

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

**TWIN FALLS, IDAHO
CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
DECEMBER 31, 2018 AND 2017**

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, 2018 and 2017, 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, 2018 and 2017, 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 19 - 32 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, 2019 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, 2019

SOUTH CENTRAL COMMUNITY ACTION PARTNERSHIP, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2018 AND 2017

	2018	2017
Assets		
Current Assets		
Cash	\$ 630,015	\$ 707,244
Cash-Restricted	636,377	477,990
Accounts Receivable	345,545	398,434
Loan Receivable	333,129	744,593
Due From Federal and State Governments	2,448,851	2,280,173
Prepaid Expenses	1,197	1,410
Inventory	279,160	215,342
Land Held for Resale	246,000	252,000
Other Current Assets	6,274	6,078
Total Current Assets	4,926,548	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	920,755	1,022,396
Total Fixed Assets	920,755	1,022,396
Total Assets	\$ 5,872,101	\$ 6,130,458
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable	\$ 148,984	\$ 246,935
Accrued Expenses	104,610	111,682
Funds Held in Trust	155,900	29,388
Current Portion of Long-Term Debt	-	-
Deferred Grant and Contract Revenue	2,780,514	3,022,592
Total Current Liabilities	3,190,008	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	3,955,008	4,175,597
Net Assets		
Without Donor Restrictions	977,060	975,733
Without Donor Restrictions, Board Designated	50,000	50,000
With Donor Restrictions	890,033	929,128
Total Net Assets	1,917,093	1,954,861
Total Liabilities and Net Assets	\$ 5,872,101	\$ 6,130,458

See Notes to Financial Statements.

SOUTH CENTRAL COMMUNITY ACTION PARTNERSHIP, INC.
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	Without Donor Restrictions	With Donor Restrictions	2018 Total	2017 Total
<u>SUPPORT AND REVENUE</u>				
Support				
Contributions and Other	\$ 40,511	\$ 105,032	\$ 145,543	\$ 189,623
Grant Income	-	3,848,526	3,848,526	4,059,537
In-Kind Materials and Labor	-	77,997	77,997	100,497
Service Income - Home Energy Management	358,511	-	358,511	371,670
Total Support	<u>399,022</u>	<u>4,031,555</u>	<u>4,430,577</u>	<u>4,721,327</u>
 Net Assets Released from Restrictions	<u>4,070,650</u>	<u>(4,070,650)</u>	<u>-</u>	<u>-</u>
 Total Revenue and Gains (Losses)	<u>4,070,650</u>	<u>(4,070,650)</u>	<u>-</u>	<u>-</u>
 TOTAL SUPPORT AND REVENUE	<u>4,469,672</u>	<u>(39,095)</u>	<u>4,430,577</u>	<u>4,721,327</u>
 <u>EXPENSES</u>				
Program Support and Service	2,583,005	-	2,583,005	2,420,590
Indirect Costs	311,940	-	311,940	282,507
In-Kind Program Expenses	77,997	-	77,997	100,497
Home Energy Management	351,857	-	351,857	352,923
Mutual Self Help	1,103,480	-	1,103,480	1,478,764
Total Program Activities	<u>4,428,279</u>	<u>-</u>	<u>4,428,279</u>	<u>4,635,281</u>
 Management & General	<u>40,066</u>	<u>-</u>	<u>40,066</u>	<u>209,615</u>
Total Expenses	<u>4,468,345</u>	<u>-</u>	<u>4,468,345</u>	<u>4,844,896</u>
 CHANGE IN NET ASSETS	<u>1,327</u>	<u>(39,095)</u>	<u>(37,768)</u>	<u>(123,569)</u>
 Net Assets, Beginning of Year	<u>1,025,733</u>	<u>929,128</u>	<u>1,954,861</u>	<u>2,078,430</u>
 Net Assets, End of Year	<u>\$ 1,027,060</u>	<u>\$ 890,033</u>	<u>\$ 1,917,093</u>	<u>\$ 1,954,861</u>

See Notes to Financial Statements.

