

SEMCAC
FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2020 AND 2019



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**SEMCAC
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Semcac
Rushford, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of Semcac (a nonprofit organization) (the Organization), which comprise the statements of financial position as of September 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditors' 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 auditors' 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 Organization'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 Organization'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 the Organization as of September 30, 2020 and 2019, and the changes in its net assets, functional expenses and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

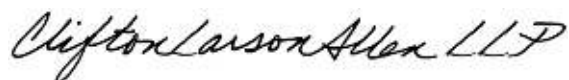
Other Matters

Other Information – Schedule of Expenditures of Federal Awards

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 8, 2021, on our consideration of the Organization'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 the Organization'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 the Organization's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Austin, Minnesota
October 8, 2021

SEMCAC
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and Cash Equivalents	\$ 1,155,959	\$ 1,189,275
Accounts Receivable	542,077	405,736
Contributions and Grants Receivable	1,888,823	1,131,492
Co-op Patronage Receivable, Net	76,107	78,090
Notes Receivable, Net	95,771	102,278
Inventory	22,141	29,664
Prepaid Expenses	148,313	171,882
Property and Equipment, Net	3,542,671	3,730,161
Other Assets	<u>23,062</u>	<u>-</u>
Total Assets	<u><u>\$ 7,494,924</u></u>	<u><u>\$ 6,838,578</u></u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	\$ 521,194	\$ 261,668
Accrued Expenses and Other Liabilities	558,317	656,828
Refundable Advance	838,160	708,902
Note Payable	643,900	671,793
Cash Held for Fiscal Agent	<u>66,604</u>	<u>66,491</u>
Total Liabilities	2,628,175	2,365,682
NET ASSETS		
Net Assets Without Donor Restrictions	1,701,947	1,629,033
Net Assets With Donor Restrictions	<u>3,164,802</u>	<u>2,843,863</u>
Total Net Assets	<u>4,866,749</u>	<u>4,472,896</u>
Total Liabilities and Net Assets	<u><u>\$ 7,494,924</u></u>	<u><u>\$ 6,838,578</u></u>

See accompanying Notes to Financial Statements.

SEMCAC
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT, AND GAINS			
Grant and Contract Revenue	\$ 10,975,166	\$ 99,563	\$ 11,074,729
Contributions	1,001,344	368,574	1,369,918
Program Revenue	2,068,126	-	2,068,126
Fundraising	15,660	-	15,660
Interest Income	4,246	-	4,246
Other Income	78,434	-	78,434
In-Kind Contributions	232,704	-	232,704
Loss on Sale of Equipment	(12,548)	-	(12,548)
Net Assets Released from Restriction	147,198	(147,198)	-
Total Revenue, Support, and Gains	14,510,330	320,939	14,831,269
EXPENSES AND LOSSES			
Program Activities:			
Child Education Services	3,705,793	-	3,705,793
Older Americans	3,156,417	-	3,156,417
Energy Assistance	767,783	-	767,783
Community Services	1,112,125	-	1,112,125
Weatherization	1,342,667	-	1,342,667
Housing/Housing Assistance	479,515	-	479,515
Health	466,418	-	466,418
Food Assistance	418,328	-	418,328
Transportation	1,878,053	-	1,878,053
Total Program Activities	13,327,099	-	13,327,099
Management and General	1,071,514	-	1,071,514
Fundraising and Development	38,803	-	38,803
Total Expenses and Losses	14,437,416	-	14,437,416
CHANGE IN NET ASSETS	72,914	320,939	393,853
Net Assets - Beginning of Year	1,629,033	2,843,863	4,472,896
NET ASSETS - END OF YEAR	<u>\$ 1,701,947</u>	<u>\$ 3,164,802</u>	<u>\$ 4,866,749</u>

See accompanying Notes to Financial Statements.

SEMCAC
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT, AND GAINS			
Grant and Contract Revenue	\$ 9,741,216	\$ 1,648,219	\$ 11,389,435
Contributions	340,514	147,463	487,977
Program Revenue	2,512,287	-	2,512,287
Fundraising	7,210	-	7,210
Interest Income	9,920	-	9,920
Other Income	94,422	-	94,422
In-Kind Contributions	134,205	-	134,205
Gain on Sale of Equipment	3,422	-	3,422
Net Assets Released from Restriction	41,469	(41,469)	-
Total Revenue, Support, and Gains	12,884,665	1,754,213	14,638,878
EXPENSES AND LOSSES			
Program Activities:			
Child Education Services	3,484,416	-	3,484,416
Older Americans	2,491,780	-	2,491,780
Energy Assistance	807,361	-	807,361
Community Services	834,188	-	834,188
Weatherization	1,613,252	-	1,613,252
Housing/Housing Assistance	471,817	-	471,817
Health	497,375	-	497,375
Food Assistance	329,558	-	329,558
Transportation	1,748,911	-	1,748,911
Total Program Activities	12,278,658	-	12,278,658
Management and General	814,840	-	814,840
Fundraising and Development	62,800	-	62,800
Total Expenses and Losses	13,156,298	-	13,156,298
CHANGE IN NET ASSETS	(271,633)	1,754,213	1,482,580
Net Assets - Beginning of Year	1,900,666	1,089,650	2,990,316
NET ASSETS - END OF YEAR	<u>\$ 1,629,033</u>	<u>\$ 2,843,863</u>	<u>\$ 4,472,896</u>

See accompanying Notes to Financial Statements.

