Partnership4Health Community Health Board Moorhead, Minnesota

Annual Financial Report and Management and Compliance Report

Year Ended December 31, 2025

Audit Practice Division

STATE OF MINNESOTA
OFFICE OF THE STATE AUDITOR
State Auditor Julie Blaha

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Partnership4Health Community Health Board
Moorhead, Minnesota

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Introductory Section

Partnership4Health Community Health Board
Moorhead, Minnesota

Organization

December 31, 2025

Community Health Board	Position	Entity
Commissioner Representatives		
Rick Busko	Member	Wilkin County
David Meyer	Member	Becker County
David Ebinger	Chair	Clay County
Wayne Johnson	Vice Chair	Otter Tail County
Community Representative		
Katie Vasey	Member	Becker County
Dave Sayler	Member	Wilkin County
Community Health Services Co-Administrators		
Amanda Kumpula		Becker County
Rory Beil		Clay County
Public Health Financial Manager		
Brandon Nelson		Clay County

Financial Section

STATE OF MINNESOTA

Julie Blaha
State Auditor

Office of the State Auditor

Suite 500
525 Park Street
Saint Paul, MN 55103

Independent Auditor's Report

Community Health Board
Partnership4Health Community Health Board
Moorhead, Minnesota

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and the General Fund of Partnership4Health Community Health Board (Partnership4Health) as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise Partnership4Heath's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the General Fund of Partnership4Health as of December 31, 2025, and the respective changes in financial position and the budgetary comparison of the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Partnership4Health, and 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 opinions.

Substantial Doubt About Partnership4Health's Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming that Partnership4Health will continue as a going concern. As discussed in Note 3 to the financial statements, the withdrawal of member counties as of January 1, 2026, has raised substantial doubt about Partnership4Health's ability to continue as a going concern. Management's evaluation of the events and conditions and management's plans regarding this matter are also described in Note 3. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Partnership4Health's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 opinions. 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 auditing standards generally accepted in the United States of America 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 financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America 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 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 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 Partnership4Health'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 financial statements; and
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Partnership4Health's 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Partnership4Health's basic financial statements. The Schedule of Intergovernmental Revenue and Schedule of Expenditures of Federal Awards and related notes, 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 basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information as identified above is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the Annual Financial Report. The other information comprises the Introductory Section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2026, on our consideration of Partnership4Health'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 Partnership4Health'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 Partnership4Health's internal control over financial reporting and compliance.

/s/Julie Blaha

Julie Blaha
State Auditor

/s/Lisa Young

Lisa Young, CPA
Deputy State Auditor

September 22, 2026

Management's Discussion and Analysis

Partnership4Health Community Health Board
Moorhead, Minnesota

Management's Discussion and Analysis
December 31, 2025
(Unaudited)

Introduction

Partnership4Health Community Health Board's (Partnership4Health) Management's Discussion and Analysis (MD&A) provides an overview of Partnership4Health's financial activities for the fiscal year ended December 31, 2025. Since this information is designed to focus on the current year's activities, resulting changes, and currently known facts, it should be read in conjunction with the financial statements.

Partnership4Health is a joint powers governmental operation of Becker, Clay, Otter Tail, and Wilkin Counties, created with the intention to establish and maintain an integrated and cooperative system of community health services under local administration and within a system of state guidelines and standards, for the mutual benefit of the joint participants. Partnership4Health serves as the conduit to distribute grants received by other governments to the public health programs of the counties within the joint powers' entity.

Overview of the Financial Statements

This MD&A is intended to serve as an introduction to the basic financial statements. Partnership4Health's basic financial statements consist of two statements that combine government-wide financial statements and fund financial statements, a budgetary comparison statement, and notes to the financial statements. The MD&A (this section) is required to accompany the basic financial statements and, therefore, is included as required supplementary information.

Revenues increased in 2025, primarily due to the increase in the award amounts for various grants. Our largest increase was seen in the Strong Foundations grant which was based on the families served, Minnesota Pollution Control Agency (MPCA) settlement funds that came to Partnership4Health as part of a settlement agreement with the Environmental Protection Agency (EPA) relating to a local business, a new grant award for the Controlled Substance Use Prevention (CSUP) grant, and an increase in our Foundational Public Health Responsibilities (FPHR) grant due to the timing of payments received from the state and when they were receipted. The remaining grant funding sources experienced only slight changes in the year-over-year comparison of funding amounts.

