



Financial Statements
June 30, 2023

Siouxland Human Investment
Partnership, Inc.

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Independent Auditor's Report

The Board of Directors
Siouxland Human Investment Partnership, Inc.
Sioux City, Iowa

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Siouxland Human Investment Partnership, Inc. (SHIP), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of SHIP as of June 30, 2023, 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.

Basis for Opinion

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

Change in Accounting Principle

As discussed in Note 1 to the financial statements, SHIP has adopted the provisions of FASB Accounting Standards Codification Topic 842, *Leases*, as of July 1, 2022 using the modified retrospective approach with an adjustment at the beginning of the adoption period. Our opinion is not modified with respect to this matter.

Restatement

As discussed in Note 15, SHIP's 2022 financial statements contained an error that resulted in an adjustment to the beginning of year net assets in the financial statements to correct the error. Our opinion is not modified with respect to that matter.

Responsibilities of Management 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; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Siouxland Human Investment Partnership, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Supplementary Information on pages 24 to 31 is presented for the 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 audits 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 GAAS. 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 27, 2024 on our consideration of Siouxland Human Investment Partnership, Inc.'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 Siouxland Human Investment Partnership, Inc.'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 Siouxland Human Investment Partnership, Inc.'s internal control over financial reporting and compliance.

The image shows a handwritten signature in black ink that reads "Eide Sully LLP". The signature is written in a cursive, flowing style.

Sioux Falls, South Dakota
March 27, 2024

Siouxland Human Investment Partnership, Inc.

Statement of Financial Position

June 30, 2023

Assets	
Cash and cash equivalents	\$ 3,949,520
Grants receivable	536,975
Other receivables	663,871
Agency funds receivable	133,961
Investments	1,548,487
Prepaid expenses	46,673
Property and equipment, net	65,304
Note receivable	142,310
Operating lease right of use asset	172,667
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Total assets	\$ 7,259,768
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Liabilities and Net Assets	
Accounts payable	\$ 250,175
Refundable grant advances	2,289,834
Deferred revenue	83,971
Other accrued liabilities	366,654
Agency funds payable	400,668
Operating lease liabilities	171,695
	<hr/>
Total liabilities	3,562,997
	<hr/> <hr/>
Net Assets	
Without donor restrictions	
Undesignated	1,573,866
Board designated for scholarships	225,000
Board designated for cash reserves	1,662,888
	<hr/>
	3,461,754
With donor restrictions - purpose restrictions	235,017
	<hr/>
Total net assets	3,696,771
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Total liabilities and net assets	\$ 7,259,768
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Siouxland Human Investment Partnership, Inc.

Statement of Activities
Year Ended June 30, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue, Support, and Gains			
Federal grants	\$ 1,454,784	\$ -	\$ 1,454,784
State grants	1,308,326	25,961	1,334,287
Other donations	825,721	-	825,721
Contracts and service fees	3,456,317	-	3,456,317
Administration fees	106,319	-	106,319
Interest income - savings	53,525	-	53,525
Net investment return	196,559	-	196,559
	<u>7,401,551</u>	<u>25,961</u>	<u>7,427,512</u>
Total revenue, support, and gains			
Expenses			
Program services			
Beyond the Bell	2,537,524	-	2,537,524
DCAT	1,558,566	-	1,558,566
ECI	1,024,138	-	1,024,138
GCC	704,244	-	704,244
BOOST	439,710	-	439,710
Other	495,142	-	495,142
Supporting services			
Administration	439,288	-	439,288
Grant development	179,690	-	179,690
	<u>7,378,302</u>	<u>-</u>	<u>7,378,302</u>
Total expenses			
Change in Net Assets	23,249	25,961	49,210
Net Assets, Beginning of Year (Restated)	<u>3,438,505</u>	<u>209,056</u>	<u>3,647,561</u>
Net Assets, End of Year	<u>\$ 3,461,754</u>	<u>\$ 235,017</u>	<u>\$ 3,696,771</u>

Siouxland Human Investment Partnership, Inc.

Statement of Functional Expenses

Year Ended June 30, 2023

	Program Services						Total Services	Administration	Grant Development	Total Expenses
	BTB	DCAT	ECI	GCC	BOOST	Other				
Bad debts	\$ 15,251	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,251	\$ -	\$ -	\$ 15,251
Contracted services	97,759	58,219	-	157,101	27,952	103,663	444,694	68,742	83,288	596,724
Occupancy	179,030	89,984	(19,763)	223,387	12,366	44,228	529,232	87,951	-	617,183
Supplies	178,958	28,772	184	42,913	12,741	19,168	282,736	16,246	-	298,982
Marketing, website and software	42,868	7,353	33	3,416	414	-	54,084	10,706	-	64,790
Awards to subrecipients	-	-	943,497	-	-	193,522	1,137,019	-	-	1,137,019
Salaries and benefits	1,954,740	1,287,365	97,746	253,174	377,282	112,925	4,083,232	218,708	96,402	4,398,342
Training and tuition	19,414	2,655	-	14,024	8,592	7,954	52,639	13,560	-	66,199
Travel	44,923	84,218	2,441	10,229	363	13,682	155,856	6,203	-	162,059
Depreciation	4,581	-	-	-	-	-	4,581	1,257	-	5,838
Miscellaneous	-	-	-	-	-	-	-	15,915	-	15,915
Total expenses	\$ 2,537,524	\$ 1,558,566	\$ 1,024,138	\$ 704,244	\$ 439,710	\$ 495,142	\$ 6,759,324	\$ 439,288	\$ 179,690	\$ 7,378,302

Siouxland Human Investment Partnership, Inc.

Statement of Cash Flows
Year Ended June 30, 2023

Operating Activities	
Cash received from government agencies	\$ 4,428,009
Cash received from contracts and service fees	3,054,142
Cash received from other donations	825,721
Miscellaneous receipts	106,319
Interest and dividends received	81,503
Payments to suppliers and vendors	(1,857,033)
Payments for salaries and benefits	(4,311,652)
Payments to subrecipients	<u>(1,137,019)</u>
Net Cash from Operating Activities	<u>1,189,990</u>
Investing Activities	
Purchase of property and equipment	(52,558)
Note receivable	(2,354)
Purchase of investments	(187,226)
Proceeds from sale of investments	<u>151,871</u>
Net Cash used for Investing Activities	<u>(90,267)</u>
Net Change in Cash and Cash Equivalents	1,099,723
Cash and Cash Equivalents, Beginning	<u>2,849,797</u>
Cash and Cash Equivalents, Ending	<u>\$ 3,949,520</u>

Note 1 - Principal Activity and Significant Accounting Policies**Principal Business Activity**

Siouxland Human Investment Partnership, Inc. (SHIP) is a not-for-profit organization located in Sioux City, Iowa providing leadership in response to identified community needs. SHIP also provides influence to engage the Siouxland area in creating a comprehensive service delivery system to support and strengthen children, families, and individuals. SHIP's Board of Directors also serves as the designated Early Childhood Iowa Local Board (ECI) for Woodbury County and Ida County and Decategorization (DCAT) Board for Woodbury County. SHIP is also the fiscal agent for these Boards and administers their programs. The Early Childhood Iowa and DCAT programs administered by SHIP are included in SHIP's basic financial statements. A description of the significant programs administered by SHIP is as follows:

Beyond the Bell

Beyond the Bell (BTB) - Before and after school program and summer program that serves students grades Pre-K to 8th grade. The BTB programs are held at various public and parochial school locations in Sioux City, Iowa and South Sioux City, Nebraska. The program includes academic tutoring, recreation, field trips, arts and crafts, service learning, family engagement events, hands-on learning, and social-emotional well-being. The program is funded with an array of funding streams: 21st Century Learning Centers grants (see below) are the sole funding source at 7 sites; parent fees at all non-21st Century sites, as well as Iowa Health and Human Services Child Care Assistance funds (BTB sites are licensed by HHS), and local grants from United Way of Siouxland and MRHD. The Sioux City Community School District and South Sioux City Community School District partner and financially support the program.

