

SouthEastern Idaho Community Action Agency, Inc. and Affiliates

Pocatello, Idaho

Consolidated Financial Statements and Supplementary Information

Year Ended December 31, 2021



**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, 2021

Table of Contents

Independent Auditor’s Report.....	1
Consolidated Financial Statements	
Consolidated Statement of Financial Position	4
Consolidated Statement of Activities.....	5
Consolidated Statement of Functional Expenses	6
Consolidated Statement of Cash Flows	7
Notes to Consolidated Financial Statements.....	9
Supplementary Information	
Schedule of Expenditures of Federal Awards.....	18
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	20
Independent Auditor’s Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance	22
Schedule of Findings and Questioned Costs	25

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of SouthEastern Idaho Community Action Agency, Inc. (a nonprofit organization) and Affiliates, which comprise the consolidated statement of financial position as of December 31, 2021, 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.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of SouthEastern Idaho Community Action Agency, Inc. and Affiliates as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of SouthEastern Idaho Community Action Agency, Inc. and Affiliates and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about SouthEastern Idaho Community Action Agency, Inc. and Affiliates ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

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*.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of SouthEastern Idaho Community Action Agency, Inc. and Affiliates' internal controls. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about SouthEastern Idaho Community Action Agency, Inc. and Affiliates ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2022, 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* in considering SouthEastern Idaho Community Action Agency's and St. Anthony Place, LLC's internal control over financial reporting and compliance.

Wipfli LLP

Wipfli LLP

June 21, 2022
Madison, Wisconsin

SouthEastern Idaho Community Action Agency, Inc. and Affiliates

Consolidated Statement of Financial Position

December 31, 2021

<i>Assets</i>	
Current assets:	
Cash and cash equivalents	\$ 611,434
Grants receivable	335,140
Other accounts receivable	43,584
Property held for sale	1,092,146
Total current assets	2,082,304
Other assets:	
Restricted deposits:	
Tenant security deposits	39,486
Escrows	112,192
Replacement reserves	543,545
Residual receipt reserves	93,028
Total restricted deposits	788,251
Self-help notes receivable	554,343
Total other assets	1,342,594
Property and equipment, net	2,662,513
TOTAL ASSETS	\$ 6,087,411
<i>Liabilities and Net Assets</i>	
Current liabilities:	
Current portion of long-term debt	85,928
Accounts payable	143,168
Accrued payroll and related expenses	92,916
Accrued interest	17,493
Total current liabilities	339,505
Long-term liabilities:	
Security deposits	41,506
Notes payable, net	4,228,847
Total long-term liabilities	4,270,353
Total liabilities	4,609,858
Net assets:	
Without donor restriction, undesignated	1,113,781
Without donor restriction, board designated	298,450
Total net assets without donor restriction	1,412,231
With donor restriction	65,322
Total net assets	1,477,553
TOTAL LIABILITIES AND NET ASSETS	\$ 6,087,411

See accompanying notes to consolidated financial statements.

SouthEastern Idaho Community Action Agency, Inc. and Affiliates

Consolidated Statement of Activities Year Ended December 31, 2021

	Without Donor Restriction	With Donor Restriction	Total
Revenue:			
Grant revenue	\$ 2,146,155	\$ 0	\$ 2,146,155
Housing assistance	598,189	0	598,189
Tenant rent	614,169	0	614,169
Program income	209,044	24,921	233,965
Donations	117,327	0	117,327
Interest income	4,515	0	4,515
Other income	89,863		89,863
Net assets released from restrictions	66,591	(66,591)	0
Total revenue	3,845,853	(41,670)	3,804,183
Expenses:			
Community services	1,368,789	0	1,368,789
Weatherization and energy assistance	130,761	0	130,761
Senior services	496,069	0	496,069
Housing programs	1,347,609	0	1,347,609
Total program activities	3,343,228	0	3,343,228
Management and general	395,812	0	395,812
Total expenses	3,739,040	0	3,739,040
Change in net assets	106,813	(41,670)	65,143
Net assets - Beginning of year	1,305,418	106,992	1,412,410
Net assets - End of year	\$ 1,412,231	\$ 65,322	\$ 1,477,553

