

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

**TWIN FALLS, IDAHO
CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
DECEMBER 31, 2017 AND 2016**

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, 2017 and 2016, 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, 2017 and 2016, 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 14, 2018 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 14, 2018

SOUTH CENTRAL COMMUNITY ACTION PARTNERSHIP, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2017 AND 2016

	2017	2016
Assets		
Current Assets		
Cash	\$ 707,244	\$ 527,485
Cash-Restricted	477,990	593,992
Accounts Receivable	398,434	346,434
Loan Receivable	744,593	140,611
Due From Federal and State Governments	2,280,173	1,879,791
Prepaid Expenses	1,410	1,939
Land Held for Resale	252,000	487,200
Other Current Assets	221,420	325,080
Total Current Assets	5,083,264	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	1,022,396	1,124,050
Total Fixed Assets	1,022,396	1,124,050
 Total Assets	 \$ 6,130,458	 \$ 5,451,380
 Liabilities and Net Assets		
Current Liabilities		
Accounts Payable	\$ 246,935	\$ 145,668
Accrued Expenses	111,682	97,776
Funds Held in Trust	29,388	97,390
Current Portion of Long-Term Debt	-	243,600
Deferred Grant and Contract Revenue	3,022,592	2,023,516
Total Current Liabilities	3,410,597	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	 4,175,597	 3,372,950
 Net Assets		
Unrestricted	1,025,733	1,002,606
Temporarily Restricted	929,128	1,075,824
Total Net Assets	1,954,861	2,078,430
 Total Liabilities and Net Assets	 \$ 6,130,458	 \$ 5,451,380

See Notes to Financial Statements.

SOUTH CENTRAL COMMUNITY ACTION PARTNERSHIP, INC.
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2017 Total</u>	<u>2016 Total</u>
<u>SUPPORT AND REVENUE</u>				
Support				
Contributions and Other	\$ 42,548	\$ 147,075	\$ 189,623	\$ 130,574
Grant Income	-	4,059,537	4,059,537	3,713,727
In-Kind Materials and Labor	-	100,497	100,497	64,959
Service Income - Home Energy Management	371,670	-	371,670	375,327
Total Support	<u>414,218</u>	<u>4,307,109</u>	<u>4,721,327</u>	<u>4,284,587</u>
Net Assets Released from Restrictions	4,453,805	(4,453,805)	-	-
Total Revenue and Gains (Losses)	<u>4,453,805</u>	<u>(4,453,805)</u>	<u>-</u>	<u>-</u>
TOTAL SUPPORT AND REVENUE	4,868,023	(146,696)	4,721,327	4,284,587
<u>EXPENSES</u>				
Program Support and Service	2,420,590	-	2,420,590	2,397,657
Indirect Costs	282,507	-	282,507	300,098
In-Kind Program Expenses	100,497	-	100,497	64,959
Home Energy Management	352,923	-	352,923	350,584
Mutual Self Help	1,478,764	-	1,478,764	1,142,061
Total Program Activities	<u>4,635,281</u>	<u>-</u>	<u>4,635,281</u>	<u>4,255,359</u>
Management & General	209,615	-	209,615	1,785
Total Expenses	<u>4,844,896</u>	<u>-</u>	<u>4,844,896</u>	<u>4,257,144</u>
CHANGE IN NET ASSETS	23,127	(146,696)	(123,569)	27,443
Net Assets, Beginning of Year	<u>1,002,606</u>	<u>1,075,824</u>	<u>2,078,430</u>	<u>2,050,987</u>
Net Assets, End of Year	<u>\$ 1,025,733</u>	<u>\$ 929,128</u>	<u>\$ 1,954,861</u>	<u>\$ 2,078,430</u>

See Notes to Financial Statements.