21st Century Community Learning Centers Program - Federal funding passed through the state and established to expand community learning to before and after school hours and throughout the summer. 21st Century funding provides students with academic enrichment opportunities along with activities designed to complement the students' regular academic program by fostering educational excellence and ensuring equal access. Several Beyond the Bell sites are funded by 21st Century Community Learning Centers grants.

Bridging and Overcoming Obstacles through Service and Training (BOOST)

Boost Growth Opportunities (BOOST GO) - Program serves individuals ages 18 to 24 who have been involved in the juvenile or adult justice systems, or who are at-risk of becoming involved in those systems. The program helps participants obtain their high school education, receive job skills training, explore and enroll in post-secondary education, acquire credentialed job training, and attain gainful employment with local businesses. The program also provides a violence prevention component via partnership with Sky Ranch Behavioral Services, in which participants receive evidence-based programming and therapy and/or mentoring services. BOOST is funded by a U.S. Department of Labor re-entry grant.

BOOST Re-Entry – Program serves individuals ages 18+ who are incarcerated but set to be released in Woodbury County within 20 – 180 days. The program provides seamless pre- and post-release customized re-entry and career services. Individualized services focus on career and criminogenic assessment, re-entry planning, career planning, employment placement and retention, career advancement, support services and follow-up services. The program is funded by a U.S. Department of Justice Bureau of Justice Affairs re-entry grant.

Child Welfare - Iowa Department of Human Services Decategorization (DCAT) - Decategorization initiative is designed to redirect child welfare and juvenile justice funding to services which are more preventative, family-centered, and community-based to reduce the use of more restrictive approaches.

Early Childhood Iowa (ECI)

SHIP is the Early Childhood Iowa (ECI) Board for Ida and Woodbury Counties. ECI's purpose is to develop the capacity and commitment for using local, informed decision making to achieve desired outcomes for Iowa's young children. The SHIP Board annually approves funding allocations for Ida County and Woodbury County programs and services for children aged 0-5 and their families.

Growing Community Connections (GCC)

A community collaborative and 501(c)3 originating in Dakota County, Nebraska that now encompasses all of Siouxland and unites partners for the single purpose of improving the quality of life and social-emotional well-being of children and families in the community. SHIP serves as GCC's Fiscal Agent and Employer of Record, and is the applicant for all grants serving GCC.

Other:

Division of Criminal and Juvenile Justice Planning (CJJP) - Provides juvenile justice programming in conformance with the annual Child Welfare, Juvenile Justice, and Youth Development Plan to prevent juvenile crime, provide services to juvenile offenders, and otherwise improve Iowa's juvenile justice system.

Employer of Record - SHIP has entered into various agreements with different not-for-profit agencies. These agreements add the third-party, not-for-profit employees to SHIP's payroll, allowing the third-party, not-for-profit employees to obtain insurance and benefits through SHIP.

ICAPP Parent Development - Programming to serve those with the highest risk for child abuse and/or maltreatment through family support services, parent education, and evidence-based therapy. Services are provided in Woodbury, Emmet, Palo Alto, and Dickinson Counties.

ICAPP Native Resilient Communities - Program designed to address the health and racial disparities impacting child welfare outcomes of the Native American community in Woodbury County.

JCS Education and Transitional Liaison Services – The program serves children experiencing truancy or other behavioral problems within the school, home and/or community setting. Provides resources for students that request assistance with school, transition, or with family related problems. Acts as a liaison and advocate for JCS involved youth, consistently communicating progress with all parties involved. Resources provided include credit recovery, tutoring, college exploration, enrollment and more.

Sky Ranch Re-Entry Program - Program delivers evidence-based pre-release services to youth in placement and will continue seamlessly to provide post-release services through collaborative long-term, open-ended services customized to each youth. Intensive case management promotes well-being in mental health, reduced substance use, and vocational success. Expected outcomes are strengths and coping mechanisms, reduced risk, recidivism and criminogenic needs, improved mental health and well-being and reduced substance use, risk-taking and violent behavior. The program is funded by a U.S. Department of Justice Office of Juvenile Justice and Delinquency grant.

Strengthening Urban Natives (SUNS) Program – To further build and expand the capacity of Urban Native families in Sioux City, the program will provide evidence-based trauma assessment, youth development, group mentoring and trauma recovery services to 250 urban Native youth ages 6-18. Youth served have been directly or indirectly exposed to violence in their homes, schools and communities. The program is funded by a U.S. Department of Justice Office of Juvenile Justice and Delinquency grant.

SHIP has entered into various agency agreements with different governmental and not-for-profit agencies. These transactions have been recorded as Agency funds. Agency funds represent assets entrusted to SHIP only for the purpose of receiving, holding, and disbursing such funds according to the depositor's intentions.

Iowa Department of Human Services Decategorization (DCAT) - In addition to the program services discussed above, SHIP also administers DCAT Agency funds.

Juvenile Court Services of the Third Judicial District (JCS) - Pursuant to a 28E agreement with Woodbury County, SHIP is responsible for payment of claims submitted and approved by JCS for services and programs rendered by subcontractors. In addition, pursuant to a 28E agreement with JCS, SHIP is responsible for claims submitted by JCS to the State of Iowa.

Northwest Early Childhood Iowa (NECI) – NECI is the Early Childhood Iowa Board for Cherokee, Lyon, Plymouth and Sioux Counties in Iowa. SHIP serves as the Fiscal Agent and Employer of Record for NECI.

Sky Ranch Behavioral Services - Provides preventative services, delivered by mental health, behavioral health and substance abuse specialists, to juveniles and their families. Services are offered prior to youth placement in an effort to eliminate the need for out of home placement, or to youth transitioning back to the community after placement.

Urban Native Center - A community center that serves as an inter-tribal resource for the Siouxland Community for both Native and non-Native community members. Individual and community services include cultural, spiritual, educational, and behavioral support through programming, events, and ceremonies.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Cash and Cash Equivalents

All cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, are considered to be cash and cash equivalents.

Grants Receivable

Grants receivable represent consideration from grantors and other sources of which SHIP has an unconditional right to receive. Grants receivable are stated at the amounts management expects to collect from the outstanding balances. As of June 30, 2023, management determined based on historical experience, that all amounts are collectible, and no allowance is necessary.

Other Receivables

Other receivables consist primarily of noninterest-bearing amounts due from contracts with customers and other advisory and contractual services provided and are stated at the amounts management expects to collect from outstanding balances. Balances that are still outstanding after management has used reasonable collection efforts are written off. As of June 30, 2023, an allowance of \$15,251 has been recorded.

Property and Equipment

Property and equipment additions over \$5,000 are recorded at cost, or if donated, at fair value on the date of donation. Equipment acquired by SHIP is considered to be owned by SHIP. Equipment acquired by subcontractors is considered to be owned by the subcontractor or granting agency if required by the grant. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 15 years. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The carrying values of property and equipment are reviewed for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended June 30, 2023.

Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment return/(loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external investment expenses.

Compensated Absences

SHIP accumulates the amount of earned but unused vacation payable to employees. The amount of compensated absences is recorded as a liability and included in the other accrued liabilities in the statement of financial position. The compensated absences liability at June 30, 2023 was \$50,952.

Net Assets

SHIP reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for a scholarship reserve and a board-designated cash reserve.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed restrictions. Some donor 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 restrictions are perpetual in nature, whereby the donor has stipulated the resources be maintained in perpetuity. The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if 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 without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Revenue Recognition

Revenues from contracts with customers include Beyond the Bell services, state contracts, Employer of Record services, and administration fees, which are recognized at the time each service (performance obligation) is performed. Payments received in advance of the performance obligation are recorded as deferred revenue until the performance obligation is met.

Beyond the Bell - Parents sign a childcare services contract with SHIP to provide services based on the service fee rates. These services are recognized at the time the service is provided/performed and are billed weekly. Parents are eligible for reduced service fees if they meet certain eligibility criteria. These services are subsidized by third-party providers (i.e., Department of Human Services). The subsidized services are billed to the third-party monthly.

