



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

B57458

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October 20, 2021

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 d/b/a Southeastern Indiana E.O.C., which was opined upon by Cullar & Associates, PC, Independent Public Accountants, for the period January 1, 2019 to December 31, 2019. Per the *Independent Auditors' Report* the financial statements included in the report present fairly the financial condition of Southeastern Indiana Economic Opportunity Corporation d/b/a Southeastern Indiana E.O.C. as of December 31, 2019 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Cullar & Associates, PC prepared the audit report in accordance with the guidelines established by the State Board of Accounts.

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

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

FINANCIAL AND COMPLIANCE REPORT

SOUTHEASTERN INDIANA ECONOMIC OPPORTUNITY CORPORATION

December 31, 2019 and 2018

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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 Financial Statements

We have audited the accompanying financial statements of Southeastern Indiana Economic Opportunity Corporation, which comprise the statements of financial position as of December 31, 2019 and 2018 and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 audits. We conducted our audits 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 financial statements referred to above present fairly, in all material respects, the financial position of Southeastern Indiana Economic Opportunity Corporation as of December 31, 2019 and 2018, 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.

Report on 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 and nonfederal 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 information 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 October 21, 2020, 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.

Cullen & Associates, P.C.

South Bend, Indiana
October 21, 2020

SOUTHEASTERN INDIANA ECONOMIC OPPORTUNITY CORPORATION

STATEMENTS OF FINANCIAL POSITION

December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets:		
Cash and cash equivalents	\$ 171,859	\$ 139,973
Promises to give	163,905	322,647
Prepaid expenses	42,472	9,289
Property and equipment	193,311	206,167
Cash held in escrow for employee benefits	<u>101,007</u>	<u>124,981</u>
<i>Total assets</i>	<u>\$ 672,554</u>	<u>\$ 803,057</u>
 Liabilities and Net Assets:		
Liabilities:		
Accounts payable and accrued liabilities	\$ 165,816	\$ 228,924
Accrued employee benefits	<u>101,007</u>	<u>124,981</u>
<i>Total liabilities</i>	<u>266,823</u>	<u>353,905</u>
 Net Assets:		
Without donor restrictions:		
Invested in property and equipment	193,311	206,167
Undesignated	<u>131,923</u>	<u>105,114</u>
	<u>325,234</u>	<u>311,281</u>
With donor restrictions:		
Purpose restricted	<u>80,497</u>	<u>137,871</u>
<i>Total net assets</i>	<u>405,731</u>	<u>449,152</u>
 <i>Total liabilities and net assets</i>	 <u>\$ 672,554</u>	 <u>\$ 803,057</u>

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

SOUTHEASTERN INDIANA ECONOMIC OPPORTUNITY CORPORATION
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2019 and 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Totals	Without Donor Restrictions	With Donor Restrictions	Totals
Revenue, Support, and Gains:						
Government-funded awards	\$ 6,586,348	\$ -	\$ 6,586,348	\$ 7,305,361	\$ 104,536	\$ 7,409,897
Contributions:						
Cash and promises	49,930	132,834	182,764	2,689	60,846	63,535
Materials and supplies	144,361	-	144,361	163,081	-	163,081
Services	147,712	-	147,712	156,316	-	156,316
Facilities	135,558	-	135,558	133,385	-	133,385
Net assets released from restrictions	190,208	(190,208)	-	194,334	(194,334)	-
<i>Total revenue, support, and gains</i>	<u>7,254,117</u>	<u>(57,374)</u>	<u>7,196,743</u>	<u>7,955,166</u>	<u>(28,952)</u>	<u>7,926,214</u>
Expenses:						
Program services expenses:						
Head Start	2,913,659	-	2,913,659	2,800,716	-	2,800,716
Child Care Resource and Referral	630,362	-	630,362	957,071	-	957,071
Weatherization	472,432	-	472,432	496,933	-	496,933
Energy Assistance	1,158,918	-	1,158,918	1,669,516	-	1,669,516
Housing	1,309,298	-	1,309,298	1,302,149	-	1,302,149
Other programs	348,628	-	348,628	304,482	-	304,482
<i>Total program services expenses</i>	<u>6,833,297</u>	<u>-</u>	<u>6,833,297</u>	<u>7,530,867</u>	<u>-</u>	<u>7,530,867</u>
Supporting services expenses:						
Management and general	406,867	-	406,867	416,309	-	416,309
<i>Total expenses</i>	<u>7,240,164</u>	<u>-</u>	<u>7,240,164</u>	<u>7,947,176</u>	<u>-</u>	<u>7,947,176</u>
Change in net assets	13,953	(57,374)	(43,421)	7,990	(28,952)	(20,962)
Net assets, beginning of year	311,281	137,871	449,152	303,291	166,823	470,114
<i>Net assets, end of year</i>	<u>\$ 325,234</u>	<u>\$ 80,497</u>	<u>\$ 405,731</u>	<u>\$ 311,281</u>	<u>\$ 137,871</u>	<u>\$ 449,152</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, 2019