SOUTH CENTRAL COMMUNITY ACTION PARTNERSHIP, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
<i>Cash Flows From Operating Activities</i>		
Change in Net Assets	\$ (123,569)	\$ 27,443
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	101,655	102,426
Loss on Abandoned Assets	-	-
(Increase) Decrease in Cash-Restricted	116,002	(387,432)
(Increase) Decrease in Accounts Receivable	(52,000)	(3,049)
(Increase) Decrease in Loan Receivable	(603,982)	76,524
(Increase) Decrease in Due from Federal and State Government	(400,382)	(98,480)
(Increase) Decrease in Prepaid Expenses	528	940
(Increase) Decrease in Other Current Assets	103,660	(68,005)
Increase (Decrease) in Accounts Payable and Other Payables	33,265	3,717
Increase (Decrease) in Accrued Expenses	13,906	(20,372)
Increase (Decrease) in Deferred Revenue	999,076	(57,596)
	188,159	(423,884)
<i>Cash Flows From Financing Activities</i>		
Purchase of Fixed Assets	-	-
Purchase of Lots for Sale	-	-
Proceeds from Sale of Lots	235,200	298,000
Proceeds from Long-Term Borrowing	-	-
Principal Payments on Long-Term Debt	(243,600)	(48,227)
	(8,400)	249,773
Net Cash Provided (Used) By Operating Activities	188,159	(423,884)
Net Cash Provided (Used) By Financing Activities	(8,400)	249,773
Net Increase (Decrease) in Cash and Cash Equivalents	179,759	(174,111)
Cash and Cash Equivalents, Beginning of Year	527,485	701,596
Cash and Cash Equivalents, End of Year	\$ 707,244	\$ 527,485

Supplemental Disclosure:

Interest and income taxes paid during 2017 were \$0 and \$4,562 respectively.

Interest and income taxes paid during 2016 were \$2,964 and \$3,066 respectively.

SOUTH CENTRAL COMMUNITY ACTION PARTNERSHIP, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

2017

	Federal/State Share	Private Sector Share	In-Kind Contributions	Indirect	2017 Total
Expenses					
Personnel	\$ 536,812	\$ 28,914	\$ 14,401	\$ 192,663	\$ 772,790
Fringe Benefits	138,932	-	-	30,217	169,149
Travel	7,586	24	-	105	7,715
Consumables	32,740	12,838	730	12,770	59,078
Contractual	12,069	150	-	5,319	17,538
Space Costs	-	7,354	-	11,179	18,533
Other	1,401,289	241,882	85,366	30,254	1,758,791
Total Expenses	\$ 2,129,428	\$ 291,162	\$ 100,497	\$ 282,507	\$ 2,803,594

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

See Notes to Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SOUTH CENTRAL COMMUNITY ACTION PARTNERSHIP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

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. The Organization's affiliate is a for profit limited liability company Home Energy Management, L.L.C. (HEM).

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, 2017 and 2016, 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, 2017 and 2016.

SOUTH CENTRAL COMMUNITY ACTION PARTNERSHIP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

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:

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, 2017 and 2016.

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, 2017 and 2016.

SOUTH CENTRAL COMMUNITY ACTION PARTNERSHIP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

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 \$4,562 in 2017 for the tax due on the 2016 return and \$3,066 in 2016 for the 2015 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, 2017 and 2016, grants receivable in the amount of \$353,556 and \$330,524 respectively were recognized as revenue due to request made for grant monies expensed during those years.

SOUTH CENTRAL COMMUNITY ACTION PARTNERSHIP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

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 14, 2018, 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 (DOE), Department of Housing & Urban Development (HUD) and the United States Department of Agriculture (USDA). These are federal funds passed through Community Action Partnership Association of Idaho, Inc. (CAPAI), the Idaho Department of Health and Welfare and Idaho Housing and Finance Association. Continued operations are contingent upon future funding. Use of these funds is subject to the administrative directives, rules and regulations related to the contracts with the Idaho Department of Health and Welfare and Idaho Housing and Finance Association. 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, 2019, DOE through March 31, 2019, and USDA and Bonneville Power Association (BPA) through September 30, 2018. Contracts from Idaho Housing and Finance Association, Emergency Solutions Grant (ESG), and Rapid Rehousing are in place until September 30, 2018.

