

**Southeastern Idaho Community
Action Agency, Inc. and Affiliates**

Pocatello, Idaho

Consolidated Financial Statements and
Supplementary Information
Year Ended December 31, 2019

Southeastern Idaho Community Action Agency, Inc. and Affiliates

Consolidated Financial Statements and Supplementary Information
Year Ended December 31, 2019

Table of Contents

Independent Auditor's Report.....	1
Consolidated Financial Statements	
Consolidated Statement of Financial Position	3
Consolidated Statement of Activities.....	4
Consolidated Statement of Functional Expenses	5
Consolidated Statement of Cash Flows	6
Notes to Consolidated Financial Statements.....	8
Supplementary Information	
Schedule of Expenditures of Federal Awards	17
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters.....	19
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance	21
Schedule of Findings and Questioned Costs.....	23



Independent Auditor's Report

Board of Directors
Southeastern Idaho Community Action Agency, Inc.
Pocatello, Idaho

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Southeastern Idaho Community Action Agency, Inc. and Affiliates, which comprise the consolidated statement of financial position as of December 31, 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the consolidated financial statements.

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 consolidated 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 SEICAA Housing 1, Inc., a subsidiary of Southeastern Idaho Community Action Agency, Inc., was not audited in accordance with *Government Auditing Standards* as this entity did not receive federal funding.

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 respects, the consolidated financial position of Southeastern Idaho Community Action Agency, Inc. and Affiliates as of December 31, 2019, 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 expenditures of federal awards, Schedule A, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis, and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 20, 2020, on our consideration of Southeastern Idaho Community Action Agency, Inc.'s and St. Anthony Place, LLC'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 Southeastern Idaho Community Action Agency's and St. Anthony Place, LLC'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* considering Southeastern Idaho Community Action Agency, Inc.'s and St. Anthony Place, LLC's internal control over financial reporting and compliance.

Wipfli LLP

Wipfli LLP

April 20, 2020
Madison, Wisconsin

Southeastern Idaho Community Action Agency, Inc. and Affiliates

Consolidated Statement of Financial Position

December 31, 2019

<i>Assets</i>	
Current assets:	
Cash and cash equivalents	\$ 650,764
Grants receivable	248,150
Total current assets	898,914
Other assets:	
Restricted deposits:	
Tenant security deposits	40,991
Escrows	82,215
Replacement reserves	587,948
Residual receipt reserves	92,763
Total restricted deposits	803,917
Self help notes receivable	595,025
Property held for sale	788,214
Total other assets	2,187,156
Property and equipment, net	3,192,207
TOTAL ASSETS	\$ 6,278,277
<i>Liabilities and Net Assets</i>	
Current liabilities:	
Current portion of long-term debt	\$ 82,241
Accounts payable	209,190
Accrued payroll and related expenses	65,741
Accrued interest	18,142
Total current liabilities	375,314
Long-term liabilities:	
Security deposits	42,355
Notes payable, net	4,364,197
Total long-term liabilities	4,406,552
Total liabilities	4,781,866
Net assets:	
Without donor restriction, undesignated	1,218,434
Without donor restriction, board designated	187,595
Total net assets without donor restriction	1,406,029
With donor restriction	90,382
Total net assets	1,496,411
TOTAL LIABILITIES AND NET ASSETS	\$ 6,278,277

Southeastern Idaho Community Action Agency, Inc and Affiliates

Consolidated Statement of Activities

Year Ended December 31, 2019

	Without Donor Restriction	With Donor Restriction	Total
Revenue:			
Grant revenue	\$ 2,561,819	\$ 80,000	\$ 2,641,819
Housing assistance	562,961	0	562,961
Tenant rent	553,918	0	553,918
Program and other income	704,406	23,004	727,410
Donations	112,821	0	112,821
Interest income	13,181	0	13,181
Net assets released from restrictions	14,900	(14,900)	0
Total revenue	4,524,006	88,104	4,612,110
Expenses:			
Community services	1,119,530	0	1,119,530
Weatherization assistance	939,536	0	939,536
Senior services	486,130	0	486,130
Housing programs	1,603,142	0	1,603,142
Total program activities	4,148,338	0	4,148,338
Management and general	457,101	0	457,101
Fundraising	24,157	0	24,157
Total expenses	4,629,596	0	4,629,596
Change in net assets	(105,590)	88,104	(17,486)
Net assets - Beginning of year	1,511,619	2,278	1,513,897
Net assets - End of year	\$ 1,406,029	\$ 90,382	\$ 1,496,411