	<u>Head Start</u>	Child Care <u>Resource and Referral</u>	<u>Weatherization</u>	Energy <u>Assistance</u>	<u>Housing</u>	Other <u>Programs</u>	Management <u>and General</u>	<u>Totals</u>
Personnel	\$ 1,592,498	\$ 379,028	\$ 102,973	\$ 75,267	\$ 85,760	\$ 202,178	\$ 383,654	\$ 2,821,358
Direct client assistance	53,929	62,039	302,960	1,052,569	1,202,666	32,215	-	2,706,378
Travel	46,091	25,634	451	1,177	2,038	3,266	-	78,657
Occupancy	357,916	21,757	18,670	4,535	6,339	32,551	-	441,768
Communications	37,096	8,632	5,560	4,752	601	9,011	-	65,652
Postage	7,476	1,155	448	2,275	4,235	2,293	-	17,882
Supplies and materials	279,842	6,749	7,566	9,219	1,901	14,836	-	320,113
Contributed services	147,712	-	-	-	-	-	-	147,712
Food	176,970	-	-	-	-	866	-	177,836
Training and education	44,069	99,868	8,346	1,415	1,930	7,701	3,336	166,665
Contracted services	83,881	15,193	8,734	4,835	2,467	27,086	497	142,693
Insurance	22,400	4,584	4,108	2,434	1,103	9,684	-	44,313
Professional fees	-	-	-	-	-	-	18,398	18,398
Equipment expense	48,653	-	69	26	13	106	-	48,867
Printing and promotion	400	1,469	173	-	-	4,429	-	6,471
Other	5,645	2,593	12,072	188	94	1,953	-	22,545
Depreciation	9,081	1,661	302	226	151	453	982	12,856
<i>Totals</i>	<u>\$ 2,913,659</u>	<u>\$ 630,362</u>	<u>\$ 472,432</u>	<u>\$ 1,158,918</u>	<u>\$ 1,309,298</u>	<u>\$ 348,628</u>	<u>\$ 406,867</u>	<u>\$ 7,240,164</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, 2018