Budgetary Highlights

Partnership4Health's Board did not make any budgetary amendments/revisions in 2025; the COVID-19 funding generated less revenue than anticipated at the time budgets were prepared and presented to the Board for adoption.

Actual revenues were less than budgeted by $595,799. Factors contributing to grant changes and variations of grant revenues are the addition of three new grant awards for MPCA settlement funds, West Central Initiative Funds, and additional rollover funds for the Foundational Public Health Responsibilities grant. However, the use of Coronavirus Relief funds was not used as much as in the past due to the official end to the pandemic declared at a federal level. There was also a reduced need to spend funds from the CDC Infrastructure grant which contributed to a lower overall level of expenditures compared to the budgeted amounts.

Known funding sources at the time the budget is developed are included in the Partnership4Health budgets.

Financial Analysis

Net Position

Condensed Statement of Net Position	2025	2024	Increase (Decrease)	Percent Change (%)
Assets				
Current and other assets	$ 1,901,078	$ 1,647,734	$ 253,344	15.38%
Liabilities				
Current liabilities	297,161	1,616,927	(1,319,766)	(81.62%)
Net Position				
Restricted for public health	$ 1,603,917	$ 30,807	$ 1,573,110	5,106.34%

Change in Net Position

Condensed Statement of Activities	2025	2024	Increase (Decrease)	Percent Change (%)
Revenues				
Intergovernmental				
Reimbursement for services	$ 406,267	$ 378,340	$ 27,927	7.38%
State	3,508,196	2,560,546	947,650	37.01%
Federal	1,774,474	1,947,820	(173,346)	(8.90%)
Total Intergovernmental	$ 5,688,937	$ 4,886,706	$ 802,231	16.42%
Gifts and contributions	73,853	77,495	(3,642)	(4.70%)
Total Revenues	$ 5,762,790	$ 4,964,201	$ 798,589	16.09%
Expenses				
Intergovernmental				
Intergovernmental payments	4,189,680	4,933,394	(743,714)	(15.08%)
Change in Net Position	$ 1,573,110	$ 30,807	$ 1,542,303	5,006.34%

Economic Factors and Next Year's Budgets

Partnership4Health Community Health Board will continue to utilize a member county (Clay) as our fiscal agent. The funding for Partnership4Health will include dollars from state, federal, and local grants. The year-to-year uncertainty of these funds, particularly the state and federal grant dollars, creates planning challenges. Partnership4Health will continue to focus on efficiency and effectiveness in service delivery to provide for meeting the needs of the population served within the allocated resources.

The political landscape at a federal level may have a substantial impact on the funding and expenses related to a variety of funding sources. The federal changes flow down to the state level which ultimately may change the award for counties. There are state budget conversations that indicate we may have significant changes to some of our state awards as well.

Starting in 2026, Partnership4Health will be replaced by two separate two-member community health boards. Otter Tail County and Wilkin County notified the Partnership4Health Board at the December 2024 Board meeting of their intent to withdraw from the Partnership4Health Community Health Board.

Contacting Partnership4Health's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of Partnership4Health's finances and to show Partnership4Health's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Partnership4Health Fiscal Agent, Jessica Mickelson, c/o Clay County Public Health, 715 11th Street North, Suite #303, Moorhead, Minnesota 56560: phone 218-299-7090 or email Jessica.Mickelson@claycountymn.gov.

