



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

000001352A

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October 24, 2023

Board of Directors
Southeastern Indiana Economic Opportunity Corporation
110 Importing Street
Aurora, IN 47001

We have reviewed the audit report of Southeastern Indiana Economic Opportunity Corporation, which was opined upon by DWC CPAs LLC Independent Public Accountants, for the period January 1, 2022 to December 31, 2022. Per the *Independent Auditors' Report* the financial statements included in the report present fairly the financial condition of Southeastern Indiana Economic Opportunity Corporation as of December 31, 2022, and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, DWC CPAs LLC prepared the audit report in accordance with the guidelines established by the Indiana State Board of Accounts.

The audit report is filed with this letter in our office as a matter of public record.

A handwritten signature in black ink that reads "Tammy R. White".

Tammy R. White, CPA
Deputy State Examiner

FINANCIAL AND COMPLIANCE REPORT

SOUTHEASTERN INDIANA ECONOMIC OPPORTUNITY CORPORATION

December 31, 2022 and 2021

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Audit, Accounting, Tax & Advisory

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INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

To the Board of Directors
Southeastern Indiana Economic Opportunity Corporation
Aurora, Indiana

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Southeastern Indiana Economic Opportunity Corporation, which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Southeastern Indiana Economic Opportunity Corporation as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Southeastern Indiana Economic Opportunity Corporation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the 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* and *Uniform Compliance Guidelines for Examination of Entities Receiving Financial Assistance from Government Sources* issued by the Indiana State Board of Accounts, 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2023 on our consideration of Southeastern Indiana Economic Opportunity Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Southeastern Indiana Economic Opportunity Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Southeastern Indiana Economic Opportunity Corporation's internal control over financial reporting and compliance.

DWC CPA's LLC

South Bend, Indiana
September 20, 2023

SOUTHEASTERN INDIANA ECONOMIC OPPORTUNITY CORPORATION

STATEMENTS OF FINANCIAL POSITION

December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets:		
Cash and cash equivalents	\$ 153,561	\$ 152,533
Promises to give	270,354	202,081
Prepaid expenses	74,662	68,463
Property and equipment	184,685	167,600
Cash held in escrow for employee benefits	61,346	2,143
Operating leases right-of-use assets	<u>366,404</u>	<u>-</u>
<i>Total assets</i>	<u><u>\$ 1,111,012</u></u>	<u><u>\$ 592,820</u></u>
 Liabilities and Net Assets:		
Liabilities:		
Accounts payable and accrued liabilities	\$ 435,059	\$ 172,900
Accrued employee benefits	61,346	2,143
Deferred revenue	59,820	-
Operating lease liabilities	<u>366,404</u>	<u>-</u>
<i>Total liabilities</i>	<u>922,629</u>	<u>175,043</u>
 Net Assets:		
Without donor restrictions:		
Invested in property and equipment	184,685	167,600
Undesignated	<u>(86,470)</u>	<u>156,495</u>
	<u>98,215</u>	<u>324,095</u>
With donor restrictions:		
Purpose restricted	<u>90,168</u>	<u>93,682</u>
<i>Total net assets</i>	<u>188,383</u>	<u>417,777</u>
<i>Total liabilities and net assets</i>	<u><u>\$ 1,111,012</u></u>	<u><u>\$ 592,820</u></u>

The accompanying notes are an integral part of these financial statements.