	<u>Head Start</u>	Child Care <u>Resource and Referral</u>	<u>Weatherization</u>	Energy <u>Assistance</u>	<u>Housing</u>	Other <u>Programs</u>	Management <u>and General</u>	<u>Totals</u>
Personnel	\$ 1,438,253	\$ 642,503	\$ 106,386	\$ 75,228	\$ 70,682	\$ 179,951	\$ 372,138	\$ 2,885,141
Direct client assistance	58,581	39,691	336,229	1,543,269	1,198,059	7,324	-	3,183,153
Travel	42,601	50,303	238	832	845	1,542	5	96,366
Occupancy	366,164	27,733	19,317	10,606	4,451	28,921	1,084	458,276
Communications	38,257	12,059	4,025	1,472	668	4,680	82	61,243
Postage	4,177	1,800	738	2,684	2,449	874	22	12,744
Supplies and materials	339,018	9,517	3,574	22,352	2,359	35,372	607	412,799
Contributed services	156,316	-	-	-	-	-	-	156,316
Food	189,356	-	-	-	-	-	-	189,356
Training and education	39,781	133,802	1,229	1,693	958	7,712	312	185,487
Contracted services	94,409	21,245	10,049	9,082	20,344	18,393	1,638	175,160
Insurance	17,355	8,554	4,632	1,367	826	7,905	22	40,661
Professional fees	-	-	-	-	-	-	20,230	20,230
Equipment expense	291	-	157	330	222	5,569	-	6,569
Printing and promotion	3,159	5,871	-	190	42	4,997	-	14,259
Other	3,917	2,332	10,057	185	93	789	19,188	36,561
Depreciation	9,081	1,661	302	226	151	453	981	12,855
<i>Totals</i>	<u>\$ 2,800,716</u>	<u>\$ 957,071</u>	<u>\$ 496,933</u>	<u>\$ 1,669,516</u>	<u>\$ 1,302,149</u>	<u>\$ 304,482</u>	<u>\$ 416,309</u>	<u>\$ 7,947,176</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, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Change in Cash and Cash Equivalents:		
Cash Flows from Operating Activities:		
Cash received from government-funded awards and contributions	\$ 5,875,285	\$ 6,013,322
Cash paid to employees, vendors and others	<u>(5,843,399)</u>	<u>(5,937,275)</u>
<i>Net cash provided by operating activities</i>	<u>31,886</u>	<u>76,047</u>
 Cash Flows from Investing Activities:		
Purchase of property and equipment	<u>-</u>	<u>(26,535)</u>
 Net change in cash and cash equivalents	31,886	49,512
Cash and cash equivalents, beginning of year	<u>139,973</u>	<u>90,461</u>
<i>Cash and cash equivalents, end of year</i>	<u>\$ 171,859</u>	<u>\$ 139,973</u>
 Reconciliation of Change in Net Assets to Net Cash Provided by Operations:		
Change in net assets	\$ (43,421)	\$ (20,962)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	12,856	12,855
Changes in assets and liabilities:		
Promises to give	158,742	83,159
Prepaid expenses	(33,183)	1,007
Accounts payable and accrued liabilities	<u>(63,108)</u>	<u>(12)</u>
<i>Net cash provided by operating activities</i>	<u>\$ 31,886</u>	<u>\$ 76,047</u>

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

SOUTHEASTERN INDIANA ECONOMIC OPPORTUNITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

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.
- *Child Care Resource and Referral* – Promotes quality childcare for all children by providing information, education, and support to families and childcare providers.
- *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* – Our program offers energy assistance payments to eligible households to meet the cost of home energy bills through the heating months. Households must qualify according to the current guidelines as established by the federal government. Persons applying for the program are interviewed to determine their eligibility, family size, utility cost, and type of heating fuel they utilize. Energy education is provided.
- *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)
- *Other Programs* – Other programs include Covering Kids and Families, which is a program that ensures that all eligible children and adults in a seven-county area are enrolled in available health-care coverage programs, Salvation Army Extension Office, Bev Henry Emergency Fund, and emergency food, personal care, and household assistance programs.

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, 2019 and 2018

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 the supporting service. 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, 2019 and 2018

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 2019 and 2018, 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.

Revenue and Revenue Recognition:

As discussed later in this note, effective January 1, 2019, we adopted new revenue recognition guidance using the modified retrospective transition method, applying the guidance to contracts with customers that were not substantially complete at that date.

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.

Contributed energy assistance payments – The 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 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 direct client assistance expense in the accompanying financial statements. We recognized \$1,039,820 and \$1,540,755 of revenue and expense for such payments made by IHCDA for the years ended December 31, 2019 and 2018, respectively.

SOUTHEASTERN INDIANA ECONOMIC OPPORTUNITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

Contributed materials and supplies – Contributed materials and supplies are recognized as revenue based on estimated fair value. We received \$144,361 and \$163,081 of contributed materials and supplies for the years ended December 31, 2019 and 2018, respectively, primarily for our Head Start program.

Contributed USDA commodities – The value of food product received and distributed under the U.S. Department of Agriculture Emergency Food Assistance Program is not recognized in the accompanying financial statements because title and risk for the product remains with the distributing governmental agency. For the years ended December 31, 2019 and 2018, we received 114,579 and 95,011 pounds, respectively, of food product under this program with estimated values of \$105,712 and \$91,749, respectively, which are not recognized as revenue in the accompanying financial statements.

Contributed services – Contributed services are recognized as revenue if the services create or enhance nonfinancial assets or require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Such services are recorded at their estimated fair value. Total contributed services recognized in these financial statements for the years ended December 31, 2019 and 2018 are \$147,712 and \$156,316, respectively, primarily for our Head Start program. In addition, for the years ended December 31, 2019 and 2018, we received approximately \$181,000 and \$177,000, respectively, of contributed services, primarily for our Head Start program, that did not meet the criteria to be recognized in the financial statements.

