

Indiana Housing and Community Development Authority
(A Component Unit of the State of Indiana)

Single Audit Report

For the Year Ended December 31, 2020

Indiana Housing and Community Development Authority
(A Component Unit of the State of Indiana)
December 31, 2020

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Indiana Housing and Community Development Authority

(A Component Unit of the State of Indiana)

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2020

Federal Grantor / Pass - Through Grantor or Cluster Title	Federal CFDA Number	Pass Through to Subrecipients	Expenditures Paid Directly by the Authority	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE:				
Rural Rental Housing Loans	10.415	\$ -	\$ 1,696,910	\$ 1,696,910
Total U.S. Department of Agriculture		<u>-</u>	<u>1,696,910</u>	<u>1,696,910</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:				
Housing Counseling Assistance Program	14.169	-	111,483	111,483
Section 8 Housing Assistance Payments Program <i>(Section 8 Project-Based Cluster)</i>	14.195	196,580,410	-	196,580,410
Indiana Office of Rural and Community Affairs <i>(pass-through entity)</i>				
Community Development Block Grants (a)	14.228	24,839,410	63,842	24,903,252
Emergency Solutions Grant	14.231	2,532,381	113,103	2,645,484
COVID-19 - Emergency Solutions Grant	14.231	1,525,154	526,746	2,051,900
Total Emergency Solutions Grant		<u>4,057,535</u>	<u>639,849</u>	<u>4,697,384</u>
Home Investment Partnerships Program	14.239	17,008,490	10,205,061	27,213,551
Housing Opportunities for Persons with AIDS	14.241	956,638	30,915	987,553
COVID-19 - Housing Opportunities for Persons with AIDS	14.241	54,148	5,358	59,506
Total Housing Opportunities for Persons with AIDS		<u>1,010,786</u>	<u>36,273</u>	<u>1,047,059</u>
Continuum of Care Program	14.267	5,598,021	951,477	6,549,498
Housing Trust Fund	14.275	-	677,094	677,094
Performance Based Contract Administrator Programs	14.327	-	890,664	890,664
Section 8 Housing Choice Vouchers <i>(Housing Voucher Cluster)</i>	14.871	26,781,795	5,310,078	32,091,873
COVID-19 - Section 8 Housing Choice Vouchers <i>(Housing Voucher Cluster)</i>	14.871	-	456,100	456,100
Section 8 - Housing Choice Vouchers Mainstream <i>(Housing Voucher Cluster)</i>	14.879	93,777	6,081	99,858
COVID-19 - Section 8 - Housing Choice Vouchers Mainstream <i>(Housing Voucher Cluster)</i>	14.879	-	2,549	2,549
Total Housing Voucher Cluster		<u>26,875,572</u>	<u>5,774,808</u>	<u>32,650,380</u>
Family Unification Program	14.880	1,543	-	1,543
Lead Hazard Reduction Demonstration Grant Program	14.905	195,017	35,113	230,130
Total U.S. Department of Housing and Urban Development		<u>276,166,784</u>	<u>19,385,664</u>	<u>295,552,448</u>
U.S. DEPARTMENT OF TREASURY:				
COVID -19 - Coronavirus Relief Fund	21.019	-	47,294,668	47,294,668
Total U.S. Department of Treasury		<u>-</u>	<u>47,294,668</u>	<u>47,294,668</u>
U.S. DEPARTMENT OF ENERGY:				
Weatherization Assistance for Low-Income Persons	81.042	5,085,191	364,109	5,449,300
Total U.S. Department of Energy		<u>5,085,191</u>	<u>364,109</u>	<u>5,449,300</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:				
Temporary Housing for Needy Families <i>(TANF Cluster)</i>	93.558	576,016	17,758	593,774
Low Income Home Energy Assistance Program	93.568	8,957,589	62,553,746	71,511,335
COVID - 19 - Low Income Home Energy Assistance Program	93.568	604,515	17,146	621,661
Total Low Income Home Energy Assistance Program		<u>9,562,104</u>	<u>62,570,892</u>	<u>72,132,996</u>
Community Services Block Grant	93.569	9,428,114	583,608	10,011,722
COVID - 19 - Community Services Block Grant	93.569	2,253,208	8,205	2,261,413
Total - Community Services Block Grant		<u>11,681,322</u>	<u>591,813</u>	<u>12,273,135</u>
Assets for Independence Demonstration Program	93.602	19,040	156,623	175,663
Block Grants for Community Mental Health	93.958	-	16,000	16,000
Total U.S. Department of Health and Human Services		<u>21,838,482</u>	<u>63,353,086</u>	<u>85,191,568</u>
Total Expenditures of Federal Awards		<u>\$ 303,090,457</u>	<u>\$ 132,094,437</u>	<u>\$ 435,184,894</u>