Iowa Department of Human Services Decategorization – Contracts are entered into with the state to provide various program coordination services for child welfare and juvenile justice. Revenues are recognized as the services are provided and are generally billed monthly.

Employer of Record - Third-party nonprofit agencies sign a contract with SHIP to add the third-party employees to SHIP's payroll to allow their employees to obtain insurance and benefits through SHIP. SHIP charges the third-party nonprofit agencies a fee for this service, which is recognized at the time the service is provided/performed and is billed monthly.

Administration Fees - Various governmental and nonprofit agencies sign service agreements for SHIP to provide financial administration of their assets. These fees are recognized at the time the service is provided/performed and are billed monthly.

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 substantially met. The Organization's federal and state contracts and grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. Consequently, at June 30, 2023, conditional contributions approximating \$6,280,000, for which no amounts had been received in advance, have not been recognized in the accompanying financial statements. At June 30, 2023, contributions of \$2,289,834, for which amounts have been received in advance have not been recognized in the accompanying statement of activities because condition on which it depends has not yet been met as of yearend.

In-kind Contributions

In-kind contributions include donated professional services, donated equipment, and other in-kind contributions which are recorded at the respective fair values of the goods or services received. SHIP does not sell donated gifts-in-kind. In addition to in-kind contributions, volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. No significant contributions of such goods or services were received during the year ended June 30, 2023.

Income Taxes

SHIP is organized as an Iowa nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as an organization described in IRC Section 501(c)(3), qualifies for the charitable contribution deduction, and has been determined not to be a private foundation. SHIP is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, SHIP is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose. SHIP determined that it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Management believes that SHIP has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. SHIP would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Financial Instruments and Credit Risk

Deposit concentration risk is managed by placing cash and cash equivalents with financial institutions believed by the SHIP to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments. To date, no losses have been experienced in any of these accounts.

Credit risk associated with grants receivable and other receivables is limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from governmental agencies and foundations supportive of SHIP's mission. Investments are made by diversified investment managers whose performance is monitored by SHIP and the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, management believes that the investment policies and guidelines are prudent for the long-term welfare of SHIP.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and benefits, which are allocated on the basis of estimates of time and effort.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires SHIP 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.

Adoption of Accounting Standards Codification Topic 842

Effective July 1, 2022, SHIP adopted the new lease accounting guidance in Accounting Standards Update No. 2016-02, *Leases* (Topic 842). SHIP elected to apply the guidance as of July 1, 2022, the beginning of the adoption period. The standard requires the recognition of right-of-use assets and lease liabilities for lease contracts with terms greater than 12 months. Operating lease costs are recognized in the statement of activities as a single lease cost and finance lease costs are recognized in two components, interest expense and amortization expense. SHIP has elected the package of practical expedients permitted in ASC Topic 842. Accordingly, SHIP accounted for its existing leases as either finance or operating lease under the new guidance, without reassessing (a) whether the contract contains a lease under ASC Topic 842, (b) whether classification of the operating lease would be different in accordance with ASC Topic 842, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in ASC Topic 842 at lease commencement. In addition, the SHIP elected to use hindsight in determining the lease terms for all leases.

As a result of the adoption of the new lease accounting guidance, SHIP recognized on July 1, 2022, the beginning of the adoption period, an operating lease liability of \$213,146, and an operating right-of-use asset of \$213,146. The adoption of the new standard did not materially impact SHIP's beginning net assets, statement of activities or statement of cash flows. See Note 9 for further disclosure of the SHIP's lease contracts.

Subsequent Events

SHIP has evaluated subsequent events through March 27, 2024, the date the financial statements were available to be issued.

Note 2 - Liquidity and Availability of Financial Assets

Financial assets available for general expenditure, that is, without donor restrictions limiting their use, within one year of the financial position date, comprise the following:

Cash and cash equivalents	\$ 3,949,520
Investments	1,548,487
Grants receivable	536,975
Other receivables	<u>663,871</u>
	6,698,853
Less net assets with donor restrictions	<u>(235,017)</u>
	<u><u>\$ 6,463,836</u></u>

As part of SHIP's liquidity management, SHIP has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. SHIP's Board adopted an operating reserve policy of \$1,662,888 to build and maintain an adequate level of reserves to support SHIP's day-to-day operations in the event of unforeseen shortfalls. In order to fund the reserve, the Board transferred carry-over funds earned by SHIP from non-grant revenue sources. In addition, SHIP's Board designated \$225,000 net assets to establish a scholarship fund. Additional funds will be transferred by Board action as needed.

Note 3 - Fair Value Measurements and Disclosures

Certain assets are reported at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, inputs are developed using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, considering factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the SHIP's assessment of the quality, risk, or liquidity profile of the asset or liability.

As of June 30, 2023, management determined that the fair value of SHIP's investments were measured using Level 1 and Level 2 inputs. The Level 2 inputs used were inputs other than quoted prices that are observable for the assets. There have been no changes in the methodology used at June 30, 2023.

The following table sets forth, by level, within the fair value hierarchy, SHIP's assets at fair value as of June 30, 2023:

	Total	Fair Value Measurements at Report Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (level 2)	Significant Unobservable Inputs (Level 3)
Common stock/stock options				
Consumer	\$ 149,720	\$ 149,720	\$ -	\$ -
Energy	33,886	33,886	-	-
Financials	150,099	150,099	-	-
Healthcare	201,579	201,579	-	-
Industrials/materials	189,092	189,092	-	-
Information technology	307,690	307,690	-	-
Telecommunication services	95,274	95,274	-	-
Utilities	33,590	33,590	-	-
Other	11,702	11,702	-	-
	<u>1,172,632</u>	<u>1,172,632</u>	<u>-</u>	<u>-</u>
Bonds				
Corporate	238,919	-	238,919	-
Government	136,936	-	136,936	-
	<u>\$ 1,548,487</u>	<u>\$ 1,172,632</u>	<u>\$ 375,855</u>	<u>\$ -</u>

Note 4 - Grants Receivable

Grants receivable consisted of the following at June 30, 2023:

Funding Source	Description	
U.S Department of Labor	Boost Growth Opportunities	\$ 43,846
U.S. Department of Justice	Sky Ranch Boost Re-Entry	17,842
U.S. Department of Justice	Strengthening Urban Natives	21,968
U.S. Department of Justice	Boost Re-Entry	7,818
Iowa Department of Education	21st Century Community Learning	205,437
Iowa Department of Human Rights	CJJP	7,610
Iowa Department of Human Services	Family Reunification	8,280
Prevent Child Abuse Iowa	ICAPP Parent Development	34,374
Prevent Child Abuse Iowa	ICAPP Native Resilient	15,006
NE Children and Families Foundation	Growing Community Connections	149,706
United Way of Siouxland	Beyond the Bell	25,088
		<u>\$ 536,975</u>

Note 5 - Note Receivable

During the year ended June 30, 2023, SHIP's Board approved a \$250,000 unsecured line of credit to Sky Ranch Behavioral Services. The line of credit is non-interest bearing and is scheduled to mature December 31, 2024. As of June 30, 2023, the amount outstanding on the line of credit was \$142,310.