Basic Financial Statements

Exhibit 1

Partnership4Health Community Health Board
Moorhead, Minnesota

General Fund Balance Sheet and
Statement of Net Position of Governmental Activities
December 31, 2025

	General Fund	Adjustments	Governmental Activities
Assets			
Current assets			
Cash and pooled investments	$ 672,561	$ -	$ 672,561
Due from other governments	1,228,517	-	1,228,517
Total Assets	**$ 1,901,078**	**$ -**	**$ 1,901,078**
Liabilities, Deferred Inflows of Resources, and Fund Balance/Net Position			
Liabilities			
Current liabilities			
Due to other governments	$ 170,125	$ -	$ 170,125
Unearned revenue	127,036	-	127,036
Total Liabilities	**$ 297,161**	**$ -**	**$ 297,161**
Deferred Inflows of Resources			
Unavailable revenue	**112,647**	**$ (112,647)**	**-**
Fund Balance			
Restricted for public health grant expenditures	**1,491,270**	**$ 112,647**	
Net Position			
Restricted for public health		**$ 1,603,917**	**1,603,917**
Total Liabilities, Deferred Inflows of Resources, and Fund Balance/Net Position	**$ 1,901,078**		**$ 1,901,078**

Reconciliation of the General Fund Balance to Net Position

The adjustment between the General Fund and the statement of net position is the amount of assets not available to pay for current period expenditures and, therefore, reported as deferred inflows of resources in the governmental fund.

Exhibit 2

Partnership4Health Community Health Board
Moorhead, Minnesota

General Fund Revenues, Expenditures, and Changes in Fund Balance and Statement of Activities of Governmental Activities
For the Year Ended December 31, 2025

	General Fund	Adjustments	Governmental Activities
Revenues			
Intergovernmental			
Reimbursement for services	$ 406,267	$ -	$ 406,267
State	3,413,564	94,632	3,508,196
Federal	1,787,266	(12,792)	1,774,474
Gifts and contributions	73,853	-	73,853
Total Revenues	**$ 5,680,950**	**$ 81,840**	**$ 5,762,790**
Expenditures/Expenses			
Health			
Intergovernmental	4,189,680	-	4,189,680
Net Change in Fund Balance/Net Position	**$ 1,491,270**	**$ 81,840**	**$ 1,573,110**
Fund Balance/Net Position – January 1	**-**	**30,807**	**30,807**
Fund Balance/Net Position – December 31	**$ 1,491,270**	**$ 112,647**	**$ 1,603,917**

Reconciliation of the General Fund Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities

In the fund, under the modified accrual basis, receivables not available for expenditures are deferred. In the statement of activities, those revenues are recognized. The adjustment to revenues between the General Fund and the statement of activities is the change in unavailable revenue.

Exhibit 3

Partnership4Health Community Health Board
Moorhead, Minnesota

Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2025

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues				
Intergovernmental				
Reimbursement for services	$ 406,881	$ 406,881	$ 406,267	$ (614)
State	3,212,530	3,212,530	3,413,564	201,034
Federal	2,582,338	2,582,338	1,787,266	(795,072)
Gifts and contributions	75,000	75,000	73,853	(1,147)
Total Revenues	**$ 6,276,749**	**$ 6,276,749**	**$ 5,680,950**	**$ (595,799)**
Expenditures				
Health				
Local Public Health Grant	$ 977,002	$ 977,002	$ 771,092	$ 205,910
CDC Infrastructure	510,589	510,589	98,000	412,589
Foundational Public Health Responsibilities	204,632	204,632	208,615	(3,983)
Immunization Cooperative Agreements	-	-	14,630	(14,630)
Public Health Emergency Preparedness Grants	137,979	137,979	134,082	3,897
Response and Sustainability	199,939	199,939	201,259	(1,320)
Immunizations and Vaccines for Children – COVID	543,081	543,081	101,342	441,739
Strong Foundations	1,245,530	1,245,530	873,157	372,373
Maternal and Child Health Services Block Grant	199,452	199,452	150,310	49,142
Home Visiting Temporary Assistance for Needy Families	225,837	225,837	155,017	70,820
Follow Along Program	8,400	8,400	9,950	(1,550)
Women, Infants, and Children	950,000	950,000	474,203	475,797
Climate Pollution Reduction Grant	7,000	7,000	1,576	5,424
Controlled Substance and Use Prevention	183,513	183,513	120,688	62,825
Child and Teen Checkups	406,881	406,881	240,164	166,717
Refugee Health	-	-	2,768	(2,768)
Blue Cross Blue Shield Innovation	75,000	75,000	73,853	1,147
Child Special Health Needs	-	-	5,800	(5,800)
Family Planning Special Projects	4,500	4,500	2,697	1,803
Statewide Health Improvement Program	397,414	397,414	393,206	4,208
West Central Initiative	-	-	27,731	(27,731)
Minnesota Pollution Control Agency Settlement Funds	-	-	129,540	(129,540)
Total Expenditures	**$ 6,276,749**	**$ 6,276,749**	**$ 4,189,680**	**$ 2,087,069**
Net Change in Fund Balance	**$ -**	**$ -**	**$ 1,491,270**	**$ 1,491,270**
Fund Balance – January 1	**-**	**-**	**-**	**-**
Fund Balance – December 31	**$ -**	**$ -**	**$ 1,491,270**	**$ 1,491,270**

