

**SOUTHEASTERN ARIZONA
COMMUNITY ACTION PROGRAM**

Annual Financial Statements
and
Independent Auditors' Reports

June 30, 2020

TABLE OF CONTENTS

Independent Auditors' Report	1
------------------------------------	---

Financial Statements

Statement of Financial Position	4
Statement of Activities.....	5
Statement of Functional Expenses	6
Statement of Cash Flows	7
Notes to Financial Statements.....	8

Single Audit Act Reports Section

Schedule of Expenditures of Federal Awards.....	14
Notes to Schedule of Expenditures of Federal Awards	15
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	16
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by Uniform Guidance	18
Schedule of Findings and Questioned Costs.....	20
Summary Schedule of Prior Audit Findings.....	22

This page left blank intentionally



1535 W. Harvard Avenue, Suite 101 · Gilbert, Arizona 85233

Tel: (480) 635-3200 · Fax: (480) 635-3201

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Southeastern Arizona Community Action Program
Safford, Arizona

Report on the Financial Statements

We have audited the accompanying financial statements of Southeastern Arizona Community Action Program (SEACAP) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SEACAP as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 11, 2021, on our consideration of SEACAP's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SEACAP's internal control over financial reporting and compliance.



March 11, 2021

FINANCIAL STATEMENTS

SOUTHEASTERN ARIZONA COMMUNITY ACTION PROGRAM
Statement of Financial Position
June 30, 2020

ASSETS

Current Assets

Cash	\$ 83,008
Grant and contract receivables	<u>291,479</u>

TOTAL ASSETS \$ 374,487

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable	\$ 175,669
Accrued liabilities	55,009
Deferred revenue	<u>15,000</u>

Total current liabilities 245,678

Net Assets

Without donor restrictions	<u>128,809</u>
----------------------------	----------------

TOTAL LIABILITIES AND NET ASSETS \$ 374,487

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

SOUTHEASTERN ARIZONA COMMUNITY ACTION PROGRAM

**Statement of Activities
For the Year Ended June 30, 2020**

	<u>Without Donor Restrictions</u>
Revenues	
Grant and contract revenue	\$ 2,361,998
Program donations	<u>21,853</u>
Total revenues	<u>2,383,851</u>
Expenses	
Program services	
Community services	215,049
Food, housing, and utilities assistance	1,161,156
Weatherization	<u>838,672</u>
Total program services	<u>2,214,877</u>
Supporting activities	
Management and general	<u>200,418</u>
Total expenses	<u>2,415,295</u>
Change in net assets	(31,444)
Net assets - beginning of year	<u>160,253</u>
NET ASSETS - END OF YEAR	<u><u>\$ 128,809</u></u>

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

SOUTHEASTERN ARIZONA COMMUNITY ACTION PROGRAM
Statement of Functional Expenses
For the Year Ended June 30, 2020

	Program Services			Total Program Services	Supporting Activities	Total Expenses
	Community Services	Food, Housing, and Utilities Assistance	Weatherization		Management and General	
Salaries	\$ 97,688	\$ 241,415	\$ 193,405	\$ 532,508	\$ 121,267	\$ 653,775
Payroll taxes and benefits	30,885	51,303	98,411	180,599	35,412	216,011
Total personnel costs	128,573	292,718	291,816	713,107	156,679	869,786
Professional services and subcontractors	7,750	5,332	9,448	22,530	8,770	31,300
Travel	29,514	31,521	24,549	85,584	16,759	102,343
Facility rent/utilities	10,786	26,733	38,345	75,864	3,110	78,974
Equipment	5,795	16,217	34,445	56,457	3,377	59,834
Supplies	26,002	26,852	17,584	70,438	9,863	80,301
Insurance	4,657	4,657	9,685	18,999	1,860	20,859
Other	1,972	1,838	6,260	10,070	-	10,070
Direct assistance	-	755,288	406,540	1,161,828	-	1,161,828
Total expenses	\$ 215,049	\$ 1,161,156	\$ 838,672	\$ 2,214,877	\$ 200,418	\$ 2,415,295