SOUTH CENTRAL COMMUNITY ACTION PARTNERSHIP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

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:	
2018	\$ 16,788
2019	16,788
2020	16,788
2021	15,996
2022	<u>15,600</u>
Total	<u>\$ 81,960</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, 2017 and 2016 was as follows:

	2017	2016
Baking Mix	\$ 23,134	\$ -
Beans	15,373	2,803
Carrots	-	5,605
Cereal	4,787	4,147
Cheese	-	36,927
Chicken, Turkey and Fish	84,716	72,309
Corn	1,886	2,899
Fruit	89,345	119,138
Fruit and Nuts	36,496	12,589
Juice	51,166	28,948
Milk	37,608	19,253
Pasta	8,041	6,818
Peanut Butter	14,362	14,875
Pork	14,526	22,630
Potatoes	9,399	5,427
Rice	8,822	-
Rolled Oats	5,686	-
Soup	9,818	-
Stew, Beef	13,792	-
Tomatoes/Spagetti Sauce	7,490	6,521
Total	<u>\$ 436,447</u>	<u>\$360,889</u>

SOUTH CENTRAL COMMUNITY ACTION PARTNERSHIP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 4 - COMMODITY FOOD-continued

The estimated value of remaining food commodities at December 31, 2017 and 2016 were \$141,426 and \$251,439 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 \$73,916 at December 31, 2017 and \$71,308 at December 31, 2016.

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 \$252,000 at December 31, 2017 and \$487,200 at December 31, 2016.

NOTE 7 – SELF HELP FAMILY ACCOUNTS

For the year ended December 31, 2017 as part of the audit testing, we tested the Self-Help Family Accounts. Part of the responsibilities of the Organization as a recipient of a Self Help Technical Assistance grant from USDA 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 2017 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>12/31/2016</u>	<u>Additions</u>	<u>Disposals</u>	<u>Accumulated Depreciation</u>	<u>12/31/2017</u>
Land	\$ 244,223	\$ -	\$ -	\$ -	\$ 244,223
Buildings	1,402,215	-	-	-	1,402,215
Equipment	654,404	-	-	-	654,404
HEM	8,948	-	-	-	8,948
Accum. Deprec.	(1,185,740)	-	-	(101,654)	(1,287,394)
Total	<u>\$ 1,124,050</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (101,654)</u>	<u>\$ 1,022,396</u>

SOUTH CENTRAL COMMUNITY ACTION PARTNERSHIP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 9 – LONG-TERM DEBT

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.

Maturities for Long-Term debt are as follows:

	<u>SHOP-09</u>	<u>SHOP-10</u>	<u>SHOP-12</u>	<u>TOTAL</u>
2022	\$ 150,000	\$ -	\$ -	\$ 150,000
2023	-	105,000	-	105,000
2024	-	165,000	-	165,000
2025	-	105,000	240,000	345,000
Total	<u>\$ 150,000</u>	<u>\$ 375,000</u>	<u>\$ 240,000</u>	<u>\$ 765,000</u>

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.

During the year ended December 31, 2017, the following changes occurred in long-term debt:

	Balance <u>1/1/2017</u>	<u>Additions</u>	Principal <u>Payments</u>	Balance <u>12/31/2017</u>
Shop-09	\$ 150,000	-	-	\$ 150,000
Shop-10	375,000	-	-	375,000
Shop-12	240,000	-	-	240,000
Ron Pierce	243,600	-	(243,600)	-
Total	<u>\$ 1,008,600</u>	<u>\$ -</u>	<u>\$ (243,600)</u>	<u>\$ 765,000</u>

SUPPLEMENTARY INFORMATION

SOUTH CENTRAL COMMUNITY ACTION PARTNERSHIP, INC./HOME ENERGY MANAGEMENT, L.L.C.
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017