SOUTHEASTERN INDIANA ECONOMIC OPPORTUNITY CORPORATION
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Totals	Without Donor Restrictions	With Donor Restrictions	Totals
Revenue, Support, and Gains:						
Government funded awards:						
Financial assets	\$ 5,778,055	\$ -	\$ 5,778,055	\$ 6,290,913	\$ -	\$ 6,290,913
Nonfinancial assets	2,687,032	-	2,687,032	967,224	-	967,224
Contributions:						
Financial assets	33,720	37,375	71,095	33,624	11,990	45,614
Nonfinancial assets	198,625	-	198,625	331,781	-	331,781
Net assets released from restrictions	40,889	(40,889)	-	60,518	(60,518)	-
<i>Total revenue, support, and gains</i>	<u>8,738,321</u>	<u>(3,514)</u>	<u>8,734,807</u>	<u>7,684,060</u>	<u>(48,528)</u>	<u>7,635,532</u>
Expenses:						
Program services expenses:						
Head Start	2,958,102	-	2,958,102	3,642,027	-	3,642,027
Weatherization	622,735	-	622,735	488,818	-	488,818
Energy Assistance	2,856,742	-	2,856,742	1,105,905	-	1,105,905
Housing	1,294,675	-	1,294,675	1,264,056	-	1,264,056
Covering Kids & Families	100,114	-	100,114	110,564	-	110,564
Other programs	618,202	-	618,202	610,167	-	610,167
<i>Total program services expenses</i>	<u>8,450,570</u>	<u>-</u>	<u>8,450,570</u>	<u>7,221,537</u>	<u>-</u>	<u>7,221,537</u>
Supporting services expenses:						
Management and general	513,631	-	513,631	408,779	-	408,779
<i>Total expenses</i>	<u>8,964,201</u>	<u>-</u>	<u>8,964,201</u>	<u>7,630,316</u>	<u>-</u>	<u>7,630,316</u>
Change in net assets	(225,880)	(3,514)	(229,394)	53,744	(48,528)	5,216
Net assets, beginning of year	324,095	93,682	417,777	270,351	142,210	412,561
<i>Net assets, end of year</i>	<u>\$ 98,215</u>	<u>\$ 90,168</u>	<u>\$ 188,383</u>	<u>\$ 324,095</u>	<u>\$ 93,682</u>	<u>\$ 417,777</u>

The accompanying notes are an integral part of these financial statements.

SOUTHEASTERN INDIANA ECONOMIC OPPORTUNITY CORPORATION
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2022

	<u>Head Start</u>	<u>Weatherization</u>	<u>Energy Assistance</u>	<u>Housing</u>	<u>Covering Kids & Families</u>	<u>Other Programs</u>	<u>Management and General</u>	<u>Totals</u>
Personnel	\$ 1,799,775	\$ 110,834	\$ 151,329	\$ 68,450	\$ 96,173	\$ 376,121	\$ 488,115	\$ 3,090,797
Direct client assistance	121,523	441,333	2,662,957	1,198,013	-	124,706	-	4,548,532
Travel	50,314	1,009	197	1,097	291	2,249	-	55,157
Occupancy	358,489	15,126	6,478	8,395	2,900	28,601	-	419,989
Communications	50,615	3,243	1,111	845	-	5,207	-	61,021
Postage	5,584	514	4,719	4,856	-	1,718	-	17,391
Supplies and materials	169,685	4,162	7,064	3,009	67	4,534	-	188,521
Food	177,833	-	-	-	-	-	-	177,833
Training and education	44,074	6,040	1,377	316	-	7,684	-	59,491
Contracted services	124,728	12,679	18,084	5,204	354	21,199	2,516	184,764
Insurance	31,746	10,853	2,652	3,007	-	6,654	-	54,912
Professional fees	-	-	-	-	-	-	23,000	23,000
Equipment expense	-	3,752	-	-	-	-	-	3,752
Printing and promotion	1,606	21	230	1,035	-	181	-	3,073
Other	9,274	5,684	544	448	329	39,348	-	55,627
Depreciation	12,856	7,485	-	-	-	-	-	20,341
<i>Totals</i>	<u>\$ 2,958,102</u>	<u>\$ 622,735</u>	<u>\$ 2,856,742</u>	<u>\$ 1,294,675</u>	<u>\$ 100,114</u>	<u>\$ 618,202</u>	<u>\$ 513,631</u>	<u>\$ 8,964,201</u>

The accompanying notes are an integral part of these financial statements.

SOUTHEASTERN INDIANA ECONOMIC OPPORTUNITY CORPORATION
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2021

	<u>Head Start</u>	<u>Weatherization</u>	<u>Energy Assistance</u>	<u>Housing</u>	<u>Covering Kids & Families</u>	<u>Other Programs</u>	<u>Management and General</u>	<u>Totals</u>
Personnel	\$ 2,157,550	\$ 103,647	\$ 104,513	\$ 66,828	\$ 104,219	\$ 220,084	\$ 389,921	\$ 3,146,762
Direct client assistance	45,103	333,283	974,922	1,178,759	-	226,523	-	2,758,590
Travel	54,530	865	24	834	10	2,263	-	58,526
Occupancy	396,923	16,331	4,849	5,150	3,193	39,741	-	466,187
Communications	51,706	3,350	656	717	335	8,369	-	65,133
Postage	4,204	477	4,247	2,465	-	1,536	-	12,929
Supplies and materials	469,028	3,378	2,290	3,561	219	(4,731)	-	473,745
Contributed services	129,205	-	-	-	-	-	-	129,205
Food	112,226	-	-	-	-	-	-	112,226
Training and education	35,710	9,773	98	56	21	8,578	-	54,236
Contracted services	123,855	8,507	12,529	3,237	2,105	66,730	300	217,263
Insurance	25,631	6,940	1,126	1,088	-	10,284	-	45,069
Professional fees	-	-	-	-	-	-	17,350	17,350
Printing and promotion	18,810	148	-	990	-	199	-	20,147
Other	7,332	1,893	425	220	236	29,987	-	40,093
Depreciation	10,214	226	226	151	226	604	1,208	12,855
<i>Totals</i>	<u>\$ 3,642,027</u>	<u>\$ 488,818</u>	<u>\$ 1,105,905</u>	<u>\$ 1,264,056</u>	<u>\$ 110,564</u>	<u>\$ 610,167</u>	<u>\$ 408,779</u>	<u>\$ 7,630,316</u>