SEMCAC
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2020

	Program Services					
	Child Education Services	Older Americans	Energy Assistance	Community Services	Weatherization	Housing/ Housing Assistance
Direct Services	\$ 115,373	\$ 1,334,435	\$ 252,059	\$ 563,202	\$ 626,478	\$ -
Personnel	2,407,953	1,225,866	277,692	360,302	411,821	49,707
Payroll Taxes and Fringe Benefits	578,342	236,980	86,514	87,899	124,227	9,154
Contract Labor and Consultants	81,089	30,092	2,545	2,044	12,176	406,933
Travel and Transportation	30,741	23,651	1,248	3,438	(1,027)	2,113
Space Costs and Utilities	216,071	62,861	9,769	56,421	16,663	1,221
Consumable Supplies	121,158	89,330	42,269	18,664	59,213	1,789
Minor Equipment and Lease of Equipment	48,781	13,428	-	4,497	-	1,260
Depreciation	20,132	43,764	2,133	-	44,712	-
Other Costs	86,153	96,010	93,554	15,658	48,404	7,338
In-Kind Expenses	-	-	-	-	-	-
Total Expenses	<u>\$ 3,705,793</u>	<u>\$ 3,156,417</u>	<u>\$ 767,783</u>	<u>\$ 1,112,125</u>	<u>\$ 1,342,667</u>	<u>\$ 479,515</u>

See accompanying Notes to Financial Statements.

SEMCAC
STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2020

Program Services				Management and General	Fundraising and Development	Total
Health	Food Assistance	Transportation	Total			
\$ 59,343	\$ 20,181	\$ 215,033	\$ 3,186,104	\$ 16,178	\$ -	\$ 3,202,282
275,667	98,763	825,698	5,933,469	584,130	25,364	6,542,963
48,156	16,302	195,570	1,383,144	149,610	7,448	1,540,202
10,766	200	31,928	577,773	52,068	1,675	631,516
863	488	7,641	69,156	5,678	151	74,985
33,493	32,064	52,150	480,713	49,779	18	530,510
12,741	3,161	102,379	450,704	54,649	3,091	508,444
7,774	15,581	32,835	124,156	22,186	5	146,347
-	615	198,354	309,710	56,865	-	366,575
17,615	7,480	216,465	588,677	80,371	1,051	670,099
-	223,493	-	223,493	-	-	223,493
<u>\$ 466,418</u>	<u>\$ 418,328</u>	<u>\$ 1,878,053</u>	<u>\$ 13,327,099</u>	<u>\$ 1,071,514</u>	<u>\$ 38,803</u>	<u>\$ 14,437,416</u>

See accompanying Notes to Financial Statements.

SEMCAC
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2019

	Program Services					
	Child Education Services	Older Americans	Energy Assistance	Community Services	Weatherization	Housing/ Housing Assistance
Direct Services	\$ 164,382	\$ 772,122	\$ 339,956	\$ 314,083	\$ 700,589	\$ -
Personnel	2,197,281	1,221,667	271,330	346,738	423,295	49,788
Payroll Taxes and Fringe Benefits	540,749	236,500	85,092	87,218	130,073	9,787
Contract Labor and Consultants	90,599	40,418	2,273	106	153,547	397,190
Travel and Transportation	50,214	35,057	2,287	6,873	15,311	2,688
Space Costs and Utilities	219,593	72,574	9,235	46,159	16,821	1,438
Consumable Supplies	92,792	57,038	29,532	11,937	42,392	1,033
Minor Equipment and Lease of Equipment	6,724	10,278	3,083	2,713	3,078	-
Depreciation	11,275	25,133	-	-	47,864	-
Other Costs	107,342	20,993	64,573	18,361	80,282	9,893
In-Kind Expenses	3,465	-	-	-	-	-
Total Expenses	<u>\$ 3,484,416</u>	<u>\$ 2,491,780</u>	<u>\$ 807,361</u>	<u>\$ 834,188</u>	<u>\$ 1,613,252</u>	<u>\$ 471,817</u>

See accompanying Notes to Financial Statements.