Southeastern Idaho Community Action Agency, Inc. and Affiliates

Consolidated Statement of Functional Expenses

Year Ended December 31, 2019

	Weatherization						Total	Management and General	Fundraising	Total
	Community Services	and Energy Assistance	Senior Services	Housing Programs	Program					
Expense:										
Salaries and fringe benefits	\$ 435,915	\$ 385,740	\$ 174,118	\$ 302,403	\$ 1,298,176	\$	332,389	\$ 2,175	\$	1,632,740
Professional fees	3,026	5,014	797	37,770	46,607		1,669	92		48,368
Client assistance	436,547	285,446	255,999	33,696	1,011,688		95	0		1,011,783
Contracted services	18,614	106,432 (49)	370,890	495,887		0	304		496,191
Travel and training	38,698	29,194	11,029	670	79,591		11,988	0		91,579
Insurance	8,324	13,073	6,081	51,799	79,277		7,892	220		87,389
Office expense	13,127	2,591	4,123	17,238	37,079		10,640	132		47,851
Dues and subscriptions	12,098	752	1,102	6,753	20,705		2,349	0		23,054
Space and storage	45,824	14,240	3,528	5,068	68,660		18,496	0		87,156
Small equipment	12,106	7,627	2,841	306	22,880		7,604	0		30,484
Supplies	30,285	32,966	1,034	1,942	66,227		8,381	7,723		82,331
Utilities	52,776	15,230	8,777	183,003	259,786		15,185	1,546		276,517
Operating and maintenance	8,584	27,815	8,650	101,023	146,072 (8,671)	0		137,401
Depreciation	0	0	0	236,464	236,464		28,719	0		265,183
Interest	0	0	0	226,397	226,397		0	0		226,397
Other	3,606	13,416	8,100	27,720	52,842		20,365	11,965		85,172
Total expense	\$ 1,119,530	\$ 939,536	\$ 486,130	\$ 1,603,142	\$ 4,148,338	\$	457,101	\$ 24,157	\$	4,629,596

See accompanying notes to consolidated financial statements.

Southeastern Idaho Community Action Agency, Inc. and Affiliates

Consolidated Statement of Cash Flows

Year Ended December 31, 2019

Increase (decrease) in cash, restricted cash and cash equivalents:

Cash flows from operating activities:

Change in net assets	(\$ 17,486)
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Adjustments to reconcile change in unrestricted net assets
to net cash provided by operating activities:

Depreciation	265,183
Amortization of debt finance costs	5,194
Loans forgiven	(200,000)
Changes in operating assets and liabilities:	
Grants receivable	(61,746)
Other accounts receivable	2,153
Land held for sale	95,796
Prepaid expenses	28,555
Accounts payable	(10,581)
Accrued payroll and related expenses	12,037
Accrued interest	(566)
Security deposits	1,096

Net cash provided by operating activities	119,635
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Cash flows from investing activities:

Purchase of land held for sale	(692,890)
Proceeds from sale of land held for sale	182,200
Loans receivable collected	63,315
Purchase of property and equipment	(83,634)

Net cash used in investing activities	(531,009)
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Southeastern Idaho Community Action Agency, Inc and Affiliates

Consolidated Statement of Cash Flows (Continued)

Year Ended December 31, 2019

Cash flows from financing activities:	
Additions to notes payable	180,000
Principal payments on notes payable	(59,037)
Net cash provided by financing activities	120,963
Change in cash, restricted cash, and cash equivalents	(290,411)
Cash, restricted cash, and cash equivalents - Beginning of year, as restated	1,745,092
Cash, restricted cash, and cash equivalents - End of year	\$ 1,454,681
Other cash activity:	
Interest paid	\$ 226,397
Reconciliation of cash, restricted cash and cash equivalents at December 31, 2019:	
Cash	650,764
Restricted deposits	803,917
Total cash, restricted cash, and cash equivalents	\$ 1,454,681

Southeastern Idaho Community Action Agency, Inc. and Affiliates

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies

Nature of Operations

Southeastern Idaho Community Action Agency, Inc. (SEICAA) is incorporated as an Idaho nonprofit corporation. It is recognized as a charitable organization under the Internal Revenue Code Section 501(c)(3) and files the annual information return Form 990.

SEICAA provides services to needy community members and the elderly through various advocacy and participant programs. The primary focus of the programs are advocacy, energy assistance to low-income families, weatherization programs, health and welfare services to the elderly, and affordable housing.

SEICAA's program services can be broadly defined into four functional areas:

- Community Services—programs providing benefits to the less fortunate members to the community.
- Weatherization and Energy Assistance—programs providing weatherization and energy assistance for qualifying persons. Approximately 53% of total grant funding is received under the Federal Low Income Home Energy Assistance Program.
- Housing—programs providing affordable housing in accordance with the U.S. Department of Housing and Urban Development (HUD), and Idaho Housing Authority (IHA) project guidelines.
- Senior Services—programs providing volunteer, meals on wheels, and other aging services to the elderly.

St. Anthony Place, LLC, HUD Project 124-EH019 (St. Anthony) is a wholly owned LLC of SEICAA. St. Anthony operates an 88-unit apartment complex in Pocatello, Idaho. St. Anthony is operated under Section 202 of the National Housing Act and regulated by the U.S. Department of Housing and Urban Development (HUD) with respect to rental charges and operating methods.

SEICAA Housing 1, Inc. (HUD Project 124-444010) operates a 24-unit apartment complex in Blackfoot, Idaho. SEICAA Housing 1, Inc. is a separate 501(c)(3) organization that is managed by SEICAA and has common board members with SEICAA.

Principles of Consolidation

The consolidated financial statements include the accounts of SEICAA, St. Anthony Place, LLC, and SEICAA Housing 1, Inc. (the "Organizations"). All intercompany transactions and balances have been eliminated for consolidated financial statement purposes.

