

SouthEastern Idaho Community Action Agency, Inc. and Affiliates

Pocatello, Idaho

Consolidated Financial Statements
and Supplementary Information

Year Ended December 31, 2020



**SouthEastern Idaho
Community Action Agency**
Helping People. Changing Lives.

Southeastern Idaho Community Action Agency, Inc. and Affiliates

Consolidated Financial Statements and Supplementary Information
Year Ended December 31, 2020

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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, 2020, 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*.

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, 2020, 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, 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 June 8, 2021, 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

June 8, 2021
Madison, Wisconsin

Southeastern Idaho Community Action Agency, Inc. and Affiliates

Consolidated Statement of Financial Position

December 31, 2020

<i>Assets</i>	
Current assets:	
Cash and cash equivalents	\$ 558,963
Grants receivable	266,875
Total current assets	825,838
Other assets:	
Restricted deposits:	
Tenant security deposits	44,304
Escrows	106,914
Replacement reserves	518,875
Residual receipt reserves	92,928
Total restricted deposits	763,021
Self help notes receivable	578,803
Property held for sale	1,056,669
Total other assets	2,398,493
Property and equipment, net	2,910,091
TOTAL ASSETS	\$ 6,134,422
<i>Liabilities and Net Assets</i>	
Current liabilities:	
Current portion of long-term debt	81,641
Accounts payable	136,833
Accrued payroll and related expenses	86,819
Accrued interest	17,828
Total current liabilities	323,121
Long-term liabilities:	
Security deposits	41,281
Notes payable, net	4,357,610
Total long-term liabilities	4,398,891
Total liabilities	4,722,012
Net assets:	
Without donor restriction, undesignated	1,079,921
Without donor restriction, board designated	225,497
Total net assets without donor restriction	1,305,418
With donor restriction	106,992
Total net assets	1,412,410
TOTAL LIABILITIES AND NET ASSETS	\$ 6,134,422

See accompanying notes to consolidated financial statements.

Southeastern Idaho Community Action Agency, Inc. and Affiliates

Consolidated Statement of Activities Year Ended December 31, 2020

	Without Donor Restriction	With Donor Restriction	Total
Revenue:			
Grant revenue	\$ 2,253,779	\$ 0	\$ 2,253,779
Housing assistance	580,362	0	580,362
Tenant rent	579,195	0	579,195
Program and other income	404,886	23,004	427,890
Donations	144,609	0	144,609
Interest income	9,439	0	9,439
Net assets released from restrictions	6,394	(6,394)	0
Total revenue	3,978,664	16,610	3,995,274
Expenses:			
Community services	1,021,983	0	1,021,983
Weatherization and energy assistance	801,747	0	801,747
Senior services	579,296	0	579,296
Housing programs	1,273,209	0	1,273,209
Total program activities	3,676,235	0	3,676,235
Management and general	403,040	0	403,040
Total expenses	4,079,275	0	4,079,275
Change in net assets	(100,611)	16,610	(84,001)
Net assets - Beginning of year	1,406,029	90,382	1,496,411
Net assets - End of year	\$ 1,305,418	\$ 106,992	\$ 1,412,410

