

SOUTH DAKOTA COMMISSION ON EQUAL ACCESS TO OUR COURTS

500 East Capitol Avenue
Pierre, SD 57501

Notice of Grant Availability

Approximate Amount of Funding Available: \$100,000

Application Deadline: December 17, 2021

TO: Denise Langley, Co-Coordinator at Access to Justice
Tom Mortland, Acting Director, Dakota Plains Legal Services
Brent R. Thompson, Executive Director, East River Legal Services

The South Dakota Commission on Equal Access to Our Courts is now accepting grant applications for a request of available funds in the amount indicated above. The application deadline is noted above along with the approximate amount of funding available. Grant application instructions and forms are attached should you wish to compete for funding for the current term.

Thank you. Please do not hesitate to contact us should you have any questions or need further information.

SOUTH DAKOTA COMMISSION ON EQUAL ACCESS TO OUR COURTS

Grant Application Checklist

The South Dakota Commission on Equal Access to Our Courts Grant Application consists of the following components, which should be submitted in the order listed below. This checklist is provided to help ensure a complete proposal. It does not need to be submitted with the proposal.

☐ **Section I: Cover Letter** (one page)

Include purpose of the grant request and a brief description of how the request enables you to provide efficient, effective and economical services to indigent South Dakota citizens.

☐ **Section II: Summary Sheet Form**

☐ **Section III: Narrative** (See attached questions and instructions.)

Formatting: Use 12-point font with 1-inch margins and include the HEADING provided for each question. It is not necessary to repeat the text of the questions.

Page Limit:

General Operating Requests: 4-page limit; answer questions 1-3 and 5-11

Program or Capital Requests: 5-page limit; answer all questions

Narrative Questions:

- ☐ 1. Organization Background
- ☐ 2. Goals
- ☐ 3. Current Programs
- ☐ 4. Program and Capital Requests Only
- ☐ 5. Evaluation
- ☐ 6. Collaboration
- ☐ 7. Volunteers
- ☐ 8. Planning
- ☐ 9. Other Resources
- ☐ 10. Other

☐ **Section IV: Attachments**

- ☐ 1. Applicant's Current Year Funding (CEAC Grant Application Form)
- ☐ 2. Organization's current year budget
- ☐ 3. Current (year-to-date) income and expense report
- ☐ 4. Organization's most current audit report
- ☐ 5. Board of Directors list
- ☐ 6. Proof of IRS federal tax-exempt status

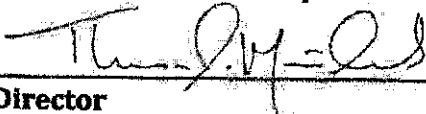
☐ **Section V: Submission Requirements**

☐ Your application is to be submitted as a pdf file by email to greg.sattizahn@ujs.state.sd.us on or before the application deadline.

SOUTH DAKOTA COMMISSION ON EQUAL ACCESS TO OUR COURTS
Summary Sheet

Legal Name of Organization	Dakota Plains Legal Services
Mailing Address	PO Box 727
Telephone Number	605-856-4444
Website	www.dpls.org
Director	Thomas S. Mortland
Director's Email Address	tmortland@dpls.org
Application Contact & Title	Thomas S. Mortland, Executive Director
Application Contact's Email Address	tmortland@dpls.org
Mission Statement	To promote equal access to justice and improve the lives of our low-income and elderly clients through quality legal assistance.
Geographic Area Served (Specific to this Proposal)	This proposal concerns the entire State of South Dakota.
Number of Full-Time Employees	30
Number of Part-Time Employees	2
Type of Grant Requested (General Operating Support; Program Support; Capital Request; or Other)	Program support
Amount of Request	\$40,000.00
For requests other than general operating support, summarize what the grant will be used for	Veterans' Legal Services Program
Applicant's Current Budget for Fiscal Year Ending: 2021	
Income	\$2,546,677.00
Expenses	\$2,546,677.00
If other than a general operating request: Dates: From _____ To _____	
Program or Capital Budget: Income \$ _____ Expenses \$ _____	

By signing below, I certify that the information contained in this application is true and correct to the best of my knowledge.



Director

12-14-21

Date

SOUTH DAKOTA COMMISSION ON EQUAL ACCESS TO OUR COURTS

Grant Application Narrative Instructions

General Operating Requests: 4-page limit; answer questions 1-3 and 5-11.

Program or Capital Requests: 5-page limit; answer all questions.

Use 12-point font with 1-inch margins and include the HEADING provided for each question. It is not necessary to repeat the text of the questions.

1. **ORGANIZATION BACKGROUND.** Discuss the founding and development of the organization. Explain the original issue and/or opportunity the organization was founded to address and how that may have changed over time.
2. **GOALS.** Describe the organization's current goals.
3. **CURRENT PROGRAMS.** Provide a brief description of the organization's current programs. Include population and numbers served, as well as expected results. *If this request is for a specific program, describe that program in Question 4; describe the organization's other programs here.*
4. **PROGRAM AND CAPITAL REQUESTS ONLY.**
 - (a) Provide a summary of the plan for the program or capital request. Include the issue and/or opportunity addressed, goals and objectives, activities, and timeline.
 - (b) Explain why the organization is approaching the issue and/or opportunity in this way.
5. **EVALUATION.**
 - (a) Describe the organization's overall approach to evaluation.
 - (b) Describe how the organization measures impact.
 - (c) Summarize key evaluation results or findings that demonstrate the organization's impact. Indicate the time frame for the results or findings.
6. **COLLABORATION.** Describe the organization's most significant interactions with other organizations and efforts.
7. **VOLUNTEERS.** Describe how the organization involves volunteers and unpaid personnel (other than the board of directors) within a typical 12-month time period. Include number of volunteers and hours (if tracked by the organization).
8. **PLANNING.** Describe the challenges and opportunities facing the organization in the next three to five years. Additionally, describe how the organization engages in planning and describe the focus of any current planning efforts.
9. **OTHER RESOURCES.** Describe your efforts to obtain funding requested from other sources.
10. **OTHER (Optional).** If there is additional information that is vital to convey in this proposal, do so here. (This must be contained within the four-page limit for general operating requests or the five-page limit for program and capital requests.)