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.

Southeastern Idaho Community Action Agency, Inc. and Affiliates

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Classification of Net Assets

Net assets and revenue, 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:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions or where donor-imposed restrictions are met in the year of contribution.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other explicit donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources may be maintained in perpetuity. Donor imposed restrictions are released when the restriction expires, that is when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

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.

Cash and Cash Equivalents

For purposes of consolidated financial statement presentation, the Organizations include their checking, savings, and certain money accounts with an original maturity of 90 days or less as cash equivalents.

Revenue Recognition

Contributions

Contributions are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions. A contribution contains a condition when both of the following are present:

- An explicit identifying of a barrier, that is more trivial, that must be overcome before the revenue can be earned and recognized.
- An implicit right of return of assets transferred or a right of release of a donor or grantor's obligation to transfer assets promised, if the condition is not met.

Conditional contributions are recognized when the barrier(s) to entitlement are overcome. Unconditional contributions are recognized as revenue when received. Unconditional contributions or conditional contributions in which the conditions have been substantially met or explicitly waived by the donor are recorded as support with or without donor restrictions, depending on the existence and nature of any donor restrictions.

Southeastern Idaho Community Action Agency, Inc. and Affiliates

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

Grants

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

A. Grant Awards That Are Contributions

Grant awards that are contributions are evaluated for conditions and recognized as revenue when conditions in the award are satisfied. Unconditional awards are recognized as revenue when the award is received. Amounts received in which conditions have not been met are reflected as grant funds received in advance.

B. Grant Awards That Are Exchange Transactions

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

Tenant rent and housing assistance revenue are recognized when earned.

Cost Allocation

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statement of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Personnel costs are allocated based on time and effort reporting. Space, storage and related costs are allocated based on square footage.

Property Held for Sale

SEICAA owns land in conjunction with the self-help housing program that is held for sale. SEICAA assists families building homes by purchasing parcels of land to resell to program participants. Proceeds from the sale of land are used to offset program costs. The balance consists of land held for sale and construction costs for homes on the land.

Property and Equipment

Property and equipment are capitalized at cost and depreciated over their estimated useful life using the straight-line method. The Organizations consider property and equipment to be items with a cost of \$5,000 or more and a useful life of over one year.

Southeastern Idaho Community Action Agency, Inc. and Affiliates

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Property and Equipment (Continued)

Property and equipment acquired are owned by SEICAA while used in the programs 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; therefore, the disposition of buildings or equipment, as well as the ownership of any proceeds therefrom, are subject to funding source regulations.

Debt issuance costs

Debt issuance costs represent costs associated with obtaining debt to finance the purchase and renovation of a building. Unamortized financing fees have been recorded as a reduction to the related debt obligation. The costs are being amortized to interest expense over the maximum term provided in the debt agreement using the straight-line method.

Income Taxes

SEICAA and SEICAA Housing 1, Inc. are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. They are also exempt from Idaho franchise or income tax. St. Anthony Place, LLC is a disregarded entity for tax purposes and the activity and account balances are included on SEICAA's tax filings.

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.

Self Help Notes Receivable

SEICAA has issued notes receivable to homeowners in the self-help program. These loans are for 30 years and are forgiven if certain criteria is met. SEICAA anticipates that the homeowners will comply with the criteria and the loans will be forgiven. The balance of the loans receivable at December 31, 2019 was \$595,025.

Change in Accounting Policy

The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The Amendments in the Update will assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) subject to Subtopic 958-605 or as exchange (reciprocal) transactions subject to Accounting Standards Codification 606 and determining whether a transaction is conditional. The contribution guidance in Subtopic 958-605 requires an entity to determine whether a transaction is conditional, which affects the timing of the revenue recognized. The Organization has applied the amendments in this ASU as of January 1, 2019 on a modified prospective basis.

Southeastern Idaho Community Action Agency, Inc. and Affiliates

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Change in Accounting Policy (Continued)

The FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The amendments in this ASU, along with numerous clarifications and modifications, require an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Organization adopted this guidance as of January 1, 2019 and applied Topic 606 on a modified retrospective basis. Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes revenue and therefore, there was no change in opening balances of net assets and no prior period results were restated. There were no material revenues recognized under Topic 606 during the year ended December 31, 2019.

During 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows*, to provide guidance on the presentation of restricted cash or restricted cash equivalents in the statement of cash flows. The accounting guidance is effective for fiscal years beginning after December 15, 2018. The guidance is to be applied using a retrospective transition method to each period presented. The Organization believes the new accounting guidance improves the information provided in the financial statements and related disclosures for the primary users of the financial statements. The beginning balance of cash, restricted cash and cash equivalents on the statement of cash flows has been restated to include restricted deposits of \$735,722 to properly reflect this change in policy.

Subsequent Events

Subsequent events have been evaluated through April 20, 2020, 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 banks. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Bank balances at the financial institutions may exceed the FDIC limit on occasion. The Organizations have not experienced any losses in such accounts and believes it is not exposed to any significant credit risk.

Note 3: Grants Receivable

The grants receivable balance at December 31, 2019 of \$248,150 consists primarily of amounts due under grants with state agencies.

