# WACOSA 401(K) PROFIT SHARING PLAN

## FINANCIAL STATEMENTS AND
## ERISA-REQUIRED SUPPLEMENTAL SCHEDULE

## AS OF DECEMBER 31, 2023 AND 2022 AND
## FOR THE YEAR ENDED DECEMBER 31, 2023

**WACOSA 401(K) PROFIT SHARING PLAN**
**TABLE OF CONTENTS**
**AS OF DECEMBER 31, 2023 AND 2022 AND**
**FOR THE YEAR ENDED DECEMBER 31, 2023**

CliftonLarsonAllen LLP
CLAconnect.com

# INDEPENDENT AUDITORS' REPORT

Finance Committee
WACOSA 401(k) Profit Sharing Plan
Waite Park, Minnesota

## Report on the Audit of the Financial Statements

### *Scope and Nature of the ERISA Section 103(a)(3)(C) Audit*

We have performed audits of the accompanying financial statements of WACOSA 401(k) Profit Sharing Plan, an employee benefit plan subject to the Employee Retirement Income Security Act of 1974 (ERISA), as permitted by ERISA Section 103(a)(3)(C) (ERISA Section 103(a)(3)(C) audit). The financial statements comprise the statements of net assets available for benefits as of December 31, 2023 and 2022, and the related statement of changes in net assets available for benefits for the year ended December 31, 2023, and the related notes to the financial statements.

Management, having determined it is permissible in the circumstances, has elected to have the audits of WACOSA 401(k) Profit Sharing Plan's financial statements performed in accordance with ERISA Section 103(a)(3)(C) pursuant to 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. As permitted by ERISA Section 103(a)(3)(C), our audits need not extend to any statements or information related to assets held for investment of the plan (investment information) by a bank or similar institution or insurance carrier that is regulated, supervised, and subject to periodic examination by a state or federal agency, provided that the statements or information regarding assets so held are prepared and certified to by the bank or similar institution or insurance carrier in accordance with 29 CFR 2520.103-5 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA (qualified institution).

Management has obtained certifications from a qualified institution as of December 31, 2023 and 2022, and for the year ended December 31, 2023, stating that the certified investment information, as described in Note 3 to the financial statements, is complete and accurate.

### *Opinion*

In our opinion, based on our audits and on the procedures performed as described in the Auditors' Responsibilities for the Audit of the Financial Statements section

- the amounts and disclosures in the financial statements referred to above, other than those agreed to or derived from the certified investment information, are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.

- the information in the financial statements referred to above related to assets held by and certified to by a qualified institution agrees to, or is derived from, in all material respects, the information prepared and certified by an institution that management determined meets the requirements of ERISA Section 103(a)(3)(C).

***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of WACOSA 401(k) Profit Sharing Plan and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our ERISA Section 103(a)(3)(C) audit opinion.

***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. Management's election of the ERISA Section 103(a)(3)(C) audit does not affect management's responsibility for the financial statements.

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 WACOSA 401(k) Profit Sharing Plan's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Management is also responsible for maintaining a current plan instrument, including all plan amendments, administering the plan, and determining that the plan's transactions that are presented and disclosed in the financial statements are in conformity with the plan's provisions, including maintaining sufficient records with respect to each of the participants, to determine the benefits due or which may become due to such participants.

***Auditors' Responsibilities for the Audit of the Financial Statements***

Except as described in the Scope and Nature of the ERISA Section 103(a)(3)(C) Audit section of our report, 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS, 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 the WACOSA 401(k) Profit Sharing Plan'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.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about WACOSA 401(k) Profit Sharing Plan's ability to continue as a going concern for a reasonable period of time.

Our audits did not extend to the certified investment information, except for obtaining and reading the certification, comparing the certified investment information with the related information presented and disclosed in the financial statements, and reading the disclosures relating to the certified investment information to assess whether they are in accordance with the presentation and disclosure requirements of accounting principles generally accepted in the United States of America.

Accordingly, the objective of an ERISA Section 103(a)(3)(C) audit is not to express an opinion about whether the financial statements as a whole are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.

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.