SouthEastern Idaho Community Action Agency, Inc. and Affiliates

Consolidated Statement of Functional Expenses Year Ended December 31, 2021

	Weatherization							
	Community Services	and Energy Assistance	Senior Services	Housing Programs	Total Program	Management and General	Total	
Expense:								
Salaries and fringe benefits	\$ 719,585	\$ 86,469	\$ 102,604	\$ 333,778	\$ 1,242,436	\$ 347,975	\$ 1,590,411	
Professional fees	7,043	1,959	2,306	14,720	26,028	(2,326)	23,702	
Client assistance	325,089	19,731	350,555	2,903	698,278	0	698,278	
Contracted services	87,097	4,170	0	82,976	174,243	0	174,243	
Travel and training	13,625	3,545	7,259	1,688	26,117	13,950	40,067	
Insurance	23,607	2,745	2,368	83,932	112,652	6,430	119,082	
Office expense	3,508	0	5,656	24,219	33,383	3,105	36,488	
Dues and subscriptions	9,096	128	661	1,154	11,039	4,255	15,294	
Space and storage	64,225	4,389	5,843	24,847	99,304	11,145	110,449	
Small equipment	4,832	0	313	551	5,696	749	6,445	
Supplies	29,057	3,142	3,134	3,443	38,776	2,316	41,092	
Utilities	45,888	1,951	6,565	195,172	249,576	10,670	260,246	
Operating and maintenance	12,086	1,801	7,222	95,764	116,873	(6,574)	110,299	
Depreciation	0	0	0	255,908	255,908	0	255,908	
Interest	0	0	0	213,142	213,142	0	213,142	
Other	24,051	731	1,583	13,412	39,777	4,117	43,894	
Total expense	\$ 1,368,789	\$ 130,761	\$ 496,069	\$ 1,347,609	\$ 3,343,228	\$ 395,812	\$ 3,739,040	

See accompanying notes to consolidated financial statements.

SouthEastern Idaho Community Action Agency, Inc. and Affiliates

Consolidated Statement of Cash Flows

Year Ended December 31, 2021

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

Cash flows from operating activities:

Change in net assets \$ 65,143

Adjustments to reconcile change in unrestricted net assets
to net cash used in operating activities:

Depreciation 255,908

Amortization of debt finance costs 5,194

Gain on sale of property and equipment (60,800)

Loan forgiveness (135,000)

Changes in operating assets and liabilities:

Grants receivable (68,265)

Other accounts receivable (43,584)

Property held for sale (35,477)

Accounts payable 6,335

Accrued payroll and related expenses 6,097

Accrued interest (335)

Security deposits 225

Net cash used in operating activities (4,559)

Cash flows from investing activities:

Loans receivable collected 24,460

Proceeds from sale of property and equipment 60,800

Purchase of property and equipment (8,330)

Net cash provided by investing activities 76,930

Cash flows from financing activities:

Proceeds from borrowing 87,000

Principal payments on notes payable (81,670)

Net cash provided by financing activities 5,330

Change in cash, restricted cash, and cash equivalents 77,701

Cash, restricted cash, and cash equivalents - Beginning of year 1,321,984

Cash, restricted cash, and cash equivalents - End of year \$ 1,399,685

SouthEastern Idaho Community Action Agency, Inc. and Affiliates

Consolidated Statement of Cash Flows (Continued)

Year Ended December 31, 2021

Other cash activity:

Interest paid \$ 208,283

Reconciliation of cash, restricted cash and cash equivalents at December 31, 2021:

Cash \$ 611,434

Restricted deposits 788,251

Total cash, restricted cash, and cash equivalents \$ 1,399,685

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 37% 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)

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.

Restricted Deposits - Escrows and Reserves

Housing properties operated by SEICAA 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. In addition, the escrows and reserves are available for certain property repairs and replacements.

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 are met. SEICAA anticipates that the homeowners will comply with the criteria and the loans will be forgiven. The balance of the notes receivable at December 31, 2021 was \$554,343.

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 lives of 5 to 40 years 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.

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.

SouthEastern Idaho Community Action Agency, Inc. and Affiliates

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

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.

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 Without Donor Restrictions, board designated – Board designated net assets can be used in operations as needed through Board resolution.

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.

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.

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.

SouthEastern Idaho Community Action Agency, Inc. and Affiliates

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

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.

Program Income

The Organization recognized revenue from exchange transactions from contracts with customers for the Weatherization Fees from PacifiCorp Power and Idaho Power. The Organization recognizes revenue in accordance with Financial Accounting Standard Board (FASB) Accounting Standards Update (ASU 2014-09) and ASC 606, Revenue from Contracts with Customers, as amended. ASU 2014-09 applies to exchange transactions that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition with a focus on the transfer of control of promised goods or services to a customer.

Contract assets arise when the Organization provides goods or services to a customer in advance of receiving consideration and the right to consideration is conditioned on something other than the passage of time, such as work in process or unbilled receivables. Contract assets are transferred to receivables when the right to receive consideration becomes unconditional and the Organization is able to invoice the customer. Contract liabilities represent the Organizations' obligation to provide goods or services to a customer when consideration has already been received from the customer, such as deferred revenue. When goods or services are provided, contract liabilities are reclassified, and revenue is recognized. There are no contract assets or contract liabilities at September 30, 2021.