Contributed facilities – We use certain facilities for our Head Start program without charge or at reduced charge, and the difference between the fair value for the use of these facilities and the cost is recorded as revenue and expense. For the years ended December 31, 2019 and 2018, we recognized \$135,558 and \$133,385, respectively, for the contributed use of such facilities.

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

SOUTHEASTERN INDIANA ECONOMIC OPPORTUNITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

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, 2019 or 2018, 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 2016.

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.

Recent Accounting Pronouncements and Accounting Changes:

Effective January 1, 2019, we adopted the provisions of Accounting Standards Update 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which superseded most revenue recognition guidance as well as certain cost recognition guidance. That update, together with other clarifying updates, requires that the recognition of revenue for the transfer of goods or services to customers reflect the consideration to which the entity expects to be entitled in exchange for those goods or services. The update also requires additional qualitative and quantitative disclosures about the nature, amount, timing, and uncertainty of revenues and cash flows arising from customer contracts, including significant judgments and changes in judgments and information about contract balances and performance obligations.

We adopted the new revenue recognition guidance using the modified retrospective method for contracts not substantially complete at January 1, 2019. However, we determined that there was no material difference between revenue previously reported from such contracts and revenue determined under the new guidance, and so no cumulative adjustment has been made to net assets at January 1, 2019. The effect on the 2019 financial statements of adopting the new guidance was not material.

SOUTHEASTERN INDIANA ECONOMIC OPPORTUNITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

Effective January 1, 2019, we also adopted the provisions of ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which provides guidance for distinguishing between contributions and exchange transactions and between conditional and unconditional contributions. Under that standard, any changes are applied only to that portion of revenue not yet recognized at January 1, 2019 and no prior period results are restated and no cumulative-effect adjustment is made to net assets at January 1, 2019. We determined that there was no material difference between revenue previously reported from contributions and revenue determined under the new guidance.

Subsequent Events:

The date through which events occurring subsequent to December 31, 2019 for possible adjustment to the financial statements or disclosure is October 21, 2020, the date on which the financial statements were available to be issued.

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic. On March 23, 2020 the Governor of Indiana declared a health emergency and issued an executive order that closed all nonessential businesses, ordered residents to stay-at-home, and placed restrictions on public gatherings until further notice. This order was modified on May 1, 2020 by another executive order that provided a “roadmap” to re-open Indiana by July 4, 2020, which has been extended to subsequent dates. Due to the nature of our contracts with funding sources our operations remained open, but we rotated personnel into the office on a periodic basis. We did incur delays with projects in our weatherization programs since we were not allowed to enter any homes for a three-month period, and we were forced to adjust our Head Start services to no longer serve families face-to-face but rather through various virtual and other means. While some of our programs were affected by the pandemic, we received more than \$960,000 in pandemic assistance that is to be used to maintain our level of staffing and provide rent, utilities, and other forms of assistance to low-income individuals. Included in the aforementioned pandemic assistance is approximately \$233,000 to retain Head Start teachers and staff. While the full impact of the pandemic is not yet known, we believe it will not have a material negative impact on our revenues and cash flows in 2020.

In April 2020, the U.S. Congress passed, and the President of the United States signed, the Coronavirus Aid, Relief and Economic Security (CARES) Act, which includes the Paycheck Protection Program (PPP). PPP is a loan program through U.S. Small Business Administration and its participating banks in which loans can be forgiven for expenditures of loan proceeds incurred in the eight weeks following the origination date of the loan for rent, certain payroll costs, mortgage interest, and utilities. The amount forgiven is reduced proportionally by any reduction in employees retained or in payroll reduced. In April 2020 we were approved for a \$67,500 PPP loan, which was disbursed to us in April and May, 2020. The loan has no collateral or guarantees and is subject to an interest rate of 1%, with payments of principal and interest beginning in November 2020. The loan is due in full in May 2022.

SOUTHEASTERN INDIANA ECONOMIC OPPORTUNITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

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, 2019 and 2018, respectively, are as follows:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 91,362	\$ 2,102
Promises to give	<u>163,905</u>	<u>322,647</u>
<i>Total financial assets available for general expenditure</i>	<u>\$ 255,267</u>	<u>\$ 324,749</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 uncollectible amounts is considered necessary. In addition, at December 31, 2019, we had received approximately \$2,479,000 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.