SEMCAC
STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2019

Program Services				Management and General	Fundraising and Development	Total
Health	Food Assistance	Transportation	Total			
\$ 69,997	\$ 42,064	\$ 228,108	\$ 2,631,301	\$ 4,396	\$ 5	\$ 2,635,702
293,260	94,792	769,068	5,667,219	431,332	12,683	6,111,234
55,100	16,985	176,556	1,338,060	118,321	4,183	1,460,564
12,214	245	23,591	720,183	27,648	44,054	791,885
2,348	1,375	12,258	128,411	12,776	102	141,289
30,298	38,619	48,922	483,659	(11,811)	689	472,537
12,480	2,871	59,650	309,725	49,922	128	359,775
660	3,411	7,727	37,674	7,439	3	45,116
-	615	198,354	283,241	51,900	-	335,141
18,439	7,473	224,677	552,033	122,917	953	675,903
2,579	121,108	-	127,152	-	-	127,152
<u>\$ 497,375</u>	<u>\$ 329,558</u>	<u>\$ 1,748,911</u>	<u>\$ 12,278,658</u>	<u>\$ 814,840</u>	<u>\$ 62,800</u>	<u>\$ 13,156,298</u>

See accompanying Notes to Financial Statements.

SEMCAC
STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 393,853	\$ 1,482,580
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	366,575	335,141
Provision for Uncollectible Co-op Patronage Receivable	(831)	(1,106)
Change in Discount on Co-op Patronage Receivable	-	(2,293)
Contribution of Forgiven Debt Payments	-	(29,680)
Loss (Gain) on Sale of Other Assets	12,548	(3,422)
Changes in Operating Assets and Liabilities:		
Accounts Receivable	(136,341)	(23,157)
Contributions and Grants Receivable	(757,331)	201,175
Co-op Patronage Receivable, Net	2,814	3,018
Inventory	7,523	(9,225)
Prepaid Expenses	23,569	(13,470)
Other Assets	(23,062)	-
Accounts Payable	259,526	(163,550)
Accrued Expenses and Other Liabilities	(98,511)	158,257
Deferred Revenue	129,258	371,058
Cash Held for Fiscal Agent	113	5,713
Net Cash Provided by Operating Activities	<u>179,703</u>	<u>2,311,039</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments on Note Receivable	6,507	7,442
Proceeds from Sales of Other Assets	-	15,922
Purchases of Property and Equipment	(191,633)	(2,268,624)
Net Cash Used by Investing Activities	<u>(185,126)</u>	<u>(2,245,260)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net Advances on Note Payable	-	616,903
Principal Payments on Note Payable	(27,893)	-
Net Cash Provided (Used) by Financing Activities	<u>(27,893)</u>	<u>616,903</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(33,316)	682,682
Cash and Cash Equivalents - Beginning of Year	<u>1,189,275</u>	<u>506,593</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 1,155,959</u></u>	<u><u>\$ 1,189,275</u></u>
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Forgiveness of Debt	<u><u>\$ -</u></u>	<u><u>\$ 29,680</u></u>

See accompanying Notes to Financial Statements.

SEMCAC
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES

Organization

Semcac (the Organization) was organized as a nonprofit corporation in 1966. The Organization was formed to develop and provide a variety of health, education, housing, and human service programs for low-income citizens in Dodge, Fillmore, Freeborn, Houston, Mower, Steele, and Winona counties in Minnesota. The Organization is primarily supported through federal and state government grants.

Cash and Cash Equivalents

The Organization considers all cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Accumulated deposits at these financial institutions, at times, may exceed federally insured limits.

Accounts Receivable

Accounts receivable consist primarily of amounts billed under performance contracts related to senior, weatherization, and family planning programs. Amounts are reviewed for collectability by management and an allowance for doubtful accounts is recorded as needed based on collection history and customer attributes. The Organization considers all receivables to be collectible and, therefore, no allowance has been recorded. If an amount becomes delinquent after all collection efforts have failed, the account is written off.

Contribution and Grants Receivable

Contributions and grants receivable are due primarily from federal, state, and local governmental units and agencies and arise primarily from the Organization's grants and contracts with those agencies to administer various programs. As of September 30, 2020 and 2019, there were no uncollectible amounts. All accounts are reviewed annually for collectability and are charged to bad debt expense when deemed uncollectible.

Co-op Patronage Receivable

The Organization is a member of a telephone co-operative company (the Co-op). As a member, the Organization receives a patronage dividend from the Co-op. The Co-op's current dividend policy is to pay 10% of current profits and 90% of the profits earned 10 years ago. This dividend policy is to allow the Co-op to maintain sufficient operating cash flow. The Co-op reserves the right to change the dividend policy. The Organization has recorded a receivable based on the projected dividends attributed by the Co-op to the Organization. The receivable has been recorded at the present value of the allocated profits discounted at 5% over 10 years. The Organization has elected to record an uncollectible allowance of \$48,940 and \$48,109 as of September 30, 2020 and 2019, respectively, due to the uncertainty of the future patronage dividend.