The accompanying notes are an integral part of these financial statements.

SOUTHEASTERN INDIANA ECONOMIC OPPORTUNITY CORPORATION

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Change in Cash and Cash Equivalents:		
Cash Flows from Operating Activities:		
Cash received from government-funded awards and contributions	\$ 5,840,697	\$ 6,184,103
Cash paid to employees, vendors, and others	<u>(5,802,243)</u>	<u>(6,298,397)</u>
<i>Net cash provided by (used in) operating activities</i>	<u>38,454</u>	<u>(114,294)</u>
Cash Flows from Investing Activities:		
Purchase of property and equipment	<u>(37,426)</u>	<u>-</u>
Net change in cash and cash equivalents	1,028	(114,294)
Cash and cash equivalents, beginning of year	<u>152,533</u>	<u>266,827</u>
<i>Cash and cash equivalents, end of year</i>	<u>\$ 153,561</u>	<u>\$ 152,533</u>
 Reconciliation of Change in Net Assets to Net Cash Provided by (Used in) Operations:		
Change in net assets	\$ (229,394)	\$ 5,216
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	20,341	12,855
Changes in operating assets and liabilities:		
Promises to give	(68,273)	(93,708)
Prepaid expenses	(6,199)	(12,058)
Accounts payable and accrued liabilities	262,159	32,117
Deferred revenue	<u>59,820</u>	<u>(58,716)</u>
<i>Net cash provided by (used in) operating activities</i>	<u>\$ 38,454</u>	<u>\$ (114,294)</u>

The accompanying notes are an integral part of these financial statements.

SOUTHEASTERN INDIANA ECONOMIC OPPORTUNITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 1. NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Southeastern Indiana Economic Opportunity Corporation (the Organization, we, us, our) is an Indiana nonprofit corporation that is committed to community development and providing services to families in Southeastern Indiana. We are dedicated to helping people help themselves and each other. Our operations are supported primarily by grants from governmental agencies. We fulfill our mission by focusing our efforts in the following areas:

- *Head Start* – Promotes the school readiness of children ages 3-5 from low-income families by enhancing their cognitive social and emotional development. We provide comprehensive services to enrolled children and their families, which include health, nutrition, social and other services determined to be necessary by family needs assessments, in addition to education and cognitive services.
- *Weatherization* – Our program provides weatherization home improvements for low-income persons in a five-county area (Dearborn, Franklin, Ohio, Ripley, and Switzerland counties). The Weatherization Assistance Program assists families with home modifications that help conserve energy and lower heating bills. The program tailors work and provides client education to meet the needs of each household. This includes repair or replacement of furnaces, sealing air leaks, insulation, and other energy efficiency repairs are among the improvements available to single and multi-family dwellings. Staff tests homes before and after the work is completed to evaluate its effectiveness.
- *Energy Assistance* – Individuals complete a Statewide EAP application, this process can be done online, mail-in application, or in-person. Intake staff review the application for completeness and determine eligibility, based on factors including but not limited to, household size, income, utility cost, and type heat source. Individuals and households receive energy education during the application process.
- *Housing* – Our program is a federal Housing Choice Voucher program that provides rent and utility benefits to low-income persons in six counties (Dearborn, Franklin, Ohio, Ripley, Switzerland, and Union counties)
- *Covering Kids & Families*, which is a program that ensures that all eligible children and adults in a five-county area are enrolled in available health-care coverage programs.
- *Other Programs* – Other programs include Indiana Emergency Rental Assistance and the Bev Henry Emergency Fund which provides emergency resources to assist with food instability, personal care, and other necessary needs. We also receive other private and public donations to assist in meeting the needs of individuals within the communities we serve.