SOUTH CENTRAL COMMUNITY ACTION PARTNERSHIP, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
<i>Cash Flows From Operating Activities</i>		
Change in Net Assets	\$ (37,768)	\$ (123,569)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	101,642	101,655
Loss on Abandoned Assets	6,000	-
(Increase) Decrease in Cash-Restricted	(158,387)	116,002
(Increase) Decrease in Accounts Receivable	52,889	(52,000)
(Increase) Decrease in Loan Receivable	411,464	(603,982)
(Increase) Decrease in Due from Federal and State Government	(168,678)	(400,382)
(Increase) Decrease in Prepaid Expenses	213	528
(Increase) Decrease in Inventory	(63,819)	107,405
(Increase) Decrease in Other Current Assets	(196)	(3,745)
Increase (Decrease) in Accounts Payable and Other Payables	28,561	33,265
Increase (Decrease) in Accrued Expenses	(7,072)	13,906
Increase (Decrease) in Deferred Revenue	(242,078)	999,076
	(77,229)	188,159
<i>Cash Flows From Financing Activities</i>		
Proceeds from Sale of Lots	-	235,200
Principal Payments on Long-Term Debt	-	(243,600)
	-	(8,400)
Net Cash Provided (Used) By Financing Activities	-	(8,400)
Net Increase (Decrease) in Cash and Cash Equivalents	(77,229)	179,759
Cash and Cash Equivalents, Beginning of Year	707,244	527,485
Cash and Cash Equivalents, End of Year	\$ 630,015	\$ 707,244

Supplemental Disclosure:

Interest and income taxes paid during 2018 were \$0 and \$3,648 respectively.

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

See Notes to Financial Statements.

SOUTH CENTRAL COMMUNITY ACTION PARTNERSHIP, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

2018

	<u>Federal/State Share</u>	<u>Private Sector Share</u>	<u>In-Kind Contributions</u>	<u>Indirect</u>	<u>2018 Total</u>
Expenses					
Personnel	\$ 561,941	\$ 13,142	\$ -	\$ 214,363	\$ 789,446
Fringe Benefits	137,918	-	-	32,338	170,256
Travel	11,506	-	-	90	11,596
Consumables	42,448	8,371	-	20,748	71,567
Contractual	21,567	2,740	-	8,174	32,481
Space Costs	-	3,723	-	10,569	14,292
Other	1,461,660	317,989	77,997	25,658	1,883,304
Total Expenses	<u>\$ 2,237,040</u>	<u>\$ 345,965</u>	<u>\$ 77,997</u>	<u>\$ 311,940</u>	<u>\$ 2,972,942</u>

2017

	<u>Federal/State Share</u>	<u>Private Sector Share</u>	<u>In-Kind Contributions</u>	<u>Indirect</u>	<u>2017 Total</u>
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	<u>\$ 2,129,428</u>	<u>\$ 291,162</u>	<u>\$ 100,497</u>	<u>\$ 282,507</u>	<u>\$ 2,803,594</u>

See Notes to Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SOUTH CENTRAL COMMUNITY ACTION PARTNERSHIP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

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.

BASIS OF PRESENTATION

The Organization has adopted the Accounting Standard Codification (ASC) No. 958-205-45, "Financial Statements of Not-for-Profit-Organizations". Under ASC 958-205-45, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. The Organization is also required to present a statement of cash flows.

Net Assets Without Donor Restrictions – net assets without donor restrictions are available for use at the discretion of the Board of Directors and/or management to fulfill the mission and vision of the Organization. From time to time the Board designates a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion. At December 31, 2018 and 2017, the governing board designated \$50,000 for homeless prevention.

Net Assets with Donor Restrictions – net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions.

Revenues are reported as increases in without donor restriction net asset unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in without donor restriction net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in without donor restriction net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of restrictions on net assets (i.e. the donor-stipulated purpose has been fulfilled or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

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.

SOUTH CENTRAL COMMUNITY ACTION PARTNERSHIP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-continued

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, 2018 and 2017, the Organization had no cash equivalents.

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.

ACCOUNTS RECEIVABLE

Bad debts have been immaterial in the past so the Organization uses the direct write-off method. When an amount becomes uncollectible, it is charged to expense in the year it is deemed to be uncollectible. During the years ended December 31, 2018 and 2017, there were no bad debts. Receivables are considered past due if not collected within 90 days. As of December 31, 2018, and 2017, all receivables are current and management estimated that all accounts receivable were collectible.

DUE FROM OTHER AGENCIES, STATE OR FEDERAL GOVERNMENT

Grant or contract amounts awarded for organizational use that are not drawn upon at December 31, 2018 and 2017.