Southeastern Idaho Community Action Agency, Inc. and Affiliates

Consolidated Statement of Functional Expenses Year Ended December 31, 2020

	Weatherization							
	Community Services	and Energy Assistance	Senior Services	Housing Programs	Total Program	Management and General r:	Total	
Expense:								
Salaries and fringe benefits	\$ 477,394	\$ 395,654	\$ 201,269	\$ 314,255	\$ 1,388,572	\$ 371,249	\$ 1,759,821	
Professional fees	15,602	4,473	2,146	11,830	34,051	5,103	39,154	
Client assistance	291,328	211,237	307,272	1,800	811,637	0	811,637	
Contracted services	7,026	54,862	0	96,963	158,851	0	158,851	
Travel and training	1,802	4,701	13,698	1,436	21,637	4,532	26,169	
Insurance	10,614	26,908	7,729	65,582	110,833	1,100	111,933	
Office expense	11,540	149	3,127	25,512	40,328	(1,091)	39,237	
Dues and subscriptions	4,945	315	515	134	5,909	1,793	7,702	
Space and storage	64,996	18,691	4,876	2,716	91,279	10,325	101,604	
Small equipment	8,036	0	4,107	0	12,143	1,971	14,114	
Supplies	17,341	38,390	4,073	3,538	63,342	(1,320)	62,022	
Utilities	67,171	12,810	10,492	173,296	263,769	8,415	272,184	
Operating and maintenance	3,538	20,054	4,668	95,822	124,082	(1,986)	122,096	
Depreciation	0	0	0	262,594	262,594	0	262,594	
Interest	0	0	0	222,419	222,419	0	222,419	
Other	40,650	13,503	15,324	(4,688)	64,789	2,949	67,738	
Total expense	\$ 1,021,983	\$ 801,747	\$ 579,296	\$ 1,273,209	\$ 3,676,235	\$ 403,040	\$ 4,079,275	

See accompanying notes to consolidated financial statements.

Southeastern Idaho Community Action Agency, Inc. and Affiliates

Consolidated Statement of Cash Flows

Year Ended December 31, 2020

Increase (decrease) in cash, restricted cash and cash equivalents:	
Cash flows from operating activities:	
Change in net assets	(\$ 84,001)
<hr/>	
Adjustments to reconcile change in unrestricted net assets to net cash used in operating activities:	
Depreciation	262,594
Amortization of debt finance costs	5,194
Gain on sale of property and equipment	(74,479)
Changes in operating assets and liabilities:	
Grants receivable	(18,725)
Other accounts receivable	0
Property held for sale	(268,455)
Accounts payable	(72,357)
Accrued payroll and related expenses	21,078
Accrued interest	(314)
Security deposits	(1,074)
<hr/>	
Net cash used in operating activities	(230,539)
<hr/>	
Cash flows from investing activities:	
Loans receivable collected	16,222
Proceeds from sale of property and equipment	136,298
Purchase of property and equipment	(42,297)
<hr/>	
Net cash provided by investing activities	110,223
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Cash flows from financing activities:	
Proceeds from borrowing	63,000
Principal payments on notes payable	(75,381)
<hr/>	
Net cash used in financing activities	(12,381)
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Change in cash, restricted cash, and cash equivalents	(132,697)
Cash, restricted cash, and cash equivalents - Beginning of year	1,454,681
<hr/>	
Cash, restricted cash, and cash equivalents - End of year	\$ 1,321,984
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See accompanying notes to consolidated financial statements

Southeastern Idaho Community Action Agency, Inc. and Affiliates

Consolidated Statement of Cash Flows (Continued)

Year Ended December 31, 2020

Other cash activity:

Interest paid \$ 217,539

Reconciliation of cash, restricted cash and cash equivalents at December 31, 2020:

Cash \$ 558,963

Restricted deposits 763,021

Total cash, restricted cash, and cash equivalents \$ 1,321,984

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 43% 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 consolidated 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 refundable advances.

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 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 which approximates the effective interest 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, 2020 was \$578,803.

Subsequent Events

Subsequent events have been evaluated through June 8, 2021, 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.

Southeastern Idaho Community Action Agency, Inc. and Affiliates

Notes to Consolidated Financial Statements

Note 3: Grants Receivable

The grants receivable balance at December 31, 2020 of \$266,875 consists primarily of amounts due under grants with state agencies.

Note 4: Liquidity and Availability

The Organizations do not have a formal liquidity policy but generally maintain financial assets in liquid form such as cash and cash equivalents for approximately one month of operating expenses. The Organizations 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 \$1,070,000 as further described in Note 10. In addition, the escrows and reserves in Note 5 are available for certain property repairs and replacements.