Note 4: Liquidity and Availability

SEICAA does not have a formal liquidity policy but generally maintains financial assets in liquid form such as cash and cash equivalents for approximately one month of operating expenses. The Organization can rely on a lower cash balance as they are primarily funded with cost reimbursement grants. Under cost reimbursement grants, once expenses are incurred an organization can request reimbursement from the funding source. SEICAA has grant commitments available for future expenses in the amount of \$470,000 as further described in Note 10. In addition, the escrows and reserves in Note 5 are available for certain property repairs and replacements.

Southeastern Idaho Community Action Agency, Inc. and Affiliates

Notes to Consolidated Financial Statements

Note 4: Liquidity and Availability (Continued)

Financial assets available for general expenditure, that is, without donor or other restrictions, within twelve months of the statement of financial position date, are comprised of the following as of December 31, 2019:

Cash and cash equivalents	\$650,764
Grants receivable	248,150
Subtotal financial assets	898,914
Less: Accounts payable	(209,190)
Less: Accrued payroll and related expenses	(65,741)
Less: Accrued interest	(18,142)
Less: Board designated net assets	(187,595)
Less: Restricted program contributions included in cash and cash equivalents	(52,369)
Total	<u>\$ 365,877</u>

Note 5: Escrows and Reserves

Several housing projects are required to make periodic deposits to various reserve funds established to meet future commitments. Some of the funds are restricted and disbursements must be approved by the funding source. The escrows and reserves are as follows at December 31, 2019:

Tenant security deposits	\$ 40,991
Replacement reserves	587,948
Escrows	82,215
Residual receipt reserves	92,763
Total escrows and reserves	<u>\$ 803,917</u>

Note 6: Property and Equipment

Property and equipment consist of the following at December 31, 2019:

Land	\$ 298,433
Buildings and improvements	7,618,974
Furniture and fixtures	43,537
Equipment	763,526
Subtotal	8,724,470
Accumulated depreciation	(5,532,263)
Property and equipment, net	<u>\$ 3,192,207</u>

Southeastern Idaho Community Action Agency, Inc. and Affiliates

Notes to Consolidated Financial Statements

Note 7: Notes Payable

The notes payable balance consist of the following at December 31, 2019:

	Current	Long-Term	Total
Mortgage payable to Department of Housing and Urban Development in the original amount of \$3,643,800. Payable in monthly installments of \$22,643 including interest at 6.75%. The mortgage matures December 2043. Collateralized by St. Anthony Place housing complex.	55,720	3,169,478	3,225,198
Mortgage payable to Department of Housing and Urban Development in the original amount of \$585,321. Payments are deferred and interest is 0% until December 2043 when the first mortgage is paid. The contract does not specify what the interest rate will be nor over what maturity the payments will be made. Collateralized by St. Anthony Place housing complex.	0	514,638	514,638
Note payable to Idaho Housing and Finance Association. The original note was \$506,400. Payable in monthly installments of \$1,252 including interest of 1%. The mortgage matures January 2031. Collateralized by Fountain Court housing complex.	13,501	150,264	163,765
Note payable to Idaho Housing and Finance Association. The original note was \$325,499. Payments are deferred until January 2020 and interest is 0%. The note matures January 2045. Collateralized by Station 1938 housing complex.	13,020	312,479	325,499
SEICAA has entered into several contracts with Community Frameworks Self-Help Housing Opportunity Program for special purpose grants in the total amount of \$342,000. The funds may be used by SEICAA for a 10-year period provided certain requirements are met. At the end of 10 years, SEICAA may retain the funds without obligation to repay. No interest is required to be paid.	0	342,000	342,000
Total notes payable	\$ 82,241	\$ 4,488,859	\$ 4,571,100

Total notes payable net of debt issuance costs are as follows:

Total notes payable	\$ 4,571,100
Unamortized debt issuance costs	(124,662)
Current portion	(82,241)
Total long term note payable, net	\$ 4,364,197

Southeastern Idaho Community Action Agency, Inc. and Affiliates

Notes to Consolidated Financial Statements

Note 7: Notes Payable (Continued)

The original cost of financing fees was \$181,798 and accumulated amortization at December 31, 2019 was \$57,136. Amortization of financing fees for the year ended December 31, 2019 were \$5,194. Interest expense, including amortization of financing fees, was \$226,397 for the year ended December 31, 2019.

Future principal payments on notes payable at December 31, including those under refinanced terms, are as follows:

2020	\$ 82,241
2021	86,261
2022	170,548
2023	290,124
2024	127,009
Thereafter	3,814,917
Total	\$ 4,571,100

Note 8: Net Assets

Net assets with donor restrictions as of December 31, 2019 are \$10,382 related to the meals on wheels program and \$80,000 related to the SHOP program for a total of \$90,382.

The board of directors has designated net assets without donor restrictions for uses in the following programs:

Community services	\$ 142,781
Weatherization and energy assistance	14,935
Senior services	29,879
Total	\$ 187,595

Note 9: Retirement Plan

SEICAA has established a SIMPLE IRA Plan for all qualified employees. Qualified employees include all employees over 21 who have completed one full year of service with SEICAA and who have had earnings exceeding the minimum for SIMPLE plans as determined by IRS regulations. SEICAA will match up to 3% of the employee's voluntary payroll retirement contribution. Participants are fully vested when they qualify to participate in the plan. All contributions become the property of the employee or the designated beneficiary when the contributions are made. Employer contributions during the year totaled \$20,895.