SOUTH DAKOTA COMMISSION ON EQUAL ACCESS TO OUR COURTS

Grant Application

Applicant's Current Year Funding

Funding Source	Amount	Purpose
Legal Services Corporation	\$1,690,177.00	To provide general civil legal services to low-income persons.
State of South Dakota Adult Services & Aging	\$54,938.75	To provide civil legal assistance to elderly residents in the South Dakota service area, except where State of SD is the opposing party.
North Dakota Surcharge	\$2,093.22	To supplement the attorney position located in the Fort Yates, North Dakota office for legal assistance to eligible North Dakota residents.
Bureau of Justice Assistance	\$18,059.01	To provide legal representation in Tribal Courts on Rosebud, Pine Ridge, Lower Brule, Sisseton-Wahpeton, Yankton and Cheyenne River Reservations.
Pennington County Advocacy Project	\$316,250.00	To provide legal representation in criminal, juvenile, and abuse and neglect cases to indigent persons in Pennington County.
United Way	\$10,500.00	To support direct civil legal assistance, including services for the homeless, the elderly, and Rapid City residents who meet income guidelines, as well as community education, and assistance to domestic abuse victims.
Equal Access to Our Courts	\$25,000.00	To expand civil legal representation to clients in outlying counties.

State Court Appointments	\$53,402.50	To provide legal representation in criminal, juvenile, and abuse and neglect cases to indigent persons in State Court.
Tribal Contract	\$34,500.00	Contract for providing quality legal services to Tribal Courts for both Civil and Criminal Cases.
Miscellaneous	\$83,905.95	Refunds for overpayments made in 2020 to the Internal Revenue Service.
Donations	\$282.52	Donations

Total Current Year Revenue: \$2,289,147.73

9:54 AM

12/14/21

Accrual Basis

Dakota Plains Legal Services
Statement of Financial Income and Expense
 January 1 through December 14, 2021

	Jan 1 - Dec 14, 21
Income	
31000 · LSC - Legal Services Corp	1,690,177.00
32020 · Interest Income	38.78
33018 · Donations-Unrestricted	282.52
33020 · Miscellaneous	83,905.95
34000 · Older American	54,938.75
34003 · Santee Sioux Tribe	34,500.00
34030 · Court Appointments	53,402.50
34040 · Pennington Co. Advocacy Proj	316,250.00
34050 · United Way	10,500.00
35030 · North Dakota Surcharge	2,093.22
35035 · Equal Access to Our Courts	25,000.00
35060 · Department of Justice	18,059.01
Total Income	2,289,147.73
Gross Profit	2,289,147.73
Expense	
40000 · Payroll Expenses/Taxes	
400 · Attorney Wages	746,220.45
401 · Paralegal Wages	341,231.80
402 · Support Staff Wages	234,202.63
410 · Fringe Benefits	
410.1 · SUTA Tax	1,790.39
410.2 · FUTA Tax Expense	94.91
410 · Fringe Benefits - Other	291,641.39
Total 410 · Fringe Benefits	293,526.69
40000 · Payroll Expenses/Taxes - Ot...	126,950.88
Total 40000 · Payroll Expenses/Taxes	1,742,132.45
420 · Rent/Lease	53,986.24
425 · Utilities & Services	28,332.90
430 · Equipment Costs	34,729.02
435 · Vehicle Expenses	2,437.24
440 · Office Supplies & Expenses	21,959.05
441 · General Office Supplies	5,867.38
445 · Repairs and Maintenance	4,856.98
450 · Telephone/Internet	47,569.51
460 · Travel/Per Diem - Board & Other	4,471.92
465 · Travel/Per Diem - Staff	13,479.79
470 · Training - Board & Other	2,960.24
475 · Training - Staff	17,796.94
477 · Library Maintenance	8,715.80
480 · Insurance	21,490.89
481 · Dues/Subscriptions	45,041.47
482 · Auditing Fees	27,580.00
483 · Litigation	1,957.25
487 · PAI Payments	23,077.21
489 · IT Contract Payments	13,590.03
499 · Other Expenses	11,026.71
550 · Interest Expense	53.57
600 · Reimbursement of Expenses	-54.40
Total Expense	2,133,058.19
Net Income	156,089.54

Department of the Treasury

District Director

Internal Revenue Service

Date:

August 28, 1981

In reply, refer to:

Adjustment Unit

Dakota Plains Legal Services
Incorporated
P. O. Box 727
Mission, SD 57555

RECEIVED

AUG 31 1981

501(c)(3)

Date of Exemption: August 19, 1976
Internal Revenue Code Section: 501(c)(3)

Gentlemen:

Thank you for submitting the information shown below. We have made it a part of your file.