Pass-through Identifying Numbers: A192-IH-PSH12-001, A192-IH-PSC16-001, A192-IH-PSH18-001, A192-10-PSC-DR2-001, A192-20-MOU-101,
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Indiana Housing and Community Development Authority
(A Component Unit of the State of Indiana)
Notes to Schedule of Expenditures of Federal Awards
Year Ended December 31, 2020

Notes to Schedule

1. The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Indiana Housing and Community Development Authority (the Authority) under programs of the federal government for the year ended December 31, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position or cash flows of the Authority.
2. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance or other applicable regulatory guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The Authority has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.
3. The federal loan programs listing subsequently are administered directly by the Authority, and balance and transactions relating to these programs are included in the Authority's basic financial statements. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule. The balance of loans outstanding at December 31, 2020, consist of:

CFDA Number	Program Name	Outstanding Balance at December 31, 2020
10.415	Rural Rental Housing Loans	\$ 1,638,219
14.228	Community Development Block Grants	15,894,837
14.239	Home Investment Partnerships Program	16,490,728
		<hr/>
		\$ 34,023,784

During 2020, the Authority granted noncash assistance in the form of loans totaling \$323,683 for the Home Investment Partnerships Program.

**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**

Independent Auditor's Report

Board of Directors
Indiana Housing and Community Development Authority
Indianapolis, Indiana

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 financial statements of Indiana Housing and Community Development Authority (Authority), which comprise the statement of net position as of December 31, 2020, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 15, 2021, which included an emphasis of matter paragraph regarding adoption of a new accounting standard.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority'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 the Authority'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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BKD, LLP

Indianapolis, Indiana
April 15, 2021

Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Independent Auditor's Report

Board of Directors
Indiana Housing and Community Development Authority
Indianapolis, Indiana

Report on Compliance for Each Major Federal Program

We have audited Indiana Housing and Community Development Authority's (Authority) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended December 31, 2020. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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 the Authority'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 the Authority'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 Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

Report on Internal Control Over Compliance

Management of the Authority 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 the Authority'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 the Authority'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.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the Authority, as of and for the year ended December 31, 2020, and have issued our report thereon dated April 15, 2021, which contained an unmodified opinion on those financial statements, and which contained an emphasis of matter paragraph related to adoption of a new accounting standard. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

BKD, LLP

Indianapolis, Indiana
April 15, 2021

Indiana Housing and Community Development Authority
(A Component Unit of the State of Indiana)
Schedule of Findings and Questioned Costs
Year Ended December 31, 2020

Summary of Auditor's Results

Financial Statements

1. The type of report the auditor issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) was:
☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

2. The independent auditor's report on internal control over financial reporting disclosed:
Significant deficiency(ies)? ☐ Yes ☒ None reported
Material weakness(es)? ☐ Yes ☒ No

3. Noncompliance considered material to the financial statements was disclosed by the audit? ☐ Yes ☒ No

Federal Awards

4. The independent auditor's report on internal control over compliance for major federal awards programs disclosed:
Significant deficiency(ies)? ☐ Yes ☒ None reported
Material weakness(es)? ☐ Yes ☒ No

5. The opinions expressed in the independent auditor's report on compliance for major federal awards were:
☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

Indiana Housing and Community Development Authority
(A Component Unit of the State of Indiana)
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2020

6. The audit disclosed findings required to be reported by 2 CFR 200.516(a)? ☐ Yes ☒ No

7. The Authority's major programs were:

Cluster/Program	CFDA Number
Section 8 Project-Based Cluster	14.195
Housing Voucher Cluster	14.871 & 14.879
Emergency Solutions Grant Program	14.231
Coronavirus Relief Fund	21.019

8. The threshold used to distinguish between Type A and Type B programs was \$3,000,000.

9. The Authority qualified as a low-risk auditee? ☐ Yes ☒ No

Indiana Housing and Community Development Authority
(A Component Unit of the State of Indiana)
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2020

Findings Required to be Reported by *Government Auditing Standards*

Reference Number	Finding
	No matters are reportable.

Findings Required to be Reported by the *Uniform Guidance*

Reference Number	Finding
	No matters are reportable.

Indiana Housing and Community Development Authority
(A Component Unit of the State of Indiana)
Summary Schedule of Prior Audit Findings
Year Ended December 31, 2020

Reference Number	Summary of Finding	Status
2019-001	Differences were identified by the Authority during the year-end financial statement preparation process that resulted in the restatement of the beginning net position balance in the 2019 financial statements and some minor adjustments to the current year activity.	Resolved