Note 1 – Summary of Significant Accounting Policies

Partnership4Health Community Health Board's (Partnership4Health) financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) for the year ended December 31, 2025. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). The more significant accounting policies established in GAAP and used by Partnership4Health are discussed below.

Financial Reporting Entity

Partnership4Health was originally established July 1, 2014, by a joint powers agreement among Becker, Clay, Otter Tail, and Wilkin Counties, pursuant to Minn. Stat. ch. 145A, and pursuant to Minn. Stat. § 471.59, for the purpose of transitioning grant contracts. Partnership4Health became operational as of January 1, 2015. The joint powers agreement remains in force until any single county provides a resolution of withdrawal, duly passed by its governing board, to the County Boards and the Auditor of the other counties participating in the agreement, and the Commissioner of Health for the State of Minnesota, at least one year before the beginning of the calendar year in which it takes effect.

Partnership4Health's purpose is to engage in activities designed to protect and promote the health of the general population within a community health service area by emphasizing the prevention of disease, injury, disability, and preventable death through the promotion of effective coordination and use of community resources, and by extending health services into the community.

Control is vested in Partnership4Health's Board, which consists of six members comprising four County Commissioners and two community members. Members of the Board serve an annual term, with no term limit.

The financial activities of Partnership4Health are accounted for in a custodial fund by Clay County. The individuals who administer the activities of Partnership4Health are considered employees of Clay County Public Health and Otter Tail County Public Health.

Partnership4Health is a joint venture independent of the counties that formed it. Each county has an ongoing responsibility to provide funding for the operating costs of the Board. The funding is allocated in accordance with the actual expenses incurred by representatives of the respective counties on the Board. In addition, administrative operating costs are allocated proportionately, with total subsidy funds available to each member county.

Basic Financial Statements

The basic financial statements display information about Partnership4Health's activities as a whole and information on the individual fund. These separate presentations are reported in different columns on Exhibits 1 and 2. Each exhibit starts with a column of information based on activities of the General Fund and reconciles it to a column that reports the governmental activities of Partnership4Health as a whole.

The governmental activities' statement of net position column is reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations.

Partnership4Health's net position is reported as restricted net position. The statement of activities demonstrates the degree to which the expenses of Partnership4Health are offset by revenues.

Partnership4Health reports one governmental fund. The General Fund is Partnership4Health's primary operating fund and accounts for all financial resources of the organization.

Measurement Focus and Basis of Accounting

The governmental activities financial statement columns are reported using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statement columns (the General Fund) are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Partnership4Health considers all revenues to be available if collected within 60 days after the end of the current period. Expenditures are recorded when the related fund liability is incurred, except for claims and judgments, which are recognized as expenditures to the extent that they have matured. When both restricted and unrestricted resources are available for use, it is Partnership4Health's policy to use restricted resources first and then unrestricted resources as needed.

Budgetary Information

Partnership4Health adopts an annual budget for the General Fund on a basis consistent with generally accepted accounting principles. The legal level of control (the level at which expenditures may not legally exceed appropriations) is the activity level.

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity

Assets

Due From/To Other Governments

Amounts represent receivables and payables related to grants from federal, state, and local governments for program administration.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and will not be recognized as an outflow of resources (expenditure/expense) until that time. No deferred outflows of resources affect the governmental funds or governmental activities financial statements in the current year.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Partnership4Health has only one type of item which arises only under the modified accrual basis of

accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the General Fund balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Unearned Revenue

The governmental fund and governmental activities columns report unearned revenue in connection with resources that have been received but not yet earned.