Note 6 - Refundable Grant Advances

The balance of refundable grant advances at June 30, 2023 consisted of:

Growing Community Connections	\$ 38,651
BTB DHS Stabilization Grants	2,241,674
Other program services	9,509
	<u>\$ 2,289,834</u>

Note 7 - Revenue from Contracts with Customers

Other receivable and deferred revenue from contracts with customers are as follows:

	June 30, 2023	July 1, 2022
Other receivables		
Beyond the Bell	\$ 246,627	\$ 233,419
Iowa Department of Human Services Decategorization	391,829	307,601
Employer of Record	4,530	9,783
Administrative services	2,228	3,580
BOOST - ESSER	18,657	26,063
	<u>\$ 663,871</u>	<u>\$ 580,446</u>
Deferred revenue		
Beyond the Bell	<u>\$ 83,971</u>	<u>\$ 145,209</u>

The following presents the revenue disaggregated by source for the years ended June 30, 2023:

Contract and service fees	
Beyond the Bell	\$ 1,540,819
Iowa Department of Human Services Decategorization	1,681,522
Employer of Record	106,329
BOOST - ESSER	127,647
	<u>3,456,317</u>
Total contract and service fees	3,456,317
Administration fees	<u>106,319</u>
	<u>\$ 3,562,636</u>

Note 8 - Retirement Benefits

SHIP contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost sharing multiple employer defined benefit pension plan administered by IPERS. IPERS benefits are established under Iowa Code Chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan document. IPERS issues a stand-alone financial report which is available to the public by mail at IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

Plan members are required to contribute 6.29 percent of their annual salary and SHIP is required to contribute 9.44 percent of annual covered payroll. Contribution requirements are established by State statute. SHIP's contributions to IPERS for the years ended June 30, 2023, were \$273,065, and were equal to the required contributions for the year.

Note 9 - Lease Commitments

SHIP leases certain office facilities for various terms under long-term, non-cancelable operating lease agreements. The leases expire at various dates through 2027. The leases provide for increases in future minimum annual rental payments based on defined increases. Also, the agreements generally require SHIP to pay real estate taxes, insurance, and repairs.

The weighted-average discount rate is based on the discount rate implicit in the lease. SHIP has elected the option to use the risk-free rate determined using a period comparable to the lease terms as the discount rate for leases where the implicit rate is not readily determinable. SHIP has applied the risk-free rate option to the building class of assets.

SHIP has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on straight-line basis. SHIP elected the practical expedient to not separate lease and non-lease components for real leases.

Total lease costs for the year ended June 30, 2023 was \$44,085.

The following table summarizes the supplemental cash flow information for the year ended June 30, 2023:

Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows from operating leases	\$ 47,892
Right-of-use assets obtained in exchange for lease liabilities	
Operating leases	190,759

The following summarizes the weighted-average remaining lease term and weight-average discount rate:

Weighted-average remaining lease term:	
Operating leases	3.76
Weighted-average discount rate:	
Operating leases	2.94%

The future minimum lease payments under noncancelable operating and finance leases with terms greater than one year are listed below as of June 30, 2023.

	<u>Operating</u>
2024	\$ 47,820
2025	47,820
2026	40,620
2027	<u>37,235</u>
Total lease payments	173,495
Less interest	<u>(1,800)</u>
Present value of lease liabilities	<u>\$ 171,695</u>

Note 10 - Agency Funds

The cash activity of the Agency funds for the years ended June 30, 2023 are as follows:

	(Receivable) Payable Balance June 30, 2022	Receipts	Disbursements	(Receivable) Payable Balance June 30, 2023
DCAT - Clusters	\$ (12,742)	\$ 109,198	\$ (111,053)	\$ (14,597)
Juvenile Court Services (JCS)	13,214	3,379	(7,389)	9,204
Memorial March	3,466	12,000	(13,798)	1,668
Middle School Athletics	2,723	7,718	(8,392)	2,049
DCAT - Family Assistance	(328)	101,422	(101,924)	(830)
Siouxland Pride	7,756	2,351	(2,120)	7,987
Woodbury County Veterans	(103)	103	-	-
Sky Ranch Behavioral Services	(95,852)	336,411	(237,278)	3,281
FSA	(1,214)	31,731	(37,847)	(7,330)
March For Our Lives	452	-	-	452
Keep NE Beautiful	490	-	-	490
Urban Native Center	34,599	84,628	(98,791)	20,436
The Last Gift	4,724	4,320	(2,834)	6,210
Northeast Early Childhood Iowa	-	892,755	(655,068)	237,687
	<u>\$ (42,815)</u>	<u>\$ 1,586,016</u>	<u>\$ (1,276,494)</u>	<u>\$ 266,707</u>

Note 11 - Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes as of June 30, 2023:

Collective impact for prevention/community well-being	\$ 158,968
Beyond the Bell scholarships	50,088
Iowa Early Childhood program	25,961
	<u>\$ 235,017</u>

Note 12 - Early Childhood Iowa Area Board

Siouxland Human Investment Partnership is the fiscal agent and serves as an Early Childhood Iowa Area Board, an organization formed pursuant to the provisions of Chapter 2561 of the Code of Iowa. The Area Board receives state grants to administer early childhood and school ready programs. Financial activity of the Area Board is presented in SHIP's basic financial statements as a program because of SHIP's role as local board operator. The Area Board's financial data for the year ended June 30, 2023 is as follows:

	Early Childhood Fund (State)	School Ready Fund (State)	Total
Revenues			
State of Iowa Grants			
Early Childhood	\$ 252,794	\$ -	\$ 252,794
Family Support, Parent Education, Preschool Quality Improvement	-	787,897	787,897
	<u>-</u>	<u>64,337</u>	<u>64,337</u>
Total State of Iowa Grants	252,794	852,234	1,105,028
Expenditures			
Program services			
Early Childhood	239,806	-	239,806
Family Support, Parent Education, Preschool Quality Improvement	-	719,996	719,996
	<u>-</u>	<u>64,337</u>	<u>64,337</u>
Total program services	239,806	784,333	1,024,139
Administration	<u>12,639</u>	<u>42,289</u>	<u>54,928</u>
Total expenditures	<u>252,445</u>	<u>826,622</u>	<u>1,079,067</u>
Net change	349	25,612	25,961
Balances - beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Balance - end of year	<u>\$ 349</u>	<u>\$ 25,612</u>	<u>\$ 25,961</u>

No findings related to the operations of the Early Childhood Iowa Area Board were noted. The information shown above agrees to the annual report submitted by the Early Childhood Iowa Area Board to the State of Iowa for June 30, 2023. Early Childhood and School Ready programs report \$25,961 of net assets with donor restrictions as of June 30, 2023. See Note 11 for additional information on net assets with donor restrictions.

Note 13 - Northwest Early Childhood Iowa Area Board

Siouxland Human Investment Partnership is the fiscal agent and serves as the Northwest Early Childhood Iowa Area Board (NECI), an organization formed pursuant to the provisions of Chapter 2561 of the Code of Iowa. The NECI Area Board receives state grants to administer early childhood and school ready programs. Financial activity of the NECI Area Board is not presented in SHIP's basic financial statements as a program because of SHIP's role as the fiscal agent. The NECI Area Board's financial data for the year ended June 30, 2023 is as follows:

	Early Childhood Fund (State)	School Ready Fund (State)	Total
Revenues			
State of Iowa Grants			
Early Childhood	\$ 146,591	\$ -	\$ 146,591
Family Support, Parent Education, Preschool Quality Improvement	-	599,962	599,962
	<u>-</u>	<u>31,336</u>	<u>31,336</u>
Total State of Iowa Grants	146,591	631,298	777,889
Expenditures			
Program services			
Early Childhood	142,378	-	142,378
Family Support, Parent Education, Preschool Quality Improvement	-	480,523	480,523
	<u>-</u>	<u>77,393</u>	<u>77,393</u>
Total program services	142,378	557,916	700,294
Administration	<u>8,291</u>	<u>42,438</u>	<u>50,729</u>
Total expenditures	<u>150,669</u>	<u>600,354</u>	<u>751,023</u>
Net change	(4,078)	30,944	26,866
Balances - beginning of year	<u>20,204</u>	<u>94,618</u>	<u>114,822</u>
Balance - end of year	<u>\$ 16,126</u>	<u>\$ 125,562</u>	<u>\$ 141,688</u>

No findings related to the operations of the Northwest Early Childhood Iowa Area Board were noted. The information shown above agrees to the annual report submitted by the Early Childhood Iowa Area Board to the State of Iowa for June 30, 2023.