SEMCAC
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Co-op Patronage Receivable (Continued)

The cumulative Co-op patronage receivable at September 30 is as follows:

	2020	2019
Co-op Patronage Receivable	\$ 161,762	\$ 162,914
Allowance for Uncollectible Receivable	(48,940)	(48,109)
Expected Co-op Patronage Receivable	112,822	114,805
Discounted at 5%	(36,715)	(36,715)
Net Co-op Patronage Receivable	<u>\$ 76,107</u>	<u>\$ 78,090</u>

Property and Equipment

The Organization records property and equipment additions over \$5,000 at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 30 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any remaining gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

Property and equipment purchased with grant funds are owned by the Organization while used in the programs for which it was purchased or in other future authorized programs. However, the various funding sources have a reversionary interest in the property and equipment purchased with grant funds. Its disposition, as well as the ownership of any proceeds therefrom, is subject to funding source regulations. The property and equipment purchased with grant funds is normally restricted by the funding source for use in specific programs operated by the Organization. The Organization has adopted a policy of implying a time restriction on assets purchased with grant contributions. Grant funded property and equipment are recorded as restricted support. As the property and equipment are depreciated, net assets with donor restrictions are released from restriction and reported in the statement of activities as net assets released from restriction.

Cash Held for Fiscal Agent

The Organization acts as the fiscal agent for the Bluff Country Minnesota Multi-County Housing and Redevelopment Authority, Inc. Cash held for fiscal agent are funds held by the Organization for the other nonprofit organization.

Net Assets

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 (or certain grantor) restrictions.

SEMCAC
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets (Continued)

Net Assets with Donor Restrictions – Net assets subject to donor- (or certain grantor-) 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. Gifts of long-lived assets and gifts of cash restricted for acquisition of long-lived assets are recognized as revenue when the assets are placed in service.

The Organization reports contributions restricted by donors as increases in net assets without donor restrictions of the restrictions expire, that is, when a stipulated time restriction ends or purpose restriction is accomplished in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets with donor restrictions and reported in the statements of activities as Net Assets Released from Restrictions.

Revenue and Revenue Recognition

Program revenue is recognized when earned. 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 – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

A majority of the Organization's revenue is derived from cost-reimbursable contracts and grants. Amounts received are recognized as earned and are reported as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received but not yet earned are reported as a refundable advance in the statement of financial position. The Organization received cost-reimbursable grants of \$5,301,058 for which qualifying expenditures have not yet been incurred, with progress payments of \$838,160 recognized in the statement of financial position as a refundable advance.

In-Kind Contributions

In-kind contributions for space and professional services are recorded in the statement of activities and recognized as revenue and expenses in the period they are received. During the years ended September 30, 2020 and 2019, the Organization received \$223,478 and \$127,152 of such contributions for its child education, health and food shelf programs, respectively. During 2020, the Organization received a donation of equipment valued at \$9,226. During 2019, the Organization also received a donation of professional services in relation to the construction of a new transportation facility valued at \$7,053. In addition, the Organization received contributions of nonprofessional volunteer services during the year with a fair value of \$214,410 and \$299,533 for its senior dining program, which are not recognized in the financial statements for the years ended September 30, 2020 and 2019, respectively.

SEMCAC
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising Costs

Advertising costs are expensed as incurred and were \$116,308 and \$83,469 during the years ended September 30, 2020 and 2019, respectively.

Functional Allocation of Expenses

The Organization utilizes cost allocation methods to distribute certain direct and indirect costs to its various programs. Costs, which are common to more than one program, have been identified and classified into cost pools. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Costs being allocated include personnel, payroll taxes and fringe benefits, contract labor and consultants, travel and transportation, space costs and utilities, consumable supplies, depreciation, and other costs. Costs are allocated based on direct labor hours and square footage.

Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes has been reflected in these financial statements.

The Organization has adopted the income tax standard regarding the recognition and measurement of uncertain tax positions and has determined that it has no uncertain tax positions as of September 30, 2020 and 2019.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires us to make estimates and assumptions that affect the reported amounts of 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 and those differences could be material.

Change in Accounting Principle

In June 2018, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2018-08, *Accounting Guidance for Contributions Received and Made*. This ASU was issued to clarify accounting guidance for contributions received and contributions made. The amendments to this ASU assist entities in (1) evaluating whether transactions should be accounted for as contribution (nonreciprocal) transactions within the scope of Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional.

SEMCAC
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Change in Accounting Principle (Continued)

The financial statements reflect the application of ASU 2018-08 beginning October 1, 2019. The new guidance does not require prior period results to be restated. The implementation of this standard resulted in a grant, previously classified as conditional being recognized as unconditional. Below is the impact of this amendment on the financial statements:

	<u>Reported Under Old Guidance</u>	<u>Adjustments</u>	<u>Reported Under New Guidance</u>
Liabilities:			
Refundable Advance	<u>\$ 897,224</u>	<u>\$ (59,064)</u>	<u>\$ 838,160</u>
Revenue, Net Assets With Donor Restrictions:			
Contributions	<u>\$ 3,105,738</u>	<u>\$ 59,064</u>	<u>\$ 3,164,802</u>

Subsequent Events

We have evaluated subsequent events through October 8, 2021, the date the financial statements were available to be issued.