The changes indicated do not adversely affect your exempt status and the exemption letter issued to you continues in effect.

Please let us know about any future change in the character, purpose, method of operation, name or address of your organization. This is a requirement for retaining your exempt status.

Thank you for your cooperation.

Sincerely yours,

C. Schitzer
District Director

Item Changed

From

To

Name:

South Dakota Legal Services,
Incorporated

Dakota Plains Legal
Services, Incorporated

Letter 976 (DO) (7-77)



Financial Statements
December 31, 2020 and 2019
Dakota Plains Legal Services

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Independent Auditor's Report

To the Board of Directors
Dakota Plains Legal Services
Mission, South Dakota

Report on the Financial Statements

We have audited the accompanying financial statements of the Dakota Plains Legal Services, which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Dakota Plains Legal Services as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying statements of support, revenue and expenses, and changes in net assets for Legal Services Corporation Funds on page 18 and the schedule of expenditures of federal awards, as required by 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), on page 19, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated April 29, 2021, on our consideration of Dakota Plains Legal Services' 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 Dakota Plains Legal Services' 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 Dakota Plains Legal Services' internal control over financial reporting and compliance.



Sioux Falls, South Dakota
April 29, 2021

Dakota Plains Legal Services
Statements of Financial Position
December 31, 2020 and 2019

	2020	2019
Assets		
Current Assets		
Cash	\$ 443,072	\$ 400,574
Deposit for secured credit card	8,352	8,348
Grants and contracts receivable	13,724	52,467
Prepaid expenses	39,110	10,002
Total current assets	504,258	471,391
Property and Equipment		
Property and equipment	500,477	452,848
Less accumulated depreciation	(387,033)	(378,081)
Total property and equipment	113,444	74,767
Other Assets		
Deposits	240	240
Capital credits receivable	115,630	108,098
Total other assets	115,870	108,338
Total Assets	<u>\$ 733,572</u>	<u>\$ 654,496</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 9,074	\$ 2,353
Accrued wages and vacation	130,272	105,707
Client trust deposits	47	47
LSC refundable advance	-	185,094
Capital lease obligations, current portion	5,061	4,611
Total current liabilities	144,454	297,812
Capital Lease Obligations, Less Current	16,616	21,677
Total liabilities	161,070	319,489
Net Assets		
Without donor restrictions		
Undesignated	80,449	101,359
Invested in property and equipment	68,450	74,767
Total net assets without donor restrictions	148,899	176,126
With donor restrictions		
Other	9,148	7,737
Legal Services Corporation, purpose-restricted	369,461	151,144
Legal Services Corporation, property and equipment	44,994	-
Total net assets with donor restrictions	423,603	158,881
Total net assets	572,502	335,007
Total Liabilities and Net Assets	<u>\$ 733,572</u>	<u>\$ 654,496</u>

See Notes to Financial Statements

Dakota Plains Legal Services
Statement of Activities
Year Ended December 31, 2020

	Without Restrictions	With Restrictions	Total
Revenues, Gains, and Other Support			
Grants and contracts	\$ 559,002	\$ 1,959,737	\$ 2,518,739
Client service income	46,948	-	46,948
Interest income	59	-	59
Contributions	465	-	465
Miscellaneous income	16,379	-	16,379
Net assets released from restrictions - satisfaction of program restrictions	1,695,015	(1,695,015)	-
Total revenues, gains, and other support	2,317,868	264,722	2,582,590
Expenses			
Program services	1,967,400	-	1,967,400
Management and general	377,695	-	377,695
Total expenses	2,345,095	-	2,345,095
Changes in Net Assets	(27,227)	264,722	237,495
Net Assets, Beginning	176,126	158,881	335,007
Net Assets, Ending	\$ 148,899	\$ 423,603	\$ 572,502

Dakota Plains Legal Services
Statement of Activities
Year Ended December 31, 2019

	Without Restrictions	With Restrictions	Total
Revenues, Gains, and Other Support			
Grants and contracts	\$ 563,790	\$ 1,375,150	\$ 1,938,940
Client service income	66,482	-	66,482
Interest income	188	-	188
Contributions	90	-	90
Miscellaneous income	14,505	-	14,505
Net assets released from restrictions - satisfaction of program restrictions	<u>1,521,135</u>	<u>(1,521,135)</u>	<u>-</u>
Total revenues, gains, and other support	<u>2,166,190</u>	<u>(145,985)</u>	<u>2,020,205</u>
Expenses			
Program services	1,817,082	-	1,817,082
Management and general	<u>340,812</u>	<u>-</u>	<u>340,812</u>
Total expenses	<u>2,157,894</u>	<u>-</u>	<u>2,157,894</u>
Changes in Net Assets	8,296	(145,985)	(137,689)
Net Assets, Beginning	<u>167,830</u>	<u>304,866</u>	<u>472,696</u>
Net Assets, Ending	<u><u>\$ 176,126</u></u>	<u><u>\$ 158,881</u></u>	<u><u>\$ 335,007</u></u>

Dakota Plains Legal Services
Statement of Functional Expenses
Year Ended December 31, 2020