Note 14 - Decategorization Board

SHIP is the fiscal agent and serves as the designated DCAT Board for Woodbury County, an organization formed pursuant to the provisions of Chapter 232 of the Code of Iowa. The DCAT Board receives federal and state grants to provide child welfare and juvenile justice services in the community. SHIP administers the programs and reports the financial activity as a program in their basic financial statements. The DCAT Board's financial activity administered by SHIP for the years ended June 30, 2023 are as follows:

	<u>Child Welfare DCAT</u>
Revenues	
Contributions	
Federal grants	\$ 20,000
Contract and service fess	<u>1,681,522</u>
Total revenues	<u>1,701,522</u>
Expenditures	
Program services	
Child Welfare	1,606,116
Adminstration	<u>95,406</u>
Total expenditures	<u>1,701,522</u>
Net change	-
Balances - beginning of year	<u>-</u>
Balance - end of year	<u><u>\$ -</u></u>

Note 15 - Restatement

SHIP's beginning of year net assets were restated to record contributions received in a prior period with donor restrictions that had previously been recorded as refundable advances. The impact of the restatement in the accompanying financial statements is as follows:

	<u>As Previously Reported</u>	<u>Restatement</u>	<u>As Restated</u>
Statement of Activities			
Net Assets, Beginning of Year, restated			
With donor restrictions	\$ -	\$ 209,056	\$ 209,056
Total	3,438,505	209,056	3,647,561



Supplementary Information
June 30, 2023

**Siouxland Human Investment
Partnership, Inc.**

Siouxland Human Investment Partnership, Inc.
Schedule of Revenues, Expenses, and Changes in Net Assets
Year Ended June 30, 2023

	BOOST ESSER	Beyond the Bell (Sioux City & Admin)	Beyond the Bell (Additional funds)	Beyond the Bell (South Sioux City)	BTB (DHS Stabilization)	BTB 21st Century (Bryant)	BTB 21st Century (LH-WMS)	BTB 21st Century (Hunt)
Revenues and support								
Contributions								
Federal grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 150,211	\$ 183,427	\$ 53,814
State grants	-	-	-	-	228,566	-	-	-
Other donations	-	10,551	2,000	18,845	-	-	-	-
Contract and service fees	127,647	940,240	154,991	445,588	-	-	-	-
Administration fees	-	-	-	-	-	-	-	-
Interest income	-	-	-	-	-	-	-	-
Investment income, net	-	-	-	-	-	-	-	-
Total revenues and support	<u>127,647</u>	<u>950,791</u>	<u>156,991</u>	<u>464,433</u>	<u>228,566</u>	<u>150,211</u>	<u>183,427</u>	<u>53,814</u>
Expenses								
Administration	17,790	-	703	25,592	-	13,496	16,680	4,841
Bad debt	-	15,251	-	-	-	-	-	-
Contracted services	482	15,426	31,483	33,128	300	4,932	2,490	-
Occupancy	-	109,237	-	-	20,707	11,161	10,681	5,047
Supplies	-	64,177	4,742	5,150	39,739	17,801	18,786	5,396
Marketing, website and software	89	42,868	-	-	-	-	-	-
Awards to subrecipients	-	-	-	-	-	-	-	-
Salaries and benefits	109,286	911,547	120,063	356,654	179,086	93,720	123,736	36,220
Training and tuition	-	17,879	-	1,535	-	-	-	-
Travel	-	5,915	-	1,949	-	9,101	11,054	2,310
Depreciation	-	4,581	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Total expenses	<u>127,647</u>	<u>1,186,881</u>	<u>156,991</u>	<u>424,008</u>	<u>239,832</u>	<u>150,211</u>	<u>183,427</u>	<u>53,814</u>
Increase (decrease) in net assets	<u>\$ -</u>	<u>\$ (236,090)</u>	<u>\$ -</u>	<u>\$ 40,425</u>	<u>\$ (11,266)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Siouxland Human Investment Partnership, Inc.
Schedule of Revenues, Expenses, and Changes in Net Assets
Year Ended June 30, 2023

	BTB 21st Century (Irving, NMS)	CJP	Child Welfare DCAT	Early Childhood/ School Ready	DOJ Sky Ranch Re-Entry	DOJ SUNs Grant	DOJ BOOST Re-Entry
Revenues and support							
Contributions							
Federal grants	\$ 245,183	\$ 36,488	\$ 20,000	\$ -	\$ 98,445	\$ 70,981	\$ 43,903
State grants	-	-	-	1,105,028	-	-	-
Other donations	-	-	-	-	-	-	-
Contract and service fees	-	-	1,681,522	-	-	-	-
Administration fees	-	-	-	-	-	-	-
Interest income	-	-	-	-	-	-	-
Investment income, net	-	-	-	-	-	-	-
Total revenues and support	245,183	36,488	1,701,522	1,105,028	98,445	70,981	43,903
Expenses							
Administration	21,827	3,317	95,406	54,929	8,950	4,236	3,991
Bad debt	-	-	-	-	-	-	-
Contracted services	10,000	33,171	105,769	-	1,000	42,230	286
Occupancy	22,197	-	89,984	(19,763)	29,588	667	609
Supplies	23,167	-	28,772	184	1,759	2,743	622
Marketing, website and software	-	-	7,353	33	-	-	48
Awards to subrecipients	-	-	-	943,497	-	-	-
Salaries and benefits	153,398	-	1,287,365	97,746	57,094	14,197	38,347
Training and tuition	-	-	2,655	-	-	166	-
Travel	14,594	-	84,218	2,441	54	6,742	-
Depreciation	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-
Total expenses	245,183	36,488	1,701,522	1,079,067	98,445	70,981	43,903
Increase (decrease) in net assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,961</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Siouxland Human Investment Partnership, Inc.
Schedule of Revenues, Expenses, and Changes in Net Assets
Year Ended June 30, 2023

	DOL BOOST GO	Employer of Record	ICAPP Parent Development	ICAPP Native Resilient	SCCAN	GCC Rooted in Relationships	GCC Sherwood Thriving Family
Revenues and support							
Contributions							
Federal grants	\$ 317,445	\$ -	\$ 139,787	\$ 95,100	\$ -	\$ -	\$ -
State grants	-	-	-	-	693	-	-
Other donations	-	-	-	-	-	127,683	1,478
Contract and service fees	-	106,329	-	-	-	-	-
Administration fees	-	-	-	-	-	-	-
Interest income	-	-	-	-	-	-	-
Investment income, net	-	-	-	-	-	-	-
Total revenues and support	317,445	106,329	139,787	95,100	693	127,683	1,478
Expenses							
Administration	27,504	9,666	12,981	8,646	-	11,608	-
Bad debt	-	-	-	-	-	-	-
Contracted services	27,184	-	9,000	34,000	-	36,007	1,453
Occupancy	11,757	-	11,216	2,060	693	34,315	25
Supplies	12,119	-	-	3,817	-	688	-
Marketing, website and software	277	-	-	-	-	1,116	-
Awards to subrecipients	-	96,663	96,859	-	-	-	-
Salaries and benefits	229,649	-	2,122	39,512	-	31,848	-
Training and tuition	8,592	-	7,609	179	-	5,000	-
Travel	363	-	-	6,886	-	7,101	-
Depreciation	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-
Total expenses	317,445	106,329	139,787	95,100	693	127,683	1,478
Increase (decrease) in net assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Siouxland Human Investment Partnership, Inc.
Schedule of Revenues, Expenses, and Changes in Net Assets
Year Ended June 30, 2023

	GCC FSCS	GCC Preschool Development	GCC Housing Relief	GCC Community Well Being	GCC MRGD	William R Johnson	Other Grants
Revenues and support							
Contributions							
Federal grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-	-	-	-
Other donations	109,341	146,548	4,952	376,618	413	16,345	10,947
Contract and service fees	-	-	-	-	-	-	-
Administration fees	-	-	-	-	-	-	-
Interest income	-	-	-	-	-	-	-
Investment income, net	-	-	-	-	-	-	-
Total revenues and support	109,341	146,548	4,952	376,618	413	16,345	10,947
Expenses							
Administration	5,207	11,361	450	35,148	-	16,345	-
Bad debt	-	-	-	-	-	-	-
Contracted services	55,917	469	-	63,255	-	-	-
Occupancy	-	44,576	4,502	139,606	363	-	4
Supplies	-	39,950	-	2,225	50	-	10,849
Marketing, website and software	-	1,152	-	1,148	-	-	-
Awards to subrecipients	-	-	-	-	-	-	-
Salaries and benefits	48,217	41,950	-	131,159	-	-	-
Training and tuition	-	7,136	-	1,888	-	-	-
Travel	-	939	-	2,189	-	-	-
Depreciation	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-
Total expenses	109,341	147,533	4,952	376,618	413	16,345	10,853
Increase (decrease) in net assets	\$ -	\$ (985)	\$ -	\$ -	\$ -	\$ -	\$ 94

