

**SOUTH CENTRAL COMMUNITY
ACTION PARTNERSHIP, INC.**

**TWIN FALLS, IDAHO
CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
DECEMBER 31, 2016 AND 2015**

SOUTH CENTRAL COMMUNITY ACTION PARTNERSHIP, INC.

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INDEPENDENT AUDITORS' REPORT

Board of Directors
South Central Community Action Partnership, Inc.
Twin Falls, ID 83301

We have audited the accompanying consolidated financial statements of South Central Community Action Partnership, Inc. (a non-profit organization) and affiliates, which comprise the consolidated statement of financial position as of December 31, 2016 and 2015, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the 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 of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial position of South Central Community Action Partnership, Inc. and affiliates as of December 31, 2016 and 2015, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the 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 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The Schedules of Program Expenditures and Indirect Costs on pages 18 - 31 are presented for purposes of additional analysis and are not a required part of the basic financial statements. We have applied certain additional analytical limited procedures, which consist principally of analytical procedures and inquiries of management regarding the methods and measurement and presentation of the additional information. However, we did not audit the information and express no opinion on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 17, 2017 on our consideration of South Central Community Action Partnership, Inc. and affiliate'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 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 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 South Central Community Action Partnership, Inc. and affiliate's internal control over financial reporting and compliance.

Sincerely,

Mahlke Hunsaker & Co.

MAHLKE HUNSAKER & COMPANY, pllc
Twin Falls, Idaho

May 17, 2017

SOUTH CENTRAL COMMUNITY ACTION PARTNERSHIP, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2016 AND 2015

	2016	2015
Assets		
Current Assets		
Cash	\$ 527,485	\$ 701,596
Cash-Restricted	593,992	206,560
Accounts Receivable	346,434	343,385
Loan Receivable	140,611	241,933
Due From Federal and State Governments	1,879,791	1,781,311
Prepaid Expenses	1,939	2,879
Land Held for Resale	487,200	785,200
Other Current Assets	325,080	257,075
Total Current Assets	4,302,532	4,319,939
Non-Current Assets		
Loan Receivable	24,798	-
Total Non-Current Assets	24,798	-
Fixed Assets		
Fixed Assets, net	1,124,050	1,226,476
Total Fixed Assets	1,124,050	1,226,476
Total Assets	\$ 5,451,380	\$ 5,546,415
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable	\$ 145,668	\$ 239,341
Accrued Expenses	97,776	118,148
Funds Held in Trust	97,390	-
Current Portion of Long-Term Debt	243,600	259,571
Deferred Grant and Contract Revenue	2,023,516	2,081,112
Total Current Liabilities	2,607,950	2,698,172
Long-Term Liabilities		
Mortgage Payable, Less Current Portion	765,000	797,256
Total Long-Term Liabilities	765,000	797,256
Total Liabilities	3,372,950	3,495,428
Net Assets		
Unrestricted	1,002,606	921,657
Temporarily Restricted	1,075,824	1,129,330
Total Net Assets	2,078,430	2,050,987
Total Liabilities and Net Assets	\$ 5,451,380	\$ 5,546,415

See Notes to Financial Statements.

SOUTH CENTRAL COMMUNITY ACTION PARTNERSHIP, INC.
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2016 Total</u>	<u>2015 Total</u>
<u>SUPPORT AND REVENUE</u>				
Support				
Contributions and Other	\$ 27,464	\$ 103,110	\$ 130,574	\$ 147,272
Grant Income	-	3,713,727	3,713,727	4,293,499
In-Kind Materials and Labor	-	64,959	64,959	83,011
Service Income - Home Energy Management	375,327	-	375,327	256,110
Total Support	<u>402,791</u>	<u>3,881,796</u>	<u>4,284,587</u>	<u>4,779,892</u>
Net Assets Released from Restrictions	<u>3,935,302</u>	<u>(3,935,302)</u>	<u>-</u>	<u>-</u>
Total Revenue and Gains (Losses)	<u>3,935,302</u>	<u>(3,935,302)</u>	<u>-</u>	<u>-</u>
TOTAL SUPPORT AND REVENUE	4,338,093	(53,506)	4,284,587	4,779,892
<u>EXPENSES</u>				
Program Support and Service	2,397,657	-	2,397,657	2,495,401
Indirect Costs	300,098	-	300,098	293,345
In-Kind Program Expenses	64,959	-	64,959	83,011
Home Energy Management	350,584	-	350,584	258,175
Mutual Self Help	1,142,061	-	1,142,061	1,626,901
Total Program Activities	<u>4,255,359</u>	<u>-</u>	<u>4,255,359</u>	<u>4,756,833</u>
Management & General	<u>1,785</u>	<u>-</u>	<u>1,785</u>	<u>1,806</u>
Total Expenses	<u>4,257,144</u>	<u>-</u>	<u>4,257,144</u>	<u>4,758,639</u>
CHANGE IN NET ASSETS	80,949	(53,506)	27,443	21,253
Net Assets, Beginning of Year	<u>921,657</u>	<u>1,129,330</u>	<u>2,050,987</u>	<u>2,029,734</u>
Net Assets, End of Year	<u>\$ 1,002,606</u>	<u>\$ 1,075,824</u>	<u>\$ 2,078,430</u>	<u>\$ 2,050,987</u>

See Notes to Financial Statements.