Weatherization Fees from PacifiCorp Power and Idaho Power

The program provides energy-efficiency weatherization services at no cost to income-eligible power customers living in single family homes, manufactured homes, or multi-unit residential housing in Idaho. Services also include installing energy efficient refrigerators as well as building shell, health and safety, HVAC, lighting and water heating measures. The Organization earns revenue over time as services are provided and billed. The total amount recorded for as revenue was \$76,843 during the year ended December 31, 2021.

SouthEastern Idaho Community Action Agency, Inc. and Affiliates

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Housing Assistance and Tenant Rent

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.

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.

Subsequent Events

Subsequent events have been evaluated through June 21, 2022, 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: Liquidity and Availability

The Organizations do not have a formal liquidity policy but maintain financial assets in liquid form to meet ongoing 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 \$1,816,000 as further described in Note 9.

SouthEastern Idaho Community Action Agency, Inc. and Affiliates

Notes to Consolidated Financial Statements

Note 3: 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, 2021:

Cash and cash equivalents	\$ 611,434
Grants receivable	335,140
Subtotal financial assets	946,574
Less: Accounts payable	(143,168)
Less: Accrued payroll and related expenses	(92,916)
Less: Board designated net assets	(298,450)
Less: Restricted program contributions included in cash and cash equivalents	(43,135)
<u>Total</u>	<u>\$ 368,905</u>

Note 4: Grants Receivable

The grants receivable balance at December 31, 2021 of \$335,140 consists primarily of amounts due under grants with state agencies.

Note 5: Property and Equipment

Property and equipment consist of the following at December 31, 2021:

Land	\$ 298,433
Buildings and improvements	7,346,772
Equipment and furniture	259,482
Vehicles	480,917
Subtotal	8,385,604
Accumulated depreciation	(5,723,091)
<u>Property and equipment, net</u>	<u>\$ 2,662,513</u>

Note 6: Notes Payable

The notes payable balance consist of the following at December 31, 2021:

	<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.	\$ 63,750	\$ 3,046,128	\$ 3,109,878

SouthEastern Idaho Community Action Agency, Inc. and Affiliates

Notes to Consolidated Financial Statements

Note 6: Notes Payable (Continued)

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
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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.

	13,778	120,855	134,633
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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	304,499	312,899
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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 \$492,000. 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	357,000	357,000
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<u>Total notes payable</u>	\$ 85,928	\$ 4,343,120	\$ 4,429,048
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Total notes payable net of debt issuance costs are as follows:

Total notes payable			\$ 4,429,048
Unamortized debt issuance costs			(114,273)
Current portion			(85,928)

<u>Total long term note payable, net</u>			<u>\$ 4,228,847</u>
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The original cost of financing fees was \$181,798 and accumulated amortization at December 31, 2021 was \$67,525. Amortization of financing fees for the year ended December 31, 2021 were \$5,194. Interest expense, including amortization of financing fees, was \$213,142 for the year ended December 31, 2021.

SouthEastern Idaho Community Action Agency, Inc. and Affiliates

Notes to Consolidated Financial Statements

Note 6: Notes Payable (Continued)

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

2022	\$ 85,928
2023	90,504
2024	95,389
2025	127,613
2026	106,187
Thereafter	3,923,427
<u>Total</u>	<u>\$ 4,429,048</u>

Note 7: Net Assets

Net assets with restrictions are as follows as of December 31, 2021:

Net assets with donor restrictions:

Meals on wheels	\$ 25,322
SHOP loans	40,000
<u>Total</u>	<u>\$ 65,322</u>

Board of directors designated net assets without donor restrictions:

Community services	\$ 261,407
Weatherization and energy assistance	37,043
<u>Total</u>	<u>\$ 298,450</u>

Note 8: 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 \$24,455.

Note 9: Grant Awards

At December 31, 2021, SEICAA had received future funding commitments under various grants of approximately \$1,816,000. 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 10: 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 \$598,189 and tenant rent was \$614,169 for the year ended December 31, 2021.

A summary of the acquisition costs and accumulated depreciation on the above properties at December 31, 2021, is as follows:

Land	\$ 210,828
Buildings and improvements	6,175,696
Furniture	27,724
Equipment	40,670
Subtotal	6,454,918
Accumulated depreciation	(4,828,520)
Net	\$ 1,626,398

Note 11: Commitments

SEICAA has an on-going construction project with future commitments of approximately \$121,000 as of December 31, 2021.