Siouxland Human Investment Partnership, Inc.
Schedule of Revenues, Expenses, and Changes in Net Assets
Year Ended June 30, 2023

	Total Program	Administration	Total	Eliminations	Total
Revenues and support					
Contributions					
Federal grants	\$ 1,454,784	\$ -	\$ 1,454,784	\$ -	\$ 1,454,784
State grants	1,334,287	-	1,334,287	-	1,334,287
Other donations	825,721	-	825,721	-	825,721
Contract and service fees	3,456,317	-	3,456,317	-	3,456,317
Administration fees	-	664,054	664,054	(557,735)	106,319
Interest income	-	53,525	53,525	-	53,525
Investment income, net	-	196,559	196,559	-	196,559
	<u>7,071,109</u>	<u>914,138</u>	<u>7,985,247</u>	<u>(557,735)</u>	<u>7,427,512</u>
Expenses					
Administration	410,674	-	410,674	(410,674)	-
Bad debt	15,251	-	15,251	-	15,251
Contracted services	507,982	88,742	596,724	-	596,724
Occupancy	529,232	102,951	632,183	(15,000)	617,183
Supplies	282,736	16,246	298,982	-	298,982
Marketing, website and software	54,084	10,706	64,790	-	64,790
Awards to subrecipients	1,137,019	-	1,137,019	-	1,137,019
Salaries and benefits	4,102,916	427,487	4,530,403	(132,061)	4,398,342
Training and tuition	52,639	13,560	66,199	-	66,199
Travel	155,856	6,203	162,059	-	162,059
Depreciation	4,581	1,257	5,838	-	5,838
Miscellaneous	-	15,915	15,915	-	15,915
	<u>7,252,970</u>	<u>683,067</u>	<u>7,936,037</u>	<u>(557,735)</u>	<u>7,378,302</u>
Increase (decrease) in net assets	<u>\$ (181,861)</u>	<u>\$ 231,071</u>	<u>\$ 49,210</u>	<u>\$ -</u>	<u>\$ 49,210</u>

Siouxland Human Investment Partnership, Inc.

Schedule of Changes in Agency Funds

Year Ended June 30, 2023

	Memorial March	DCAT Family Assistance	JCS	Middle School Athletics	DCAT Clusters	Siouxland Pride Donations	Northwest Early Childhood Iowa	FSA
Additions								
Revenues	\$ 12,000	\$ 129,650	\$ 3,379	\$ 7,718	\$ 99,717	\$ 2,351	\$ 777,889	\$ 37,590
Deductions								
Administration	-	6,331	-	400	4,658	41	55,642	1,790
Bad debt	-	-	-	-	-	-	-	-
Contracted services	-	25	-	7,992	700	-	17,923	-
Occupancy	13,793	52,701	5,573	-	91,985	-	572,844	35,800
Supplies	-	64,893	2,070	-	-	2,079	23,295	-
Marketing, website and software	5	-	-	-	163	-	164	-
Awards to subrecipient	-	2,159	-	-	-	-	-	-
Salaries and benefits	-	1,102	-	-	-	-	-	-
Scholarships	-	-	-	-	-	-	54,764	-
Training and tuition	-	3,854	-	-	-	-	-	-
Travel	-	-	-	-	-	-	21,933	-
Depreciation	-	-	-	-	-	-	4,458	-
Total deductions	13,798	131,065	7,643	8,392	97,506	2,120	751,023	37,590
Net increase (decrease)	\$ (1,798)	\$ (1,415)	\$ (4,264)	\$ (674)	\$ 2,211	\$ 231	\$ 26,866	\$ -

Siouxland Human Investment Partnership, Inc.

Schedule of Changes in Agency Funds

Year Ended June 30, 2023

	Urban Native Center	The Last Gift	Sky Ranch Behavioral Services	Total Agency
Additions				
Revenues	\$ 82,220	\$ 4,320	\$ 234,967	\$ 1,391,801
Deductions				
Administration	7,227	135	4,765	80,989
Bad debt	-	-	3,576	3,576
Contracted services	39,396	-	35,427	101,463
Occupancy	27,311	2,699	15,977	818,683
Supplies	7,071	-	-	99,408
Marketing, website and software	746	-	488	1,566
Awards to subrecipient	-	-	-	2,159
Salaries and benefits	-	-	-	1,102
Scholarships	19,424	-	173,141	247,329
Training and tuition	-	-	-	3,854
Travel	-	-	-	21,933
Depreciation	-	-	3,947	8,405
Total deductions	101,175	2,834	237,321	1,390,467
Net increase (decrease)	\$ (18,955)	\$ 1,486	\$ (2,354)	\$ 1,334

Siouxland Human Investment Partnership, Inc.
Schedule of Funds Received and Disbursed
Year Ended June 30, 2023

	<u>Total Program and Administration</u>	<u>Total Agency</u>	<u>Total</u>
Additions			
Revenues and support	<u>\$ 7,427,512</u>	<u>\$ 1,391,801</u>	<u>\$ 8,819,313</u>
Deductions			
Administration	-	80,989	80,989
Bad debt	15,251	3,576	18,827
Contracted services	596,724	101,463	698,187
Occupancy	617,183	818,683	1,435,866
Supplies	298,982	99,408	398,390
Marketing, website and software	64,790	1,566	66,356
Awards to subrecipients	1,137,019	2,159	1,139,178
Salaries and benefits	4,398,342	1,102	4,399,444
Scholarships	-	247,329	247,329
Training and tuition	66,199	3,854	70,053
Travel	162,059	21,933	183,992
Depreciation	5,838	8,405	14,243
Miscellaneous	<u>15,915</u>	<u>-</u>	<u>15,915</u>
Total deductions	<u>7,378,302</u>	<u>1,390,467</u>	<u>8,768,769</u>
	<u>\$ 49,210</u>	<u>\$ 1,334</u>	<u>\$ 50,544</u>



Federal Awards Reports in Accordance
with the Uniform Guidance
June 30, 2023

**Siouxland Human Investment
Partnership, Inc.**

Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* 1

Independent Auditor’s Report on Compliance for the Major Federal Program; Report on Internal Control over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance 3

Schedule of Expenditures of Federal Awards 7

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**Independent Auditor's Report on Internal Control over Financial Reporting and
on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

To the Board of Directors
Siouxland Human Investment Partnership, Inc.
Sioux City, Iowa

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of Siouxland Human Investment Partnership, Inc., which comprise the statement of financial position as of June 30, 2023, 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 March 27, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Siouxland Human Investment Partnership, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Siouxland Human Investment Partnership, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Siouxland Human Investment Partnership, Inc.'s internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the schedule of findings and questioned costs we identified certain deficiencies in internal control that we consider to be a material weakness and a significant deficiency.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2023-001 to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2023-002 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Siouxland Human Investment Partnership, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Siouxland Human Investment Partnership, Inc.'s Responses to Findings

Government Auditing Standards require the auditor to perform limited procedures on Siouxland Human Investment Partnership, Inc.'s responses to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Siouxland Human Investment Partnership, Inc.'s responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Sioux Falls, South Dakota
March 27, 2024



**Independent Auditor’s Report on Compliance for the Major Federal Program;
Report on Internal Control over Compliance; and Report on the Schedule of Expenditures
of Federal Awards Required by the Uniform Guidance**

To the Board of Directors
Siouxland Human Investment Partnership, Inc.
Sioux City, Iowa

Report on Compliance for the Major Federal Program

Qualified Opinion

We have audited Siouxland Human Investment Partnership, Inc.’s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on Siouxland Human Investment Partnership, Inc.’s major federal program for the year ended June 30, 2023. Siouxland Human Investment Partnership, Inc.’s major federal program is identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Qualified Opinion on Twenty-First Century Community Learning Centers Program

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion section of our report, Siouxland Human Investment Partnership, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2023.