	Program Services	Management and General	Total
Expenses			
Salaries and wages	\$ 1,215,596	\$ 257,729	\$ 1,473,325
Employee benefits	384,068	81,430	465,498
Space - rent	61,017	294	61,311
Space - other	34,866	221	35,087
Travel - staff	12,633	762	13,395
Telephone	39,140	246	39,386
Depreciation	20,546	146	20,692
Private bar involvement - contract services to client	37,421	-	37,421
Contract services	23,418	157	23,575
Office supplies	22,474	123	22,597
Insurance	32,175	31	32,206
Audit and accounting services	-	30,628	30,628
Library maintenance	9,021	63	9,084
Dues and fees	24,865	121	24,986
Travel and board meetings - board members	2,140	1,841	3,981
Other expenses	1,651	3,704	5,355
Equipment and equipment maintenance	36,696	157	36,853
Litigation costs	1,630	-	1,630
Training - staff	2,347	8	2,355
Vehicle expense	3,445	19	3,464
Interest expense	2,251	15	2,266
Total expenses	<u>\$ 1,967,400</u>	<u>\$ 377,695</u>	<u>\$ 2,345,095</u>

Dakota Plains Legal Services
Statement of Functional Expenses
Year Ended December 31, 2019

	Program Services	Management and General	Total
Expenses			
Salaries and wages	\$ 1,121,211	\$ 229,564	\$ 1,350,775
Employee benefits	318,737	65,260	383,997
Space - rent	50,211	915	51,126
Space - other	32,006	1,374	33,380
Travel - staff	32,412	1,936	34,348
Telephone	35,602	1,160	36,762
Depreciation	11,294	432	11,726
Private bar involvement - contract services to client	38,835	-	38,835
Contract services	39,204	707	39,911
Office supplies	37,578	2,425	40,003
Insurance	36,715	1,326	38,041
Audit and accounting services	-	32,373	32,373
Library maintenance	8,654	294	8,948
Dues and fees	13,809	352	14,161
Travel and board meetings - board members	17,128	-	17,128
Other expenses	3,878	2,541	6,419
Equipment and equipment maintenance	19,236	153	19,389
Litigation costs	572	-	572
Total expenses	<u>\$ 1,817,082</u>	<u>\$ 340,812</u>	<u>\$ 2,157,894</u>

Dakota Plains Legal Services
Statements of Cash Flows
Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Operating Activities		
Change in net assets	\$ 237,495	\$ (137,689)
Adjustments to reconcile change in net assets to cash from operating activities		
Depreciation	20,692	11,726
Change in assets and liabilities		
Grants and contracts receivable	38,743	(3,340)
Prepaid expenses	(29,108)	23,042
Deposit for secured credit card	(4)	(57)
Capital credits receivable	(7,532)	(5,590)
Accounts payable	6,721	(8,120)
Accrued wages and vacation	24,565	(1,039)
LSC refundable advance	(185,094)	185,094
Net Cash from Operating Activities	<u>106,478</u>	<u>64,027</u>
Investing Activities		
Purchase of property and equipment	<u>(59,369)</u>	<u>(1,000)</u>
Financing Activities		
Principal payments on capital lease obligations	<u>(4,611)</u>	<u>(1,087)</u>
Net Change in Cash	42,498	61,940
Beginning Cash	<u>400,574</u>	<u>338,634</u>
Ending Cash	<u><u>\$ 443,072</u></u>	<u><u>\$ 400,574</u></u>
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for		
Interest	\$ 2,266	\$ -
Supplemental Disclosure of Non-cash Investing and Financing Activity		
Equipment financed through capital lease arrangement	\$ -	\$ 27,375

Note 1 - Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities

Dakota Plains Legal Services, Inc. (DPLS) is a nonprofit corporation organized for the purpose of providing legal assistance to low-income and elderly persons in certain areas of South Dakota and North Dakota. DPLS is primarily funded through grants from Legal Services Corporation (LSC), a nonprofit corporation established by Congress to administer the federal government's legal assistance program.

Basis of Accounting

DPLS prepares its financial statements on the accrual basis of accounting; consequently, certain revenues and their related assets are recognized when earned rather than when received and certain expenses are recognized when incurred rather than when the obligation is paid.

Cash

For financial statement purposes, DPLS considers all highly liquid investments with an original maturity of three months or less to be cash. DPLS maintains its cash in bank deposit accounts that, at times, may exceed federally insured limits. DPLS has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents. Client escrow funds are excluded from cash since the funds do not belong to DPLS and are recorded as deposits in the statements of financial position.

Grants and Contracts Receivables

Grants and contracts receivables consist primarily of amounts due from governmental and private entities.

Capital Credits Receivable

Capital credit receivable represent member dividend allocations based on expenditures from utility cooperatives in which DPLS received utility services that have been declared, but not yet distributed.

Significant Accounting Estimates

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

Property and Equipment

Property and equipment acquired with LSC funds are considered to be owned by DPLS while used in the program or in future authorized programs. However, LSC retains a reversionary interest in these assets, as well as the right to determine the use of any proceeds from the sale of such assets. Property acquired with LSC funds is classified as net assets with donor restrictions and reclassified as net asset without donor restriction in amounts equal to related depreciation. In addition, depreciation not related to LSC acquired property is allocated to LSC based on a percentage of total revenue. Costs of maintenance and repairs that are not improvements or extend the useful lives of the respective assets are expensed currently.