Assets	South Central Community Action Partnership	Home Energy Management	Eliminations	Total
Current Assets				
Cash	\$ 471,221	\$ 236,023	\$ -	\$ 707,244
Cash-Restricted	477,990			477,990
Accounts Receivable	398,434	-	-	398,434
Loan Receivable	744,593	-	-	744,593
Due From Federal and State Governments	2,280,173	-	-	2,280,173
Prepaid Expenses	-	1,410	-	1,410
Note Receivable - Home Energy Management	-	-	-	-
Land Held for Resale	252,000	-	-	252,000
Other Current Assets	215,342	6,078	-	221,420
Total Current Assets	4,839,753	243,511	-	5,083,264
Non-Current Assets				
Loan Receivable	24,798	-	-	24,798
Total Non-Current Assets	24,798	-	-	24,798
Fixed Assets				
Fixed Assets, net	1,018,671	3,725	-	1,022,396
Total Fixed Assets	1,018,671	3,725	-	1,022,396
Total Assets	\$ 5,883,222	\$ 247,236	\$ -	\$ 6,130,458
Liabilities and Net Assets				
Current Liabilities				
Accounts Payable	\$ 239,677	\$ 7,258	\$ -	\$ 246,935
Accrued Expenses	110,423	1,259	-	111,682
Funds Held in Trust	29,388			29,388
Current Portion of Long-Term Debt	-	-	-	-
Deferred Grant and Contract Revenue	3,022,592	-	-	3,022,592
Total Current Liabilities	3,402,080	8,517	-	\$ 3,410,597
Long-Term Liabilities				
Mortgage Payable, Less Current Portion	765,000	-	-	765,000
Total Long-Term Liabilities	765,000	-	-	765,000
Total Liabilities	4,167,080	8,517	-	4,175,597
Net Assets				
Unrestricted	787,014	238,719	-	1,025,733
Temporarily Restricted	929,128	-	-	929,128
Total Net Assets	1,716,142	238,719	-	1,954,861
Total Liabilities and Net Assets	\$ 5,883,222	\$ 247,236	\$ -	\$ 6,130,458

See Notes to the Financial Statements

SOUTH CENTRAL COMMUNITY ACTION PARTNERSHIP, INC./HOME ENERGY MANAGEMENT, L.L.C.
CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

	South Central Community Action Partnership	Home Energy Management	Eliminations	Total
<u>SUPPORT AND REVENUE</u>				
Support				
Contributions and Other	\$ 189,623	\$ -	\$ -	\$ 189,623
Grant Income	2,580,773	-	-	2,580,773
In-Kind Materials and Labor	100,497	-	-	100,497
Mutual Self Help	1,478,764	-	-	1,478,764
Service Income - Home Energy Management	-	371,670	-	371,670
Total Support	4,349,657	371,670	-	4,721,327
TOTAL SUPPORT AND REVENUE	4,349,657	371,670	-	4,721,327
<u>EXPENSES</u>				
Program Support and Service	2,420,590	-	-	2,420,590
Indirect	282,507	-	-	282,507
In-Kind Program Expenses	100,497	-	-	100,497
Home Energy Management	-	352,923	-	352,923
Mutual Self Help-Construction Costs	1,478,764	-	-	1,478,764
Total Program Expenditures	4,282,358	352,923	-	4,635,281
Management & General	209,615	-	-	209,615
Total Expenses	4,491,973	352,923	-	4,844,896
CHANGE IN NET ASSETS	(142,316)	18,747	-	(123,569)
Net Assets, January 1, 2017	1,858,458	219,972	-	2,078,430
Net Assets, December 31, 2017	\$ 1,716,142	\$ 238,719	\$ -	\$ 1,954,861

See Notes to the Financial Statements

SCHEDULES OF PROGRAM EXPENDITURES

**SOUTH CENTRAL COMMUNITY ACTION PARTNERSHIP
STATEMENT OF PROGRAM EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Community Action Partnership Association of Idaho	Idaho Housing & Finance Association	Other Federal Funding Sources	Other Funding Sources	Total
Expenditures					
Grant Share Direct Costs					
Personnel	\$ 345,124	\$ 13,384	\$ 178,304	\$ -	\$ 536,812
Fringe Benefits	93,080	-	45,852	-	138,932
Travel	4,760	-	2,826	-	7,586
Consumables	19,147	6,326	7,267	-	32,740
Contractual	9,064	-	3,005	-	12,069
Indirect Expenses	195,796	4,229	39,077	41,371	280,473
Other	1,174,302	120,221	107,169	147,753	1,549,445
Total Direct Costs	1,841,273	144,160	383,500	189,124	2,558,057
Private Sector Share Cash Expenditures					
Program Expenses					
Salaries	19,394	1,971	7,549	-	28,914
Consultants	150	-	-	-	150
Other	10,063	26,244	5,691	5,876	47,874
Consumables	3,697	748	1,697	6,696	12,838
Space	-	-	7,354	-	7,354
Travel	-	-	24	-	24
Indirect Expenses	911	-	74	646	1,631
Client Assistance	25,027	21,228	-	-	46,255
Total Cash Expenditures	59,242	50,191	22,389	13,218	145,040
In-Kind Contributions					
Personnel	14,401	-	-	-	14,401
Consumables	730	-	-	-	730
Other	85,366	-	-	-	85,366
Total In-Kind Contributions	100,497	-	-	-	100,497
Total Private Sector Cash & In-Kind Contributions	159,739	50,191	22,389	13,218	245,537
Total Expenditures	\$ 2,001,012	\$ 194,351	\$ 405,889	\$ 202,342	\$ 2,803,594