NOTE 2 CONCENTRATION OF CREDIT RISK

The Organization maintains cash balances at several banks. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. One of the banks has pledged securities for the Organization's cash balances with market values of \$118,189 and \$718,459 at September 30, 2020 and 2019, respectively. As of September 30, 2020 and 2019, there were no amounts in excess of FDIC and collateral coverage.

NOTE 3 FAIR VALUE MEASUREMENTS AND DISCLOSURES

The Organization categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement. Assets and liabilities valued at fair value are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access.

SEMCAC
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE 3 FAIR VALUE MEASUREMENTS AND DISCLOSURES (CONTINUED)

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on an Organization's own assumptions, as there is little, if any, related market activity.

In instances where the determination of fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

Subsequent to initial recognition, the Organization may remeasure the carrying value of assets and liabilities measured on a nonrecurring basis to fair value. Adjustments to fair value usually result when certain assets are impaired. Such assets are written down from their carrying amounts to their fair value.

Professional standards allow entities the irrevocable option to elect to measure certain financial instruments and other items at fair value for the initial and subsequent measurement on an instrument-by-instrument basis. The Organization has not elected to measure any existing financial instruments at fair value. However, it may elect to measure newly acquired financial instruments at fair value in the future.

The Organization had no assets or liabilities measured at fair value on a recurring or nonrecurring basis at September 30, 2020 and 2019.

NOTE 4 NOTES RECEIVABLE

The Organization is the nonprofit sponsoring agency for an AHP \$100,000 subsidy from the Federal Home Loan Bank of Des Moines. The subsidy was for the construction of 20 affordable housing units for income eligible participants. Four of the units must be available to participants at or below 50% of the median income and 16 of the units must be available to participants between 51% and 60% of the median income for Fillmore County. The affordability period for the units must be maintained for 15 years, which expired in 2014.

The Organization loaned the funds to the project owner, Rushford Housing Limited Partnership. The loan agreement calls for interest at 1% per year with the interest and principal repaid in monthly installments of \$598 beginning on January 1, 2015, through December 31, 2029. The balance of the note at September 30, 2020 and 2019, was \$63,374 and \$69,881, respectively. Collection is fully expected and, accordingly, no allowance has been recorded.

SEMCAC
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE 4 NOTES RECEIVABLE (CONTINUED)

The Organization also has a note receivable from Semcac Housing-Rushford Inc., a related party. The note has no interest rate and is due on November 1, 2061, or when the project is sold, whichever occurs first. The balance of the note at September 30, 2020 and 2019 was \$32,397. Collection is fully expected and, accordingly, no allowance has been recorded.

NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment consist of the following at September 30, 2020:

	Unrestricted Property	Grant Award Property	Total
Land	\$ 256,335	\$ -	\$ 256,335
Buildings and Improvements	1,925,735	1,821,048	3,746,783
Equipment	349,713	1,698,160	2,047,873
Total	2,531,783	3,519,208	6,050,991
Less: Accumulated Depreciation	1,010,164	1,498,156	2,508,320
Total Property and Equipment	<u>\$ 1,521,619</u>	<u>\$ 2,021,052</u>	<u>\$ 3,542,671</u>

Property and equipment consist of the following at September 30, 2019:

	Unrestricted Property	Grant Award Property	Total
Land	\$ 256,335	\$ -	\$ 256,335
Buildings and Improvements	1,925,735	1,821,048	3,746,783
Equipment	316,849	1,605,780	1,922,629
Total	2,498,919	3,426,828	5,925,747
Less: Accumulated Depreciation	935,025	1,260,561	2,195,586
Total Property and Equipment	<u>\$ 1,563,894</u>	<u>\$ 2,166,267</u>	<u>\$ 3,730,161</u>

NOTE 6 NOTE PAYABLE

The Organization entered into a construction loan on August 3, 2018, which is secured by real estate of the Organization. The borrowing capacity was originally \$600,000 and increased to \$700,000 on June 11, 2019. The loan has multiple payment streams. The first stream requires monthly payments of interest at 5.75% through November 30, 2019. The second stream requires monthly payments of principal and interest of \$5,086 with interest at 5.75% through June 30, 2028. The final payment of principal and interest is due on July 30, 2028. The outstanding balance of the loan was \$-0- and \$488,798 at September 30, 2020 and 2019.

The Organization entered into an additional construction loan on August 3, 2018, which is the secured by real estate of the Organization. The original borrowing capacity of this loan was \$1,852,000 and decreased to \$321,314 on June 11, 2019. The interest rate of the loan is 5.25% and requires monthly interest payments through November 30, 2019 at which time the full outstanding balance of the loan is due. The outstanding balance of the loan was \$-0- and \$182,995 at September 30, 2020 and 2019, respectively.