DPLS follows the practice of capitalizing, at cost, all expenses for property and equipment in excess of \$1,000. Depreciation is computed on a straight-line basis over the following estimated service lives of the assets:

Furniture and equipment	3 - 15 years
Buildings and mobile homes	2 - 15 years
Law library	5 years

Donations of property and equipment are recorded as contributions at fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the assets to a specific purpose. Assets donated with explicit restrictions regarding their use and donations of cash that must be used to acquire property and equipment are reported as contributions with donor restriction. Absent donor stipulations on how long those assets must be maintained, DPLS reports expirations of donor restrictions when the donated or acquired assets are placed in service. DPLS reclassifies from net assets with donor restrictions to net assets without donor restrictions at that time.

Revenue and Revenue Recognition

Contributions received are recorded as support without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions. When a restriction expires, net assets are reclassified to net assets without donor restrictions. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been met.

A portion of DPLS's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when DPLS has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures, in which the net asset excess has not yet been approved by LSC, are reported as refundable advances in the statement of financial position, which totaled \$0 and \$185,094 as of December 31, 2020 and 2019. In accordance with LSC regulations, DPLS may use unspent funds in future periods as long as expenses incurred are in compliance with the specified terms of the LSC grant, as defined. Funds remaining unexpended at the end of an accounting period are recorded as LSC net assets with donor restrictions, unless funds have exceeded the LSC net asset carryover limitations and a waiver of the excess funds have not yet been granted (See Note 4). LSC may, at its discretion, request reimbursement for expenses or return of unexpended funds, or both, as a result of noncompliance by DPLS with the terms of the grant. In addition, if DPLS terminates its LSC grant activities, all unexpended funds are to be returned to LSC.

Donated Services

Valuation of donated services is determined based on a fair market rate for the services provided. DPLS has determined that the difference between fair market value and costs paid for these services is not significant to record in the accompanying statements.

Federal Income Taxes

DPLS follows the accounting guidance for uncertainty in income taxes using the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740, *Income Taxes*. Using that guidance, a tax position initially needs to be recognized in the financial statements when it is more likely than not the position will be sustained upon examination by the taxing authorities.

DPLS is a nonprofit corporation classified by the Internal Revenue Service as tax-exempt under Section 501(c)(3) and is a non-private foundation under Section 509(a)(1) of the Internal Revenue Code. DPLS is not liable for income taxes if it operates within the confines of its exempt status, though DPLS may be responsible for taxes on unrelated business activities. In the event of an examination of the income tax returns, the tax liability of DPLS could be changed if an adjustment in the tax-exempt purpose of income from unrelated business activities is ultimately determined by the taxing authorities.

As of December 31, 2020, DPLS had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. Interest and penalties assessed by income taxing authorities, if any, are included in interest expense.

Net Assets

DPLS is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restriction and net asset with donor restrictions.

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of DPLS management and the Board of Directors.

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations. Some donor restrictions are temporary in nature; those restrictions will be met by actions of DPLS or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

DPLS receives restricted federal funds, grants and contract revenue to provide legal assistance to individuals determined to be eligible in accordance with donor restrictions. Management believes restrictions have been met when eligible services have been provided. Accordingly, the funds are released from restriction at that time.

Concentration of Grants

DPLS received approximately 77% and 68% of its funding from LSC for the years ended December 31, 2020 and 2019, respectively. Therefore, its funding is vulnerable to changes in legislative priorities of the federal and state governments.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The only program of DPLS is to provide legal services.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries & wages	Direct hours and % of revenue
Employee benefits	% of salaries and wages
Space – rent	Direct and % of revenue
Space – other	Direct and % of revenue
Travel – staff	Direct and % of revenue
Telephone	Direct and % of revenue
Depreciation	Direct and % of revenue
Private bar involvement - contact services to client	Direct allocation
Contract services	Direct and % of revenue
Office supplies	Direct and % of revenue
Insurance	Direct and % of revenue
Audit and accounting services	Direct allocation
Library maintenance	Direct and % of revenue
Dues & fees	Direct and % of revenue
Travel & board meetings – board members	Direct allocation
Other expenses	Direct and % of revenue
Equipment and equipment maintenance	Direct and % of revenue
Litigation costs	Direct allocation
Training – staff	Direct and % of allocation
Vehicle expense	Direct and % of revenue
Interest expense	Direct and % of revenue

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassification had no impact on previously reported net assets or changes in net assets.

Subsequent Events

Subsequent events have been evaluated through April 29, 2021, the date which the financial statements were available to be issued.

Note 2 - Property and Equipment

Property and equipment consisted of the following as of December 31:

	2020	2019
Building and mobile homes	\$ 265,454	\$ 249,252
Furniture and equipment	216,982	185,555
Land	16,267	16,267
Law library	1,774	1,774
	<u>500,477</u>	<u>452,848</u>
Less accumulated depreciation	<u>(387,033)</u>	<u>(378,081)</u>
Property and equipment, net	<u>\$ 113,444</u>	<u>\$ 74,767</u>

As of December 31, 2019, none of the fixed assets were purchased using LSC funding. As of December 31, 2020, property and equipment are allocated to LSC and other funding sources as follows:

	2020	
	Cost	Accumulated Depreciation
LSC	\$ 48,369	\$ (3,375)
Other funding sources	452,108	(383,658)
	<u>\$ 500,477</u>	<u>\$ (387,033)</u>

Depreciation expense is allocated to programs and management and general for the years ended December 31, 2020 and 2019 are as follows:

	2020	2019
LSC	\$ 12,732	\$ 8,037
Other programs	7,814	3,257
Management and general	146	432
	<u>\$ 20,692</u>	<u>\$ 11,726</u>

