)
In-kind expenses	0	0	0	0	28,109	0	0	0	69,510
Total Expenses	31,702	249,157	144,673	48,714	867,184	11,740	(33,737)	0	2,901,436
Change in Net Assets	0	(9,602)	0	0	(9,602)	16,268	33,737	0	40,861
Net assets - Beginning of year	0	9,602	0	0	9,602	(15,566)	80,438	2,471	85,313
NET ASSETS - END OF YEAR	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 702	\$ 114,175	\$ 2,471	\$ 126,174

See Independent Auditor's Report.

Dickinson-Iron Community Services Agency and Affiliate

Schedule of Program Activities
Year Ended September 30, 2017

	CORPORATE ACTIVITIES						
	UNRESTRICTED						
	Pumpkin Run and Frosty 5k Walk-for- Warmth (34)	Waiver Training and Waiver Homemaker Aide (35)	Waiver Home- Delivered Meals (36)	ARVON School District Meals (37)	Maximus MI Enrolls Plan (38)	Volunteer Oversight (39)	Building and Property Maintenance (40)
REVENUE							
Grant revenue	\$ 0	\$ 0	\$ 0	\$ 8,343	\$ 1,456	\$ 0	\$ 0
Program contributions	0	0	0	0	0	90	0
Millage	0	0	0	0	0	0	0
Performance/other income	11,721	54,568	39,721	163	0	396	0
In-kind contributions	0	0	0	0	0	0	0
Total Revenue	11,721	54,568	39,721	8,506	1,456	486	0
EXPENSE							
Wages and salaries	550	46,986	19,481	4,534	625	141	0
Fringe benefits	149	10,723	4,735	1,003	521	144	0
Consultants/contract labor	0	523	402	0	0	0	0
Travel/transportation	0	225	2,709	0	0	138	0
Space/utilities	0	595	813	356	0	0	0
Training	0	0	0	0	0	0	0
Consumable supplies/materials/food purchases	4,901	686	3,098	0	0	0	0
Minor equipment purchases	0	0	0	0	0	0	0
Other costs	0	542	85	1	8	63	0
Direct services	5,323	0	0	0	0	0	0
Food/Commodity food distributed	0	0	8,398	3,071	0	0	0
Program support	0	(5,712)	0	0	0	0	0
In-kind expenses	0	0	0	0	0	0	0
Total Expenses	10,923	54,568	39,721	8,965	1,154	486	0
Change in Net Assets	798	0	0	(459)	302	0	0
Net assets - Beginning of year	18,861	0	0	512	1,306	365	5,000
NET ASSETS - END OF YEAR	\$ 19,659	\$ 0	\$ 0	\$ 53	\$ 1,608	\$ 365	\$ 5,000

See Independent Auditor's Report.

Dickinson-Iron Community Services Agency and Affiliate

Schedule of Program Activities
Year Ended September 30, 2017

	CORPORATE ACTIVITIES UNRESTRICTED						
	VAMC IN HOME SERVICES (41)	DTE-EAA Energy Optimization (42)	DICSA General Fund (43)	DICSA Corporate Fund (44)	Eliminations	UPCSI Corporate Fund (45)	TOTAL UNRESTRICTED ACTIVITY
REVENUE							
Grant revenue	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,799
Program contributions	0	0	0	0	0	0	90
Millage	0	0	0	0	0	0	0
Performance/other income	55,342	17,050	2,459	10,051	(28,008)	0	163,463
In-kind contributions	0	0	0	0	(65,213)	0	(65,213)
Total Revenue	55,342	17,050	2,459	10,051	(93,221)	0	\$ 108,139
EXPENSE							
Wages and salaries	42,018	1,187	0	0	0	0	115,522
Fringe benefits	8,925	418	0	0	(28,008)	0	(1,390)
Consultants/contract labor	626	1,651	0	60	0	0	3,262
Travel/transportation	591	95	297	0	0	0	4,055
Space/utilities	1,151	2	1,299	0	0	0	4,216
Training	0	230	0	0	0	0	230
Consumable supplies/materials/food purchases	999	2,501	786	0	0	0	12,971
Minor equipment purchases	0	0	0	0	0	0	0
Other costs	1,032	1,555	0	3,009	0	0	6,295
Direct services	0	0	0	0	0	0	5,323
Food/Commodity food distributed	0	0	0	0	0	0	11,469
Program support	0	22,424	0	0	0	230	16,942
In-kind expenses	0	0	0	0	(65,213)	0	(65,213)
Total Expenses	55,342	30,063	2,382	3,069	(93,221)	230	113,682
Change in Net Assets	0	(13,013)	77	6,982	0	(230)	(5,543)
Net assets - Beginning of year	197	29,675	2,430	43,117	0	8,435	109,898
NET ASSETS - END OF YEAR	\$ 197	\$ 16,662	\$ 2,507	\$ 50,099	\$ 0	\$ 8,205	\$ 104,355

See Independent Auditor's Report.