Net Position and Fund Balance

Net position in the government-wide financial statements is classified in the following categories:

Net investment in capital assets – the amount of net position representing capital assets, net of accumulated depreciation and amortization, and reduced by outstanding debt attributed to the acquisition, construction, or improvement of the assets.

Restricted net position – the amount of net position for which external restrictions have been imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position – the amount of net position that does not meet the definition of restricted or net investment in capital assets.

In the governmental fund financial statements, Partnership4Health classifies fund balances as follows:

Nonspendable – amounts that cannot be spent because they either are not in spendable form or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

Restricted – includes fund balance amounts that are constrained for specific purposes which are either externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Committed – includes fund balance amounts that are constrained for specific purposes imposed by resolution of the Partnership4Health Board (which is the highest level of decision-making authority). To remove the constraint on a specified use of committed resources, the Partnership4Health Board shall pass a resolution.

Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither restricted nor committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Partnership4Health Board.

Unassigned – the residual classification for the General Fund; it includes all spendable amounts not contained in the other fund balance classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted or committed.

Note 2 – Detailed Notes

Assets

Cash Deposits

As of December 31, 2025, Partnership4Health had $672,561 on deposit with Clay County. Cash transactions are administered by the Clay County Auditor/Treasurer, who is authorized by Minn. Stat. §§ 118A.02 and 118A.04 to deposit cash in financial institutions designated by the County Board. All funds of Clay County are pooled.

Custodial credit risk is the risk that in the event of a financial institution failure, the County's deposits may not be returned to it. Minnesota statutes require that all county deposits be covered by insurance, surety bond, or collateral.

Receivables

Partnership4Health had no receivables scheduled to be collected beyond one year.

Liabilities

Unearned Revenue

Partnership4Health recognized unearned revenue for the unspent portion of the Blue Cross Blue Shield Innovations and Foundational Public Health Responsibilities grants received in 2025. As of December 31, 2025, unearned revenue of $110,366 and $16,670 was reported, respectively.

Deferred Inflows of Resources

Unavailable Revenue

The deferred inflows of resources – unavailable revenue at December 31, 2025, consisted of intergovernmental revenue not collected within the period of availability.

Note 3 – Summary of Significant Contingencies and Other Items

Claims and Litigation

The attorney for Partnership4Health estimates that potential claims against Partnership4Health resulting from litigation would not materially affect the financial statements.

Risk Management

Partnership4Health is exposed to various risks of loss related to torts and errors and omissions or natural disasters. To cover these risks, Partnership4Health is a member of the Minnesota Counties Intergovernmental Trust, a public entity risk pool. Partnership4Health retains the risk for the deductible portions of its insurance policies. The amounts of these deductibles are considered immaterial to the financial statements.

Substantial Doubt About Partnership4Health's Ability to Continue as a Going Concern

Otter Tail and Wilkin Counties notified Partnership4Health's Board at the December 2024 Board meeting of their intent to withdraw from Partnership4Health on January 1, 2026. The 2025 Partnership4Health financials remain a four-county community health board, with an expected dissolution at January 1, 2026. A community health board is expected under a new joint powers agreement between Becker and Clay Counties.

Supplementary Information

Exhibit A-1

Partnership4Health Community Health Board
Moorhead, Minnesota

Schedule of Intergovernmental Revenue
For the Year Ended December 31, 2025

Reimbursement for Services		
State		
Minnesota Department of Human Services	**$**	**406,267**
Grants		
State		
Minnesota Department of Health	$	3,256,293
Minnesota Pollution Control Agency		157,271
Total state	**$**	**3,413,564**
Federal		
U.S. Department of Agriculture		
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	**$**	**909,388**
U.S. Environmental Protection Agency		
Climate Pollution Reduction Grants	**$**	**5,553**
U.S. Department of Education		
Special Education – Grants for Infants and Families	**$**	**30,300**
U.S. Department of Health and Human Services		
Public Health Emergency Preparedness (PHEP and CRI)	$	170,084
Universal Newborn Hearing Screening		75
Immunization Cooperative Agreements		15,330
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)		101,342
TANF Home Visiting (Temporary Assistance for Needy Families)		204,925
Maternal and Child Health Services Block Grant to the States (MCH)		196,395
Centers for Disease Control and Prevention Collaboration with Academia to Strengthen Public Health		153,874
Total U.S. Department of Health and Human Services	**$**	**842,025**
Total federal	**$**	**1,787,266**
Total state and federal grants	**$**	**5,200,830**
Total Intergovernmental Revenue	**$**	**5,607,097**