Significant Accounting Policies:

Use of Estimates:

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial

SOUTHEASTERN INDIANA ECONOMIC OPPORTUNITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

statements. Accordingly, upon settlement, actual results may differ from estimated amounts. Significant estimates used in the accompanying financial statements include:

- Revenue earned on grants and contracts from governmental agencies that are governed by federal and state cost principles and other administrative and programmatic regulations and are subject to audit by regulatory authorities. It is at least reasonably possible that revenue earned under such awards will be adjusted upon audit.
- Valuations of contributed materials and supplies, services, and facilities, which are based on estimated costs for comparable items.
- Allocations of costs among programs and supporting services. Expenses that are directly identifiable with functions are charged to those functions. Expenses related to more than one function are allocated to functions based on estimates of employee time spent on functions, space used by function, and other factors driving costs. In addition, because we receive the majority of our support from grants and contracts awarded through competitive bidding, fundraising costs are not material and are not separately presented in the accompanying financial statements.

Net Asset Classes:

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

- *Net assets without donor restrictions* – Net assets available for use in general operations and not subject to donor restrictions.
- *Net assets with donor restrictions* – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity; however, to date, we have not received such net assets. Donor-imposed restrictions are released when a restriction expires; that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and Cash Equivalents:

We consider all time deposits, certificates of deposit, and all highly liquid debt instruments with an original maturity of three months or less and that are neither held for nor restricted by donors for long-term purposes to be cash equivalents.

Promises to Give:

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value, using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the

SOUTHEASTERN INDIANA ECONOMIC OPPORTUNITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

discounts is included in contribution revenue in the statements of activities. The allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written-off when deemed uncollectable.

Property and Equipment:

Property and equipment is stated at cost, if acquired, or at fair value at the date of receipt, if donated, less accumulated depreciation. Depreciation is computed by the straight-line method over the estimated useful lives of the assets, which are generally five years for transportation equipment and thirty years for buildings.

We review the carrying values of property and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent that carrying value exceeds the fair value of the assets. In both 2022 and 2021, we determined that there were no such assets that were impaired.

Substantially all of our transportation equipment has been purchased with governmental grant funds. Disposition of these vehicles, as well as the ownership of any sales proceeds, is subject to funding source and other regulatory directives. Because we expect such vehicles to be used in accordance with the funding sources directives, the cost of the vehicles is recorded as an asset when acquired.

Leases:

Lease assets represent our right to use an underlying asset for the lease term. Lease assets are recognized at the present value of future minimum lease payments over the lease term as of the commencement date, plus initial direct costs incurred and lease payments made, less any lease incentives received. Lease liabilities represent our contractual obligation to make lease payments. Lease liabilities are recognized at the present value of the future minimum lease payments over the lease term as of the commencement date.

We determine if an arrangement contains a lease at inception. If an arrangement is considered a lease, we determine at the commencement date whether the lease is an operating lease or a finance lease. Finance leases are leases that meet any of the following criteria –

- The lease transfers ownership of the underlying asset at the end of the lease term.
- The lessee is reasonably certain to exercise an option to purchase an underlying asset.
- The lease term is for the major part of the remaining economic life of the underlying leased asset.
- The present value of the sum of the lease payments and any additional residual value guarantee by the lessor equals or exceeds substantially all of the fair value of the underlying asset.

SOUTHEASTERN INDIANA ECONOMIC OPPORTUNITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

- The underlying asset is of such a specialized nature that it is expected to have no alternative use to the lessor at the end of the lease term.

A lease that does not meet any of these criteria is considered to be an operating lease. After the commencement date, lease costs for an operating lease are recognized over the remaining lease term on a straight-line basis, while lease costs for a finance lease is based on the depreciation of the leased asset and interest on the lease liability. Leases with an initial term of twelve months or less are short-term leases, which are not recorded in the accompanying statements of financial position unless the lease contains a purchase or renewal option that is reasonably certain to be exercised. Lease costs related to short-term leases are recognized on a straight-line basis over the lease term.

Determinations with respect to lease term (including any extensions), discount rate, variable lease costs, and future minimum lease payments require the use of judgment based on the facts and circumstances related to each lease. We consider various factors, including economic incentives and penalties and business need, to determine the likelihood that a renewal option will be exercised. Unless a renewal option is reasonably certain to be exercised, the initial non-cancelable lease term is used. We use U.S. Government bond rates at the inception of each lease to determine the present value of future minimum lease payments.