Note 10: Grant Awards

At December 31, 2019, SEICAA had received future funding commitments under various grants of approximately \$470,000. These commitments are not recognized in the accompanying consolidated financial statements as receivables and revenue as they are conditional awards.

Southeastern Idaho Community Action Agency, Inc. and Affiliates

Notes to Consolidated Financial Statements

Note 11: Lessor Activity

SEICAA-owned projects are a mix of Transitional Housing projects and low-to-moderate income projects. Leases are all for one year or less. Rent is received from either the tenant or as housing assistance. Housing assistance revenue was \$562,961 and tenant rent was \$553,918 for the year ended December 31, 2019.

A summary of the acquisition costs and accumulated depreciation on the above properties at December 31, 2019, is as follows:

Land	\$ 210,828
Buildings and improvements	6,409,431
Furniture	54,823
Equipment	107,302
Subtotal	6,782,384
Accumulated depreciation	(4,707,610)
Net	\$ 2,074,774

Note 12: Subsequent Event

Beginning in March 2020, the United States economy began suffering adverse effects from the COVID-19 Crisis (CV19 Crisis) including financial markets, supply chains, businesses, and communities. Specific to SEICAA, COVID-19 may impact various parts of its 2020 operations and financial results. Management believes SEICAA is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events occurred subsequent to year-end and are still developing.

Supplementary Information

Southeastern Idaho Community Action Agency, Inc. and Affiliates

Schedule A

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2019

Federal Grantor/Pass-through Grantor Program or Cluster Title	CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
DEPARTMENT OF AGRICULTURE			
Passed through Southeast Idaho Council of Governments			
Nutritional Program for the Elderly	10.U01	N/A	\$ 32,706
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Direct			
Mortgage Insurance for the Purchase or Refinancing of Existing Multifamily Housing Projects	14.155	N/A	3,277,291
Operating Assistance for Troubled Multifamily Housing	14.U16	N/A	514,638
Self-Help Homeownership Opportunity Program	14.247	N/A	402,000
Passed through the Idaho Housing and Finance Association			
Emergency Solutions Grant Program	14.231	ESG 17-21/19-14	18,649
Continuum of Care Program	14.267	COC 18-37 / 17-37	70,157
Lower Income Housing Assistance Program - Section 8 (Section 8 Project-Based Cluster)	14.856	N/A	562,961
TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			4,845,696
DEPARTMENT OF ENERGY			
Passed through the State of Idaho			
Weatherization Assistance for Low-Income Persons	81.042	DOE 518 / 519 BPA 520 / 519	293,156
DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through the Idaho Department of Health and Welfare			
Low-Income Home Energy Assistance	93.568	LIHEAP 518 / 519 / 520 LPW 518 / 519	1,293,610
Community Services Block Grant	93.569	CSBG 518 / 519	368,739
Passed through the Southeast Idaho Council of Governments			
Nutrition Services (Aging Cluster)	93.045	N/A	167,489
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES			1,829,838
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			
Direct			
Retired Senior Volunteer Program	94.002	N/A	70,064

Southeastern Idaho Community Action Agency, Inc. and Affiliates

Schedule A

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2019

Federal Grantor/Pass-through Grantor Program or Cluster Title	CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
DEPARTMENT OF HOME LAND SECURITY			
Direct			
Emergency Food and Shelter National Board Programs	97.024	N/A	0
TOTAL FEDERAL EXPENDITURES			\$ 7,071,460

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 Southeastern Idaho Community Action Agency, Inc. under programs of the federal government for the year ended December 31, 2019. 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 Southeastern Idaho Community Action Agency, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of Southeastern Idaho Community Action Agency, Inc.

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 the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

Note 3: Indirect Cost Allocation - Southeastern Idaho Community Action Agency, Inc. has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance. Southeastern Idaho Community Action Agency, Inc. has an indirect rate that has been approved by the U.S. Department of Health and Human Services (DHHS).

Note 4: Subrecipient - Southeastern Idaho Community Action Agency, Inc. does not have subrecipients or subrecipient expenditures.

Note 5: Balance of Outstanding Loans - The loan programs listed subsequently are administered directly by Southeastern Idaho Community Action Agency, Inc., and balances and transactions relating to the programs are included in Southeastern Idaho Community Action Agency, Inc.'s basic financial statements. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule. The balance of loans outstanding at December 31, 2019, consists of:

Program Name	CFDA Number	Outstanding Balance at December 31, 2019
Mortgage Insurance for the Purchase or Refinancing of Existing Multifamily Housing Projects	14.155	3,225,198
Operating Assistance for Troubled Multifamily Housing	14.164	514,638
Self-Help Homeownership Opportunity Program	14.247	342,000



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

Board of Directors
Southeastern Idaho Community Action Agency, Inc.
Pocatello, Idaho