INVENTORY

Inventory is stated at the lower of cost or net realizable value. Inventory consists of food, dry goods, and weatherization materials.

LAND HELD FOR RESALE

The Organization owns land in conjunction with the self-help housing program that is held for sale. The Organization assists families building homes by purchasing tracts of land to resell to program participants. Proceeds from the sale of land are used to purchase additional tracts of land.

FIXED ASSETS

Purchased fixed assets are stated at cost. Fixed assets received by donation are recorded at their estimated fair value on the date received. Maintenance and repairs are charged to expense as incurred. The Organization follows the practice of capitalizing all expenditures for improvements, furniture & fixtures and equipment with useful lives greater than one year and costs in excess of \$5,000.

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.

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.

SOUTH CENTRAL COMMUNITY ACTION PARTNERSHIP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-continued

DEFERRED REVENUES

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

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.

CONTRIBUTUIONS

Contributions are recognized when a donor makes an unconditional promise to give to the organization. Contributions that are restricted by the donor are reported as increases in without donor restriction net assets if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in with donor restrictions net assets depending on the nature of the restriction. When a restriction expires, with donor restriction net assets are reclassified to without donor restriction net assets.

GRANTS

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, 2018, and 2017, grants receivable in the amount of \$342,468 and \$353,556 respectively were recognized as revenue due to request made for grant monies expensed during those years.

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 \$3,648 in 2018 for the tax due on the 2017 return and \$4,562 in 2017 for the 2016 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.

SOUTH CENTRAL COMMUNITY ACTION PARTNERSHIP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-continued

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.

CUSTODIAL CREDIT RISK

For deposits and investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, 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.

LIQUIDITY MANAGEMENT

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Organization invests cash in excess of daily requirements into interest-bearing repurchase agreements. The Organization has \$975,560 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures, consisting of cash of \$630,015 and accounts receivable of \$345,545 as of December 31, 2018. The Organization had \$1,105,678 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures, consisting of cash of \$707,244 and accounts receivable of \$398,434 as of December 31, 2017. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the statement of financial position date.

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.

EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through May 14, 2019, the date which the consolidated financial statements were available to be issued.

SOUTH CENTRAL COMMUNITY ACTION PARTNERSHIP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

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, 2020, DOE through March 31, 2020, and USDA and Bonneville Power Association (BPA) through September 30, 2019. Contracts from Idaho Housing and Finance Association, Emergency Solutions Grant (ESG), and Rapid Rehousing are in place until September 30, 2019.

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:	
2019	\$ 16,788
2020	16,788
2021	15,996
2022	15,600
2023	<u>15,600</u>
Total	<u>\$ 80,772</u>

NOTE 4 – 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 \$62,976 at December 31, 2018 and \$73,916 at December 31, 2017.

NOTE 5 – 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 \$246,000 at December 31, 2018 and \$252,000 at December 31, 2017.

NOTE 6 – SELF HELP FAMILY ACCOUNTS

For the year ended December 31, 2018 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 2018 calendar year by tracing to supporting documentation. We did not have any issues or concerns from testing the Self-Help Family Accounts.

**SOUTH CENTRAL COMMUNITY ACTION PARTNERSHIP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

NOTE 7 - 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, 2018 and 2017 was as follows:

	<u>2018</u>	<u>2017</u>
Baking Mix	\$ 11,335	\$ 23,134
Beans	32,672	15,373
Cereal	109	4,787
Cheese	-	-
Chicken, Turkey and Fish	89,583	84,716
Corn	-	1,886
Fruit	259,147	89,345
Fruit and Nuts	-	36,496
Juice	23,504	51,166
Milk	13,048	37,608
Pasta	28,176	8,041
Peanut Butter	9,058	14,362
Pork	34,410	14,526
Potatoes	10,155	9,399
Rice	3,165	8,822
Rolled Oats	-	5,686
Soup	10,328	9,818
Stew, Beef	11,026	13,792
Tomatoes/Spagetti Sauce	17,928	7,490
Total	<u>\$ 553,644</u>	<u>\$436,447</u>

The estimated value of remaining food commodities at December 31, 2018 and 2017 were \$216,184 and \$141,426 respectively.