Exhibit A-2

Partnership4Health Community Health Board
Moorhead, Minnesota

Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2025

Federal Grantor Pass-Through Agency Program or Cluster Title	Assistance Listing Number	Pass-Through Grant Numbers	Expenditures	Passed Through to Subrecipients
U.S. Department of Agriculture				
Passed Through Minnesota Department of Health				
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	222MN004W1003	**$ 474,203**	**$ 474,203**
U.S. Environmental Protection Agency				
Passed Through Minnesota Department of Health				
Climate Pollution Reduction Grants	66.046	00E03864	**$ 1,576**	**$ 1,576**
U.S. Department of Education				
Passed Through Minnesota Department of Health				
Special Education – Grants for Infants and Families	84.181	B04MC32551	**$ 9,950**	**$ 9,950**
U.S. Department of Health and Human Services				
Passed Through Minnesota Department of Health				
Public Health Emergency Preparedness	93.069	NU90TP922026	$ 134,082	$ 134,082
Immunization Cooperative Agreements	93.268	6 NH23IP000737-05-02	10,330	10,330
COVID-19 – Immunization Cooperative Agreements	93.268	NH23IP922628	4,300	4,300
(Total Immunization Cooperative Agreements 93.268 $14,630. Total Immunization Cooperative Agreements 93.268 passed through to subrecipients $14,630.)				
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	NU50CK000508	101,342	101,342
Temporary Assistance for Needy Families	93.558	2501MNTANF	155,017	155,017
Centers for Disease Control and Prevention Collaboration with Academia to Strengthen Public Health	93.967	NE11OE000048	98,000	98,000
Maternal and Child Health Services Block Grant to the States	93.994	B0452933	150,310	150,310
Total U.S. Department of Health and Human Services			**$ 653,381**	**$ 653,381**
Total Federal Awards			**$ 1,139,110**	**$ 1,139,110**

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

Partnership4Health Community Health Board
Moorhead, Minnesota

Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2025

Note 1 – Summary of Significant Accounting Policies

Reporting Entity

The Schedule of Expenditures of Federal Awards presents the activities of federal award programs expended by Partnership4Health Community Health Board (Partnership4Health). Partnership4Health's reporting entity is defined in Note 1 to the financial statements.

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal award activity of Partnership4Health under programs of the federal government for the year ended December 31, 2025. 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 of Expenditures of Federal Awards presents only a selected portion of the operations of Partnership4Health, it is not intended to and does not present the financial position, changes in net position, or cash flows of Partnership4Health.

Expenditures reported on the schedule are reported on the modified accrual basis of, with recognition criteria following Uniform Guidance. 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.

Note 2 – De Minimis Cost Rate

Partnership4Health has elected to use the de minimis indirect cost rate allowed under the Uniform Guidance.

Note 3 – Reconciliation to Schedule of Intergovernmental Revenue

Reconciliation to Schedule of Intergovernmental Revenue

Reconciling Items		Amount
Federal grant revenue per Schedule of Intergovernmental Revenue	$	1,787,266
Grants received more than 60 days after year-end, considered unavailable revenue in 2025		
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) (Assistance Listing Number 93.323)		18,015
Unavailable revenue in 2024, recognized as revenue in 2025		
Public Health Emergency Preparedness (Assistance Listing Number 93.069)		(24,707)
Temporary Assistance for Needy Families (Assistance Listing Number 93.558)		(6,100)
Timing differences between expenditures and related reimbursements		(635,364)
Expenditures per Schedule of Expenditures of Federal Awards	$	1,139,110

Management and Compliance Section

STATE OF MINNESOTA

Julie Blaha
State Auditor

Office of the State Auditor

Suite 500
525 Park Street
Saint Paul, MN 55103

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*

Community Health Board
Partnership4Health Community Health Board
Moorhead, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and the General Fund of Partnership4Health Community Health Board (Partnership4Health) as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise Partnership4Health's basic financial statements, and have issued our report thereon dated September 22, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Partnership4Health's internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Partnership4Health's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Partnership4Health's internal control over financial reporting.