NOTE 4. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31, 2019 and 2018, respectively:

	<u>2019</u>	<u>2018</u>
Land	\$ 21,200	\$ 21,200
Building	226,462	226,462
Transportation equipment	<u>117,645</u>	<u>139,713</u>
	365,307	387,375
Less accumulated depreciation	<u>(171,996)</u>	<u>(181,208)</u>
<i>Net property and equipment</i>	<u>\$ 193,311</u>	<u>\$ 206,167</u>

NOTE 5. NET ASSETS INFORMATION

Net assets with donor restrictions are subject to expenditure for the following purposes at December 31, 2019 and 2018, respectively:

	<u>2019</u>	<u>2018</u>
Client assistance and family services	\$ 12,726	\$ 10,415
Head Start and education	2,634	2,496
Child care resource and referral	<u>65,137</u>	<u>124,960</u>
<i>Total net assets with donor restrictions</i>	<u>\$ 80,497</u>	<u>\$ 137,871</u>

SOUTHEASTERN INDIANA ECONOMIC OPPORTUNITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

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, 2019 and 2018, respectively:

	<u>2019</u>	<u>2018</u>
Client assistance and family services	\$ 15,375	\$ 14,656
Head Start and education	2,713	11,210
Child care resource and referral	<u>172,120</u>	<u>168,468</u>
<i>Total net assets released from donor restrictions</i>	<u>\$ 190,208</u>	<u>\$ 194,334</u>

NOTE 6. LEASE INFORMATION

We lease facilities and equipment under non-cancelable operating leases expiring in various months through April 2024. Minimum future rental payments under these leases as of December 31, 2019 for each of the next five years and in the aggregate are as follows:

2020	\$ 145,947
2021	42,286
2022	18,661
2023	16,913
2024	<u>5,200</u>
<i>Total minimum future rental commitments</i>	<u>\$ 229,007</u>

Total rent expense for all leases was \$206,668 and \$220,301 for the years ended December 31, 2019 and 2018, respectively.

NOTE 7. 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 \$56,977 and \$53,117 for the years ended December 31, 2019 and 2018, 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 \$25,000 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, 2019 and 2018.

NOTE 8. CONCENTRATIONS

Financial instruments that expose us to concentrations of credit risk consist primarily of grants and promises to give. Of total promises to give at December 31, 2019 and 2018, approximately 71% and 85%, respectively, is due from agencies of the State of Indiana. At December 31, 2018, approximately 12%, respectively, is due from U.S. Health and Human Services.

SOUTHEASTERN INDIANA ECONOMIC OPPORTUNITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

All of 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, 2019 and 2018, approximately 92% and 93%, respectively, of total revenues were earned from governmental awards. Approximately 45% and 48%, respectively, of total revenues were earned from awards from Indiana Housing and Community Development Authority; approximately 35% and 30%, respectively, were earned from U.S. Department of Health and Human Services for our Head Start program; and approximately 7% and 10%, respectively, were earned from awards from Indiana Family & Social Services Administration.

SOUTHEASTERN INDIANA ECONOMIC OPPORTUNITY CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AND NONFEDERAL AWARDS
Year Ended December 31, 2019

<u>Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Provided Through to Subrecipients</u>	<u>Total Expenditures</u>
Federal Assistance				
<i>Department of Agriculture Programs:</i>				
Passed-Through Indiana State Department of Education:				
Child and Adult Care Food Program	10.558	1150030	\$ -	\$ 135,313
Passed-Through Indiana State Department of Health:				
Passed-Through Gleaner's Food Bank of Indiana, Inc.:				
Food Distribution Cluster:				
Emergency Food Assistance Program (Food Commodities)	10.569	N/A	-	105,712
<i>Total Department of Agriculture programs</i>			-	241,025
<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-018-018, HCV-019-018, HCV-020-018	-	1,327,211
<i>Department of Energy Programs:</i>				
Passed-through Indiana Housing and Community Development Authority:				
Weatherization Assistance for Low-Income Persons	81.042	WX-018-022, WX-019-022	-	245,882
<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-019-022, LI-019-022R, LI-020-022	-	1,145,999
Low-Income Home Energy Assistance	93.568	WL-018-022, WL-019-022	-	226,364
<i>Total Low-Income Home Energy Assistance</i>			-	1,372,363
477 Cluster:				
Community Services Block Grant	93.569	CS-018-022, CS-018-CO-022, CS-019-022, CS-020-022	-	323,207
Passed-through Indiana Family & Social Services Administration:				
CCDF Cluster:				
Child Care and Development Block Grant	93.575	22853/AM02, 501SIEOC18SDA-87-03	-	473,217
Head Start	93.600	05CH010190-04-01, 05CH010190-05-01	-	2,494,529
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	-	155,488
<i>Total Department of Health and Human Services programs</i>			-	4,818,804
Total expenditures of federal awards			\$ -	\$ 6,632,922

The accompanying notes are an integral part of this schedule.