SOUTH CENTRAL COMMUNITY ACTION PARTNERSHIP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 8 – FIXED ASSETS

Land, Building and Equipment are summarized as follows:

	<u>12/31/2017</u>	<u>Additions</u>	<u>Disposals</u>	<u>Accumulated Depreciation</u>	<u>12/31/2018</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.	(1,287,394)	-	-	(101,641)	(1,389,035)
Total	<u>\$ 1,022,396</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (101,641)</u>	<u>\$ 920,755</u>

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, 2018, the following changes occurred in long-term debt:

	<u>1/1/2018</u>	<u>Additions</u>	<u>Payments</u>	<u>12/31/2018</u>
Shop-09	\$ 150,000	\$ -	\$ -	\$ 150,000
Shop-10	375,000	-	-	375,000
Shop-12	240,000	-	-	240,000
Total	<u>\$ 765,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 765,000</u>

SOUTH CENTRAL COMMUNITY ACTION PARTNERSHIP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 10 – CHANGE IN PRESENTATION

The Organization adopted Accounting Standards Update 2016-14 (ASU 2016-14) during the year ended December 31, 2018. ASU 2016-14 requires net assets to be presented as “without donor restrictions” and “with donor restrictions” on the statement of financial position. Also, on the statement of activities, the columns will be labeled as “without donor restrictions: and “with donor restrictions”. Prior to adoption, the net assets on the statement of financial position were presented as unrestricted, temporarily restricted, and permanently restricted. Also, on the statement of activities, the columns were also labeled as unrestricted, temporarily restricted, and permanently restricted. ASU 2016-14 states that it should be applied on a retrospective basis for comparative basis financial statements in the year of adoption. There were no changes in the net asset classes and there were no reclassifications.

SUPPLEMENTARY INFORMATION

SOUTH CENTRAL COMMUNITY ACTION PARTNERSHIP, INC./HOME ENERGY MANAGEMENT, L.L.C.
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018

Assets	South Central Community Action Partnership	Home Energy Management	Eliminations	Total
Current Assets				
Cash	\$ 381,888	\$ 248,127	\$ -	\$ 630,015
Cash-Restricted	636,377			636,377
Accounts Receivable	345,545	-	-	345,545
Loan Receivable	333,129	-	-	333,129
Due From Federal and State Governments	2,448,851	-	-	2,448,851
Prepaid Expenses	-	1,197	-	1,197
Inventory	279,160	-	-	279,160
Land Held for Resale	246,000	-	-	246,000
Other Current Assets		6,274	-	6,274
Total Current Assets	4,670,950	255,598	-	4,926,548
Non-Current Assets				
Loan Receivable	24,798	-	-	24,798
Total Non-Current Assets	24,798	-	-	24,798
Fixed Assets				
Fixed Assets, net	917,242	3,513	-	920,755
Total Fixed Assets	917,242	3,513	-	920,755
Total Assets	\$ 5,612,990	\$ 259,111	\$ -	\$ 5,872,101
Liabilities and Net Assets				
Current Liabilities				
Accounts Payable	\$ 136,877	\$ 12,107	\$ -	\$ 148,984
Accrued Expenses	102,979	1,631	-	104,610
Funds Held in Trust	155,900			155,900
Current Portion of Long-Term Debt	-	-	-	-
Deferred Grant and Contract Revenue	2,780,514	-	-	2,780,514
Total Current Liabilities	3,176,270	13,738	-	\$ 3,190,008
Long-Term Liabilities				
Mortgage Payable, Less Current Portion	765,000	-	-	765,000
Total Long-Term Liabilities	765,000	-	-	765,000
Total Liabilities	3,941,270	13,738	-	3,955,008
Net Assets				
Without Donor Restrictions	781,687	245,373	-	1,027,060
With Donor Restrictions	890,033	-	-	890,033
Total Net Assets	1,671,720	245,373	-	1,917,093
Total Liabilities and Net Assets	\$ 5,612,990	\$ 259,111	\$ -	\$ 5,872,101