A *deficiency in internal control over financial reporting* 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 over financial reporting 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 over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting 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 Partnership4Health's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit

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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*.

Minnesota Legal Compliance

In connection with our audit, nothing came to our attention that caused us to believe that Partnership4Health failed to comply with the provisions of the depositories of public funds and public investments, conflicts of interest, claims and disbursements, and miscellaneous provisions sections of the *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding Partnership4Health's noncompliance with the above-referenced provisions, insofar as they relate to accounting matters.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance, and the provisions of the *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions* and the results of that testing, and not to provide an opinion on the effectiveness of Partnership4Health's internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Partnership4Health's internal control over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose.

/s/Julie Blaha

Julie Blaha
State Auditor

/s/Lisa Young

Lisa Young, CPA
Deputy State Auditor

September 22, 2026

STATE OF MINNESOTA

Julie Blaha
State Auditor

Office of the State Auditor

Suite 500
525 Park Street
Saint Paul, MN 55103

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

Community Health Board
Partnership4Health Community Health Board
Moorhead, Minnesota

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Partnership4Health Community Health Board's (Partnership4Health) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on Partnership4Health's major federal program for the year ended December 31, 2025. Partnership4Health's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, Partnership4Health complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2025.

Basis for Opinion on the 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* (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 Partnership4Health 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 the major federal program. Our audit does not provide a legal determination of Partnership4Health'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 Partnership4Health's federal programs.

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

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Partnership4Health'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 auditing standards generally accepted in the United States of America, *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 Partnership4Health's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, *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 Partnership4Health's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances; and

- obtain an understanding of Partnership4Health'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 Partnership4Health'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.

/s/Julie Blaha

Julie Blaha
State Auditor

/s/Lisa Young

Lisa Young, CPA
Deputy State Auditor

September 22, 2026

Partnership4Health Community Health Board
Moorhead, Minnesota

Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2025

Section I – Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with generally accepted accounting principles: **Unmodified**

Internal control over financial reporting:
- Material weaknesses identified? **No**
- Significant deficiencies identified? **None reported**

Noncompliance material to the financial statements noted? **No**

Federal Awards

Internal control over the major federal program:
- Material weaknesses identified? **No**
- Significant deficiencies identified? **None reported**

Type of auditor's report issued on compliance for the major federal program: **Unmodified**

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? **No**

Identification of the major federal program:

Assistance Listing Number	Name of Federal Program or Cluster
10.557	WIC Special Supplemental Nutrition Program for Women, Infants, and Children

Dollar threshold used to distinguish between Type A and Type B programs: $1,000,000.

Partnership4Health Community Health Board qualified as a low-risk auditee? **No**

Section II – Financial Statement Findings

No matters were reported.

Section III – Federal Award Findings and Questioned Costs

No matters were reported.

Public Health
Prevent. Promote. Protect.
Partnership4Health
Clay and Becker Counties

Clay County Public Health
715 11th Street North, Suite 303 ● Moorhead, MN 56560
Main Desk (218) 299-5220 ● Fax (218) 299-7205
Clinic/WIC (218) 299-7777 ● Fax (218) 291-5875

Representation of Partnership4Health Community Health Board
Moorhead, Minnesota

Summary Schedule of Prior Audit Findings

For the Year Ended December 31, 2025

Finding Number: 2024-001
Year of Finding Origination: 2024
Finding Title: Cash Management – WIC Reimbursement to Member Counties
Program: 10.557 WIC Special Supplemental Nutrition Program for Women, Infants, and Children

Summary of Condition: One of four subrecipient payments tested for compliance with federal cash management requirements was not paid timely to minimize the time elapsing between receipt of federal funds and disbursement to subrecipients.

Summary of Corrective Action Previously Reported: Set up an internal policy where any payment remittance advices must be responded to and completed within two weeks of receipt to ensure that payments are deposited, and member counties of the Community Health Board are reimbursed for the expenses that were submitted for in a prompt manner.

Status: Fully Corrected. Corrective action was taken.