Dickinson-Iron Community Services Agency and Affiliate

Schedule of Expenditures of Federal Awards Year Ended September 30, 2017

Federal Grantor/Program Title/ Pass-Through Number	CFDA Number	Funding Source/ Pass-Through Entity	Program Period	Federal Expenditures
DEPARTMENT OF AGRICULTURE				
Food Distribution Cluster				
Commodity Supplemental Food Program #220001006C - Noncash Assistance	10.565	Michigan Department of Education	10/01/16 - 09/30/17	\$ 444,637
Commodity Supplemental Food Program #220001006C	10.565	Michigan Department of Education	10/01/16 - 09/30/17	<u>159,700</u>
Total Federal Expenditures CFDA #10.565				<u>604,337</u>
Temporary Emergency Food Assistance Program Distribution #220001006C	10.568	Michigan Department of Education	10/01/16 - 09/30/17	<u>74,477</u>
Temporary Emergency Food Assistance Program Distribution #220001006C - Noncash Assistance	10.569	Michigan Department of Education	10/01/16 - 09/30/17	<u>24,092</u>
Total Federal Expenditures Food Distribution Cluster CFDA #10.565, #10.568 and #10.569				<u>702,906</u>
Total Department of Agriculture				<u>702,906</u>
Department of Housing and Urban Development				
Emergency Solutions Grant	14.231	Community Action Alger-Marquette	10/01/16-09/30/17	<u>43,801</u>
DEPARTMENT OF VETERANS AFFAIRS				
Supportive Services for Veterans	64.003	Veterans Affairs	10/01/16 - 09/30/17	<u>85,495</u>
DEPARTMENT OF ENERGY				
Weatherization Assistance Program - #DOE-16-22008-1	81.042	Michigan Department of Human Services	07/01/16 - 06/30/17	123,500
Weatherization Assistance Program - #WAP-16-22008-2		Michigan Department of Human Services	07/01/17 - 06/30/18	<u>12,295</u>
Total Federal Expenditures CFDA #81.042				<u>135,795</u>
Total Department of Energy				<u>135,795</u>
DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Aging Cluster				
Alternate Care #UP16D1	93.044	UPCAP Services, Inc.	10/01/16 - 09/30/17	<u>43,096</u>
Senior Congregate Meals - Title III C-1 #UP16D1	93.045	UPCAP Services, Inc.	10/01/16 - 09/30/17	117,084
Home Delivered Meals - Title III C-2 #UP16D1		UPCAP Services, Inc.	10/01/16 - 09/30/17	<u>60,852</u>
Total Federal Expenditures CFDA #93.045				<u>177,936</u>
Senior Nutrition Food Program #UP16D1	93.053	UPCAP Services, Inc.	10/01/16 - 09/30/17	<u>82,337</u>
Total Federal Expenditures Aging Cluster CFDA #93.044, #93.045, #93.053,				<u>303,369</u>

Dickinson-Iron Community Services Agency and Affiliate

Schedule of Expenditures of Federal Awards Year Ended September 30, 2017

Federal Grantor/Program Title/ Pass-Through Number	CFDA Number	Funding Source/ Pass-Through Entity	Program Period	Federal Expenditures
DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)				
National Family Caregivers Support Program #UP16D1	93.052	UPCAP Services, Inc.	10/01/16 - 09/30/17	\$ <u>15,687</u>
Low-Income Home Energy Assistance Program (LCA) #LIHEAP-16-22008-3	93.568	Michigan Department of Human Services	10/01/16 - 09/30/17	<u>69,973</u>
Community Services Block Grant #CSBG-16-22008 3	93.569	Michigan Department of Human Services	10/01/16 - 09/30/17	213,295
Community Services Block Grant #CSBG-D-16-22008 3(Discretionary)		Michigan Department of Human Services	10/01/16 - 09/30/17	<u>25,429</u>
Total Federal Expenditures CFDA #93.569				<u>238,724</u>
Total Department of Health and Human Services				<u>627,753</u>
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE				
Retired and Senior Volunteer Program	94.002	Corporation for National and Community Service	10/1/16 - 9/30/17	<u>959</u>
TOTAL FEDERAL EXPENDITURES				<u>\$ 1,596,709</u>

Notes to Schedule of Expenditures of Federal Awards

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Dickinson-Iron Community Service Agency under programs of the federal government for the year ended September 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Dickinson-Iron Community Service Agency, it is not intended to and does not present the financial position, changes in net assets or cash flows of Dickinson-Iron Community Service Agency.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 - Indirect Cost Rate

Dickinson-Iron Community Service Agency has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 4 - Subrecipients

Dickinson-Iron Community Service Agency does not have any subrecipients and therefore does not have subrecipient expenditures.