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, 2018

	South Central Community Action Partnership	Home Energy Management	Eliminations	Total
<u>SUPPORT AND REVENUE</u>				
Support				
Contributions and Other	\$ 145,543	\$ -	\$ -	\$ 145,543
Grant Income	2,745,046	-	-	2,745,046
In-Kind Materials and Labor	77,997	-	-	77,997
Mutual Self Help	1,103,480	-	-	1,103,480
Service Income - Home Energy Management	-	358,511	-	358,511
Total Support	4,072,066	358,511	-	4,430,577
TOTAL SUPPORT AND REVENUE	4,072,066	358,511	-	4,430,577
<u>EXPENSES</u>				
Program Support and Service	2,583,005	-	-	2,583,005
Indirect	311,940	-	-	311,940
In-Kind Program Expenses	77,997	-	-	77,997
Home Energy Management	-	351,857	-	351,857
Mutual Self Help-Construction Costs	1,103,480	-	-	1,103,480
Total Program Expenditures	4,076,422	351,857	-	4,428,279
Management & General	40,066	-	-	40,066
Total Expenses	4,116,488	351,857	-	4,468,345
CHANGE IN NET ASSETS	(44,422)	6,654	-	(37,768)
Net Assets, January 1, 2018	1,716,142	238,719	-	1,954,861
Net Assets, December 31, 2018	\$ 1,671,720	\$ 245,373	\$ -	\$ 1,917,093

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, 2018**

<i>Expenditures</i>	Community Action Partnership Association of Idaho	Idaho Housing & Finance Association	Other Federal Funding Sources	Other Funding Sources	Total
Grant Share Direct Costs					
Personnel	\$ 323,636	\$ 73,393	\$ 164,911	\$ -	\$ 561,941
Fringe Benefits	95,544	-	42,374	-	137,918
Travel	7,805	-	3,701	-	11,506
Equipment	-	-	-	-	-
Acquisition	-	-	-	-	-
Consumables	31,524	6,326	4,598	-	42,448
Contractual	18,077	-	3,490	-	21,567
Indirect expenses	211,529	8,462	33,063	54,124	307,177
Other	1,199,685	194,178	67,813	225,338	1,687,014
Total Direct Costs	<u>1,887,801</u>	<u>282,359</u>	<u>319,950</u>	<u>279,462</u>	<u>2,769,572</u>
Private Sector Share Cash Expenditures					
Program Expenses					
Salaries	10,961	1,988	193	-	13,142
Consultants	50	-	2,690	-	2,740
Other	4,922	27,746	5,860	11,493	50,022
Consumables	2,071	-	165	6,135	8,371
Space	-	-	3,723	-	3,723
Travel	-	-	-	-	-
Equipment	-	-	-	-	-
Acquisition	-	-	-	-	-
Indirect expenses	-	3,585	26	1,136	4,747
Client Assistance	42,016	613	-	-	42,629
Total Cash Expenditures	<u>60,021</u>	<u>33,932</u>	<u>12,657</u>	<u>18,764</u>	<u>125,374</u>
In-Kind Contributions					
Personnel	-	-	-	-	-
Consumables	-	-	-	-	-
Travel	-	-	-	-	-
Space	-	-	-	-	-
Other	77,997	-	-	-	77,997
Total In-Kind Contributions	<u>77,997</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>77,997</u>
Total Private Sector Cash & In-Kind Contributions	<u>138,018</u>	<u>33,932</u>	<u>12,657</u>	<u>18,764</u>	<u>203,371</u>
Total Expenditures	<u>\$ 2,025,819</u>	<u>\$ 316,291</u>	<u>\$ 332,607</u>	<u>\$ 298,225</u>	<u>\$ 2,972,943</u>