Note 3 - Leases

DPLS leases office space, land and photocopiers for certain program locations under various operating leases and various capital leases. Most of the office space operating leases are month to month. Lease expense for all operating leases was \$67,931 and \$59,368 for the years ended December 31, 2020 and 2019, respectively. The future minimum lease payments are as follows for each of the years ending December 31:

	Capital Leases	Operating Leases
2021	\$ 6,876	\$ 60,867
2022	6,876	46,230
2023	6,876	2,057
2024	5,158	-
Total minimum lease payments	25,786	\$ 109,154
Less amount representing interest	(4,109)	
Capital lease obligation	\$ 21,677	

Leased property under capital leases at December 31, 2020 includes the following:

Furniture and equipment	\$ 27,375
Less accumulated depreciation	(6,844)
	\$ 20,531

Note 4 - Summary of LSC Funding

In accordance with general LSC policy, DPLS may use unexpended LSC funds in future periods as long as the expenses incurred are in compliance with the specific terms defined in the LSC grant. LSC may, at its discretion, request reimbursement for expenses or return of unexpended funds or both, as a result of noncompliance by DPLS with the terms of the grant. In addition, if DPLS terminates its LSC grant activities, all unexpended LSC funds are to be returned to LSC.

DPLS was awarded and received \$1,599,612 and \$1,511,428 in funding for the Basic Field grant and Native American grant from LSC for the years ended December 31, 2020 and 2019, respectively. All LSC recipients are required by 45 CFR Part 1628 to return any fund balance in excess of 10 percent of LSC support. For 2020, LSC is granting all waiver requests for fund balances due to the COVID-19 pandemic, but grantees are still required to submit a formal waiver request. DPLS was not in compliance at December 31, 2019, as the unexpended portion of \$336,238, respectively, exceeded 10 percent of LSC support. LSC granted a waiver for 2019 in the amount of \$185,094. In 2020, DPLS received an additional \$167,086 in COVID-19 funding from LSC, which is excluded from the requirements in 45 CFR Part 1628.

Dakota Plains Legal Services

Notes to Financial Statements

December 31, 2020 and 2019

LSC requires the Organization to spend 12.5% of its Basic Field grant on private attorney involvement (PAI) activities pursuant to 45 CFR 1614.S(c). DPLS' PAI expenditure requirement for the years ended December 31, 2020 and 2019 was \$62,949 and \$54,262, respectively. For the years ended December 31, 2020 and 2019, DPLS had PAI expenditures of \$62,949 and \$54,262, respectively, and met this requirement.

Note 5 - Net Assets with Donor Restrictions

Net assets with donor restrictions for the year ended December 31, 2020 consisted of the following:

	Balance 12/31/19	Additions	Releases	Balance 12/31/20
Bureau of Justice Assistance	\$ -	\$ 6,697	\$ (6,534)	\$ 163
North Dakota Indigent Civil Legal Services	7,737	1,248	-	8,985
Legal Services Corporation	151,144	1,951,792	(1,688,481)	414,455
Total net assets with donor restrictions	<u>\$ 158,881</u>	<u>\$ 1,959,737</u>	<u>\$ (1,695,015)</u>	<u>\$ 423,603</u>

Net assets with donor restrictions for the year ended December 31, 2019 consisted of the following:

	Balance 12/31/18	Additions	Releases	Balance 12/31/19
Bureau of Justice Assistance	\$ -	\$ 38,850	\$ (38,850)	\$ -
North Dakota Indigent Civil Legal Services	5,126	5,092	(2,481)	7,737
VOCA	-	4,874	(4,874)	-
Legal Services Corporation	299,740	1,326,334	(1,474,930)	151,144
Total net assets with donor restrictions	<u>\$ 304,866</u>	<u>\$ 1,375,150</u>	<u>\$ (1,521,135)</u>	<u>\$ 158,881</u>

Note 6 - Funding Sources

Funding for the years ended December 31, 2020 and 2019 consisted of the following:

	<u>2020</u>	<u>2019</u>
Grants and contracts without donor restrictions		
Pennington County Advocacy contract	\$ 345,000	\$ 345,000
Older Americans - State of South Dakota	79,702	102,203
South Dakota Commission on Equal Access to Our Courts	94,843	93,250
United Way grant	17,707	18,837
Santee Sioux Tribe	<u>21,750</u>	<u>4,500</u>
Total grants and contracts without donor restrictions	<u>559,002</u>	<u>563,790</u>
Grants and contracts with donor restrictions		
Bureau of Justice Assistance	6,697	38,850
North Dakota Indigent Civil Legal Defense Fund	1,248	5,092
VOCA - East River Legal Services	-	4,874
Legal Services Corporation	<u>1,951,792</u>	<u>1,326,334</u>
Total grants and contracts with donor restrictions	<u>1,959,737</u>	<u>1,375,150</u>
Total grants and contracts revenue	<u><u>\$ 2,518,739</u></u>	<u><u>\$ 1,938,940</u></u>

Note 7 - Pension Plan

DPLS maintains a 403(b) defined contribution retirement plan on behalf of its employees through Modern Woodsmen of America. Employees that work more than 20 hours per week, or 1,000 hours per year are eligible to participate. No employer contributions are made under the plan.