Revenue and Revenue Recognition:

Government-funds awards and other contributions and grants – The majority of our revenue is earned under cost-reimbursement awards from governmental agencies. Revenues are recognized under such awards when costs allowable under the terms of the awards are incurred. Advances received in excess of allowable costs are reported as deferred revenue in the accompanying statements of financial position. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Contributions of goods and property are recorded at fair value at the date contributed. Contributions of the use of facilities at no charge or at below-market charge are recorded at fair value, less any charges.

Payments made directly to vendors by governmental funding sources under awards in which we perform intake functions and are liable for errors made in determining participant eligibility are recorded as both revenue and expenses.

Contributions of services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not donated, are recorded at their fair value in the period received. No contributed services are recognized in the accompanying consolidated financial statements because the criteria for recognition were not met. However, a substantial number of volunteers donate significant amounts of time to us.

SOUTHEASTERN INDIANA ECONOMIC OPPORTUNITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

Functional Expense Allocations:

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function and report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include personnel, travel, occupancy (which is allocated by both square footage and by estimates of time and effort), communications, postage, supplies and materials, training and education, contracted services, insurance, printing and promotion, and others, which are allocated on the basis of estimates of time and effort or other factors driving expenses.

Income Taxes:

We are exempt from income tax under Internal Revenue Code Section 501(c)(3) and a similar section of the Indiana Code, except for tax on unrelated businesses income. Consequently, the accompanying financial statements generally do not include any provision for income taxes. The Internal Revenue Service classifies us as other than a private foundation under Internal Revenue Code Section 509(a)(1).

We recognize the tax benefit from an uncertain tax position only if it is more likely than not that the position will be sustained on examination by taxing authorities based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. Examples of tax positions include the tax-exempt status of the Organization and positions related to the potential sources of unrelated business taxable income. We have not identified any uncertain tax positions taken or expected to be taken in a tax return, and there are no unrecognized tax benefits recorded as liabilities in the accompanying financial statements. We classify interest and penalties, if any, associated with uncertain tax positions as a component of income tax expense. There was no accrued interest or any penalties related to unrecognized tax benefits at either December 31, 2022 or 2021, or any interest or penalties expense related to unrecognized tax benefits for the years then ended. We are no longer subject to examination by the Internal Revenue Service or the State of Indiana for years prior to 2019.

Financial Instruments and Credit Risk:

We manage deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by us to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, we have not experienced losses in any of these accounts. Credit risk associated with promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from governmental agencies.

SOUTHEASTERN INDIANA ECONOMIC OPPORTUNITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

Recent Accounting Pronouncements and Accounting Changes:

In 2022, we adopted Accounting Standards Update No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures for Contributed Nonfinancial Assets*. This guidance requires that contributed nonfinancial assets be separately reported in the statement of activities, and it requires additional disclosures about such contributions. The standard is required to be applied retrospectively; consequently, the 2021 financial statements reflect these provisions. There were no changes to the amounts of revenue or expenses reported in either 2022 or 2021 as a result of adopting this new standard.

Effective January 1, 2022, we adopted the provisions of Accounting Standards Codification (ASC) 842, *Leases*. Adoption of this standard had no effect on the 2021 financial statements.

Subsequent Events:

The date through which events occurring subsequent to December 31, 2022 for possible adjustment to the financial statements or disclosure is September 20, 2023, the date on which the financial statements were available to be issued.

NOTE 2. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure (that is, without donor or other restrictions limiting their use) within one year of December 31, 2022 and 2021, respectively, are as follows:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 63,393	\$ 58,851
Promises to give	<u>270,354</u>	<u>202,081</u>
<i>Total financial assets available for general expenditure</i>	<u>\$ 333,747</u>	<u>\$ 260,932</u>

NOTE 3. PROMISES TO GIVE

Promises to give consist primarily of reimbursements due under government grants and contracts. All amounts are due within one year, and no allowance for uncollectable amounts is considered necessary. In addition, at December 31, 2022, we had received approximately \$2,795,000 of conditional promises to give in excess of allowable costs incurred under cost-reimbursement grants. Such promises will be recognized as revenue if and when allowable costs are incurred.