SEMCAC
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE 6 NOTE PAYABLE (CONTINUED)

On February 13, 2020, both loans were combined and converted to a term loan. The new loan has an interest rate of 4.75%. The loan requires monthly payments of principal and interest of \$4,258 through July 10, 2028, with a remaining unpaid principal and interest due on July 30, 2028. The outstanding balance of the loan was \$643,900 and \$-0- at September 30, 2020 and 2019.

Projected payments due for the years ending September 30 are as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2021	\$ 20,448
2022	21,560
2023	22,621
2024	23,735
2025	24,738
Thereafter	530,798
Total	<u>\$ 643,900</u>

NOTE 7 LEASES

The Organization leases various facilities and equipment for operation of its programs primarily under cancellable leases.

Future minimum lease payments are as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2021	\$ 157,892
2022	102,403
2023	77,280
2024	60,780
Total Minimum Lease Payments	<u>\$ 398,355</u>

Rent expense for the years ended September 30, 2020 and 2019, totaled \$339,524 and \$316,310, respectively.

SEMCAC
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods:

	2020	2019
Grant-Funded Equipment	\$ 2,021,052	\$ 2,166,267
Housing Funds	221,542	221,542
Patronage Dividends	76,107	78,090
Food Programs	438,091	293,428
Senior Programs	203,666	38,819
Community Services	69,972	10,907
MnDOT Reserve	134,372	34,810
Total Temporarily Restricted Net Assets	<u>\$ 3,164,802</u>	<u>\$ 2,843,863</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended September 30:

	2020	2019
Grand-Funded Equipment	\$ 145,215	\$ -
Patronage Dividends	1,983	-
Food Programs	-	41,469
Total	<u>\$ 147,198</u>	<u>\$ 41,469</u>

NOTE 9 RETIREMENT PLAN

The Organization has a defined contribution retirement plan authorized under Section 401(k) of the Internal Revenue Code. The plan is open to all employees who have been employed by the Organization for one year, work a minimum of 800 hours, and are at least 21 years of age. Participants become fully vested after five years of service. The Organization's contributions are determined at the discretion of the board of directors. The employer contribution for the years ended September 30, 2020 and 2019, was a matching contribution of up to 4% of eligible employee gross wages. Employer contributions for the years ended September 30, 2020 and 2019 were \$128,061 and \$124,471, respectively.

NOTE 10 RESTRICTED CASH

The Organization has classified as restricted the following cash balances that are not available for use in its operations for the years ended September 30:

	2020	2019
Cash Held as Fiscal Agent	\$ 66,604	\$ 66,491
Transportation Reserve	134,372	34,810
Total	<u>\$ 200,976</u>	<u>\$ 101,301</u>

SEMCAC
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE 11 LIQUIDITY AND AVAILABILITY

The Organization regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing program-related activities as well as the conduct of services undertaken to support those programs to be general expenditures.

As of September 30, 2020 and 2019, the following financial assets could be readily made available within one year of the balance sheet date to meet general expenditures:

	<u>2020</u>	<u>2019</u>
Financial Assets at Year-End:		
Cash and Cash Equivalents	\$ 1,155,959	\$ 1,189,275
Accounts Receivable	542,077	405,736
Contributions and Grants Receivable	1,888,823	1,131,492
Notes Receivable, Net	<u>95,771</u>	<u>102,278</u>
Total Financial Assets at Year-End	3,682,630	2,828,781
Less: Amounts Not Available to Meet General Expenditures Within One Year:		
Cash Held As Fiscal Agent	(66,604)	(66,491)
Long-Term Portion of Notes Receivable	(89,199)	(95,771)
Donor-Restricted, Less: Grant Funded Property and Equipment	<u>(1,143,750)</u>	<u>(677,596)</u>
Financial Assets Available to Meet General Expenditures Within One Year	<u><u>\$ 2,383,077</u></u>	<u><u>\$ 1,988,923</u></u>

On April 30, 2020, the Organization received proceeds in the amount of \$250,000 to fund payroll, utilities and interest on mortgages and existing debt through the Paycheck Protection Programs (the PPP Loan). The PPP loan may be forgiven by the U.S. Small Business Administration (SBA) subject to certain performance barriers, as outlined in the loan agreement and the CARES Act. Therefore, the Organization has classified this loan as a conditional contribution for accounting purposes. The Organization recognized \$237,994 of contribution and grant revenue related to this agreement during the year ended September 30, 2020, which represents the portion of the PPP loan funds for which the performance barriers have been met. As of September 30, 2020, The Organization has not satisfied the performance barriers attributable to \$12,006 of the PPP loan proceeds, and this amount is classified as refundable advance in the accompanying statement of financial position. The covered period from April 30, 2020 to October 14, 2020 is the time that the Organization has to spend their PPP loan funds.