### *Other Matter — Supplemental Schedule Required by ERISA*

The supplemental schedule of assets (held at end year) as of December 31, 2023 is presented for purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information included in the supplemental schedule, other than that agreed to or derived from the certified investment information, has been subjected to auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. For information included in the supplemental schedule that agreed to or is derived from the certified investment information, we compared such information to the related certified investment information.

In forming our opinion on the supplemental schedule, we evaluated whether the supplemental schedule, other than the information agreed to or derived from the certified investment information, including its form and content, is presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

In our opinion

- the form and content of the supplemental schedule, other than the information in the supplemental schedule that agreed to or is derived from the certified investment information, is presented, in all material respects, in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

- the information in the supplemental schedule related to assets held by and certified to by a qualified institution agrees to, or is derived from, in all material respects, the information prepared and certified by an institution that management determined meets the requirements of ERISA Section 103(a)(3)(C).

CliftonLarsonAllen LLP

**CliftonLarsonAllen LLP**

St. Cloud, Minnesota
July 29, 2024

**WACOSA 401(K) PROFIT SHARING PLAN**
**STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS**
**DECEMBER 31, 2023 AND 2022**

| | 2023 | 2022 |
|---|---|---|
| **ASSETS** | | |
| **INVESTMENTS (at Fair Value)** | | |
| Collective Fund | $ 69,147 | $ - |
| Mutual Funds | 3,241,907 | 2,472,085 |
| Total Investments at Fair Value | 3,311,054 | 2,472,085 |
| **NET ASSETS AVAILABLE FOR BENEFITS** | $ 3,311,054 | $ 2,472,085 |

*See accompanying Notes to Financial Statements.*

## WACOSA 401(K) PROFIT SHARING PLAN
## STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
## YEAR ENDED DECEMBER 31, 2023

| | |
|---|---|
| **ADDITIONS:** | |
| **INVESTMENT INCOME** | |
| Net Appreciation in Fair Value of Investments | $ 405,005 |
| Interest and Dividends | 80,609 |
| Total Investment Income | 485,614 |
| **CONTRIBUTIONS** | |
| Employee Deferrals | 182,423 |
| Employer Match | 90,917 |
| Rollovers | 259,503 |
| Total Contributions | 532,843 |
| Total Additions | 1,018,457 |
| **DEDUCTIONS:** | |
| **BENEFITS PAID TO PARTICIPANTS** | 158,638 |
| **ADMINISTRATIVE EXPENSES** | 20,850 |
| Total Deductions | 179,488 |
| **NET INCREASE** | 838,969 |
| **NET ASSETS AVAILABLE FOR BENEFITS** | |
| Beginning of Year | 2,472,085 |
| End of Year | $ 3,311,054 |

*See accompanying Notes to Financial Statements.*

## NOTE 1 DESCRIPTION OF PLAN

The following description of the WACOSA 401(k) Profit Sharing Plan (the Plan) provides only general information. Participants should refer to the Plan document for a more complete description of the Plan’s provisions.

### General

The Plan is a defined contribution plan originally effective January 1, 1999. The Plan has been amended and restated throughout the years to comply with tax legislation. The Plan was last amended and restated effective March 22, 2021. The Plan covers employees of WACOSA (the Employer). The Plan excludes leased and reclassified employees, interns, clients or recipients of WACOSA’s services, and contracted workers and volunteers. Employees are eligible to participate in the deferral portion of the Plan upon completion of one hour of service. Employees are eligible for the Employer contributions upon attainment of age 21 and completion of one year of service. Plan entry dates are the first day of each quarter. The Plan is subject to ERISA, as amended. The 401(k) Plan Finance Committee is responsible for the oversight of the Plan. The 401(k) Plan Finance Committee determines the appropriateness of the Plan’s investment offerings, monitors investment performance, and reports to the Finance Committee.

### Contributions

The Plan includes a salary deferral arrangement allowed under Section 401(k) of the Internal Revenue Code (IRC). Eligible participants are permitted to elect to have a percentage, limited by Plan provisions, of their compensation contributed as pre-tax 401(k) contributions to the Plan. Participants who have attained age 50 before the end of the Plan year are eligible to make catch-up contributions.