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 Southeastern Idaho Community Action Agency, Inc. and Affiliates, which comprise the consolidated statement of financial position as of December 31, 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated April 20, 2020. The financial statements of SEICAA Housing 1, Inc., a subsidiary of Southeastern Idaho Community Action Agency, Inc. were not audited in accordance with *Government Auditing Standards* and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with these entities.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Southeastern Idaho Community Action Agency, Inc. and Affiliates' 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 Southeastern Idaho Community Action Agency, Inc. and Affiliates' internal control. Accordingly, we do not express an opinion on the effectiveness of Southeastern Idaho Community Action Agency, Inc. and Affiliates' 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 Southeastern Idaho Community Action Agency, Inc. and Affiliates' 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 Southeastern Idaho Community Action Agency, Inc. and Affiliates' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Southeastern Idaho Community Action Agency, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wipfli LLP

Wipfli LLP

April 20, 2020
Madison, Wisconsin



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

Board of Directors
Southeastern Idaho Community Action Agency, Inc.
Pocatello, Idaho

Report on Compliance for Each Major Federal Program

We have audited Southeastern Idaho Community Action Agency, Inc. and Affiliate'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 December 31, 2019. Southeastern Idaho Community Action Agency, Inc. and Affiliate'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 of Southeastern Idaho Community Action Agency, Inc. and Affiliate 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 Southeastern Idaho Community Action Agency, Inc. and Affiliate'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 Southeastern Idaho Community Action Agency, Inc. and Affiliate'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 Southeastern Idaho Community Action Agency, Inc. and Affiliate's compliance.

Opinion

In our opinion, Southeastern Idaho Community Action Agency, Inc. and Affiliate complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2019.

Report on Internal Control Over Compliance

Management of Southeastern Idaho Community Action Agency, Inc. and Affiliate 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 Southeastern Idaho Community Action Agency, Inc. and Affiliate's internal control over compliance with the types of requirements that could have a direct and material effect on each 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 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 Southeastern Idaho Community Action Agency, Inc. and Affiliate'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 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 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, as defined above. 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Wipfli LLP

Wipfli LLP

April 20, 2020
Madison, Wisconsin

Southeastern Idaho Community Action Agency, Inc. and Affiliates

Schedule of Findings and Questioned Costs

Section I - Summary of Auditor's Results

Financial Statements

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

Federal Awards

Internal control over major federal programs:	
Material weakness identified?	No
Significant deficiency 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 Uniform Guidance [2 CFR 200.516(a)]?	No
Identification of major federal programs:	

Name of Federal Major Program or Cluster

CFDA No.

Mortgage Insurance for the Purchase or Refinancing of Existing Multifamily Housing Projects	14.155
Department of HHS - Low-Income Home Energy Assistance	93.568
Dollar threshold used to distinguish between Federal Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

Southeastern Idaho Community Action Agency, Inc. and Affiliates

Schedule of Findings and Questioned Costs

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

Section IV – Status of Prior Year Findings

2018-001 – Account Reconciliations

Cause: There was turnover in the Chief Financial Officer position on December 31, 2019 and it was determined that there was a lack of written procedures to identify the appropriate account reconciliations that should be performed and not all accounts were reconciled at the start of the 2018 audit.

Recommendation: We recommend the Organization establish a process for reviewing asset and liability accounts and the timing for when accounts are reconciled. The process should then be implemented.

Current Status: Procedures were adopted and accounts were reconciled and complete by year end close. The finding is resolved.



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April 20, 2020

Board of Directors
Southeastern Idaho Community Action Agency, Inc. and Affiliates
Pocatello, Idaho

Dear Board Members:

We have audited the consolidated financial statements of Southeastern Idaho Community Action Agency, Inc. and Affiliates (the "Organization") for the year ended December 31, 2019 and have issued our report thereon dated April 20, 2020. Professional standards require that we provide you with the following information related to our audit:

Our Responsibility Under Auditing Standards Generally Accepted in the United States and Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

As stated in our engagement letter dated December 2, 2019, our responsibility, as described by professional standards, is to express an opinion about whether the consolidated financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States. Our audit of the consolidated financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered the Organization's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the consolidated financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance.

As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit.

Also, in accordance with the Uniform Guidance, we examined, on a test basis, evidence about the Organization'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 purpose of expressing an opinion on the Organization's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the Organization's compliance with those requirements.

Supplementary Information Accompanying Audited Consolidated Financial Statements

With respect to the supplementary information accompanying the consolidated financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the consolidated financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the consolidated financial statements or to the consolidated financial statements themselves.

Other Information in Documents Containing Audited Consolidated Financial Statements

The auditor's responsibility for other information in documents containing audited consolidated financial statements does not extend beyond the consolidated financial information identified in our report, and we have no obligation to perform any procedures to corroborate other information contained in a document. Our responsibility is to read the other information and consider whether such information, or the manner of its presentation, is materially inconsistent with information, or the manner of its presentation, appearing in the consolidated financial statements. We are not aware of any documents or other information containing audited consolidated financial statements and, furthermore, management has not requested us to devote attention to any documents containing audited consolidated financial statements.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to your representative, Ms. Laura Rizzo, in our letter about planning matters in addition to our engagement letter dated December 2, 2019, accepted by Ms. Debra Hemmert.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Organization are described in Note 1 to the consolidated financial statements. As described in Note 1, the Organization adopted the following Accounting Standards Update (ASU)'s: No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, No 2016-18, *Statement of Cash Flows*, and No. 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which impacted financial reporting for the Organization. No other new accounting policies were adopted, and the application of other existing policies was not changed during the year under audit.