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

SOUTHEASTERN ARIZONA COMMUNITY ACTION PROGRAM

**Statement of Cash Flows
For the Year Ended June 30, 2020**

Cash Flows from Operating Activities

Change in net assets	\$ (31,444)
Adjustments to reconcile change in net assets to net cash provided by operating activities: (Increase) decrease in:	
Grant and contract receivables	5,182
Increase (decrease) in:	
Accounts payable	22,581
Accrued liabilities	5,637
Deferred revenue	<u>15,000</u>
Net cash provided by operating activities	<u>16,956</u>
Cash - beginning of year	<u>66,052</u>
CASH - END OF YEAR	<u><u>\$ 83,008</u></u>

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

SOUTHEASTERN ARIZONA COMMUNITY ACTION PROGRAM
Notes to Financial Statements
June 30, 2020

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities – Southeastern Arizona Community Action Program (SEACAP), an Arizona nonprofit corporation, administers various grants which provide individual assistance such as food, housing, utilities, weatherization, and housing rehabilitation to low income families living in Cochise, Graham, Greenlee, and Santa Cruz Counties in Arizona. The Program is supported primarily by grants administered by the State of Arizona and contracts / grants with governmental entities and private grantors.

The accounting policies of SEACAP conform to generally accepted accounting principles of the United States of America as applicable to nonprofit organizations. The following is a summary of the more significant accounting policies:

Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Accounting – The accompanying financial statements have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of Presentation – SEACAP reports information regarding its financial position and activities according to three classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and are not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature, such as those that are restricted by a donor that the resources be maintained in perpetuity.

SEACAP's unspent contributions are reported in net assets with donor contributions if the donor limited their use, as are promised contributions that are not yet due. Contributions of property and equipment or cash restricted to acquisition of property and equipment are reported as net assets with donor restrictions if the donor has restricted the use of the property or equipment to a particular program. These restrictions expire when the assets are placed in service.

SOUTHEASTERN ARIZONA COMMUNITY ACTION PROGRAM
Notes to Financial Statements
June 30, 2020

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Cash and Cash Equivalents – For purposes of its statement of cash flows, SEACAP considers only those highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Grant Funds Receivable – Grant funds receivable are stated at unpaid balances, less an allowance for doubtful accounts. SEACAP provides for losses on accounts receivable using the allowance method. The allowance is based on experience, third-party contracts, and knowledge of circumstances that may affect the ability of grantors to meet their obligations. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is SEACAP's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected. At June 30, 2020, SEACAP considers all grants funds receivable as collectible.

Property and Equipment – Property and equipment acquired by SEACAP are considered to be owned by the funding program with whose funds the assets were purchased and, therefore, are not capitalized when acquired. Instead, capital acquisitions are reflected as expenditures in the year purchased. Funding sources may have a reversionary interest in the property as well as the determination of use of any proceeds from the sale of the assets. Those assets remain the property of the grantor until ownership is transferred to the Program. The Program maintains detailed records for all property and equipment reflecting its ownership and value.

Compensated Absences – Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expense and a liability. In accordance with FASB ASC 710, no liability is recorded for non-vesting accumulated rights to receive sick pay benefits.

Grant and Contract Support – SEACAP recognizes grant revenue as services are rendered under unit-of-service contracts and as expenses are incurred under cost reimbursement contracts. A receivable is recognized to the extent grant revenue earned exceeds cash advances. Grantors may, at their discretion, request reimbursement for expenses or return of funds, or both, by SEACAP as a result of noncompliance with the terms of grants or contracts. In addition, if the SEACAP terminates its activities, all unexpended funds are to be returned to the funding sources.

Deferred revenue arises when resources are received by SEACAP before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when SEACAP has a legal claim to the resources, the liability for deferred revenue is removed from the Statement of Financial Position and revenue is recognized.

SOUTHEASTERN ARIZONA COMMUNITY ACTION PROGRAM
Notes to Financial Statements
June 30, 2020

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Contributed Services – Contributed services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by SEACAP. Volunteers provided services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

Functional Allocation of Expenses – The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of SEACAP.