SOUTHEASTERN INDIANA ECONOMIC OPPORTUNITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 4. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31, 2022 and 2021, respectively:

	<u>2022</u>	<u>2021</u>
Land	\$ 21,200	\$ 21,200
Building	226,462	226,462
Transportation equipment	<u>134,393</u>	<u>96,967</u>
	382,055	344,629
Less accumulated depreciation	<u>(197,370)</u>	<u>(177,029)</u>
<i>Net property and equipment</i>	<u>\$ 184,685</u>	<u>\$ 167,600</u>

NOTE 5. NET ASSETS INFORMATION

Net assets with donor restrictions are subject to expenditure for the following purposes at December 31, 2022 and 2021, respectively:

	<u>2022</u>	<u>2021</u>
Client assistance and family services	\$ 39,537	\$ 29,044
Head Start and education	4,954	5,561
COVID relief to individuals	1,000	-
Childcare resource and referral	<u>44,677</u>	<u>59,077</u>
<i>Total net assets with donor restrictions</i>	<u>\$ 90,168</u>	<u>\$ 93,682</u>

Net assets were released from donor restrictions by incurring expenses satisfying restricted purposes or by other events specified by the donors as follows for the years ended December 31, 2022 and 2021, respectively:

Client assistance and family services	\$ 15,966	\$ 16,647
Head Start and education	1,523	-
COVID relief to individuals	9,000	37,811
Childcare resource and referral	<u>14,400</u>	<u>6,060</u>
<i>Total net assets released from donor restrictions</i>	<u>\$ 40,889</u>	<u>\$ 60,518</u>

NOTE 6. LEASE INFORMATION

Effective January 1, 2022, we adopted the provisions of Accounting Standards Codification (ASC) 842, *Leases*. Under this guidance, we determine if an arrangement contains a lease at inception based on whether we have the right to control an asset during the contact period and other facts and circumstances. Upon adoption of the new guidance, we elected to apply the following practical expedients:

- Contracts need not be reassessed to determine whether they contain leases.
- All existing leases that were classified as operating leases continue to be classified as operating leases, and all existing leases that were classified as capital leases continue to be classified as finance leases.

SOUTHEASTERN INDIANA ECONOMIC OPPORTUNITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

- To apply the short-term lease exception, which does not require the capitalization of leases with terms of 12 months or less.
- The use of hindsight in determining the lease term and in assessing impairment of right-to-use assets.

The adoption of ASC 842 resulted in recognition of right-of-use assets and of operating lease liabilities of approximately \$513,000 at January 1, 2022. Results of periods prior to January 1, 2022 continue to be reported in accordance with our historical accounting treatment.

We lease our primary facility and six other facilities and certain office equipment under operating leases that expire between July 2023 and July 2025. The following provides quantitative information about our leases as of and for the year ended December 31, 2022:

Statement of financial position line items:	
Right-of-use assets:	
Operating leases	<u>\$ 366,404</u>
Lease liabilities:	
Operating leases	<u>\$ 366,404</u>
Lease cost components in statement of activities:	
Operating lease costs	<u>\$ 195,765</u>
Cash flows information:	
Operating cash flows from operating leases	<u>\$ 195,765</u>
Weighted-average remaining lease term (in years):	
Operating leases	<u>3.7</u>
Weighted-average discount rate applied:	
Operating leases	<u>2.44%</u>

Following is a maturity analysis by year of annual undiscounted cash flows for lease liabilities at December 31, 2022:

2023	\$ 178,272
2024	131,786
2025	<u>58,485</u>
<i>Totals</i>	368,543
Less imputed interest	<u>(2,139)</u>
<i>Discounted lease liability</i>	<u>\$ 366,404</u>

Total lease expense for the year ended December 31, 2021 was \$203,638.

NOTE 7. CONTRIBUTED NONFINANCIAL ASSETS

Contributed nonfinancial assets recognized in the accompanying statements of activities are as follows for the years ended December 31, 2022 and 2021, respectively:

SOUTHEASTERN INDIANA ECONOMIC OPPORTUNITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Use of facilities	\$ 110,436	\$ 144,030
Materials and supplies	86,350	58,546
Services	1,839	129,205
Energy assistance payments	<u>2,687,032</u>	<u>967,224</u>
<i>Totals</i>	<u>\$ 2,885,657</u>	<u>\$ 1,299,005</u>

Contributed facilities is for space used for Head Start sites rented free of charge or at reduced charge. The difference between the fair value for the use of these facilities and the cost is recorded as revenue and expense.

Contributed materials and supplies and services are for the Head Start program and are valued using donor costs, if available, or donor stated values if the donor is in the business to provide the donated items.

Indiana Housing and Community Development Authority (IHCDA) makes energy assistance payments for participants in the Low-Income Home Energy Assistance Program directly to the energy providers on behalf of all entities administering the program. Because we perform all intake functions and are liable for errors made in determining participant eligibility, such payments made by IHCDA to the providers are recorded as both grants revenue and financial assistance expense in the accompanying consolidated financial statements.