SOUTH CENTRAL COMMUNITY ACTION PARTNERSHIP, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
<i>Cash Flows From Operating Activities</i>		
Change in Net Assets	\$ 27,443	\$ 21,253
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	102,426	104,934
Loss on Abandoned Assets	-	1,854
(Increase) Decrease in Cash-Restricted	(387,432)	179,685
(Increase) Decrease in Accounts Receivable	(3,049)	(45,597)
(Increase) Decrease in Loan Receivable	101,322	203,737
(Increase) Decrease in Due from Federal and State Government	(98,480)	802,691
(Increase) Decrease in Prepaid Expenses	940	88
(Increase) Decrease in Other Current Assets	(68,005)	(65,722)
Increase (Decrease) in Accounts Payable and Other Payables	3,717	17,831
Increase (Decrease) in Accrued Expenses	(20,372)	12,036
Increase (Decrease) in Deferred Revenue	(57,596)	(986,486)
Net Cash Provided (Used) By Operating Activities	(399,086)	246,304
<i>Cash Flows From Financing Activities</i>		
Purchase of Fixed Assets	-	(4,258)
Purchase of Lots for Sale	-	(832,200)
Proceeds from Sale of Lots	298,000	197,000
Proceeds from Long-Term Borrowing	-	832,200
Principal Payments on Long-Term Debt	(48,227)	(363,336)
Net Cash Provided (Used) By Financing Activities	249,773	(170,594)
Net Increase (Decrease) in Cash and Cash Equivalents	(149,313)	75,710
Cash and Cash Equivalents, Beginning of Year	701,596	625,886
Cash and Cash Equivalents, End of Year	\$ 552,283	\$ 701,596

Supplemental Disclosure:

Interest and income taxes paid during 2016 were \$2,964 and \$1,066 respectively.

Interest and income taxes paid during 2015 were \$2,964 and \$5,710 respectively.

SOUTH CENTRAL COMMUNITY ACTION PARTNERSHIP, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

2016

	Federal/State Share	Private Sector Share	In-Kind Contributions	Indirect	2016 Total
Expenses					
Personnel	\$ 520,075	\$ 28,468	\$ -	\$ 202,703	\$ 751,246
Fringe Benefits	125,613	-	-	32,889	158,502
Travel	9,533	-	-	626	10,159
Consumables	28,725	4,017	-	14,322	47,064
Contractual	8,498	-	-	4,002	12,500
Space Costs	-	280	-	11,979	12,259
Other	1,410,000	262,448	64,959	33,577	1,770,984
Total Expenses	\$ 2,102,444	\$ 295,213	\$ 64,959	\$ 300,098	\$ 2,762,714

2015

	Federal/State Share	Private Sector Share	In-Kind Contributions	Indirect	2015 Total
Expenses					
Personnel	\$ 560,538	\$ 14,534	\$ -	\$ 195,732	\$ 770,804
Fringe Benefits	129,189	-	-	31,342	160,531
Travel	12,243	-	-	645	12,888
Consumables	53,821	16,279	-	14,887	84,987
Contractual	8,543	675	-	5,213	14,431
Space Costs	-	5,694	-	17,712	23,406
Other	1,429,367	264,518	83,011	27,814	1,804,710
Total Expenses	\$ 2,193,701	\$ 301,700	\$ 83,011	\$ 293,345	\$ 2,871,757

See Notes to Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SOUTH CENTRAL COMMUNITY ACTION PARTNERSHIP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying summary of the South Central Community Action Partnership, Inc.'s (the Organization) more significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. The accounting policies of the South Central Community Action Partnership, Inc. conform to generally accepted accounting principles. These policies, as presented, should be reviewed as an integral part of the accompanying financial statements.

NATURE OF THE ORGANIZATION

The Organization is a non-profit organization incorporated under the laws of the State of Idaho for the purpose of providing a wide range of services in an effort to improve the quality of life for people with an economic disadvantage.

BASIS OF ACCOUNTING

The consolidated financial statements of South Central Community Action Partnership, Inc. have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of South Central Community Action Partnership and its wholly owned subsidiary, Home Energy Management. All material intercompany transactions have been eliminated in consolidation.

CASH AND CASH EQUIVALENTS

For purposes of the Consolidated Statement of Cash Flows, the Organization considers all unrestricted highly- liquid investments with an initial maturity of three months or less to be cash equivalents. As of December 31, 2016 and 2015, the Organization had no cash equivalents.

ASSETS, LIABILITIES AND NET ASSETS

The summary of significant accounting policies discloses the valuation basis and significant or unusual accounting treatment for material account balances. Further detailed notes for assets, liabilities and net assets are presented in subsequent notes.

ASSETS

Cash – The Organization maintains a general bank account into which funds are deposited. At the end of each day, balances in excess of \$250,000 are automatically swept into interest-bearing repurchase agreements. The amounts are secured for the full amount by the banking repurchase agreements. The securities are direct obligations of or guaranteed by the United States, its agencies or instrumentalities. They have a current market value equal to or greater than the principal amount of the transaction.

Due From Other Agencies, State or Federal Government – Grant or contract amounts awarded for organizational use that are not drawn upon at December 31, 2016 and 2015.

SOUTH CENTRAL COMMUNITY ACTION PARTNERSHIP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-continued

Fixed Assets – Fixed assets are recorded at cost or, if donated, at the approximate fair value at the date of donation. The Organization considers property and equipment to be items with a cost of \$5,000 or more and a useful life over one year.

Depreciation is determined by the straight-line method over an asset's estimated useful life. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any remaining gain or loss is included in the consolidated statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives to the respective assets are expensed currently.

Fixed assets acquired are owned by South Central Community Action Partnership while used in the programs for which they were purchased or in other future authorized programs. However, the various funding sources have a reversionary interest in the fixed assets purchased with grant funds; therefore the disposition of fixed assets, as well as the ownership of any proceeds therefrom, are subject to funding source regulations.