Basis for Qualified Opinion

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

We are required to be independent of Siouxland Human Investment Partnership, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of Siouxland Human Investment Partnership, Inc.’s compliance with the compliance requirements referred to above.

Matter Giving Rise to Qualified Opinion on Twenty-First Century Community Learning Centers Program

As described in the accompanying schedule of findings and questioned costs, Siouxland Human Investment Partnership, Inc. did not comply with requirements regarding the Twenty-First Century Community Learning Centers Program, Assistance Listing #84.287, as described in item 2023-003 for Activities Allowed or Unallowed and Allowable Costs/Cost Principles. Compliance with such requirement is necessary, in our opinion, for Siouxland Human Investment Partnership, Inc. to comply with the requirements applicable to that program.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Siouxland Human Investment Partnership, Inc.'s federal program.

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Other Matters

Government Auditing Standards requires the auditor to perform limited procedures on Siouxland Human Investment Partnership, Inc.'s response to the noncompliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Siouxland Human Investment Partnership, Inc.'s response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2023-003 and 2023-004 to be material weaknesses.

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

Government Auditing Standards requires the auditor to perform limited procedures on Siouxland Human Investment Partnership, Inc.'s responses to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Siouxland Human Investment Partnership, Inc.'s responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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

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

We have audited the financial statements of Siouxland Human Investment Partnership, Inc. as of and for the year ended June 30, 2023, and have issued our report thereon dated March 27, 2024, which contained an unmodified opinion on those financial statements. 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 is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Eide Bailly LLP

Sioux Falls, South Dakota
March 27, 2024

Siouxland Human Investment Partnership, Inc.

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Listing Number	Pass-through Entity Identifying Number	Expenditures	Amounts Passed- Through to Subrecipients
Department of Labor Direct Program: Reentry Employment Opportunities	17.270	YF-32161-18-60-A-19	\$ 317,445	\$ -
Department of Justice Direct Program: Children Exposed to Violence	16.818	15P-JDP-22-GK-03772-CEVJ	70,981	-
Second Chance Act Reentry Initiative	16.812	15PBJA-22-GG-0400-SCAX; 15PJDP-22-GG-03256-SCAX	142,347	-
Passed through Woodbury County Decategorization Board Juvenile Justice and Delinquency Prevention	16.540	03-JD20-21F	<u>36,488</u>	<u>-</u>
Total Department of Justice			<u>249,816</u>	<u>-</u>
Department of Education Passed through Iowa Department of Education Twenty-First Century Community Learning Centers	84.287	C14, C15, C16, C17 -SHIP	632,635	-
Department of Health and Human Services Passed through Iowa Department of Human Services MaryLee Allen Promoting Safe and Stable Families Program	93.556	ACFS 21-035, 21-064, 21-065, 21-066, 21-067 ACFS 21-035, 21-064,	188,967	77,915
477 Cluster Temporary Assistance For Needy Families	93.558	21-065, 21-066, 21-067 ACFS 21-035, 21-064,	20,106	8,290
Child Abuse and Neglect State Grants	93.669	21-065, 21-066, 21-067	<u>25,838</u>	<u>10,653</u>
Total Department of Health and Human Services			<u>234,911</u>	<u>96,858</u>
Total Federal Financial Assistance			<u>\$ 1,434,807</u>	<u>\$ 96,858</u>

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of Siouxland Human Investment Partnership, Inc. (the Organization) under programs of the federal government for the year ended June 30, 2023. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the schedule are reported on the accrual basis of accounting, except for subrecipient expenditures, which are recorded on the cash basis. When applicable, such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 - Indirect Cost Rate

The Organization has elected to use the 10% de minimus cost rate or the rate approved by the granting agencies in the subaward for pass-through grants.

Section I – Summary of Auditor’s Results

FINANCIAL STATEMENTS

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	Yes
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major program:	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major programs:	Qualified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a):	Yes

Identification of major programs:

Name of Federal Program	Federal Financial Assistance Listing
Twenty-First Century Community Learning Centers	84.287
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

Section II – Financial Statement Findings

**2023-001 Preparation of the Financial Statements and Material Audit Adjustments
Material Weakness**

Criteria: Proper controls over financial reporting include an adequate system for recording and processing entries material to the financial statements, as well as the ability to prepare financial statements and accompanying notes to the financial statements that are materially correct.

Condition: As auditors, we proposed audit adjustments that were material to the financial statements including an adjustment to opening net assets with donor restrictions.

Cause: The expertise necessary to prepare the financial statements in accordance with generally accepted accounting standards, including all necessary disclosures can be difficult. The audit adjustments were to reclassify agency and non-agency payables, recognize unconditional grant revenue and properly classify exchange and nonexchange grants and contracts between revenue, receivables, deferred revenue and refundable advances.

Effect: There is a reasonable possibility that the Organization would not be able to prepare the financial statements and accompanying notes to the financial statements that are materially correct without the assistance of the auditors.

Recommendations: Proper controls over financial reporting include an adequate system for recording and processing entries material to the financial statements, as well as the ability to prepare financial statements and accompanying notes to the financial statements that are materially correct.

View of Responsible Officials: Management is in agreement.

**2023-002 Segregation of Duties
 Significant Deficiency**

Criteria: An effective system of internal control depends on an adequate segregation of duties with respect to the execution and recording of transactions, as well as the custody of an entity's assets. Accordingly, an effective system of internal control will be designed such that these functions are performed by different individuals, so that no one individual handles a transaction from its inception to completion.

Condition: The Organization has a limited number of office personnel, which prevents an ideal segregation of duties for controls over financial reporting. A number of reconciliations are prepared with no documented support to substantiate a secondary level of review and approval for the following areas: investments, contribution and program service fee receivables, fixed assets, accounts payable, and net assets. In addition, the Director of Finance is an authorized check signer.

Cause: The limited number of employees at the Organization prevents a proper segregation of accounting functions necessary to ensure effective internal control.

Effect: The lack of segregation of duties increases the risk of fraud related to misappropriation of assets, financial statement misstatement, or both. Inadequate segregation of duties could adversely affect the Organization's ability to detect and correct misstatements that would be material in relation to the financial statements in a timely period by employees in the normal course of performing their assigned functions.

Recommendation: We acknowledge that the Organization has proper segregation of duties in many areas. We suggest implementation of formal reconciliations for significant asset, liability and net asset accounts. Management should periodically assess the allocation of duties to determinate if maximum segregation of duties is achieved with the current office staff.

View of Responsible Officials: Management is in agreement.

Section III – Federal Award Findings and Questioned Costs

2023-003 Department of Education and Passed through State of Iowa Department of Education

**Federal Financial Assistance Listing #84.287, C14-SHIP, C15-SHIP, C16-SHIP, C17-SHIP,
7/1/2022 – 6/30/2023**

Twenty-First Century Community Learning Centers Program

Activities Allowed or Unallowed and Allowable Costs/Cost Principles

Material Weakness in Internal Control over Compliance and Material Noncompliance

Criteria: The Organization is required to have procedures in place to ensure that federal awards are expended only for allowable costs in accordance with Subpart E – Cost Principles of the Uniform Guidance. Allowable costs are supported by appropriate documentation and correctly charged as to account, amount, and period. 2 CFR 200.303(a) establishes that the auditee must establish and maintain effective internal control over the federal award that provides assurance that the entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

The Iowa Department of Education Guide to Program Budgets and Accounting for the 21st Century Community Learning Centers program provides that an organization participating in the program may expend no more than 8 percent of annual funding on general administration and indirect costs. Further, indirect costs are to be recovered only to the extent of direct costs incurred.