See Notes to Financial Statements

PASSED THROUGH COMMUNITY ACTION PARTNERSHIP OF IDAHO

**SOUTH CENTRAL COMMUNITY ACTION PARTNERSHIP
PASSED THROUGH COMMUNITY ACTION PARTNERSHIP ASSOCIATION OF IDAHO
STATEMENT OF PROGRAM EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2017**

CONTRACT NAME	Community Service Block Grant	Community Service Block Grant	U. S. Department of Agriculture	U. S. Department of Agriculture	Bonneville Power Administration	Bonneville Power Administration	Low Income Home Energy Assist Prog
CONTRACT NUMBER	<u>CSBG-417</u>	<u>CSBG 416</u>	<u>TEFAP 17-417</u>	<u>TEFAP 18-418</u>	<u>BPA-418</u>	<u>BPA-417</u>	<u>EA-416</u>
CONTRACT PERIOD	<u>01/01/2017-12/31/2017</u>	<u>01/01/2017-09/30/2017</u>	<u>01/01/2017-09/30/2017</u>	<u>10/1/17-12/31/2017</u>	<u>10/1/17-12/31/2017</u>	<u>01/01/2017-09/30/2017</u>	<u>01/01/2017-09/30/2017</u>
Expenditures							
State Contract Share							
<u>Direct Costs</u>							
Salaries	\$ 116,849	\$ 104,436	\$ 10,934	\$ 1,039	\$ -	\$ -	\$ 63,750
Fringe Benefits	33,931	29,575	2,680	-	-	-	13,077
Consultants	2,500	3,009	-	-	-	-	545
Travel	1,906	956	607	240	-	-	248
Space	6,566	5,280	5,610	100	-	-	3,609
Consumables	2,999	2,985	303	13	-	-	7,052
Other	6,789	1,754	-	2,864	-	-	1,437
Training	3,552	6,242	-	-	-	21,412	5,994
Support-Labor	-	-	-	-	4,474	38,628	-
Support-Other	-	-	-	-	1,767	14,032	-
Materials	-	-	-	-	7,494	57,728	-
Liability	-	-	-	-	-	-	-
Leveraging	-	-	-	-	-	-	-
Health & Safety	-	-	-	-	-	-	-
Indirect Expenses	25,537	50,088	-	-	1,374	13,027	21,730
Client Assistance	-	-	-	-	-	-	78,627
Total Direct Costs	200,629	204,325	20,134	4,256	15,109	144,827	196,069
Grantee's Share							
Cash Expenditures							
<u>Program Expenses</u>							
Salaries	-	-	18,820	-	-	-	-
Consultants	-	-	-	-	-	-	-
Other	8	-	6,770	-	-	-	-
Consumables	-	-	1,973	-	-	-	-
Lobbying	-	-	-	-	-	-	-
Travel	-	-	1,593	-	-	-	-
Indirect Expenses	-	-	-	-	-	-	911
Client Assistance	16,495	-	7,870	-	-	-	662
Total Cash Expenditures	16,503	-	37,026	-	-	-	1,573
<u>In-Kind Contributions</u>							
Volunteers	14,401	-	-	-	-	-	-
Consumables	-	730	-	-	-	-	-
Client Assistance	85,366	-	-	-	-	-	-
Total In-Kind Contributions	99,767	730	-	-	-	-	-
Total Grantee's Share	116,270	730	37,026	-	-	-	1,573
Total Expenditures	\$ 316,899	\$ 205,055	\$ 57,160	\$ 4,256	\$ 15,109	\$ 144,827	\$ 197,642