LIABILITIES

Deferred Revenues – Grant funds not expended are shown as deferred revenues. Revenues are recognized from grants when expenditures are incurred.

NET ASSETS

Display of Net Assets – The Organization has provided the disclosure and display requirements of the Financial Accounting Standard Codification (ASC) as set forth in ASC 958 "Financial Statements of Not-for Profit Organizations". Accordingly, the net assets of the Organization are reported in each of the following three classes: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Under these provisions, net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Display of Net Assets-continued

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time. The Organization had temporarily restricted net assets at December 31, 2016 and 2015.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that the Organization maintains permanently. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes. The Organization had no permanently restricted net assets at December 31, 2016 and 2015.

SOUTH CENTRAL COMMUNITY ACTION PARTNERSHIP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-continued

DONATED ASSETS

Donated assets and services are reflected as non-federal contributions based on the fair market value of such assets or services. These assets and services are presented in the statements to disclose community participation and matching requirements of federal programs.

COST ALLOCATION

Joint costs are allocated to benefiting programs using various allocation methods depending on the type of joint cost being allocated. Joint costs are cost incurred for the common benefit of more than one program which cannot be readily identified with a final cost objective.

TAX STATUS AND NATURE OF THE CORPORATION

South Central Community Action Partnership, Inc. is a non-profit Corporation exempt from federal income tax under Section 501(c) (3).

The Organization files a consolidated 990 tax return with Home Energy Management whose net income is subject to the unrelated business tax on for 990-T. The Organization paid \$1,066 in 2016 for the tax due on the 2015 return and \$5,710 in 2015 for the 2014 tax return.

The Organization believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

RESTRICTED AND UNRESTRICTED REVENUE AND SUPPORT

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

All grants, except for expenditure reimbursements grants are recognized as income when the grantor agency agrees to provide the funds to the Organization. Expenditure reimbursement grants are recognized as income when the related expenditures are made. As of December 31, 2016 and 2015, grants receivable in the amount of \$330,524 and \$234,978 respectively were recognized as revenue due to request made for grant monies expensed during the years.

SOUTH CENTRAL COMMUNITY ACTION PARTNERSHIP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-continued

CUSTODIAL CREDIT RISK

For deposits and investments, custodial credit risk is the risk that, in the event of the failure of the counterpart, the Organization will not be able to recover the value of its deposits, investments or collateral securities that are in the possession of an outside party. The Organization does not have a policy for custodial credit risk outside of the deposit and investment agreements.

CONCENTRATIONS OF CREDIT RISK

Financial instruments that subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents and grants receivable. The Organization does not require collateral to support financial instruments.

The Organization maintains its cash balances in one financial institution located in Twin Falls, Idaho. At times, these deposits exceeded the Federal Deposit Insurance Corporation (FDIC) coverage.

USE OF ESTIMATES

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of program and administration service activities have been summarized on a functional basis in the statements of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and administration services benefited.

EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through May 17, 2017, the date which the consolidated financial statements were available to be issued.

NOTE 2 – ECONOMIC DEPENDENCY

The Organization's primary sources of revenue are Community Service Block Grant (CSBG), Low Income Home Energy Assistance Program (LIHEAP), Department of Energy, Department of Housing & Urban Development and the United States Department of Agriculture. These are federal funds passed through Community Action Partnership Association of Idaho, Inc., and the Idaho Department of Health and Welfare and Idaho Housing and Finance. Continued operations are contingent upon future funding. Use of these funds is subject to the administrative directives, rules and regulations related to the contract with the Idaho Department of Health and Welfare. These programs are subject to change by an act of Congress or administrative changes mandated by the U.S. Department of Health and Human Services. Contracts from CAPAI are in place for CSBG and LIHEAP through September 30, 2018, DOE through March 31, 2017, and USDA through September 30, 2017.

SOUTH CENTRAL COMMUNITY ACTION PARTNERSHIP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

NOTE 3 - LEASES

The Organization leases various facilities and office equipment for administration purposes and programs, as well as for commodity programs and weatherization inventories. These are operating leases which are renewed as the leases expire.

Future minimum lease payments under the leases are as follows:

Year Ending December 31:	
2017	\$ 8,445
2018	1,188
2019	1,188
2020	1,188
2021	396
Total	<u>\$ 12,405</u>

NOTE 4 - COMMODITY FOOD

South Central Community Action Partnership, Inc. receives commodity food from the State of Idaho Department of Health and Welfare for distribution to low income households. Food distributed during the years ended December 31, 2016 and 2015 was as follows:

	2016	2015
Baking Mix	\$ -	\$ 23,424
Beans	2,803	5,630
Carrots	5,605	-
Cereal	4,147	4,506
Cheese	36,927	-
Corn	2,899	-
Chicken, Turkey and Fish	72,309	36,029
Fruit	119,138	58,920
Fruit and Nuts	12,589	-
Juice	28,948	44,318
Milk	19,253	22,003
Pasta	6,818	14,521
Peanut Butter	14,875	13,363
Pork	22,630	21,885
Potatoes	5,427	9,856
Rice	-	3,101
Stew, Beef	-	13,107
Tomatoes/Spagetti Sauce	6,521	11,778
Total	<u>\$ 360,889</u>	<u>\$282,441</u>

SOUTH CENTRAL COMMUNITY ACTION PARTNERSHIP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

NOTE 4 - COMMODITY FOOD-continued

The estimated value of remaining food commodities at December 31, 2016 and 2015 were \$251,439 and \$170,209 respectively.