Condition: Through review of indirect costs charged to the federal awards, we noted the following:

- The Organization charged an 8% administrative indirect cost rate to the federal awards, however, calculated the 8% on the budgeted grant award rather than on the actual direct costs incurred under the federal award, resulting in overcharging the award by \$14,704.
- The Organization serves as an employer of record for organizations that need assistance in providing benefits, payroll, and human resources to employees. A fixed rate is applied to total payroll wages and charged as additional payroll costs to cover administrative time incurred. In addition to the amount charged above, the Organization charged \$49,049 to the federal program under this methodology resulting in an overcharge to the award.

Cause: The Organization was not aware that the indirect cost rate should be applied pro rata to the underlying direct costs. In addition, the Organization believed this employer of record rate could be charged on grant wages incurred under the federal program.

Effect: The Organization's controls did not detect or correct the errors identified, which resulting in disallowed costs being charged to the federal award.

Questioned Costs: Total questioned costs are \$63,753.

Context: For the Twenty First Century Community Learning Centers Program, a non-statistical sample of 60 direct expenditures were selected for testing, including 41 payroll transactions and 19 nonpayroll transactions. The 41 payroll transactions accounted for \$20,888 of \$358,025 total payroll costs charged to the federal award. The 19 nonpayroll transactions accounted for \$10,368 of \$168,717 total nonpayroll costs charged to the federal award. Additionally, all indirect costs charged to the federal awards were selected for testing, accounting for \$105,893.

Repeat Finding from Prior Year: No

Recommendation: We recommend management review procedures over the allocation of indirect costs to ensure indirect amounts charged to the program are based on actual underlying direct costs and that the total indirect allocation of general administration costs does not exceed the rate allowed by the federal program.

Views of Responsible Officials: Management is in agreement.

2023-004 Department of Education and Passed through State of Iowa Department of Education
Federal Financial Assistance Listing #84.287, C14-SHIP, C15-SHIP, C16-SHIP, C17-SHIP,
7/1/2022 – 6/30/2023
Twenty-First Century Community Learning Centers Program

Cash Management
Material Weakness in Internal Control over Compliance

Criteria: 2 CFR 200.303(a) states that the auditee must establish and maintain effective internal control over the federal award that provides assurance that the entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award. In addition, 2 CFR 200.302(b)(6) establishes that the financial management system of the entity must provide written procedures to implement the requirements of 2 CFR 200.305 Payment.

Condition: No support could be provided for the third quarter draw requests to substantiate a secondary level of review was completed prior to submission of the draws.

Cause: Documentation to support the review of draw requests prior to submission was not retained during the transition period in the Finance Director role.

Effect: Without retaining supporting documentation to substantiate the review of draw requests, demonstrating that the program complies with laws, regulations, and other compliance requirements is difficult.

Questioned Costs: None reported.

Context: A non-statistical sample of 2 of 4 quarters were selected for testing. All draws submitted within the selected quarters were tested.

Repeat Finding from Prior Year: No

Recommendation: We acknowledge the review process lapsed during a time of employee transition, however, we recommend that management retain documentation to support the review of grant draws is performed for all grant draw requests.

Views of Responsible Officials: Management is in agreement.



Siouxland Human Investment Partnership Fiscal Year 2023 Financial Audit Corrective Action Plan

Financial Statement Findings

2023-001

Preparation of the Financial Statements and Material Audit Adjustments Material Weakness

Finding Summary:

The auditors proposed audit adjustments that were material to the financial statements including an adjustment to opening net assets with donor restrictions.

Corrective Action Plan:

All private donations will be classified as donations with restrictions or donations without restrictions. Accounting staff will receive instruction and training on how to properly recognize revenue. This will be approved by the Finance Director.

Responsible Individuals: Mindy Baylor - SHIP Finance Director

Anticipated Completion Date: April 2024

2023-002

Segregation of Duties Significant Deficiency

Finding Summary:

The organization has a limited number of office personnel, which prevents an ideal segregation of duties for controls over financial reporting. A number of reconciliations are prepared with no documented support to substantiate a secondary level of review and approval for the following areas: investments, contribution and program service fee receivables, fixed assets, accounts payable, and net assets. In addition, the Director of Finance is an authorized check signer.

Corrective Action Plan:

- SHIP is adding additional Finance staff and is shifting workloads to ensure additional segregation of duties. Each process will be looked at and reevaluated to ensure that all processes have at least two people reviewing.

- SHIP's Board of Directors Treasurer (or Board Chair or Board Vice Chair in Treasurer's absence) will begin formally approving Financials at SHIP Board meetings.
- SHIP will be recruiting additional Board members who have financial or business backgrounds to bolster the organization's finance and accounting expertise and support.
- SHIP will reconvene the Finance Committee, an ad hoc committee of the Board, to meet quarterly and add additional levels of support to the Finance Team. The committee will be made up of at least 2 Board members and other community members with finance backgrounds and expertise. This committee will make recommendations to the Board for approval.

Responsible Individuals: Matt Ohman - SHIP Executive Director, Mindy Baylor - SHIP Finance Director

Anticipated Completion Date: June 2024

Federal Award Findings

2023-003

Federal Agency Name: Department of Education

Pass-Through Entity: State of Iowa Department of Education

Federal Financial Assistance Listing #84.287

Program Name: Twenty-First Century Community Learning Centers Program

Activities Allowed or Unallowed and Allowable Costs/Cost Principles

Material Weakness in Internal Control over Compliance and Material Noncompliance

Finding Summary:

Through review of the indirect costs charged to the federal awards, we noted the following:

- The Organization charged an 8% administrative indirect cost rate to the federal awards, however, calculated the 8% on the budgeted grant award rather than on the actual direct costs incurred under the federal award, resulting in overcharging the award by \$14,704.
- The Organization serves as an employer of record for organizations that need assistance in providing benefits, payroll and human resources to employees. A fixed rate is applied to total payroll wages and charged as additional payroll costs to cover administrative time incurred. In addition to the amount charged above, the Organization charged \$49,049 to the federal program under this methodology resulting in an overcharge to the award.

Corrective Action Plan:

SHIP will make the following changes in Fiscal Year 2024:

- SHIP was charging the Employer of Record fee originally with the understanding that it was a direct expense, because the Employer of Record fee was only being charged on the direct staff that are running the programs at the schools. SHIP has had this grant for many years with the same terms. Now that SHIP has had a finding on the current process of the Employer of Record, SHIP will correct the process. This was not an intentional disregard.
- Moving forward and currently in FY24, all claims submitted for 21st Century grants will be reviewed to ensure the administrative indirect cost is assigned to direct expenses only. In the event this was charged incorrectly, adjustments will be made to ensure the fee is only assessed on total direct expenses.

Responsible Individuals: Mindy Baylor - SHIP Finance Director
Anticipated Completion Date: March 2024

2023-004

Federal Agency Name: Department of Education
Pass-through Entity: State of Iowa Department of Education
Federal Financial Assistance Listing #84.287
Program Name: Twenty-First Century Community Learning Centers Program

Cash Management

Material Weakness in Internal Control over Compliance

Finding Summary:

No support could be provided for the third quarter draw requests to substantiate a secondary level of review was completed prior to submission of the draws. Documentation to support the review of draw requests prior to submission was not retained during the transition period in the Finance Director role.

Corrective Action Plan:

SHIP had a one-month period of transition in 2023 in which there was no one in the Finance Director role. The Executive Director took over those duties and also contracted for higher level review and approval from a third-party accounting firm during the transitional period. All draws were reviewed, approved and even supported by the Executive Director and the contractors. SHIP did provide current auditors with the time tracking from the contracted accounting firm that they did review the 3rd quarter report, the report was just not officially signed off on. Staff requesting the draw forgot to get one approval signature for quarter three, all others were signed.

Moving forward, SHIP will re-train staff to ensure all draws are signed off on.

Responsible Individuals: Mindy Baylor - SHIP Finance Director

Anticipated Completion Date: September 2023