Note 8 - Availability and Liquidity

The following represents Dakota Plains Legal Services, Inc.'s financial assets as of December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Financial assets at year end		
Cash	\$ 443,072	\$ 400,574
Grants and contracts receivables	<u>13,724</u>	<u>52,467</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 456,796</u>	<u>\$ 453,041</u>

DPLS regularly monitors liquidity requirement to meet its operating needs and other contractual commitments. DPLS prepares annual budgets to manage liquidity and to determine general expenditures over the next twelve months.

Note 9 - COVID-19

During 2020, the world-wide pandemic impacted national and global economies. DPLS is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the date of issuance of these financial statements, the current and full impact to DPLS' financial position is not known.



Supplementary Information
December 31, 2020
with Comparative Totals for December 31, 2019
Dakota Plains Legal Services

Dakota Plains Legal Services

Statements of Support, Revenue and Expenses, and Changes in Net Assets for Legal Services Corporation Funds Year Ended December 31, 2020 with Comparative Totals for the Year Ended December 31, 2019

	2020							2019		
	Basic Field Grant	Native American Grant	Private Attorney Involvement	Excess Fund Balance	COVID-19 Response Grant	Capacity Building Special Grant	Telework	Property	Grand Total	Total
Support and Revenue	\$ 438,243	\$ 1,098,420	\$ 62,949	\$ 185,094	\$ 152,086	\$ 15,000	\$ 1,951,792	\$ -	\$ 1,951,792	\$ 1,326,334
Grants and contracts										
Expenses										
Salaries and wages	303,293	680,178	21,783	18,736	23,744	-	1,047,734	-	1,047,734	892,588
Employee benefits	95,826	214,903	6,882	5,920	7,502	-	331,033	-	331,033	254,324
Space - rent	7,610	19,074	1,093	-	2,641	-	30,418	-	30,418	26,959
Space - other	3,787	9,791	544	14,069	1,314	-	29,505	-	29,505	22,674
Travel - staff	2,018	6,004	196	-	473	19	8,710	-	8,710	27,312
Telephone	6,375	17,088	916	-	2,954	-	27,333	-	27,333	24,401
Depreciation	3,185	7,984	458	-	1,105	-	12,732	3,375	16,107	8,037
Private bar involvement										
contract services to clients	-	-	37,421	-	-	-	37,421	-	37,421	38,835
Contract services	3,268	9,111	869	-	1,280	3,105	17,633	-	17,633	33,871
Office supplies	3,259	10,065	470	-	1,599	130	15,523	-	15,523	25,772
Insurance	804	29,849	116	-	279	-	31,048	-	31,048	26,719
Audit and accounting services	8,290	20,778	116	-	280	-	29,464	-	29,464	26,050
Library maintenance	1,644	4,120	236	-	570	-	6,570	-	6,570	5,740
Dues and fees	3,146	11,337	452	-	1,718	483	17,136	-	17,136	12,474
Travel and board meetings - board members	-	100	-	-	-	-	100	-	100	17,128
Other expenses	284	833	41	-	99	-	1,257	-	1,257	9,021
Equipment and equipment maintenance	4,058	10,276	583	-	3,049	11,263	29,229	-	29,229	13,132
Litigation costs	566	1,293	-	-	-	-	1,859	-	1,859	239
Training - staff	220	1,711	32	-	76	-	2,039	-	2,039	-
Vehicle expenses	498	1,415	72	542	173	-	2,700	-	2,700	-
Interest expense	386	968	55	-	134	-	1,543	-	1,543	-
Reimbursement of expenses	9,386	4,119	(9,386)	-	-	-	4,119	-	4,119	9,654
Total expenses	457,903	1,060,997	62,949	39,267	48,990	15,000	1,685,106	3,375	1,688,481	1,474,930
Change in Net Assets	(19,660)	37,423	-	145,827	103,096	-	266,686	(3,375)	263,311	(148,596)
Transfer for Property	(6,759)	-	-	(41,610)	-	-	(48,369)	48,369	-	-
Net Assets - Beginning	86,318	64,826	-	-	-	-	151,144	-	151,144	299,740
Net Assets - Ending	\$ 59,899	\$ 102,249	\$ -	\$ 104,217	\$ 103,096	\$ -	\$ 369,461	\$ 44,994	\$ 414,455	\$ 151,144

Dakota Plains Legal Services
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2020

Federal Grantor/Pass-Through Grantor/ Program Title	Federal Financial Assistance Listing/Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
Legal Services Corporation			
Direct			
Basic Field Grant - Basic	09-742018		\$ 573,800
Basic Field Grant - Native American	09-742018		1,095,685
COVID-19 Response Grant	09-742018		48,990
COVID-19 Telework Capacity Building Grant	09-742018		15,000
Total Legal Service Corporation			<u>1,733,475</u>
U.S. Department of Justice			
Direct			
Tribal Civil and Criminal Legal Assistance Grant	16.815		6,534
Total Federal Expenditures			<u>\$ 1,740,009</u>

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of DPLS under programs of the federal government for the year ended December 31, 2020. 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 DPLS it is not intended to and does not present the financial position, changes in net assets or cash flows of DPLS.

Note 2 – Significant Accounting Policies

Expenditures reported in the schedule are reported on the accrual basis of accounting. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

Note 3 – Indirect Cost Rate

The Organization has not elected to use the 10% de minimis cost rate.



**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
Dakota Plains Legal Services
Mission, South Dakota

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, the financial statements of Dakota Plains Legal Services (DPLS), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 29, 2021.