See Notes to Financial Statements

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-417</u>	<u>EA-418</u>	<u>DOE-417</u>	<u>DOE-416</u>	<u>LPW-416</u>	<u>LPW-417</u>	
01/01/2017-12/31/2017	10/1/17-12/31/2017	4/1/17 - 12/31/2017	01/01/2017-03/31/2017	01/01/2017-09/30/2017	01/01/2017-12/31/2017	
\$ 48,116	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 345,124
13,817	-	-	-	-	-	93,080
-	-	3,010	-	-	-	9,064
803	-	-	-	-	-	4,760
1,233	-	-	-	-	-	22,398
5,795	-	-	-	-	-	19,147
2,009	-	-	-	-	-	14,853
1,449	-	13,022	17,221	-	-	68,892
-	-	25,036	36,511	188,161	119,898	412,708
-	-	10,210	15,663	90,046	59,438	191,156
-	-	48,188	61,161	21,691	24,691	220,953
-	-	5,222	-	-	-	5,222
-	-	1,000	-	-	-	1,000
-	-	14,238	10,869	-	-	25,107
22,350	523	13,354	16,099	19,493	12,221	195,796
126,890	6,496	-	-	-	-	212,013
222,462	7,019	133,280	157,524	319,391	216,248	1,841,273
-	-	133	441	-	-	19,394
-	-	-	-	150	-	150
-	-	-	-	-	-	6,778
-	-	401	1,002	321	-	3,697
-	-	-	-	1,692	-	1,692
-	-	-	-	-	-	1,593
-	-	-	-	-	-	911
-	-	-	-	-	-	25,027
-	-	534	1,443	2,163	-	59,242
-	-	-	-	-	-	14,401
-	-	-	-	-	-	730
-	-	-	-	-	-	85,366
-	-	-	-	-	-	100,497
-	-	534	1,443	2,163	-	159,739
\$ 222,462	\$ 7,019	\$ 133,814	\$ 158,967	\$ 321,554	\$ 216,248	\$ 2,001,012

See Notes to Financial Statements

PASSED THROUGH THE IDAHO HOUSING AND FINANCE ASSOCIATION

**SOUTH CENTRAL COMMUNITY ACTION PARTNERSHIP
PASSED THROUGH THE IDAHO HOUSING AND FINANCE ASSOCIATION
STATEMENT OF PROGRAM EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	ESG Emergency Services Grant <u>17-20</u> 10/01/2017- <u>12/31/2017</u>	ESG Emergency Services Grant <u>16-25</u> 01/01/2017- <u>09/30/2017</u>	ESG Emergency Services Grant <u>15-20</u> 01/01/2017- <u>03/31/2017</u>	Continuum of Care <u>15-65</u> 01/01/2017- <u>09/30/2017</u>
Expenditures				
Grant/Federal Share Direct Costs				
Salaries	\$ -	\$ 392		\$ 3,589
Consumables	-	-	-	-
Rent/Mortgage Assistance	15,140	28,170	2,450	23,717
Utility Assistance	1,489	(216)	-	4,937
Indirect Expenses	289	876	-	985
Total Expenditures	16,918	29,222	2,450	33,228
Grantee's Share				
Cash Expenditures				
<u>Program Expenses</u>				
Salaries	-	-	-	-
Travel	-	-	-	-
Space	-	-	-	-
Consumables	-	-	-	-
Other	-	-	-	-
Client Assistance	-	-	-	21,228
Total Cash Expenditures	-	-	-	21,228
Total	\$ 16,918	\$ 29,222	\$ 2,450	\$ 54,456

See Notes to Financial Statements

Continuum of Care	Continuum of Care	Transitional Housing	Poplar Duplex Operating Funds	Total
<u>15-66</u>	<u>16-65</u>			
01/01/2017- <u>09/30/2017</u>	10/01/2017- <u>12/31/2017</u>	01/01/2017- <u>12/31/2017</u>		
\$ 858	\$ 8,545	\$ -	\$ -	\$ 13,384
-	6,326	-	-	6,326
23,861	18,428	-	-	111,766
168	2,077	-	-	8,455
882	1,197	-	-	4,229
<u>25,769</u>	<u>36,573</u>	-	-	<u>144,160</u>
-	-	1,947	24	1,971
-	-	98	-	98
-	-	18,925	2,701	21,626
-	-	13	735	748
-	-	3,983	537	4,520
-	-	-	-	21,228
-	-	<u>24,966</u>	<u>3,997</u>	<u>50,191</u>
<u>\$ 25,769</u>	<u>\$ 36,573</u>	<u>\$ 24,966</u>	<u>\$ 3,997</u>	<u>\$ 194,351</u>