Accounting estimates are an integral part of the consolidated financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the consolidated financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the consolidated financial statements were the useful lives of property and equipment and functional allocation of expenses.

The disclosures in the consolidated financial statements are neutral, consistent, and clear. Certain consolidated financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the consolidated financial statements are the disclosure of the liquidity and availability of cash in Note 4 to the consolidated financial statements which includes management's analysis of financial assets available for general expenditure within twelve months of the statement of financial position date and the subsequent event disclosure in Note 12 relating to the COVID 19 crisis.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The bullet point list below summarizes uncorrected misstatements of the consolidated financial statements.

Board of Directors

Southeastern Idaho Community Action Agency, Inc. and Affiliates

Page 4

April 20, 2020

Management has determined that their effects are immaterial, both individually and in the aggregate, to the consolidated financial statements taken as a whole.

- Unrecorded payables at year end, and the grant receivable impact of this payable - \$11,986

In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the consolidated financial statements taken as a whole.

Disagreements With Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the consolidated financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated April 20, 2020, a copy of which accompanies this letter.

Management Consultations With Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. To our knowledge, management has not obtained any opinions from other independent accountants on the application of accounting principles generally accepted in the United States which would affect the Organization's consolidated financial statements or on the type of opinion which may be rendered on the consolidated financial statements.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors for the preceding year. However, these discussions occurred in the normal course of our professional relationship and our responses were not, in our judgment, a condition of our retention.

Board of Directors

Southeastern Idaho Community Action Agency, Inc. and Affiliates

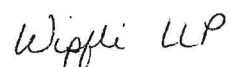
Page 5

April 20, 2020

We appreciate the opportunity to be of service to Southeastern Idaho Community Action Agency, Inc. and Affiliates.

This communication is intended solely for the information and use of the Board of Directors and others within Southeastern Idaho Community Action Agency, Inc. and Affiliates and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

A handwritten signature in cursive script that reads "Wipfli LLP".

Wipfli LLP

Enclosure



SOUTHEAST IDAHO COMMUNITY ACTION AGENCY

Administration Office 641 N. 8th Avenue, 5th Floor • Pocatello, ID 83201
phone: (208) 232-1114 • fax (208) 233-8122 • website: www.seicaa.org

Representation Letter for Single Audits

April 20, 2020

Wipfli LLP
PO Box 8700
Madison WI 53708

This representation letter is provided in connection with your audit of the financial statements of Southeastern Idaho Community Action Agency, Inc. and Affiliates (the Organization), which comprise the consolidated statement of financial position as of December 31, 2019 and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects in accordance with accounting principles generally accepted in the United States (GAAP).

This representation letter is also provided in connection with your audit of the federal award programs of the Organization as of and for the year ended December 31, 2019 which was performed in accordance with auditing standards generally accepted in the United States; Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

We understand that the purpose of your testing of transactions and records from the Organization's federal programs was to obtain reasonable assurance that the Organization had complied, in all material respects, with the compliance requirements that could have a direct and material effect on each of its major programs.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief as of the date of this letter, the following representations made to you during your audit.



Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated December 2, 2019, including our responsibility for the preparation and fair presentation of the financial statements in accordance with GAAP.
2. The financial statements referred to above are fairly presented in conformity with GAAP.
3. We acknowledge our responsibility 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.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5. Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
6. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of GAAP.
7. Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements or in the schedule of findings and questioned costs.
8. We agree with the adjusting journal entries proposed by you and which are given effect to in the financial statements.
9. The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. A list of the uncorrected misstatements has been provided to us.
10. The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with GAAP.
11. Material concentrations have been properly disclosed in accordance with GAAP.
12. Guarantees, whether written or oral, under which the Organization is contingently liable, have been properly recorded or disclosed in accordance with GAAP.
13. As part of your audit, you prepared the draft financial statements and related notes and schedule of expenditures of federal awards. We acknowledge our responsibility as it relates to those nonattest/nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes and schedule of expenditures of federal awards.
14. We accept responsibility for and have designated an individual with suitable skill, knowledge, or experience to oversee the following nonattest services:
 - a. Data collection form preparation
 - b. Tax return preparation

- c. Miscellaneous accounting and operational consulting
- d. Managed IT Services

15. We have evaluated the potential impacts of COVID-19 on the financial statements as of December 31, 2019 and for the year then ended. As of the date of issuance of the financial statements, the Organization's operations have not been significantly impacted. We feel the analysis we have performed is sufficient to support that conclusion.

Information Provided

16. We have provided you with:

- a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters, and all audit or relevant monitoring reports, if any, received from funding sources.
- b. Additional information that you have requested from us for the purpose of the audit.
- c. Unrestricted access to persons within the Organization from who you determined it necessary to obtain audit evidence.
- d. Minutes of the meetings of the governing body or summaries of actions of recent meetings for which minutes have not yet been prepared.