Note 5 - Noncash Assistance

Total noncash assistance under the Food Distribution Cluster is \$444,637 from CFDA 10.565 and \$74,477 from CFDA 10.568, totaling \$519,114

See Independent Auditor's Report.

Dickinson-Iron Community Services Agency and Affiliate

Consolidating Statement of Financial Position
Year Ended September 30, 2017

<i>Assets</i>	Dickinson Iron Comm. Services Agency	U.P. Community Services, Inc.	Eliminations	DICSA and U.P. Consolidated
Current assets:				
Cash	\$ 83,883	\$ 13,140	\$ 0	\$ 97,023
Grants receivable	55,007	0	0	55,007
Accounts receivable	40,271	1,874	0	42,145
Accounts receivable - Intercompany	3,647	0	(3,647)	0
Inventory	241,188	0	0	241,188
Prepaid expenses	13,046	0	0	13,046
Total current assets	437,042	15,014	(3,647)	448,409
Property and equipment, net	145,674	101,501	0	247,175
TOTAL ASSETS	\$ 582,716	\$ 116,515	(\$ 3,647)	\$ 695,584
Liabilities and Net Assets				
Current liabilities:				
Line of credit	\$ 6,000	\$ 0	\$ 0	\$ 6,000
Current portion of mortgage payable	3,950	0	0	3,950
Accounts payable	21,080	690	0	21,770
Accounts payable - Intercompany	0	3,647	(3,647)	0
Accrued payroll and related expenses	40,519	0	0	40,519
Grant funds received in advance	264,251	0	0	264,251
Total current liabilities	335,800	4,337	(3,647)	336,490
Long-term liabilities:				
Mortgage payable	128,565	0	0	128,565
Total liabilities	464,365	4,337	(3,647)	465,055
Net assets:				
Unrestricted	97,049	8,206	0	105,255
Temporarily restricted	21,302	103,972	0	125,274
Total net assets	118,351	112,178	0	230,529
TOTAL LIABILITIES AND NET ASSETS	\$ 582,716	\$ 116,515	(\$ 3,647)	\$ 695,584

See Independent Auditor's Report.

Dickinson-Iron Community Services Agency and Affiliate

Consolidating Statement of Activities
Year Ended September 30, 2017

	Dickinson Iron Comm. Services Agency	U.P. Community Services, Inc.	DICSA and U.P. Consolidated
Revenue:			
Grant revenue	\$ 2,044,536	\$ 149,579	\$ 2,194,115
Program contributions	247,789	21,775	269,564
Millage	278,757	0	278,757
Performance/other income	281,670	22,033	303,703
In-kind contributions	4,297	0	4,297
Total revenue	2,857,049	193,387	3,050,436
Expenses:			
Wages and salaries	1,137,880	83,244	1,221,124
Fringe benefits	284,005	21,710	305,715
Consultants/contract labor	165,045	1,421	166,466
Travel/transportation	95,085	24,676	119,761
Space/utilities	102,366	1,139	103,505
Training	1,948	0	1,948
Consumable supplies/materials/food purchases	115,358	786	116,144
Minor equipment purchases	360	14,747	15,107
Other costs	79,370	27,237	106,607
Direct services	139,834	0	139,834
Food/Commodity food distributed	709,157	0	709,157
Program support	11,226	(5,773)	5,453
In-kind expenses	4,297	0	4,297
Total expenses	2,845,931	169,187	3,015,118
Change in net assets	11,118	24,200	35,318
Net assets - Beginning of year	107,233	87,978	195,211
Net assets - End of year	\$ 118,351	\$ 112,178	\$ 230,529

See Independent Auditor's Report.