The following program and supporting services are included in the accompanying financial statements:

Community Services – provides services to alleviate the causes and conditions of poverty in the community. This program service encompasses all other program services that are not Food, Housing, and Utilities Assistance, or Weatherization.

Food, Housing, and Utilities Assistance – provides financial assistance to limited income households with utility services (electrical, gas, water) and rent, under the umbrella of case management. Other supportive services are provided that will enable the household to become self-reliant as quickly as possible.

Weatherization – Enables low-income families to reduce their energy bills by making their homes more energy efficient. Funds are used to improve the energy performance of dwellings families in need, using the most advanced technologies and testing procedures available in the housing industry.

Management and General – Includes the functions necessary to maintain an equitable employment program; ensure an adequate working environment; provide coordination and articulation of SEACAP's program strategy; secure proper administrative functioning of the Board of Directors; maintain competent legal services for the program administration of SEACAP; and manage the financial and budgetary responsibilities of SEACAP.

SOUTHEASTERN ARIZONA COMMUNITY ACTION PROGRAM
Notes to Financial Statements
June 30, 2020

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Income Taxes – Income taxes are not provided for in the financial statements since SEACAP is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and similar state statutes. Furthermore, the Program has been classified by the Internal Revenue Service as a publicly supported organization, and not as a private foundation.

Management’s Review – Management has evaluated all of the SEACAP’s events or transactions for subsequent events that would require disclosure in the financial statements through the financial issuance date of March 11, 2021.

NOTE 2 – LIQUIDITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date comprised of cash of \$83,008 and grant and contracts receivable of \$291,479.

Of the financial assets reported on the balance sheet, there are no amounts subject to donor restrictions.

SEACAP has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 3 – GRANT AND CONTRACT RECEIVABLES

A summary of grant and contract receivables at June 30, 2020, consisted of the following:

Arizona Department of Economic Security	\$ 177,781
Arizona Governor's Office of Energy Policy	73,199
Other	19,127
Arizona Community Action Association	12,149
Arizona Public Service	7,904
Southwest Gas	1,319
	<hr/>
	\$ 291,479
	<hr/> <hr/>

SOUTHEASTERN ARIZONA COMMUNITY ACTION PROGRAM

Notes to Financial Statements

June 30, 2020

NOTE 4 – OPERATING LEASES

SEACAP leases office space under month-to-month contracts with monthly rental expenses of \$300, \$350, and \$2,500 per month. Miscellaneous equipment is also leased on a month-to-month basis. Total rent expense for the year ended June 30, 2020 was \$38,856.

NOTE 5 – CONTINGENT LIABILITY

SEACAP participates in several federal and state-funded programs administered by oversight agencies. The programs included in these financial statements may be subject to program compliance and/or financial monitoring by the granting agencies or their representatives. Accordingly, the amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time.

NOTE 6 – CONCENTRATIONS

At June 30, 2020, the carrying amount of SEACAP's total cash in bank was \$83,008, and the bank balance totaled \$170,388. The entire bank balance was covered by US Government Federal Depository Insurance (FDIC).

For the year ending June 30, 2020, SEACAP received 67% of its support as a subrecipient of grants received through the Arizona Department of Economic Security. Decreases in the funding of or discontinuance of these programs in future years may have an effect upon the operations of SEACAP.