In addition, for the years ended December 31, 2022 and 2021, we received approximately \$259,000 and \$207,000, respectively, of contributed services, primarily for our Head Start program, that did not meet the criteria to be recognized in the financial statements. We also received and distributed food commodities under the U.S. Department of Agriculture Emergency Food Assistance Program in 2021 that is not recognized in the accompanying financial statements because title and risk for the product remains with the distributing governmental agency. For the year ended December 31, 2021, we received 90,896 pounds of food product under this program, with an estimated value of \$120,784, which is not recognized as revenue in the accompanying financial statements.

NOTE 8. EMPLOYEE BENEFIT PLANS

We maintain a defined-contribution pension plan covering substantially all our employees after one year of service. We may make discretionary contributions to the plan, limited to 4% of each employee's compensation. Pension expense was \$47,088 and \$43,524 for the years ended December 31, 2022 and 2021, respectively.

In 2016 we adopted a self-funded medical plan for our full-time employees that is managed by a third-party administrator. We purchase a stop-loss insurance policy for the plan that reimburses us for individual claims in excess of \$30,000, in general, annually, and we fund a separate bank account that is restricted for payment of claims and insurance. We have recorded accruals for our estimated portion of self-insured claims based on estimated claims incurred through December 31, 2022 and 2021.

SOUTHEASTERN INDIANA ECONOMIC OPPORTUNITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 9. CONCENTRATIONS

Financial instruments that expose us to concentrations of credit risk consist primarily of cash and cash equivalents and promises to give. We had no cash on deposit with a financial institution that exceeded the federal deposit insurance limit at either December 31, 2022 or 2021. Of total promises to give at December 31, 2022 and 2021, approximately 70% and 85%, respectively, is due from agencies of the State of Indiana and at December 2022, approximately 29% was due from U.S. Department of Health and Human Services.

All our programs and activities occur in Southeastern Indiana; consequently, our sources of support and revenue may be affected by conditions in that area. In addition, for the years ended December 31, 2022 and 2021, approximately 97% and 95%, respectively, of total revenues were earned from governmental awards, and approximately 62% and 46%, respectively, of total revenues were earned from awards from Indiana Housing and Community Development Authority and approximately 32% and 45%, respectively, were earned from U.S. Department of Health and Human Services for our Head Start program.

SOUTHEASTERN INDIANA ECONOMIC OPPORTUNITY CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2022

<u>Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Provided Through to Subrecipients</u>	<u>Total Expenditures</u>
<i>Department of Agriculture Programs:</i>				
Passed-Through Indiana State Department of Education:				
Child and Adult Care Food Program	10.558	1150030	\$ -	\$ 144,016
<i>Department of Housing and Urban Development Programs:</i>				
Passed-through Indiana Housing and Community Development Authority:				
Housing Voucher Cluster:				
Section 8 Housing Choice Vouchers	14.871	HCV-0200-15, HCV-2022-14, HCV-023-14	-	1,328,174
<i>Department of Treasury Programs:</i>				
Passed-through Indiana Housing and Community Development Authority:				
COVID-19 - Emergency Rental Assistance Program	21.023	ERA-2022-005-019	-	14,232
<i>Department of Energy Programs:</i>				
Passed-through Indiana Housing and Community Development Authority:				
Weatherization Assistance for Low-Income Persons	81.042	WX-021-022, WX-022-022	-	250,975
<i>Department of Health and Human Services Programs:</i>				
Passed-through Indiana Housing and Community Development Authority:				
Low-Income Home Energy Assistance	93.568	LI-022-022, LI-023-022	-	1,592,979
Low-Income Home Energy Assistance	93.568	LI-ES-023-022	-	21,309
Low-Income Home Energy Assistance	93.568	WL-020-022, WL-023-022	-	183,983
COVID-19 - Low-Income Home Energy Assistance	93.568	LI-ARPA-021-022	-	1,347,596
COVID-19 - Low-Income Home Energy Assistance	93.568	ARPA-WA-021-022, ARPA-WA-022-022	-	215,023
<i>Total Low-Income Home Energy Assistance</i>			-	3,360,890
477 Cluster:				
Community Services Block Grant	93.569	CS-020-022, CS-023-022	-	215,801
COVID-19 - Community Services Block Grant	93.569	CS-CV-020-022, CS-CV-022-022-D	-	141,065
<i>Total 477 Cluster and Community Services Block Grant</i>			-	356,866
Head Start Cluster:				
Head Start	93.600	05CH01176203	-	2,647,290
COVID-19 - Head Start	93.600	05HE00104701C5, 05HE00104701C6	-	167,306
<i>Total Head Start Cluster and Head Start</i>			-	2,814,596
Passed-through Indiana Family & Social Services Administration:				
Passed-through Health and Hospital Corporation of Marion County:				
Passed-through Covering Kids & Families of Indiana, Inc.:				
Medicaid Cluster:				
Medical Assistance Program	93.778	N/A	-	101,614
<i>Total Department of Health and Human Services programs</i>			-	6,633,966
Total expenditures of federal awards			\$ -	\$ 8,371,363

The accompanying notes are an integral part of this schedule.