See Notes to Financial Statements

OTHER FEDERAL FUNDING SOURCES

**SOUTH CENTRAL COMMUNITY ACTION PARTNERSHIP
OTHER FEDERAL FUNDING SOURCES
STATEMENT OF PROGRAM EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	VA Supportive Services for Veteran Families <u>14ID193 #4</u> 01/01/2017- 09/31/2017	VA Supportive Services for Veteran Families <u>14ID193 #5</u> 10/01/2017- 12/31/2017	USDA Rural Development Mutual Self-Help <u>14</u> 01/01/2017- 04/14/2017	USDA Rural Development Mutual Self-Help <u>16</u> 04/15/2017- 12/31/2017	<u>Total</u>
Expenditures					
Grant/Federal Share Direct Costs					
Salaries	\$ 46,537	\$ 15,812	\$ 27,194	\$ 88,761	\$ 178,304
Fringe Benefits	9,440	2,994	7,762	25,656	45,852
Space	-	-	64	850	914
Training	5,800	895	-	66	6,761
Rent/Mortgage Assistance	68,068	21,936	-	-	90,004
Indirect Expenses	16,110	4,975	5,321	12,671	39,077
Travel	-	223	546	2,057	2,826
Contracts	-	-	-	3,005	3,005
Consumables	3,472	2,064	69	1,662	7,267
Utilities Assistance	2,672	654	-	-	3,326
Temporary Shelter	1,172	-	-	-	1,172
Other	1,751	651	1,261	1,329	4,992
Total Direct Costs	155,022	50,204	42,217	136,057	383,500
Grantee's Share					
Cash Expenditures					
<u>Program Expenses</u>					
Salaries	-	-	728	5,425	6,153
Fringe Benefits	-	-	93	1,303	1,396
Space	-	-	-	7,354	7,354
Consumables	-	-	-	1,697	1,697
Other	-	490	-	5,201	5,691
Indirect Expenses	-	-	74	-	74
Travel	-	-	-	24	24
Total Cash Expenditures	-	490	895	21,004	22,389
Total Expenditures	\$ 155,022	\$ 50,694	\$ 43,112	\$ 157,061	\$ 405,889

See Notes to Financial Statements

OTHER FUNDING SOURCES

**SOUTH CENTRAL COMMUNITY ACTION PARTNERSHIP
OTHER FUNDING SOURCES
STATEMENT OF PROGRAM EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Idaho Power Company-2017 <u>01/01/2017-</u> <u>12/31/2017</u>	Idaho Energy Authority 2015-2017 <u>01/01/2017-</u> <u>12/31/2017</u>	Fund Development	Total
<i>Expenditures</i>				
Grant Share Direct Costs				
Support-Labor	\$ 54,640	\$ 1,014	\$ -	\$ 55,654
Support-Other	15,936	-	-	15,936
Materials	75,609	554	-	76,163
Indirect Expenses	41,253	118	-	41,371
Total Expenditures	187,438	1,686	-	189,124
Grantee's Share				
Cash Expenditures				
<u>Program Expenses</u>				
Other	-	-	445	445
Consumables	-	-	6,696	6,696
Fund Raising	-	-	5,431	5,431
Indirect Expenses	-	-	646	646
Total Cash Expenditures	-	-	13,218	13,218
 Total	 \$ 187,438	 \$ 1,686	 \$ 13,218	 \$ 202,342

See Notes to Financial Statements

INDIRECT COSTS

**SOUTH CENTRAL COMMUNITY ACTION PARTNERSHIP
INDIRECT COSTS
STATEMENT OF PROGRAM EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2017**

		01/01/2017- 12/31/2017
<i>Expenditures</i>		
Salaries	\$	192,663
Fringe Benefits		30,217
Contracts		5,319
Training		5,767
Travel		105
Board Expense		9,194
Space		11,179
Consumables		12,770
Telephone		9,561
Other		5,732
Total Expenditures	\$	282,507



Mahlke Hunsaker & Company PLLC

C e r t i f i e d P u b l i c A c c o u n t a n t s

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, 2017, 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 14, 2018.