17. All material transactions have been recorded in the accounting records and are reflected in the financial statements and the schedule of expenditures of federal awards.

18. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

19. We have no knowledge of any allegations of fraud or suspected fraud affecting the Organization involving:

- a. Management.
- b. Employees who have significant roles in internal control.
- c. Others where the fraud could have a material effect on the financial statements.

20. We have no knowledge of any allegations of fraud or suspected fraud affecting the Organization's financial statements communicated by employees, former employees, regulators, or others.

21. We have no knowledge of any instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse whose effect should be considered when preparing financial statements.

22. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with GAAP.

23. We have disclosed to you the identity of the Organization's related parties and all the related party relationships and transactions of which we are aware.

24. The Organization has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any material asset been pledged, except as disclosed in the notes to the financial statements.
25. Receivables recorded in the financial statements represent valid claims against debtors for services provided or other charges arising on or before the statement of financial position date and have been appropriately reduced to their estimated net realizable value.
26. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us.
27. The Organization has identified all accounting estimates that could be material to the financial statements, including the key factors and significant assumptions underlying those estimates, and we believe the estimates are reasonable in the circumstances.
28. There are no estimates that may be subject to a material change in the near term that have not been properly disclosed in the financial statements. We understand that near term means the period within one year of the date of the financial statements. In addition, we have no knowledge of concentrations existing at the date of the financial statements that make the Organization vulnerable to the risk of severe impact that have not been properly disclosed in the financial statements.
29. We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
30. We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
31. We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
32. SEICAA and SEICAA Housing 1 are exempt organizations under Section 501 (c)(3) of the Internal Revenue Code. Any activities of which we are aware that would jeopardize the organization's tax-exempt status, and all activities subject to tax on unrelated business income or excise or other tax, have been disclosed to you. All required filings with tax authorities are up to date. St. Anthony Place is a disregarded entity for tax purposes and is included in the SEICAA 990.
33. We acknowledge our responsibility for presenting the supplementary information in accordance with accounting principles generally accepted in the United States, and we believe the supplementary information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

With Respect to Federal Award Programs

34. With respect to federal award programs:

- a. We are responsible for understanding and complying with and have complied with the requirements of the Uniform Guidance and any other applicable laws and regulations and provisions of contracts and grant agreements, including requirements relating to preparation of the SEFA.
- b. We are responsible for understanding and complying with, and have complied with, the requirements of federal statutes, regulations, and the terms and conditions of federal awards related to each of our federal programs and have identified and disclosed to you the requirements of federal statutes, regulations and the terms and conditions of federal awards that are considered to have a direct and material effect on each major federal program.
- c. We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that we are managing our federal awards in compliance with federal statutes, regulations, and the terms and conditions of federal awards. We believe the internal control system is adequate and is functioning as intended.
- d. We have made available to you all federal awards (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relating to federal programs and related activities.
- e. We have received no requests from a federal agency to audit one or more specific programs as a major program.
- f. We have complied with the direct and material compliance requirements (except for noncompliance disclosed to you), including when applicable, those set forth in the *OMB Compliance Supplement*, relating to federal awards and confirm that there were no amounts questioned and no known noncompliance with the direct and material compliance requirements of federal awards.
- g. We have disclosed any communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the applicable compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
- h. We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
- i. Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB's Uniform Guidance (2CFR Part 200, Subpart E).
- j. We have disclosed to you our interpretation of compliance requirements that have varying interpretations, if any.

- k. We have made available to you all documentation relating to the compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
 - l. We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
 - m. There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report.
 - n. No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or material weaknesses in internal control over compliance subsequent to the date as of which compliance was audited.
 - o. Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared.
 - p. The copies of federal program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
 - q. We have charged costs to federal awards in accordance with applicable cost principles.
 - r. We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance, and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.
 - s. We are responsible for and have ensured the reporting package does not contain protected personally identifiable information.
 - t. We are responsible for taking corrective action on each audit finding of the compliance audit and have developed a corrective action plan that meets the requirements of the Uniform Guidance.
 - u. We are responsible for and have accurately completed the auditee section of the Data Collection Form as required by the Uniform Guidance.
35. There have been no irregularities or instances of fraud involving management, employees who administer federal or state programs, or other employees that could have a material effect on federal and state programs.
36. We have a process to track the status of audit findings and recommendations.
37. We have identified to you any previous audits, attestation engagements, or other studies related to the audit objectives and whether related recommendations have been implemented.
38. We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.

Schedule of Expenditures of Federal Awards

39. We acknowledge our responsibility for presenting the schedule of expenditures of federal awards (SEFA) in accordance with the requirements of the Uniform Guidance, and we believe the SEFA, including its form and content, is fairly presented in accordance with the Uniform Guidance. The methods of measurement and presentation of the SEFA have not changed from those used in the prior period, and we have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the SEFA.
40. We have identified and disclosed to you all of our government programs and related activities subject to the Uniform Guidance compliance audit, and have included in the SEFA, expenditures made during the audit period for all awards provided by federal agencies in the form of federal awards, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.

Sincerely,

Debra R Hemmert

Debra Hemmert, CEO/Executive Director

Laura Rizzo

Laura Rizzo, CFO