Dickinson-Iron Community Services Agency and Affiliate

Consolidating Statement of Financial Position
Year Ended September 30, 2017

<i>Assets</i>	Dickinson Iron Comm. Services Agency	U.P. Community Services, Inc.	Eliminations	DICSA and U.P. Consolidated
Current assets:				
Cash	\$ 83,883	\$ 13,140	\$ 0	\$ 97,023
Grants receivable	55,007	0	0	55,007
Accounts receivable	40,271	1,874	0	42,145
Accounts receivable - Intercompany	3,647	0	(3,647)	0
Inventory	241,188	0	0	241,188
Prepaid expenses	13,046	0	0	13,046
Total current assets	437,042	15,014	(3,647)	448,409
Property and equipment, net	145,674	101,501	0	247,175
TOTAL ASSETS	\$ 582,716	\$ 116,515	(\$ 3,647)	\$ 695,584
<i>Liabilities and Net Assets</i>				
Current liabilities:				
Line of credit	\$ 6,000	\$ 0	\$ 0	\$ 6,000
Current portion of mortgage payable	3,950	0	0	3,950
Accounts payable	21,080	690	0	21,770
Accounts payable - Intercompany	0	3,647	(3,647)	0
Accrued payroll and related expenses	40,519	0	0	40,519
Grant funds received in advance	264,251	0	0	264,251
Total current liabilities	335,800	4,337	(3,647)	336,490
Long-term liabilities:				
Mortgage payable	128,565	0	0	128,565
Total liabilities	464,365	4,337	(3,647)	465,055
Net assets:				
Unrestricted	97,049	8,206	0	105,255
Temporarily restricted	21,302	103,972	0	125,274
Total net assets	118,351	112,178	0	230,529
TOTAL LIABILITIES AND NET ASSETS	\$ 582,716	\$ 116,515	(\$ 3,647)	\$ 695,584

See Independent Auditor's Report.

Dickinson-Iron Community Services Agency and Affiliate

Consolidating Statement of Activities
Year Ended September 30, 2017

	Dickinson Iron Comm. Services Agency	U.P. Community Services, Inc.	DICSA and U.P. Consolidated
Revenue:			
Grant revenue	\$ 2,044,536	\$ 149,579	\$ 2,194,115
Program contributions	247,789	21,775	269,564
Millage	278,757	0	278,757
Performance/other income	281,670	22,033	303,703
In-kind contributions	4,297	0	4,297
Total revenue	2,857,049	193,387	3,050,436
Expenses:			
Wages and salaries	1,137,880	83,244	1,221,124
Fringe benefits	284,005	21,710	305,715
Consultants/contract labor	165,045	1,421	166,466
Travel/transportation	95,085	24,676	119,761
Space/utilities	102,366	1,139	103,505
Training	1,948	0	1,948
Consumable supplies/materials/food purchases	115,358	786	116,144
Minor equipment purchases	360	14,747	15,107
Other costs	79,370	27,237	106,607
Direct services	139,834	0	139,834
Food/Commodity food distributed	709,157	0	709,157
Program support	11,226	(5,773)	5,453
In-kind expenses	4,297	0	4,297
Total expenses	2,845,931	169,187	3,015,118
Change in net assets	11,118	24,200	35,318
Net assets - Beginning of year	107,233	87,978	195,211
Net assets - End of year	\$ 118,351	\$ 112,178	\$ 230,529

See Independent Auditor's Report.



Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

Board of Directors
Dickinson-Iron Community Services Agency and Affiliate
Iron Mountain, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the consolidated financial statements of Dickinson-Iron Community Services Agency and Affiliate, which comprise the consolidated statement of financial position as of September 30, 2017, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated [DATE]. The financial statements of U.P. Community Services, Inc. (the Affiliate) 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 this entity.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Dickinson-Iron Community Services Agency's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Dickinson-Iron Community Services Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of Dickinson-Iron Community Services Agency's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Wipfli LLP

[DATE]

Madison, Wisconsin



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

Board of Directors
Dickinson-Iron Community Services Agency and Affiliate
Iron Mountain, Michigan

Report on Compliance for Each Major Federal Program

We have audited Dickinson-Iron Community Services Agency's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2017. Dickinson-Iron Community Services Agency's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility for Compliance

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

Auditor's Responsibility

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

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

Opinion

In our opinion, Dickinson-Iron Community Services Agency 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 September 30, 2017.

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal or state 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 compliances is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Wipfli LLP

[DATE]

Madison, Wisconsin

Dickinson-Iron Community Services Agency and Affiliate

Schedule of Findings and Questioned Costs
Year Ended September 30, 2017

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued?	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	No
Noncompliance material to financial statements noted?	No

Federal and State Awards

Internal control over major federal and state programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	No
Type of auditor's report issued on compliance for major program	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance [2 CFR 200.516(a)]?	No

Identification of major federal programs:

<u>Name of Federal Major Program or Cluster</u>	<u>CFDA No.</u>
Food Distribution Cluster: Commodity Supplemental Food Program and Temporary Emergency Food Assistance Program Distribution	10.565, 10.568, 10.569
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

Dickinson-Iron Community Services Agency and Affiliate

Schedule of Findings and Questioned Costs
Year Ended September 30, 2017

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

Section IV - Summary Schedule of Prior Year Findings

Finding 2016-001

This finding is considered resolved.