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, 2020:

Cash and cash equivalents	\$558,963
Grants receivable	266,875
Subtotal financial assets	825,838
Less: Accounts payable	(136,833)
Less: Accrued payroll and related expenses	(86,819)
Less: Board designated net assets	(225,497)
Less: Restricted program contributions included in cash and cash equivalents	(85,202)
<u>Total</u>	<u>\$ 291,487</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, 2020:

Tenant security deposits	\$ 44,304
Replacement reserves	518,875
Escrows	106,914
Residual receipt reserves	92,928
<u>Total escrows and reserves</u>	<u>\$ 763,021</u>

Southeastern Idaho Community Action Agency, Inc. and Affiliates

Notes to Consolidated Financial Statements

Note 6: Property and Equipment

Property and equipment consist of the following at December 31, 2020:

Land	\$ 298,433
Buildings and improvements	7,341,248
Furniture and fixtures	27,724
<u>Equipment</u>	<u>741,425</u>
Subtotal	8,408,830
Accumulated depreciation	(5,498,739)
<u>Property and equipment, net</u>	<u>\$ 2,910,091</u>

Note 7: 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 \$26,768.

Note 8: Notes Payable

The notes payable balance consist of the following at December 31, 2020:

	<u>Current</u>	<u>Long-Term</u>	<u>Total</u>
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.	\$ 59,600	\$ 3,109,878	\$ 3,169,478
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.	13,641	134,663	148,304

Southeastern Idaho Community Action Agency, Inc. and Affiliates

Notes to Consolidated Financial Statements

Note 8: Notes Payable (Continued)

Note payable to Idaho Housing and Finance Association. The original note was \$325,499. Payments deferred until July 2020 with monthly payments of \$700 and interest is 0%. Monthly payments are re-evaluated annually and therefore the maturity date is variable. Collateralized by Station 1938 housing complex.

8,400	312,899	321,299
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SEICAA has entered into several contracts with Community Frameworks Self-Help Housing Opportunity Program for special purpose grants in the total amount of \$405,000. 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	405,000	405,000
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<u>Total notes payable</u>	<u>\$ 81,641</u>	<u>\$ 4,477,078</u>	<u>\$ 4,558,719</u>
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Total notes payable net of debt issuance costs are as follows:

Total notes payable	\$ 4,558,719
Unamortized debt issuance costs	(119,468)
Current portion	(81,641)

<u>Total long term note payable, net</u>	<u>\$ 4,357,610</u>
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The original cost of financing fees was \$181,798 and accumulated amortization at December 31, 2020 was \$62,330. Amortization of financing fees for the year ended December 31, 2020 were \$5,194. Interest expense, including amortization of financing fees, was \$222,419 for the year ended December 31, 2020.

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

2021	\$ 81,641
2022	85,928
2023	90,504
2024	230,389
2025	127,613
Thereafter	3,942,644

<u>Total</u>	<u>\$ 4,558,719</u>
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Southeastern Idaho Community Action Agency, Inc. and Affiliates

Notes to Consolidated Financial Statements

Note 9: Net Assets

Net assets with donor restrictions as of December 31, 2020 are \$26,992 related to the meals on wheels program and \$80,000 related to the SHOP program for a total of \$106,992.

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

Community services	\$ 192,967
Weatherization and energy assistance	32,530
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Total	<u>\$ 225,497</u>

Note 10: Grant Awards

At December 31, 2020, SEICAA had received future funding commitments under various grants of approximately \$1,070,000. These commitments are not recognized in the accompanying consolidated financial statements as receivables and revenue as they are conditional awards.

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 \$580,362 and tenant rent was \$579,195 for the year ended December 31, 2020.

A summary of the acquisition costs and accumulated depreciation on the above properties at December 31, 2020, is as follows:

Land	\$ 210,828
Buildings and improvements	6,171,482
Furniture	27,724
Equipment	41,146
Subtotal	6,451,180
Accumulated depreciation	<u>(4,640,908)</u>
Net	<u>\$ 1,810,272</u>

Note 12: Business Conditions

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 has impacted various parts of its 2020 operations and financial results, and may continue to influence these items into 2021. 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.