On June 7, 2021, the Organization received full forgiveness of the PPP loan. The SBA may review eligibility and usage of funds for compliance with program requirements based on dollar threshold and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Organization's financial position.

SEMCAC
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE 12 LITIGATION

The Organization is involved in certain legal claims and disputes arising in the ordinary course of business. Although it is not possible to predict the outcome of these matters, it is management's opinion that the outcomes will not have a material effect on the Organization.

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**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***

Board of Directors
Semcac
Rushford, Minnesota

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 Semcac (the Organization), which comprise the statement of financial position as of September 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, and have issued our report thereon dated October 8, 2021.

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 Organization'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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Austin, Minnesota
October 8, 2021



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

Board of Directors
Semcac
Rushford, Minnesota

Report on Compliance for Each Major Federal Program

We have audited Semcac's (the Organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended September 30, 2020. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization'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 the Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, the Organization 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 September 30, 2020.

Report on Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization'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.



CliftonLarsonAllen LLP

Austin, Minnesota
October 8, 2021

SEMCAC
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2020

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number		Federal Expenditures
Department of Agriculture				
Pass-Through Minnesota Department of Education				
Noncash Assistance (Commodities):				
Child & Adult Food Program	10.558	2MN300061	\$ 97,333	
Total Noncash Assistance and total CFDA 10.558				\$ 97,333
Pass-Through Minnesota Department of Human Services				
Cash Assistance:				
Supplemental Nutrition Assistance Program (SNAP) Cluster	10.561	GRK% 163830/3000071862	32,000	
Total Cash Assistance and total SNAP Cluster				32,000
Total Department of Agriculture				129,333
Department of Housing and Urban Development				
Pass-Through Minnesota Department of Economic Development				
Small Cities Grant - LaCrescent	14.228	CDAP-16-0034-0-FY17	10,275	
Small Cities Grant - Houston	14.228	CDAP-16-0030-0-FY17	17,641	
Small Cities Grant - Caledonia	14.228	CDAP-17-0030-0-FY18	6,363	
Total CFDA 14.228				34,279
Pass-Through Minnesota Department of Human Services				
Emergency Shelter Grant (ESGP) - 2020	14.231	GRK% 160325/3000070284	27,788	
Total CFDA 14.231				27,788
Pass-Through Three Rivers Community Action, Inc.				
HUD SHP RHASP - 2019	14.267	MN0065L5K021811	25,077	
HUD SHP RHASP - 2020	14.267	MN0065L5K021912	6,186	
Total CFDA 14.267				31,263
Total Department of Housing and Urban Development - Cash Assistance				93,330
Department of Transportation				
Pass-Through Minnesota Department of Transportation				
Transportation Program - 2019	20.509	1029480	72,458	
Transportation Program - 2020	20.509	1032533	59,944	
Transportation Program - CARES Act	20.509	1032533	655,309	
Total Department of Transportation - Cash Assistance and Total CFDA 20.509				787,711
Department of the Treasury				
Pass-Through Minnesota Housing				
Coronavirus Relief	21.019	None	316,600	
Total Department of the Treasury - Cares Act Funding				316,600
Department of Energy				
Pass-Through Minnesota Department of Commerce				
DOE/WX - 2020	81.042	157646/12155	569,142	
DOE/WX - 2021	81.042	177161	37,580	
Total CFDA 81.042				606,722
Total Department of Energy - Cash Assistance				606,722
Department of Health and Human Services				
Aging Cluster:				
Pass-Through Southeastern Minnesota Area Agency on Aging, Inc.				
Noncash Assistance (Commodities):				
Nutrition Services Incentive Program - 2019	93.053	310-19-03C1-001	31,090	
Nutrition Services Incentive Program - 2020	93.053	310-20-03C1-001	27,095	
Nutrition Services Incentive Program - 2019	93.053	310-19-03C2-001	18,724	
Nutrition Services Incentive Program - 2020	93.053	310-20-03C2-001	32,579	
Total Noncash Assistance and Total CFDA 93.053				109,488