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, 2018**

<u>CONTRACT NAME</u>	<u>Community Service Block Grant</u>	<u>Community Service Block Grant</u>	<u>U. S. Department of Agriculture</u>	<u>U. S. Department of Agriculture</u>	<u>Bonniville Power Administration</u>	<u>Bonniville Power Administration</u>
CONTRACT NUMBER	<u>CSBG-418</u>	<u>CSBG 417</u>	<u>TEFAP 18-418</u>	<u>TEFAP 19-419</u>	<u>BPA-418</u>	<u>BPA-418</u>
CONTRACT PERIOD	<u>1/1/18-12/31/2018</u>	<u>1/1/18-9/30/2018</u>	<u>1/1/18-9/30/2018</u>	<u>10/1/18-12/31/2018</u>	<u>10/1/18-12/31/2018</u>	<u>1/1/18-9/30/2018</u>
Expenditures						
State Contract Share						
<u>Direct Costs</u>						
Salaries	\$ 95,397	\$ 92,324	\$ 16,033	\$ 1,042		
Fringe Benefits	36,129	34,291	4,795	-	-	-
Consultants	-	1,951	-	-	-	-
Travel	3,131	1,663	859	137	-	-
Space	3,233	5,486	5,446	187	-	-
Consumables	4,095	7,474	1,561	27	-	-
Equipment	-	-	-	-	-	-
Other	6,464	3,879	-	2,552	-	-
Training	7,957	7,244	-	-	-	22,655
Support-Labor	-	-	-	-	3,826	30,665
Support-Other	-	-	-	-	1,800	10,359
Materials	-	-	-	-	5,199	39,005
Liability	-	-	-	-	-	-
Leveraging	-	-	-	-	-	-
Health & Safety	-	-	-	-	-	-
Indirect expenses	35,520	47,426	-	-	1,299	13,271
Client Assistance	-	-	-	-	-	-
Total Direct Costs	191,926	201,737	28,693	3,946	12,124	115,955
Grantee's Share						
<u>Cash Expenditures</u>						
<u>Program Expenses</u>						
Salaries	10,582	-	-	-	-	-
Consultants	-	50	-	-	-	-
Other	4,014	303	-	-	-	-
Consumables	873	151	-	-	-	-
Travel	606	-	-	-	-	-
Indirect expenses	-	-	-	-	-	-
Client Assistance	41,652	-	-	-	-	-
Total Cash Expenditures	57,726	504	-	-	-	-
<u>In-Kind Contributions</u>						
Client Assistance	77,997	-	-	-	-	-
Total In-Kind Contributions	77,997	-	-	-	-	-
Total Grantee's Share	135,723	504	-	-	-	-
Total Expenditures	\$ 327,649	\$ 202,241	\$ 28,693	\$ 3,946	\$ 12,124	\$ 115,955

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-417</u>	<u>EA-418</u>	<u>EA-418</u>	<u>DOE-418</u>	<u>DOE-417</u>	<u>LPW-417</u>	<u>LPW-418</u>	
<u>1/1/18-9/30/2018</u>	<u>1/1/18-12/31/2018</u>	<u>10/1/18-12/31/2018</u>	<u>4/1/18-12/31/2018</u>	<u>1/1/18-3/31/2018</u>	<u>1/1/18-9/30/2018</u>	<u>1/1/18-12/31/2018</u>	
\$ 55,418	\$ 61,664					\$ 1,759	\$ 323,636
11,850	8,262	-	-	-	-	217	95,544
873	-	-	2,411	-	-	12,842	18,077
637	1,378	-	-	-	-	-	7,805
2,380	494	-	-	-	-	-	17,226
15,746	2,622	-	-	-	-	-	31,524
-	-	-	-	-	-	-	-
1,567	1,738	-	-	-	-	-	16,200
3,815	450	-	28,195	19,361	-	-	89,678
-	-	-	38,292	17,964	220,473	95,630	406,850
-	-	-	14,761	7,646	82,624	27,958	145,148
-	-	-	64,560	27,615	56,659	31,648	224,686
-	-	-	6,064	-	-	-	6,064
-	-	-	713	-	-	-	713
-	-	-	16,334	8,849	-	-	25,183
11,880	39,968	-	20,183	9,589	22,018	10,374	211,529
-	268,111	-	-	-	-	(174)	267,937
104,166	384,688	-	191,514	91,024	381,774	180,254	1,887,801
-	-	-	223	156	-	-	10,961
-	-	-	-	-	-	-	50
-	-	-	-	-	-	-	4,317
-	-	-	620	427	-	-	2,071
-	-	-	-	-	-	-	606
-	-	-	-	-	-	-	-
-	364	-	-	-	-	-	42,016
-	364	-	843	584	-	-	60,021
-	-	-	-	-	-	-	77,997
-	-	-	-	-	-	-	77,997
-	364	-	843	584	-	-	138,018
\$ 104,166	\$ 385,052	\$ -	\$ 192,357	\$ 91,607	\$ 381,774	\$ 180,254	\$ 2,025,819