Supplementary Information

SouthEastern Idaho Community Action Agency, Inc. and Affiliate

Schedule of Expenditures of Federal Awards Year Ended December 31, 2021

Federal Grantor/Pass-through Grantor Program or Cluster Title	AL 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	\$ 3,169,478
Operating Assistance for Troubled Multifamily Housing	14.U16	N/A	514,638
Self-Help Homeownership Opportunity Program	14.247	N/A	492,000
Passed through the Idaho Housing and Finance Association			
COVID19 - Emergency Solutions Grant Program	14.231	CV 20-10	5,803
Emergency Solutions Grant Program	14.231	ESG 17-21/19-14	29,026
Total Emergency Solutions Grant Program			34,829
Continuum of Care Program	14.267	COC 18-37 / 17-37	53,059
Lower Income Housing Assistance Program - Section 8 (Section 8 Project Based Cluster)	14.856	N/A	598,189
TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			4,862,193
DEPARTMENT OF ENERGY			
Passed through the Idaho Department of Health and Welfare			
Weatherization Assistance for Low-Income Persons	81.042	WC101900	148,422
Passed through the Community Action Partnership Association of Idaho			
Weatherization Assistance for Low-Income Persons	81.042	DOE 518 / 519 BPA 520 / 519	74,179
Total Weatherization Assistance for Low-Income Persons			222,601
DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through the Southeast Idaho Council of Governments			
Nutrition Services (Aging Cluster)	93.045	N/A	216,132
Passed through Southeast Idaho Council of Governments			
Nutritional Program for the Elderly (Aging Cluster)	93.053	N/A	41,199
Total Aging Cluster			257,331
Passed through the Idaho Department of Health and Welfare			
Low-Income Home Energy Assistance	93.568	WC100900 / WC105800	787,020
COVID-19 Low-Income Home Energy Assistance ARPA	93.568	WC106400	2,198
Total Low-Income Home Energy Assistance			789,218
Passed through the Idaho Department of Health and Welfare			
Community Services Block Grant	93.569	WC098700	452,144
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES			1,721,294

SouthEastern Idaho Community Action Agency, Inc. and Affiliate

Schedule of Expenditures of Federal Awards Year Ended December 31, 2021

Federal Grantor/Pass-through Grantor Program or Cluster Title	AL Number	Pass-Through Entity Identifying Number	Federal Expenditures
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			\$ 6,587,995

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, 2021. 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. and St. Anthony Place, LLC.

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 consolidated 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, 2021, consist of:

Program Name	AL Number	Outstanding Balance at December 31, 2021
Mortgage Insurance for the Purchase or Refinancing	14.155	3,109,878
Operating Assistance for Troubled Multifamily Housing	14.164	514,638
Self-Help Homeownership Opportunity Program	14.247	357,000

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

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 the 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. (a nonprofit organization) and Affiliates, which comprise the consolidated statement of financial position as of December 31, 2021, 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 21, 2022.

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.

Report on 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 Affiliate's 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 Affiliate's internal control. Accordingly, we do not express an opinion on the effectiveness of SouthEastern Idaho Community Action Agency, Inc. and Affiliate's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether SouthEastern Idaho Community Action Agency, Inc. and Affiliate's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 Affiliate's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SouthEastern Idaho Community Action Agency, Inc. and Affiliate's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wipfli LLP

Wipfli LLP

June 21, 2022
Madison, Wisconsin

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited SouthEastern Idaho Community Action Agency, Inc. and Affiliate’s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021. 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.

In our opinion, SouthEastern Idaho Community Action Agency, Inc. and Affiliate’s 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, 2021.

Basis for opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of SouthEastern Idaho Community Action Agency, Inc. and Affiliate’s and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of SouthEastern Idaho Community Action Agency, Inc. and Affiliate’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to SouthEastern Idaho Community Action Agency, Inc. and Affiliate’s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on SouthEastern Idaho Community Action Agency, Inc. and Affiliate's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about SouthEastern Idaho Community Action Agency, Inc. and Affiliate's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding SouthEastern Idaho Community Action Agency, Inc. and Affiliate's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of SouthEastern Idaho Community Action Agency, Inc. and Affiliate's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purposes of expressing an opinion on the effectiveness of SouthEastern Idaho Community Action Agency, Inc. and Affiliate's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Wipfli LLP

Wipfli LLP

June 21, 2022

Madison, Wisconsin

Southeastern Idaho Community Action Agency, Inc. and Affiliate

Schedule of Findings and Questioned Costs
Year Ended December 31, 2021

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued?	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over each major federal program:	
Material weakness identified?	No
Significant deficiency identified?	None reported
Type of auditor's report issued on compliance for each 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:

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