SEMCAC
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2020

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services (Continued)			
Pass-Through Southeastern Minnesota Area Agency on Aging, Inc.			
Aging Cluster:			
Cash Assistance:			
Title III SEMAA 2019	93.044	310-19-003B-052	\$ 17,415
Title III SEMAA 2020	93.044	310-20-003B-052	34,330
Total CFDA 93.044			<u>51,745</u>
Congregate Dining - 2019	93.045	310-19-03C1-001	203,220
Congregate Dining - 2020	93.045	310-20-03C1-001	112,464
Congregate Dining - COVID-19 Funding	93.045	None	75,952
Home Delivered Meals - 2019	93.045	310-19-03C2-001	66,786
Home Delivered Meals - 2020	93.045	310-20-03C2-001	245,560
Home Delivered Meals - COVID-19 Funding	93.045	None	1,026,024
Total CFDA 93.045			<u>1,730,006</u>
Total Aging Cluster			\$ 1,891,239
Caregiver Advocate - 2019	93.052	310-19-003E-004	14,436
Caregiver Advocate - 2020	93.052	310-20-003E-004	44,922
Total CFDA 93.052			<u>59,358</u>
TANF Cluster:			
MN Prairie Care Repair	93.558	23700	23,087
MN Prairie Care Repair	93.558	23700	50,000
Temporary Assistance for Needy Families (TANF) Cluster	93.558	2017G996115	44,017
Total CFDA 93.558 and total TANF Cluster			<u>117,104</u>
Pass-Through Minnesota Department of Commerce			
EAP/WX CO - 2019 A2110	93.568	157646/12155	119,992
EAP/WX - 2020 A2113	93.568	157646/12155	30,817
EAP/WX CO - A2111	93.568	177161/13322	228,356
Energy Assistance	93.568	165632/12672	808,015
Total Pass-Through Minnesota Department of Commerce and			
Total CFDA 93.568			<u>1,187,180</u>
Pass-Through Minnesota Department of Human Services -- 477 Cluster			
CSBG - Discretionary Dodge	93.569	GRK%127534	15,786
CSBG - 2020	93.569	GRK%160091	335,087
CSBG - 2020 - Cares Act Funding	93.569	GRK%177921	42,114
CSBG - 2019	93.569	GRK%127534	23,149
Total Pass-Through Minnesota Department of Human Services,			
Total CFDA 93.569, and Total 477 Cluster			<u>416,136</u>
Pass-Through Minnesota Department of Education			
Early Head Start Child Care Partnership 20	93.600	05HP0014/01	665,259
Early Head Start Child Care Partnership 21	93.600	05HP000416	18,380
Head Start - 2020 (direct received)	93.600	05CH01890-01-00	1,210,601
Head Start - 2021 (direct received)	93.600	05CH01890-02-03	942,287
Head Start - 2021 (direct received) - Cares Act Funding	93.600	05CH01890-02-03	31,504
Total CFDA 93.600			<u>2,868,031</u>
Total Department of Health and Human Services			<u>6,539,048</u>
Department of Homeland Security			
Pass-Through EFASP National Board			
Emergency Food & Shelter Program - 2020	97.024	485918	8,665
Emergency Food & Shelter Program - 2020 - Cares Act Funding	97.024	485918	5,515
Total Department of Homeland Security - Cash Assistance			<u>14,180</u>
Total Expenditures of Federal Awards			<u>\$ 8,486,924</u>

** Agency or Pass-Through Number is Unavailable

See Notes to Schedule of Expenditures of Federal Awards.

SEMCAC
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
SEPTEMBER 30, 2020

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Semcac (the Organization) under programs of the federal government for the year ended September 30, 2020. The information in this Schedule is presented in accordance with requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, activities and changes in net assets, and cash flows of the Organization.

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 Organization has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 3 SUBRECIPIENT PAYMENTS, NONCASH ASSISTANCE, INSURANCE, AND LOANS OR LOAN GUARANTEES

The purpose of the schedule of expenditures of federal awards is to present a summary of the Organization's federal grant activity. The Organization did not provide any federal awards to subrecipients for the year ended September 30, 2020.

SEMCAC
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2020

Part I: Summary of the Independent Auditors' Results:

Financial Statements

- | | | |
|---|------------|---|
| 1. Type of auditors' report issued: | Unmodified | |
| 2. Internal control over financial reporting: | | |
| • Material weakness(es) identified? | _____ yes | _____ ☒ no |
| • Significant deficiency(ies) identified that are not considered to be material weakness(es)? | _____ yes | _____ ☒ none reported |
| 3. Noncompliance material to financial statements noted? | _____ yes | _____ ☒ no |

Federal Awards

- | | | |
|---|------------|---|
| 1. Internal control over major federal programs: | | |
| • Material weakness(es) identified? | _____ yes | _____ ☒ no |
| • Significant deficiency(ies) identified that are not considered to be material weakness(es)? | _____ yes | _____ ☒ none reported |
| 2. Type of auditors' report issued on compliance for major federal programs: | Unmodified | |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | _____ yes | _____ ☒ no |

Identification of Major Federal Programs

U.S. Department of Health and Human Services: Head Start	CFDA #93.600
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U.S. Department of Transportation: MNDOT Public Transportation	CFDA #20.509
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Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 750,000</u>
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SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

YEAR ENDED SEPTEMBER 30, 2020

Part I: Summary of the Independent Auditors' Results (Continued):

Auditee qualified as low-risk auditee pursuant to Uniform Guidance?

 x yes no

Part II: Findings Related to the Basic Financial Statements:

None

Part III: Findings and Questioned Costs for Federal Awards:

None

Part IV: Prior Year Findings:

There were no findings in the prior year that were required to be reported.