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 14, 2018

SOUTH CENTRAL COMMUNITY ACTION PARTNERSHIP, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED
DECEMBER 31, 2017

<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	\$ 42,217
	Rural Self-Help Housing Technical Assistance	16	10.420	<u>136,058</u>
				178,275
Veterans Administration	Supportive Services for Veteran Families	SSVF	64.033	<u>205,226</u>
				205,226
Total Direct Awards				383,501
Department of Agriculture	Passed Through Community Action Partnership of Idaho			
	Temporary Emergency Food Assistance Program	TEFAP 17-417	10.568	20,134
	Temporary Emergency Food Assistance Program	TEFAP 18-418	10.568	<u>4,255</u>
	Total Department of Agriculture			24,389
Department of Health & Human Services	Passed Through Community Action Partnership of Idaho			
	Community Services Block Grant	CSBG 16-416	93.569	204,325
	Community Services Block Grant	CSBG 17-417	93.569	<u>200,629</u>
				404,954
	Low-Income Home Energy Assistance	LIHEAP 16-416	93.568	196,070
	Low-Income Home Energy Assistance	LIHEAP 17-417	93.568	222,462
	Low-Income Home Energy Assistance	LIHEAP 18-418	93.568	7,020
	Low-Income Home Energy Assistance	LPW 16-416	93.568	319,391
	Low-Income Home Energy Assistance	LPW 17-417	93.568	<u>216,248</u>
				961,191
	Total Department of Health & Human Services			1,366,145
Department of Energy	Passed Through Community Action Partnership of Idaho			
	Weatherization Assistance for Low Income Persons	DOE 16-416	81.042	157,524
	Weatherization Assistance for Low Income Persons	DOE 17-417	81.042	<u>133,280</u>
	Total Department of Energy			290,804
Department of Housing & Urban Development	Passed Through Idaho Housing and Finance Association			
	Emergency Shelter Grants Program	ESG 15-20	14.231	2,450
	Emergency Shelter Grants Program	ESG 16-25	14.231	29,222
	Emergency Shelter Grants Program	ESG 17-20	14.231	<u>16,918</u>
				48,590
	Continuum of Care	COC 15-65	14.267	33,229
	Continuum of Care	COC 15-66	14.267	25,769
	Continuum of Care	COC 16-65	14.267	<u>36,573</u>
				95,571
	Passed through Community Frameworks			
	Self-Help Ownership Opportunity Program	Shop-09	14.247	150,000
	Self-Help Ownership Opportunity Program	Shop-10	14.247	375,000
	Self-Help Ownership Opportunity Program	Shop-12	14.247	<u>240,000</u>
				765,000
	Total Department of Housing & Urban Development			<u>909,161</u>
	Total Federal Sources			<u>\$ 2,974,000</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, 2017**

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.

Note 2: Indirect Cost Rate

South Central Community Action Partnership, Inc. has elected not to use the 10 percent de Minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3: Department of Housing and Urban Development Loan Programs

The loan program listed subsequently and related balances are included in South Central Community Action Partnership, Inc.'s basic financial statements. Loans outstanding at the beginning of the year are included in the federal expenditures presented in the Schedule. South Central Community Action Partnership received notice during 2017 that \$555,000 is eligible for Conversion. Therefore the balance of loans outstanding at December 31, 2017 consist of:

<u>CFDA Number</u>	<u>Program Name</u>	<u>Outstanding Balance at December 31, 2017</u>
14.247	Self-Help Homeownership Opportunity Program	<u>\$210,000</u>

**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, 2017. 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, 2017.

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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. 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 14, 2018

**SOUTH CENTRAL COMMUNITY ACTION PARTNERSHIP, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2017**

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:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.569	Community Services Block Grant
14.247	Self-Help Ownership Opportunity Program

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

Auditee qualified as low-risk auditee? X yes no

**SOUTH CENTRAL COMMUNITY ACTION PARTNERSHIP, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

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, 2017**

No findings reported in the prior year.