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, 2018**

	ESG Emergency Services Grant <u>18-23</u> 10/1/18- <u>12/31/2018</u>	ESG Emergency Services Grant <u>17-20</u> 1/1/18- <u>12/31/2018</u>	Continium of Care <u>16-65</u> 1/1/18- <u>9/30/2018</u>	Continium of Care <u>16-77D</u> 1/1/18- <u>6/30/2018</u>
Expenditures				
Grant/Federal Share Direct Costs				
Salaries	\$ -	\$ -	\$ 9,556	\$ 27,186
Consumables	-	-	-	-
Rent/Mortgage Assistance	5,916	57,452	77,262	-
Utility Assistance	-	231	4,317	-
Indirect Costs	103	1,110	3,083	986
Total Expenditures	<u>6,019</u>	<u>58,794</u>	<u>94,218</u>	<u>28,172</u>
Grantee's Share				
Cash Expenditures				
Program Expenses				
Salaries	-	-	-	-
Travel	-	-	-	-
Space	-	-	-	-
Indirect expenses	-	-	-	-
Other	-	-	-	-
Client Assistance	-	-	-	-
Total Cash Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 6,019</u>	<u>\$ 58,794</u>	<u>\$ 94,218</u>	<u>\$ 28,172</u>

See Notes to Financial Statements

Continium of Care	Continium of Care	Transitional Housing	Poplar Duplex Operating Funds	Total
<u>17-65</u>	<u>17-77D</u>			
10/1/18-	7/1/18-	1/1/18-		
<u>12/31/2018</u>	<u>12/31/2018</u>	<u>12/31/2018</u>		
\$ 10,511	\$ 26,140	\$ -	\$ -	\$ 73,393
6,326	-	-	-	6,326
45,940	-	-	-	186,571
3,059	-	-	-	7,607
2,227	953	-	-	8,462
<u>68,064</u>	<u>27,093</u>	-	-	<u>282,359</u>
-	-	1,988	-	1,988
-	-	182	-	182
-	-	15,370	6,647	22,017
-	-	2,734	851	3,585
-	-	5,048	498	5,546
-	-	613	-	613
-	-	25,936	7,997	33,932
<u>\$ 68,064</u>	<u>\$ 27,093</u>	<u>\$ 25,936</u>	<u>\$ 7,997</u>	<u>\$ 316,291</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, 2018**

	VA Supportive Services for Veteran Families <u>14ID193 #5</u> 1/1/18- 9/30/2018	USDA Rural Development Mutual Self-Help <u>16</u> 1/1/18- 12/31/2018	Total
Expenditures			
Grant/Federal Share Direct Costs			
Salaries	\$ 41,268	\$ 123,643	\$ 164,911
Fringe Benefits	8,222	34,152	42,374
Space	-	276	276
Training	-	8,257	8,257
Rent/Mortgage Assistance	47,879	-	47,879
Indirect Costs	11,606	21,457	33,063
Travel	38	3,663	3,701
Contracts	-	3,490	3,490
Consumables	896	3,703	4,598
Utilities Assistance	2,533	-	2,533
Temporary Shelter	1,289	-	1,289
Materials	-	-	-
Other	2,107	5,472	7,580
Total Direct Costs	115,838	204,112	319,950
Grantee's Share			
Cash Expenditures			
<u>Program Expenses</u>			
Contracts & Consultants	-	2,690	2,690
Salaries	-	193	193
Space	-	3,723	3,723
Consumables	-	165	165
Other	-	5,860	5,860
Indirect Costs	-	26	26
Travel	-	-	-
Total Cash Expenditures	-	12,657	12,657
Documents Match	-	-	-
Total Expenditures	\$115,838	\$216,769	\$332,607

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, 2018**

	Idaho Power Company-2017 1/1/18- 12/31/2018	IP Easy Savings HVAC Tune-Up 2018-2019 10/1/18- 12/31/2018	IP Easy Savings HVAC Tune-Up 2017-2018 1/1/18- 9/30/2018	Healthy Homes 2013 1/1/16- 12/31/2016	Twin Falls Health Initiative Trust Fund 1/1/18- 12/31/2018	Fund Development	Total
Expenditures							
Grant Share Direct Costs							
Support-Labor	\$ 75,081	\$ -	\$ -	\$ 288	\$ -	\$ -	\$ 75,369
Support-Other	21,875	-	-	-	-	-	21,875
Materials	96,323	-	-	853	-	-	97,177
Other	-	4,964	17,000	-	1,902	-	23,866
Indirect Costs	51,439	477	2,092	115	-	-	54,124
Client Assistance	-	-	-	-	7,051	-	7,051
Total Expenditures	244,719	5,440	19,092	1,257	8,953	-	279,462
Grantee's Share							
Cash Expenditures							
<u>Program Expenses</u>							
Other	-	-	-	-	-	7,393	7,393
Consumables	-	-	-	-	-	6,135	6,135
Lobbying	-	-	-	-	-	363	363
Fund Raising	-	-	-	-	-	3,737	3,737
Indirect expenses	-	-	-	-	-	1,136	1,136
Total Cash Expenditures	-	-	-	-	-	18,764	18,764
Total	\$ 244,719	\$ 5,440	\$ 19,092	\$ 1,257	\$ 8,953	\$ 18,764	\$298,225