NOTE 5 – WEATHERIZATION INVENTORIES

Purchases of weatherization supplies and materials to be used to weatherize homes are recognized in accordance with grantor policies as expenses in all programs during the current period. Amounts purchased but not yet installed totaled \$71,308 at December 31, 2016 and \$82,553 at December 31, 2015.

NOTE 6 – LAND HELD FOR RESALE

Parcels of land have been purchased for the self-help housing program and will be sold to low income families when they have received a loan from USDA Rural Development to build a house on the land. The amount of land held for sale is \$487,200 at December 31, 2016 and \$785,200 at December 31, 2015.

NOTE 7 – SELF HELP FAMILY ACCOUNTS

For the year ended December 31, 2016 as part of the audit testing, we tested the Self-Help Family Accounts. Part of the responsibilities of the Organization, as a Self-Help grantee, is to manage the loan funds of all the participating families and report monthly activity to the families. The Organization draws funds from the loans and purchases all the materials and sub-contractors, as needed, to build the homes. The testing included reviewing the agreements and tracing the ending balances to supporting documentation and agreements. We also verified any activity during the 2016 calendar year by tracing to supporting documentation. We did not have any issues or concerns from testing the Self-Help Family Accounts.

NOTE 8 – FIXED ASSETS

Land, Building and Equipment are summarized as follows:

	<u>12/31/2015</u>	<u>Additions</u>	<u>Disposals</u>	<u>Accumulated Depreciation</u>	<u>12/31/2016</u>
Land	\$ 234,223	\$ -	\$ -	\$ -	\$ 234,223
Buildings	1,412,215	-	-	-	1,412,215
Equipment	654,404	-	-	-	654,404
HEM	8,948	-	-	-	8,948
Accum. Deprec.	(1,083,314)	-	-	(102,426)	(1,185,740)
Total	<u>\$ 1,226,476</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (102,426)</u>	<u>\$ 1,124,050</u>

SOUTH CENTRAL COMMUNITY ACTION PARTNERSHIP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

NOTE 9 – LONG-TERM DEBT

The Organization constructed a new building for the purposes of consolidating all the programs into one centralized location. The total cost of the construction as well as furnishing the building with office furniture and fixtures amounted to approximately \$1,000,000. The Organization financed this project with a \$500,000 grant from the Idaho Community Development Block Grant through Twin Falls County, a \$300,000 loan from the United States Department of Agriculture, and a \$200,000 loan from Wells Fargo Bank.

The USDA note is a 30 year amortization paid monthly. The interest rate on the note is 4.25%. The loan was paid in full in 2016.

Maturities for Long-Term debt are as follows:

	<u>SHOP-09</u>	<u>SHOP-10</u>	<u>SHOP-12</u>	<u>RON PIERCE</u>	<u>TOTAL</u>
2017	\$ -	\$ -	\$ -	\$ 243,600	\$ 243,600
2021-2025	<u>150,000</u>	<u>375,000</u>	<u>240,000</u>	<u>-</u>	<u>765,000</u>
Total	<u>\$ 150,000</u>	<u>\$ 375,000</u>	<u>\$ 240,000</u>	<u>\$ 243,600</u>	<u>\$ 1,008,600</u>

In 2012, 2013, 2014 and 2015, the Organization received Self-Help Homeownership Opportunity Program (SHOP) funds for \$150,000, 105,000, 165,000 and \$345,000 respectively to purchase land for the Self-Help Housing Opportunity Program. The funds were used to purchase 37 lots in Kimberly, Idaho and 14 lots in Filer Idaho. At year end the Organization has recorded a liability for these funds.

The Self-Help Homeownership Opportunity Program (SHOP) funds of \$765,000 do not accrue interest and no monthly payments are required. When SHOP funded lots are sold, the funds are available for future land purchases and thus are revolved. The payable is forgiven 10 years from the date of commitment. The 14 lots in Filer Idaho were purchased from Ron Pierce for \$487,200. One half of the purchase price (\$243,600) was paid at purchase. When the lots are fully developed and “build ready”, \$243,600 becomes due and payable. This amount was paid in January 2017.

During the year ended December 31, 2016, the following changes occurred in long-term debt:

	<u>Balance 01/01/16</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Balance 12/31/16</u>
USDA	\$ 48,227		\$ (48,227)	\$ -
Shop-09	150,000			150,000
Shop-10	375,000	-		375,000
Shop-12	240,000	-	-	240,000
Ron Pierce	243,600	-	-	243,600
	<u>\$ 1,056,827</u>	<u>\$ -</u>	<u>\$ (48,227)</u>	<u>\$ 1,008,600</u>

SUPPLEMENTARY INFORMATION

SOUTH CENTRAL COMMUNITY ACTION PARTNERSHIP, INC./HOME ENERGY MANAGEMENT, INC.
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2016