The Employer may, at its discretion, elect to make a matching contribution to the Plan. For the year ended December 31, 2023, the Employer matching contribution was 100% up to the first 3% of compensation deferred.

Participants may also contribute amounts representing distributions from other qualified defined benefit or defined contribution plans or conduit IRAs. Participants direct the investment of contributions into various investment options offered by the Plan. Contributions are subject to certain Internal Revenue Service (IRS) limitations.

### Participant Accounts

Each participant's account is credited with the participant’s deferral contributions, the Employer’s matching contribution, and an allocation of Plan earnings or losses. Participant accounts are charged with an allocation of administrative expenses that are paid by the Plan. Allocations are based on participant earnings or account balances, or participant transactions, as defined. The benefit to which a participant is entitled is the benefit that can be provided by the participant's vested account.

## NOTE 1 DESCRIPTION OF PLAN (CONTINUED)

### Vesting

Participants are immediately 100% vested in employee and Employer contributions plus actual earnings thereon.

### Benefit Payments

Upon termination of service, death, disability, or retirement, a participant may elect to receive the value of the vested interest in their account in the form of a lump sum distribution or installments. The Plan allows for in-service distributions if a participant reaches age 65 and hardship distributions subject to Plan provisions. If a participant terminates employment and the participant's account balance does not exceed $1,000, the Plan administrator will authorize the benefit payment without the participant's consent. If the participant's account balance is between $1,000 and $5,000, the Plan administrator may authorize that the balance be transferred into an individual retirement account in the participant's name.

### Forfeited Accounts

Forfeited nonvested accounts are used to reduce future Employer contributions. Forfeited nonvested accounts as of December 31, 2023 and 2022 totaled $952 and $911 respectively. There were no forfeitures used to reduce Employer contributions for the Plan year ended December 31, 2023. There were no forfeitures allocated to participants during the Plan year ended December 31, 2023.

## NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Basis of Accounting

The financial statements of the Plan are prepared on the accrual basis of accounting.

### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

### Investment Valuation and Income Recognition

The Plan's investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Plan's 401(k) Fiduciary Committee determines the Plan's valuation policies utilizing information provided by the trustee and custodian. See Note 4 for discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Investment income is recorded on the accrual basis. Net appreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

## NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Benefit Payments**

Benefits are recorded when paid.

**Administrative Expenses**

The Plan's expenses are paid either by the Plan or the Employer, as provided by the Plan document. Expenses paid directly by the Employer are excluded from these financial statements. Fees related to the administration of benefit payments are charged directly to the participant's account and are included in administrative expenses. The Plan has an expense account to accumulate amounts the Plan uses to fund administrative expenses including income from revenue sharing from the mutual funds. Revenue sharing income generally consists of 12(b)1 fees and sub-transfer agency fees and is used by the Plan to pay Plan expenses. Asset management and recordkeeping fees were funded from this account and were allocated to participant accounts for the years ended December 31, 2023. In addition, certain investment related expenses are included in net appreciation of fair value of investment presented in the accompanying statement of changes in net assets available for benefits.

**Subsequent Events**

The Plan has evaluated subsequent events through July 29, 2024, the date the financial statements were available to be issued.

## NOTE 3 CERTIFICATION OF INVESTMENT INFORMATION

The Plan administrator has elected the method of compliance permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. Accordingly, Empower Trust Company, LLC, the custodian, has supplied the Plan administrator with a certification as to the completeness and accuracy of all investment information presented on the accompanying statements of net assets available for benefits as of December 31, 2023 and 2022, the statement of changes in net assets available for benefits for the year ended December 31, 2023, and the supplemental schedule of assets (held at end of year) as of December 31, 2023.

## NOTE 4 FAIR VALUE OF INVESTMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

*Level 1* – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

## NOTE 4 FAIR VALUE OF INVESTMENTS (CONTINUED)

*Level 2* – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, such as:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

*Level 3* – Inputs to the valuation methodology are unobservable and significant to the fair market value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the valuation methodologies used at December 31, 2023 and 2022.

*Mutual Funds:* Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

*Collective Fund* – Valued at the NAV of units of the bank collective trust. NAV is a readily determinable fair value and is the basis for current transactions. Participant transactions (purchases and sales) may occur daily.