See Notes to Financial Statements

INDIRECT COSTS

**SOUTH CENTRAL COMMUNITY ACTION PARTNERSHIP
INDIRECT COSTS
STATEMENT OF PROGRAM EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>1/1/18-</u> <u>12/31/2018</u>
<i>Expenditures</i>	
Salaries	\$ 214,363
Fringe Benefits	32,338
Contracts	8,174
Training	6,410
Travel	90
Board Expense	5,937
Space	10,569
Consumables	20,748
Telephone	9,131
Other	4,181
Total Expenditures	<u>\$ 311,940</u>

See Notes to Financial Statements



Mahlke Hunsaker & Company PLLC

Certified Public Accountants

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, 2018, 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, 2019.

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, 2019

SOUTH CENTRAL COMMUNITY ACTION PARTNERSHIP, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED
DECEMBER 31, 2018

Agency or Department	Grant	Pass-through Contract Number	Federal CFDA Number	Expenditures
Department of Agriculture	Rural Self-Help Housing Technical Assistance	16	10.420	\$ 204,112 204,112
Veterans Administration	Supportive Services for Veteran Families	SSVF	64.033	115,838 115,838
Total Direct Awards				319,950
Department of Agriculture	Passed Through Community Action Partnership of Idaho Temporary Emergency Food Assistance Program	TEFAP 18-418	10.568	28,693
	Temporary Emergency Food Assistance Program	TEFAP 19-419	10.568	3,946
	Total Department of Agriculture			32,639
Department of Health & Human Services	Passed Through Community Action Partnership of Idaho Community Services Block Grant	CSBG 17-417	93.569	201,737
	Community Services Block Grant	CSBG 18-418	93.569	191,926
				393,663
	Low-Income Home Energy Assistance	LIHEAP 17-417	93.568	104,166
	Low-Income Home Energy Assistance	LIHEAP 18-418	93.568	384,688
	Low-Income Home Energy Assistance	LPW 17-417	93.568	381,774
	Low-Income Home Energy Assistance	LPW 18-418	93.568	180,254
				1,050,882
	Total Department of Health & Human Services			1,444,545
Department of Energy	Passed Through Community Action Partnership of Idaho Weatherization Assistance for Low Income Persons	DOE 17-417	81.042	91,024
	Weatherization Assistance for Low Income Persons	DOE 18-418	81.042	191,496
	Total Department of Energy			282,520
Department of Housing & Urban Development	Passed Through Idaho Housing and Finance Association Emergency Shelter Grants Program	ESG 17-20	14.231	58,794
	Emergency Shelter Grants Program	ESG 18-23	14.231	6,019
				64,813
	Continuum of Care	COC 16-65	14.267	94,218
	Continuum of Care	COC 17-65	14.267	68,064
	Continuum of Care	COC 16-77D	14.267	28,172
	Continuum of Care	COC 17-77D	14.267	27,093
				217,547
	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	240,000
				765,000
	Total Department of Housing & Urban Development			1,047,360
	Total Federal Sources			\$ 3,127,014

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, 2018**

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, 2018 consist of:

<u>CFDA Number</u>	<u>Program Name</u>	<u>Outstanding Balance at December 31, 2018</u>
14.247	Self-Help Homeownership Opportunity Program	<u>\$210,000</u>



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 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, 2018. 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, 2018.

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, 2019

**SOUTH CENTRAL COMMUNITY ACTION PARTNERSHIP, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2018**

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 no
- * Significant deficiency identified
that are not considered to be
a material weakness? yes none reported

Noncompliance material to financial
statements noted? yes no

Federal Awards

Internal control over major programs:

- * Material weakness identified? yes no
- * Significant deficiency identified
that are not considered to be
a material weakness? yes 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 no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.568	LIHEAP
81.042	Weatherization Assistance for Low Income Persons

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

Auditee qualified as low-risk auditee? yes no

**SOUTH CENTRAL COMMUNITY ACTION PARTNERSHIP, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

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, 2018**

No findings reported in the prior year.