Assets	South Central Community Action Partnership	Home Energy Management	Eliminations	Total
Current Assets				
Cash	\$ 312,841	\$ 214,644	\$ -	\$ 527,485
Cash-Restricted	593,992			593,992
Accounts Receivable	339,634	6,800	-	346,434
Loan Receivable	140,611	-	-	140,611
Due From Federal and State Governments	1,879,791	-	-	1,879,791
Prepaid Expenses	-	1,939	-	1,939
Note Receivable - Home Energy Management	-	-	-	-
Land Held for Resale	487,200	-	-	487,200
Other Current Assets	322,747	2,333	-	325,080
Total Current Assets	4,076,816	225,716	-	4,302,532
Non-Current Assets				
Loan Receivable	24,798	-	-	24,798
Total Non-Current Assets	24,798	-	-	24,798
Fixed Assets				
Fixed Assets, net	1,120,112	3,938	-	1,124,050
Total Fixed Assets	1,120,112	3,938	-	1,124,050
Total Assets	\$ 5,221,726	\$ 229,654	\$ -	\$ 5,451,380
Liabilities and Net Assets				
Current Liabilities				
Accounts Payable	\$ 137,250	\$ 8,418	\$ -	\$ 145,668
Accrued Expenses	96,512	1,264	-	97,776
Funds Held in Trust	97,390			97,390
Current Portion of Long-Term Debt	243,600	-	-	243,600
Deferred Grant and Contract Revenue	2,023,516	-	-	2,023,516
Total Current Liabilities	2,598,268	9,682	-	\$ 2,607,950
Long-Term Liabilities				
Mortgage Payable, Less Current Portion	765,000	-	-	765,000
Total Long-Term Liabilities	765,000	-	-	765,000
Total Liabilities	3,363,268	9,682	-	3,372,950
Net Assets				
Unrestricted	782,634	219,972	-	1,002,606
Temporarily Restricted	1,075,824	-	-	1,075,824
Total Net Assets	1,858,458	219,972	-	2,078,430
Total Liabilities and Net Assets	\$ 5,221,726	\$ 229,654	\$ -	\$ 5,451,380

See Notes to the Financial Statements

**SOUTH CENTRAL COMMUNITY ACTION PARTNERSHIP, INC./HOME ENERGY MANAGEMENT, INC.
CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	South Central Community Action Partnership	Home Energy Management	Eliminations	Total
<u>SUPPORT AND REVENUE</u>				
Support				
Contributions and Other	\$ 130,574	\$ -	\$ (5,605)	\$ 124,969
Grant Income	2,571,666	-	-	2,571,666
In-Kind Materials and Labor	64,959	-	-	64,959
Mutual Self Help	1,142,061	-	-	1,142,061
Service Income - Home Energy Management	-	375,327	-	375,327
Total Support	3,909,260	375,327	(5,605)	4,278,982
TOTAL SUPPORT AND REVENUE	3,909,260	375,327	(5,605)	4,278,982
<u>EXPENSES</u>				
Program Support and Service	2,397,657	-	-	2,397,657
Indirect	300,098	-	-	300,098
In-Kind Program Expenses	64,959	-	-	64,959
Home Energy Management	-	350,584	(5,605)	344,979
Mutual Self Help-Construction Costs	1,142,061	-	-	1,142,061
Total Program Expenditures	3,904,775	350,584	(5,605)	4,249,754
Management & General	1,785	-	-	1,785
Total Expenses	3,906,560	350,584	(5,605)	4,251,539
CHANGE IN NET ASSETS	2,700	24,743	-	27,443
Net Assets, January 1, 2016	1,855,758	195,229	-	2,050,987
Net Assets, December 31, 2016	\$ 1,858,458	\$ 219,972	\$ -	\$ 2,078,430

See Notes to the Financial Statements

SCHEDULES OF PROGRAM EXPENDITURES

SOUTH CENTRAL COMMUNITY ACTION PARTNERSHIP, INC.
STATEMENT OF PROGRAM EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2016

	Community Action Partnership Association of Idaho	Idaho Housing & Finance Association	Other Federal Funding Sources	Other Funding Sources	Total
Expenditures					
Grant Share Direct Costs					
Personnel	\$ 319,530	\$ 28,060	\$ 172,485	\$ -	\$ 520,075
Fringe Benefits	81,999	-	43,614	-	125,613
Travel	4,457	-	5,076	-	9,533
Consumables	18,765	6,326	3,634	-	28,725
Contractual	5,051	-	3,447	-	8,498
Indirect expenses	196,318	6,274	34,869	60,237	297,698
Other	1,184,280	149,072	76,259	162,549	1,572,160
Total Direct Costs	<u>1,810,400</u>	<u>189,732</u>	<u>339,384</u>	<u>222,786</u>	<u>2,562,302</u>
Private Sector Share Cash Expenditures					
Program Expenses					
Salaries	19,769	8,700	-	-	28,469
Other	9,296	23,343	11,202	6,574	50,415
Consumables	3,355	389	254	19	4,017
Space	-	-	280	-	280
Indirect expenses	1,916	-	-	873	2,789
Client Assistance	49,483	-	-	-	49,483
Total Cash Expenditures	<u>83,819</u>	<u>32,432</u>	<u>11,736</u>	<u>7,466</u>	<u>135,453</u>
In-Kind Contributions					
Other	64,959	-	-	-	64,959
Total In-Kind Contributions	<u>64,959</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>64,959</u>
Total Private Sector Cash & In-Kind Contributions	<u>148,778</u>	<u>32,432</u>	<u>11,736</u>	<u>7,466</u>	<u>200,412</u>
Total Expenditures	<u>\$ 1,959,178</u>	<u>\$ 222,164</u>	<u>\$ 351,120</u>	<u>\$ 230,252</u>	<u>\$ 2,762,714</u>

See Notes to Financial Statements

PASSED THROUGH COMMUNITY ACTION PARTNERSHIP OF IDAHO

**SOUTH CENTRAL COMMUNITY ACTION PARTNERSHIP, INC.
PASSED THROUGH COMMUNITY ACTION PARTNERSHIP ASSOCIATION OF IDAHO
STATEMENT OF PROGRAM EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2016**