SOUTHEASTERN INDIANA ECONOMIC OPPORTUNITY CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2022

NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activities of Southeastern Indiana Economic Opportunity Corporation under programs of the federal government for the year ended December 31, 2022. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Southeastern Indiana Economic Opportunity Corporation, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Southeastern Indiana Economic Opportunity Corporation.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The Indiana Housing and Community Development Authority (IHCDA) makes energy assistance payments for participants in the Low-Income Home Energy Assistance Program, CFDA #93.568, directly to the energy providers on behalf of entities administering the program. Because the Organization performs all intake functions and is liable for errors made in determining participant eligibility, such payments made by IHCDA to the providers, totaling \$2,687,032 (including \$1,246,206 for COVID-19 assistance), are included in federal expenditures in the accompanying Schedule.

NOTE 3. INDIRECT COST RATE

Southeastern Indiana Economic Opportunity Corporation has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 4. FAIR MARKET VALUE OF DONATED PERSONAL PROTECTIVE EQUIPMENT (UNAUDITED)

During 2022, Southeastern Indiana Economic Opportunity Corporation did not receive donated personal protective equipment from federal sources.



Audit, Accounting, Tax & Advisory

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**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***

To the Board of Directors
Southeastern Indiana Economic Opportunity Corporation
Aurora, Indiana

We have audited, in accordance with the 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 Southeastern Indiana Economic Opportunity Corporation, which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to financial statements, and have issued our report thereon dated September 20, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Southeastern Indiana Economic Opportunity Corporation’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 Southeastern Indiana Economic Opportunity Corporation’s internal control. Accordingly, we do not express an opinion on the effectiveness of Southeastern Indiana Economic Opportunity Corporation’s internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Southeastern Indiana Economic Opportunity Corporation’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 Southeastern Indiana Economic Opportunity Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Southeastern Indiana Economic Opportunity Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

DWC CPA's LLC

South Bend, Indiana
September 20, 2023



Audit, Accounting, Tax & Advisory

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

To the Board of Directors
Southeastern Indiana Economic Opportunity Corporation
Aurora, Indiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Southeastern Indiana Economic Opportunity Corporation's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Southeastern Indiana Economic Opportunity Corporation's major federal programs for the year ended December 31, 2022. Southeastern Indiana Economic Opportunity Corporation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Southeastern Indiana Economic Opportunity Corporation complied, in all material respects, with the 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, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (Government Auditing Standards); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Southeastern Indiana Economic Opportunity Corporation and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Southeastern Indiana Economic Opportunity Corporation's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of

laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Southeastern Indiana Economic Opportunity Corporation's federal programs.

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Report on Internal Control over Compliance

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

weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

DWC CPA's LLC

South Bend, Indiana
September 20, 2023

SOUTHEASTERN INDIANA ECONOMIC OPPORTUNITY CORPORATION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2022

Section I - Summary of Auditor's Results

FINANCIAL STATEMENTS

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- Unmodified

Internal control over financial reporting-

- Material weaknesses identified? No
- Significant deficiencies identified? None reported

Noncompliance material to financial statements noted? No

FEDERAL AWARDS

Internal control over major federal programs-

- Material weaknesses identified? No
- Significant deficiencies identified? None reported

Type of auditor's report issued on compliance for major federal programs- Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No

Identification of major federal programs-

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
14.871	Housing Voucher Cluster: Section 8 Housing Choice Vouchers
93.568	Low-Income Home Energy Assistance

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

Auditee qualified as low-risk auditee? Yes

SOUTHEASTERN INDIANA ECONOMIC OPPORTUNITY CORPORATION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2022

Section II - Financial Statement Findings

There were no findings in the financial statement audit.

Section III – Federal Award Findings and Questioned Costs

There were no findings or questioned costs in the major federal award programs audit.

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2022**

There were no findings in the December 31, 2021 audit.



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