SINGLE AUDIT ACT REPORTS SECTION

SOUTHEASTERN ARIZONA COMMUNITY ACTION PROGRAM
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Expenditures
<u>U.S. Department of Health and Human Services</u>			
Passed through the Arizona Department of Economic Security			
Temporary Assistance for Needy Families	93.558	ADES15-089122	\$ 145,187
Low-Income Home Energy Assistance	93.568	ADES15-089122	136,566
Low-Income Home Energy Assistance	93.568	ADES15-089122	853,290
Covid -19 - Low-Income Home Energy Assistance	93.568	ADES15-089122	12,803
Community Services Block Grant	93.569	ADES15-089122	201,422
Covid - 19 - Community Services Block Grant	93.569	ADES15-089122	20,394
Total Arizona Department of Economic Security			1,369,662
Passed through the Arizona Department of Housing			
Low-Income Home Energy Assistance	93.568	211-19	381,785
Total U.S. Department of Health and Human Services			1,751,447
<u>U.S. Department of Energy</u>			
Passed through the Arizona Department of Housing			
Weatherization Assistance for Low-Income Persons	81.042	211-19	243,676
<u>U.S. Department of Agriculture</u>			
SNAP Cluster			
Passed through Wildfire			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	FFY 2019	18,463
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	FFY 2020	33,250
Total U.S. Department of Agriculture			51,713
Total Federal Awards			\$ 2,046,836

The accompanying notes are an integral part of this schedule.

SOUTHEASTERN ARIZONA COMMUNITY ACTION PROGRAM
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal award activity of Southeastern Arizona Community Action Program under programs of the federal government for the year ended June 30, 2020. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Southeastern Arizona Community Action Program, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Southeastern Arizona Community Action Program.

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.

NOTE 3– INDIRECT COST RATE

Southeastern Arizona Community Action Program has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.



1535 W. Harvard Avenue, Suite 101 · Gilbert, Arizona 85233

Tel: (480) 635-3200 · Fax: (480) 635-3201

**INDEPENDENT AUDITORS' 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 Arizona Community Action Program
Safford, Arizona

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 Arizona Community Action Program (SEACAP) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 11, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered SEACAP'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 SEACAP'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 SEACAP'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.

A handwritten signature in cursive script that reads "Colby & Powell".

March 11, 2021



1535 W. Harvard Avenue, Suite 101 · Gilbert, Arizona 85233

Tel: (480) 635-3200 · Fax: (480) 635-3201

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE**

To the Board of Directors
Southeastern Arizona Community Action Program
Safford, Arizona

Report on Compliance for Each Major Federal Program

We have audited Southeastern Arizona Community Action Program's (SEACAP) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of SEACAP's major federal programs for the year ended June 30, 2020. SEACAP's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of SEACAP'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 SEACAP'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 SEACAP's compliance.

Opinion on Each Major Federal Program

In our opinion, SEACAP 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 June 30, 2020.

Report on Internal Control Over Compliance

Management of SEACAP 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 SEACAP'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 SEACAP'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 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.



March 11, 2021

SOUTHEASTERN ARIZONA COMMUNITY ACTION PROGRAM
Schedule of Findings and Questioned Costs - Continued
June 30, 2020

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued		Unmodified	
Internal control over financial reporting:			
Material weakness(es) identified?	_____	Yes	_____ <u>X</u> No
Significant deficiency(ies) identified not considered to be material weakness(es)?	_____	Yes	_____ <u>X</u> No
Noncompliance material to financial statements noted?	_____	Yes	_____ <u>X</u> No

Federal Awards

Internal control over major federal programs:			
Material weakness(es) identified?	_____	Yes	_____ <u>X</u> No
Significant deficiency(ies) identified not considered to be material weakness(es)?	_____	Yes	_____ <u>X</u> No
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)?			
		_____	Yes _____ <u>X</u> No

Identification of major federal programs:

CFDA

Number	Name of Federal Program
81.042	Weatherization Assistance for Low-Income Persons
93.569	Community Services Block Grant

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

Auditee qualified as low-risk auditee?	_____ <u>X</u>	Yes	_____ No
--	----------------	-----	----------

SOUTHEASTERN ARIZONA COMMUNITY ACTION PROGRAM
Schedule of Findings and Questioned Costs - Continued
June 30, 2020

Section II – *Financial Statement Findings*

None

Section III – *Federal Award Findings and Questioned Costs*

None

SOUTHEASTERN ARIZONA COMMUNITY ACTION PROGRAM
Summary Schedule of Prior Year Audit Findings
June 30, 2020

Prior Year Audit Findings

There were no prior year audit findings.