<u>CONTRACT NAME</u>	Community Service Block Grant	Community Service Block Grant	U. S. Department of Agriculture	U. S. Department of Agriculture	Bonniville Power Administration
CONTRACT NUMBER	<u>CSBG-416</u>	<u>CSBG 415</u>	<u>TEFAP 16-416</u>	<u>TEFAP 17-417</u>	<u>BPA-416</u>
CONTRACT PERIOD	<u>1/1/16- 12/31/2016</u>	<u>1/1/16- 9/30/2016</u>	<u>1/1/16- 9/30/2016</u>	<u>10/1/16- 12/31/2014</u>	<u>1/1/16- 9/30/2016</u>
Expenditures					
State Contract Share					
<u>Direct Costs</u>					
Salaries	\$ 109,006	\$ 108,763	\$ 11,107	\$ 2,653	\$ -
Fringe Benefits	26,808	34,288	2,154	568	-
Consultants	1,706	-	-	-	-
Travel	937	1,258	590	820	-
Space	10,827	9,127	7,863	1,852	-
Consumables	4,869	3,314	529	912	-
Other	7,323	607	1,058	2,964	-
Training	4,235	3,148	-	-	23,207
Support-Labor	-	-	-	-	46,228
Support-Other	-	-	-	-	11,750
Materials	-	-	-	-	60,901
Liability	-	-	-	-	1,887
Leveraging	-	-	-	-	-
Health & Safety	-	-	-	-	-
Indirect expenses	45,839	45,584	-	-	14,396
Client Assistance	-	-	-	-	-
Total Direct Costs	<u>211,550</u>	<u>206,089</u>	<u>23,301</u>	<u>9,769</u>	<u>158,369</u>
Grantee's Share					
Cash Expenditures					
<u>Program Expenses</u>					
Salaries	19,438	-	-	-	-
Other	7,787	-	-	-	-
Consumables	1,396	154	-	-	-
LOBBYING	-	-	-	-	-
Travel	826	-	-	-	-
Indirect expenses	-	-	-	-	-
Client Assistance	49,314	-	-	-	-
Total Cash Expenditures	<u>78,761</u>	<u>154</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>In-Kind Contributions</u>					
Client Assistance	64,959	-	-	-	-
Total In-Kind Contributions	<u>64,959</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Grantee's Share	<u>143,720</u>	<u>154</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>\$ 355,270</u>	<u>\$ 206,243</u>	<u>\$ 23,301</u>	<u>\$ 9,769</u>	<u>\$ 158,369</u>

See Notes to Financial Statements

Low Income Home Energy Assist Prog	Low Income Home Energy Assist Prog	Low Income Home Energy Assist Prog	Department of Energy	Department of Energy	LIHEAP Weatherization Program	LIHEAP Weatherization Program	Total
<u>EA-415</u>	<u>EA-416</u>	<u>EA-417</u>	<u>DOE-416</u>	<u>DOE-415</u>	<u>LPW-416</u>	<u>LPW-415</u>	
<u>1/1/16-9/30/2016</u>	<u>1/1/16-12/31/2016</u>	<u>10/1/16-12/31/2016</u>	<u>7/1/16-12/31/2016</u>	<u>1/1/16-3/31/2016</u>	<u>1/1/16-12/31/2016</u>	<u>1/1/16-9/30/2016</u>	
\$ 43,635	\$ 44,366	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 319,530
10,060	8,121	-	-	-	-	-	81,999
721	-	-	2,624	-	-	-	5,051
340	512	-	-	-	-	-	4,457
10,886	2,316	-	-	-	-	-	42,871
6,248	2,893	-	-	-	-	-	18,765
2,493	1,876	-	-	-	-	-	16,321
6,291	2,473	-	11,149	17,891	-	-	68,394
-	-	-	9,264	10,112	155,544	235,144	456,292
-	-	-	7,243	7,312	88,901	90,104	205,310
-	-	-	10,196	26,042	32,909	134,983	265,031
-	-	-	5,905	-	-	-	7,792
-	-	-	200	679	-	-	879
-	-	-	5,225	8,665	-	-	13,890
16,550	8,222	525	6,030	8,790	15,677	34,705	196,318
53,255	13,084	5,253	-	-	-	35,908	107,500
150,479	83,863	5,778	57,836	79,491	293,031	530,844	1,810,400
-	-	-	331	-	-	-	19,769
-	-	-	56	-	-	-	7,843
-	-	-	1,805	-	-	-	3,355
-	-	-	627	-	-	-	627
-	-	-	-	-	-	-	826
1,916	-	-	-	-	-	-	1,916
169	-	-	-	-	-	-	49,483
2,085	-	-	2,819	-	-	-	83,819
-	-	-	-	-	-	-	64,959
-	-	-	-	-	-	-	64,959
2,085	-	-	2,819	-	-	-	148,778
\$ 152,564	\$ 83,863	\$ 5,778	\$ 60,655	\$ 79,491	\$ 293,031	\$ 530,844	\$ 1,959,178