SOUTHEASTERN INDIANA ECONOMIC OPPORTUNITY CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AND NONFEDERAL AWARDS
Year Ended December 31, 2019

<u>Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Provided Through to Subrecipients</u>	<u>Total Expenditures</u>
Nonfederal Assistance				
<i>State of Indiana Mortgage Foreclosure Multi-State Settlement Fund Programs:</i>				
Passed-Through Indiana Housing and Community Development Authority:				
Indiana Home Energy Assistance Program (State EAP)	N/A	IR-019-022	\$ -	\$ 31,306
Indiana Home Energy Assistance Program (State LIHEAP)	N/A	WS-019-022, WS-020-022	-	31,871
<i>Total State of Indiana Mortgage Foreclosure Multi-State Settlement Fund programs</i>			<u>\$ -</u>	<u>\$ 63,177</u>

The accompanying notes are an integral part of this schedule.

SOUTHEASTERN INDIANA ECONOMIC OPPORTUNITY CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND NONFEDERAL AWARDS
Year Ended December 31, 2019

NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and nonfederal awards (the Schedule) includes the federal and nonfederal award activities of Southeastern Indiana Economic Opportunity Corporation under programs of the federal and Indiana governments for the year ended December 31, 2019. 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 \$1,015,458, are included in federal expenditures in the accompanying Schedule. IHCDA also makes such payments under the Indiana Home Energy Assistance Program, a nonfederal award. Such payments made by IHCDA to providers, totaling \$24,362, are included in nonfederal expenditures in the accompanying Schedule.

The value of food commodities distributed under Emergency Food Assistance Program, CFDA #10.569, totaling \$105,712 is included in federal expenditures in the accompanying Schedule. In 2019, 114,579 pounds of such commodities were distributed. The commodities are valued based on information provided by U.S. Department of Agriculture.

NOTE 3. INDIRECT COST RATES

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



**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, Inc.
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, Inc. (the Organization), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to financial statements, and have issued our report thereon dated October 21, 2020.

Internal Control over Financial Reporting

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

Cullen & Associates, P.C.

South Bend, Indiana
October 21, 2020

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL 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

We have audited Southeastern Indiana Economic Opportunity Corporation's compliance with the types of compliance requirements described 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, 2019. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of 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 Southeastern Indiana Economic Opportunity Corporation'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 Southeastern Indiana Economic Opportunity Corporation'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 Southeastern Indiana Economic Opportunity Corporation's compliance.

Opinion on Each Major Federal Program

In our opinion, Southeastern Indiana Economic Opportunity Corporation 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, 2019.

Report on Internal Control over Compliance

Management of Southeastern Indiana Economic Opportunity Corporation 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 Southeastern Indiana Economic Opportunity Corporation'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 Southeastern Indiana Economic Opportunity Corporation'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.

Cullen & Associates, P.C.

South Bend, Indiana
October 21, 2020

SOUTHEASTERN INDIANA ECONOMIC OPPORTUNITY CORPORATION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2019

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? No

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-

CFDA Number

Name of Federal Program or Cluster

14.871

Housing Voucher Cluster:
Section 8 Housing Choice Vouchers

93.575

CCDF Cluster:
Child Care and Development Block
Grant

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, 2019

Section II - Financial Statement Findings

There were no financial statement findings.

Section III – Federal Award Findings and Questioned Costs

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



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**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2019**

Financial Statement Findings

SIGNIFICANT DEFICIENCY

FINDING 2018-001

Condition: Audit adjustments were proposed and were made by management to correct accrued payroll and payroll expense and to record the related grant revenue for the portion of the accrued payroll entry affecting cost-reimbursement grants.

Recommendation: We recommend that the Organization follow its policy to review all statement of financial position accounts to determine whether the balances are reasonable.

Current status: The recommendation was adopted in June 2019. No similar findings were noted in the 2019 audit.



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