Supplementary Information

Southeastern Idaho Community Action Agency, Inc. and Affiliate

Schedule of Expenditures of Federal Awards Year Ended December 31, 2020

Federal Grantor/Pass-through Grantor Program or Cluster Title	CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Direct			
Mortgage Insurance for the Purchase or Refinancing of Existing Multifamily Housing Projects	14.155	N/A	\$ 3,225,198
Operating Assistance for Troubled Multifamily Housing	14.U16	N/A	514,638
Self-Help Homeownership Opportunity Program	14.247	N/A	405,000
Passed through the Idaho Housing and Finance Association			
COVID19 - Emergency Solutions Grant Program	14.231	CV 20-10	694
Emergency Solutions Grant Program	14.231	ESG 17-21/19-14	34,565
Total Emergency Solutions Grant Program			35,259
Continuum of Care Program	14.267	COC 18-37 / 17-37	79,821
Lower Income Housing Assistance Program - Section 8 (Section 8 Project Based Cluster)	14.856	N/A	580,362
TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			4,840,278
DEPARTMENT OF ENERGY			
Passed through the Idaho Department of Health and Welfare			
Weatherization Assistance for Low-Income Persons	81.042	WC100100	3,800
Passed through the Community Action Partnership Association of Idaho			
Weatherization Assistance for Low-Income Persons	81.042	DOE 518 / 519 BPA 520 / 519	258,598
Total Weatherization Assistance for Low-Income Persons			262,398
DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through the Idaho Department of Health and Welfare			
Low-Income Home Energy Assistance	93.568	WC099200 WC100900	99,492
Passed through the Community Action Partnership Association of Idaho			
Low-Income Home Energy Assistance	93.568	LIH Crisis 520 LIHEAP 519/520 LPW 519	858,838
Total Low-Income Home Energy Assistance			958,330
Passed through the Idaho Department of Health and Welfare			
Community Services Block Grant	93.569	WC098700	121,181
Passed through the Community Action Partnership Association of Idaho			
COVID19 - Community Services Block Grant	93.569	CSBG 520	30,764
Community Services Block Grant	93.569	CSBG 519 / 520	271,422
Total Community Service Block Grant			423,367
Passed through the Southeast Idaho Council of Governments			
Nutrition Services (Aging Cluster)	93.045	N/A	200,725
Passed through Southeast Idaho Council of Governments			
Nutritional Program for the Elderly (Aging Cluster)	93.053	N/A	31,089
Total Aging Cluster			\$ 231,814
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES			1,613,511

See Independent Auditor's Report.

Southeastern Idaho Community Action Agency, Inc. and Affiliate

Schedule of Expenditures of Federal Awards Year Ended December 31, 2020

Federal Grantor/Pass-through Grantor Program or Cluster Title	CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			
Direct			
Retired Senior Volunteer Program	94.002	N/A	73,075
DEPARTMENT OF HOME LAND SECURITY			
Passed through the Emergency Food and Shelter National Board			
COVID-19 - Emergency Food and Shelter National Board Programs	97.024	N/A	2,449
Emergency Food and Shelter National Board Programs	97.024	N/A	2,059
Total Emergency Food and Shelter National Board Programs			4,508
TOTAL FEDERAL EXPENDITURES			\$ 6,793,770

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. and St. Anthony Place, LLC under programs of the federal government for the year ended December 31, 2020. 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. and St. Anthony Place, LLC, 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. and St. Anthony Place, LLC have 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. and St. Anthony Place, LLC do 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, 2020, consists of:

Program Name	CFDA Number	Outstanding Balance at December 31, 2020
Mortgage Insurance for the Purchase or Refinancing	14.155	3,169,478
Operating Assistance for Troubled Multifamily Housing	14.164	514,638
Self-Help Homeownership Opportunity Program	14.247	405,000

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, 2020, 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 June 8, 2021. 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 this entity.

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”) as a basis for designing 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 consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of 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

June 8, 2021
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, 2020. 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, 2020.

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

June 8, 2021
Madison, Wisconsin

Southeastern Idaho Community Action Agency, Inc. and Affiliate

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 programs	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:	

<u>Name of Federal Major Program or Cluster</u>	<u>CFDA No.</u>
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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

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

Section IV - Status of Prior Year Findings

None