The following tables set forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31:

| | 2023 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| Collective Fund | $ - | $ 69,147 | $ - | $ 69,147 |
| Mutual Funds | 3,241,907 | - | - | 3,241,907 |
| Total Investments at Fair Value | $ 3,241,907 | $ 69,147 | $ - | $ 3,311,054 |

## NOTE 4 FAIR VALUE OF INVESTMENTS (CONTINUED)

| | 2022 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| Mutual Funds | $ 2,472,085 | $ - | $ - | $ 2,472,085 |

## NOTE 5 RISKS AND UNCERTAINTIES

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of the investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits.

## NOTE 6 PLAN TERMINATION

Although it has not expressed any intent to do so, the Employer has the right under the Plan to discontinue contributions at any time and to terminate the Plan subject to the provisions of ERISA.

## NOTE 7 PLAN TAX STATUS

The Plan is placing reliance on an opinion letter received from the IRS on the pre-approved plan indicating that the Plan is qualified under Section 401 of the IRC and is therefore not subject to tax under current income tax law. The Plan has been amended since receiving the opinion letter. However, the Plan administrator and the Plan's tax counsel believe that the Plan is designed, and currently being operated, in compliance with applicable requirements of the IRC and therefore, believe the Plan is qualified.

Accounting principles generally accepted in the United States of America require Plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

## NOTE 8 PARTY-IN-INTEREST TRANSACTIONS

The Plan investments are managed by Bremer Bank, National Association, the trustee. Empower Trust Company, LLC, is the custodian of the Plan. Therefore, these investment transactions qualify as party-in-interest transactions.

## WACOSA 401(K) PROFIT SHARING PLAN
## E.I.N. 41-0871466 PLAN NO. 001
## SCHEDULE H, LINE 4i—SCHEDULE OF ASSETS (HELD AT END OF YEAR)
## DECEMBER 31, 2023

| (a) | (b) Identity of Issue, Borrower, Lessor or Similar Party | (c) Description of Investment | (d) Cost ** | (e) Current Value |
|---|---|---|---|---|
| | | **Collective Fund:** | | |
| | Putnam | Stable Value Fund | | $ 69,147 |
| | | **Mutual Funds:** | | |
| | Baird | Baird Core Plus Bond Instl Fund | | 333,399 |
| | Alliance Bernstein | AB Large Cap Growth ADV Fund | | 28,078 |
| | Allspring | Special Mid Cap Value | | 23,895 |
| | American Funds | American Funds 2020 Target Date Fund | | 130,592 |
| | American Funds | American Funds 2025 Target Date Fund | | 6,807 |
| | American Funds | American Funds 2030 Target Date Fund | | 421,851 |
| | American Funds | American Funds 2035 Target Date Fund | | 107,265 |
| | American Funds | American Funds 2040 Target Date Fund | | 158,380 |
| | American Funds | American Funds 2045 Target Date Fund | | 79,802 |
| | American Funds | American Funds 2050 Target Date Fund | | 472,009 |
| | American Funds | American Funds 2055 Target Date Fund | | 31,173 |
| | American Funds | American Funds 2060 Target Date Fund | | 39,410 |
| | American Funds | American Funds 2065 Target Date Fund | | 2,949 |
| | MFS Financial | MFS Mid Cap Growth Fund | | 11,842 |
| | Fidelity | Fidelity Small Cap Index Fund | | 246,813 |
| | Fidelity | Fidelity International Index Fund | | 100,828 |
| | Fidelity | Fidelity 500 Index Fund | | 881,039 |
| | JPMorgan | JPMorgan Government Bond Fund | | 1,455 |
| | BlackRock | BlackRock 40/60 Target Allocation Fund | | 5,303 |
| | BlackRock | BlackRock 60/40 Target Allocation Fund | | 99,960 |
| | BNY Mellon | Equity Income Fund | | 59,057 |
| | | Total Mutual Funds | | 3,241,907 |
| | | Total | | $ 3,311,054 |

** Indicates Party-in-Interest*

*** Cost omitted for participant-directed accounts*