See Notes to Financial Statements

PASSED THROUGH THE IDAHO HOUSING AND FINANCE ASSOCIATION

**SOUTH CENTRAL COMMUNITY ACTION PARTNERSHIP, INC.
PASSED THROUGH THE IDAHO HOUSING AND FINANCE ASSOCIATION
STATEMENT OF PROGRAM EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	ESG Emergency Services Grant	ESG Emergency Services Grant	Home Foundation Dedicated Fund	Continium of Care	Continium of Care
	<u>16-25</u> 10/1/16- 12/31/2016	<u>15-20</u> 10/1/16- 9/30/2016	1/1/16- 3/31/2016	<u>14-65</u> 1/1/16- 9/30/2016	<u>14-66</u> 1/1/16- 9/30/2016
Expenditures					
Grant/Federal Share Direct Costs					
Salaries	\$ -	\$ -	\$ -	\$ 5,202	\$ 11,010
Consumables	-	-	-	-	-
Operations	-	-	-	-	-
Rent/Mortgage Assistance	5,803	13,185	-	18,488	47,932
Utility Assistance	367	427	-	2,579	3,360
Indirect Costs	135	-	-	879	2,512
Total Expenditures	6,305	13,612	-	27,148	64,814
Grantee's Share					
Cash Expenditures					
<u>Program Expenses</u>					
Salaries	-	-	-	-	-
Travel	-	-	-	-	-
Space	-	-	-	-	-
Consumables	-	-	-	-	-
Other	-	-	-	-	-
Total Cash Expenditures	-	-	-	-	-
Total	\$ 6,305	\$ 13,612	\$ -	\$ 27,148	\$ 64,814

See Notes to Financial Statements

Continium of Care	Continium of Care	Continium of Care	Poplar Duplex Operating Funds	Total
<u>15-65</u>	<u>15-66</u>	<u>14-23</u>		
10/1/16- 12/31/2016	10/1/16- 12/31/2016	1/1/16- 5/31/2016		
\$ 1,417	\$ 10,431	\$ -	\$ -	\$ 28,060
2,088	4,238	-	-	6,326
-	-	18,852	-	18,852
4,836	32,061	-	-	122,305
200	982	-	-	7,915
261	1,696	791	-	6,274
<u>8,802</u>	<u>49,408</u>	<u>19,643</u>	<u>-</u>	<u>189,732</u>
-	-	8,700	-	8,700
-	-	1,009	8	1,017
-	-	16,100	1,984	18,084
-	-	389	-	389
-	-	3,691	551	4,242
-	-	29,889	2,543	32,432
<u>\$ 8,802</u>	<u>\$ 49,408</u>	<u>\$ 49,532</u>	<u>\$ 2,543</u>	<u>\$ 222,164</u>

See Notes to Financial Statements

OTHER FEDERAL FUNDING SOURCES

SOUTH CENTRAL COMMUNITY ACTION PARTNERSHIP, INC.
OTHER FEDERAL FUNDING SOURCES
STATEMENT OF PROGRAM EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2016

	VA Supportive Services for Veteran Families <u>14ID193 #3</u> 1/1/16- <u>10/31/2016</u>	VA Supportive Services for Veteran Families <u>14ID193 #4</u> 1/1/16- <u>12/31/2016</u>	USDA Rural Development Mutual Self-Help <u>14</u> 1/1/16- <u>12/31/2016</u>	Total
Expenditures				
Grant/Federal Share Direct Costs				
Salaries	\$ 53,528	\$ 6,870	\$ 112,087	\$ 172,485
Fringe Benefits	11,017	1,296	31,301	43,614
Space	-	-	1,492	1,492
Training	2,871	-	74	2,945
Rent/Mortgage Assistance	44,552	8,263	-	52,815
Indirect Costs	13,063	2,142	19,664	34,869
Travel	-	-	5,076	5,076
Contracts	-	-	3,447	3,447
Consumables	829	-	2,805	3,634
Utilities Assistance	5,808	352	-	6,160
Temporary Shelter	2,362	-	-	2,362
Other	3,337	920	6,228	10,485
Total Direct Costs	137,367	19,843	182,174	339,384
Grantee's Share				
Cash Expenditures				
<u>Program Expenses</u>				
Space	-	-	280	280
Consumables	-	-	254	254
Other	-	-	11,202	11,202
Total Cash Expenditures	-	-	11,736	11,736
Documents Match	-	-	-	-
Total Expenditures	\$ 137,367	\$ 19,843	\$ 193,910	\$ 351,120

See Notes to Financial Statements

OTHER FUNDING SOURCES

SOUTH CENTRAL COMMUNITY ACTION PARTNERSHIP, INC.
OTHER FUNDING SOURCES
STATEMENT OF PROGRAM EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2016

	Idaho Power Company-2016 <u>1/1/16-</u> <u>12/31/2016</u>	Idaho Energy Authority 2015-2017 <u>1/1/16-</u> <u>12/31/2016</u>	Fund Development	Total
Expenditures				
Grant Share Direct Costs				
Support-Labor	\$ 58,568	\$ 3,221	\$ -	\$ 61,789
Support-Other	13,965	-	-	13,965
Materials	78,340	2,035	2,318	82,693
Other	-	-	4,102	4,102
Indirect Costs	59,843	394	-	60,237
Total Expenditures	<u>210,716</u>	<u>5,650</u>	<u>6,420</u>	<u>222,786</u>
Grantee's Share				
Cash Expenditures				
<u>Program Expenses</u>				
Other	-	-	129	129
Consumables	-	-	19	19
Fund Raising	-	-	6,445	6,445
Indirect expenses	-	-	873	873
Total Cash Expenditures	<u>-</u>	<u>-</u>	<u>7,466</u>	<u>7,466</u>
Total	<u>\$ 210,716</u>	<u>\$ 5,650</u>	<u>\$ 13,886</u>	<u>\$ 230,252</u>

INDIRECT COSTS

SOUTH CENTRAL COMMUNITY ACTION PARTNERSHIP, INC.
INDIRECT COSTS
STATEMENT OF PROGRAM EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>1/1/16-</u> <u>12/31/2016</u>
<i>Expenditures</i>	
Salaries	\$ 202,703
Fringe Benefits	32,889
Contracts	4,002
Training	11,450
Travel	626
Board Expense	6,280
Space	11,979
Consumables	14,322
Telephone	10,150
Other	5,697
Total Expenditures	<u>\$ 300,098</u>

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
South Central Community Action Partnership, Inc.
Twin Falls, Idaho 83301

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the consolidated financial statements of South Central Community Action Partnership, Inc. (a nonprofit organization) which comprise the consolidated statement of financial position as of December 31, 2016, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended , and the related notes to the financial statements, and have issued our report thereon dated May 17, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered South Central Community Action Partnership, Inc.’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of South Central Community Action Partnership, Inc.’s internal control. Accordingly, we do not express an opinion on the effectiveness of South Central Community Action Partnership, Inc.’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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether South Central Community Action Partnership, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sincerely,

Mahlke Hunsaker & Co.

MAHLKE HUNSAKER & COMPANY, pllc
Twin Falls, Idaho

May 17, 2017

SOUTH CENTRAL COMMUNITY ACTION PARTNERSHIP, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED
DECEMBER 31, 2016

<u>Agency or Department</u>	<u>Grant</u>	<u>Pass-through Contract Number</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
Department of Agriculture	Rural Self-Help Housing Technical Assistance	14	10.420	\$ 196,025 <u>196,025</u>
Veterans Administration	Supportive Services for Veteran Families	SSVF	64.033	<u>157,210</u> 157,210
Total Direct Awards				353,235
Department of Agriculture	Passed Through Community Action Partnership of Idaho			
	Temporary Emergency Food Assistance Program	TEFAP 16-416	10.568	23,301
	Temporary Emergency Food Assistance Program	TEFAP 17-417	10.568	<u>9,769</u>
	Total Department of Agriculture			33,070
Department of Health & Human Services	Passed Through Community Action Partnership of Idaho			
	Community Services Block Grant	CSBG 15-415	93.569	206,089
	Community Services Block Grant	CSBG 16-416	93.569	<u>211,551</u>
				417,640
	Low-Income Home Energy Assistance	LIHEAP 15-415	93.568	150,479
	Low-Income Home Energy Assistance	LIHEAP 16-416	93.568	83,863
	Low-Income Home Energy Assistance	LIHEAP 17-417	93.568	5,778
	Low-Income Home Energy Assistance	LPW 15-415	93.568	530,844
	Low-Income Home Energy Assistance	LPW 16-416	93.568	<u>293,030</u>
				1,063,994
	Total Department of Health & Human Services			1,481,634
Department of Energy	Passed Through Community Action Partnership of Idaho			
	Weatherization Assistance for Low Income Persons	DOE 15-415	81.042	79,491
	Weatherization Assistance for Low Income Persons	DOE 16-416	81.042	<u>57,836</u>
	Total Department of Energy			137,327
Department of Housing & Urban Development	Passed Through Idaho Housing and Finance Association			
	Emergency Shelter Grants Program	ESG 15-20	14.231	13,612
	Emergency Shelter Grants Program	ESG 16-25	14.231	<u>6,305</u>
				19,917
	Continuum of Care	COC 14-65	14.267	27,149
	Continuum of Care	COC 15-65	14.267	8,802
	Continuum of Care	COC 14-66	14.267	64,814
	Continuum of Care	COC 15-66	14.267	49,408
	Supportive Housing Program	COC 14-23	14.267	<u>19,643</u>
				169,816
	Total Department of Housing & Urban Development			<u>189,733</u>
	Total Federal Sources			<u>\$ 2,194,999</u>

See Notes to Schedule of Expenditures of Federal Awards.

SOUTH CENTRAL COMMUNITY ACTION PARTNERSHIP, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2016

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of South Central Community Action Partnership, Inc. and is presented on the accrual basis of accounting. 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). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the consolidated financial statements.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors
South Central Community Action Partnership, Inc.
Twin Falls, Idaho 83301

Report on Compliance for Each Major Federal Program

We have audited South Central Community Action Partnership, Inc.'s (a non-profit organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of South Central Community Action Partnership, Inc.'s major federal programs for the year ended December 31, 2016. South Central Community Action Partnership, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management 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 South Central Community Action Partnership, Inc.'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 of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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 South Central Community Action Partnership, Inc.'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 of South Central Community Action Partnership, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, South Central Community Action Partnership, Inc. 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, 2016.

Report on Internal Control Over Compliance

Management of South Central Community Action Partnership, Inc. 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 South Central Community Action Partnership, Inc.'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 the 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 South Central Community Action Partnership, Inc.'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 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. 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Sincerely,

Mahlke Hunsaker & Co.

MAHLKE HUNSAKER & COMPANY, pllc
Twin Falls, Idaho
May 17, 2017

**SOUTH CENTRAL COMMUNITY ACTION PARTNERSHIP, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2016**

Section I---Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: *unmodified*

Internal control over financial reporting:

* Material weakness identified? _____yes x no

* Significant deficiency identified
that are not considered to be
a material weakness? _____yes x none reported

Noncompliance material to financial
statements noted? _____yes x no

Federal Awards

Internal control over major programs:

* Material weakness identified? _____yes x no

* Significant deficiency identified
that are not considered to be
a material weakness? _____yes x none reported

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 the Uniform Guidance 2 CFR 200.516? _____yes x no

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

93.568

Low Income Home Energy Assistance

Dollar threshold used to distinguish
between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? _____yes X no

**SOUTH CENTRAL COMMUNITY ACTION PARTNERSHIP, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Section II -- Financial Statement Findings

None

Section III -- Federal Award Findings and Questioned Costs

None

**SOUTH CENTRAL COMMUNITY ACTION PARTNERSHIP, INC.
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2016**

No findings reported in the prior year.