Internal Control over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying 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 finding 2020-001 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 finding 2020-002 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether DPLS' 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*.

Dakota Plains Legal Services' Responses to Findings

DPLS' responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. DPLS' responses were not subjected to the 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.

Handwritten signature of Eric Bailly LLP in cursive script.

Sioux Falls, South Dakota
April 29, 2021



**Independent Auditor's Report on Compliance for the Major Federal Program;
Report on Internal Control Over Compliance Required by the Uniform Guidance**

To the Board of Directors
Dakota Plains Legal Services
Mission, South Dakota

Report on Compliance for the Major Federal Program

We have audited Dakota Plains Legal Services' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Dakota Plains Legal Services' (DPLS') major federal program for the year ended December 31, 2020. DPLS' major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management Responsibility

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

Auditor's Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of DPLS' compliance.

Opinion on the Major Federal Program

In our opinion, DPLS complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2020.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as Finding 2020-005 and 2020-008. Our opinion for the major federal program is not modified with respect to these matters.

DPLS' response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. DPLS' responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph of this section 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 have not been identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as findings 2020-003, 2020-004, and 2020-005 to be material weaknesses.

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 finding 2020-006, 2020-007, and 2020-08 to be significant deficiencies.

DPLS' responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. DPLS' responses were not subjected to the 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.

Eide Bailly LLP

Sioux Falls, South Dakota
April 29, 2021

Section I – Summary of Auditor’s Results

FINANCIAL STATEMENTS

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weakness 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 programs:	
Material weakness identified	Yes
Significant deficiencies identified not considered to be material weaknesses	Yes
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Circular 2 CFR 200.516:	Yes

Identification of major programs:

Name of Federal Program	Federal Financial Assistance Listing/ CFDA Number
Basic Field Grant	09-742018
COVID-19 Response Grant	09-742018
COVID-19 Telework Capacity Building Grant	09-742018
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

**2020-001 Preparation of the Financial Statements and Schedule of Expenditures of Federal Awards
and Material Audit Adjustments
Material Weakness**

Criteria: A proper system of internal controls over financial reporting includes an adequate system for recording and processing entries to the financial statements, as well as the ability to prepare financial statements, the schedule of expenditures of federal awards (SEFA) and accompanying notes to the financial statements that are materially correct.

Condition: The financial statements and schedule of expenditures of federal awards were prepared by a 3rd party accountant. We revised the schedule of expenditures of federal awards for funding that is passed through the State that no longer is required to be included because it is a fee for service contract. We also revised the SEFA to present the COVID-19 funding separately, as required by the Compliance Supplement. We recorded significant entries to increase prepaid insurance and property and equipment. The entries resulted in revisions to the statement of financial position, statement of activities, and functional expenses.

Cause: The State's contract language and method of reimbursement was changed from a grant to a fee for service contract. There were building improvements that were expensed when should have been capitalized and the January 2021 health insurance premium was recorded to expense rather than as prepaid insurance.

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

Recommendation: Management and those charged with governance should continually be aware of the financial reporting for DPLS as well as the changes in reporting requirements.

Views of Responsible Officials: Management is in agreement.

**2020-002 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 employees, so that no one individual handles a transaction from its inception to completion.

Condition: DPLS has a limited number of office personnel, which prevents an ideal segregation of duties for controls over financial reporting. Certain year end expense account allocations were performed by a 3rd party accountant and were not reviewed by DPLS' personnel. Grants and contracts receivable and accounts payable did not have a formal reconciliation prepared.

Cause: DPLS has limited staff at some locations. A regular, timely, and thorough process for reconciling account balances and maintaining supporting documentation is not being regularly followed.

Effect: Inadequate segregation of duties could adversely affect DPLS' 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 DPLS has proper segregation of duties in many areas. We suggest implementation of formal reconciliations for significant balance sheet accounts. Management should periodically assess the allocation of duties to determinate if maximum segregation of duties is achieved with the current office staff. In addition, the secondary level of review should be formally documented on a consistent basis. Under this condition, the Board and management's close supervision and review of accounting information is the best means of preventing and detecting errors and irregularities.

Views of Responsible Officials: Management is in agreement.

Section III – Federal Award Findings and Questioned Costs

2020-003

Legal Services Corporation

CFDA #09-742018 Legal Services Corporation – Basic Field – General

Procurement

Material Weakness in Internal Control over Compliance

Criteria: 2 CFR 200.318 (Uniform Guidance) and 45 CFR 1631 requires that a non-Federal entity must use its own documented procurement procedures which reflect applicable state and local laws and regulations, provided that the procurements conform to applicable federal law and Uniform Guidance. Uniform Guidance also requires contracts to contain the applicable provisions described in Appendix II to Part 200 for contracts under federal awards and the entity to have written standards of conduct covering conflicts governing the performance of employees engaged in the selection, award and administration of contracts.

Condition: We noted DPLS has not updated its procurement policy to conform to certain Uniform Guidance requirements. Our testing detected five instances where quotations from an adequate number of sources were not obtained for small purchases under DPLS policy and one instance where public solicitation of sealed bids were not obtained as required.

Cause: DPLS did not update to its procurement policy to include all written requirements under Uniform Guidance. In addition, DPLS did not ensure contracts under federal awards contained all of the applicable contract provisions.

Effect: DPLS could not demonstrate compliance with its written procurement policy or the federal requirements covering procurement.

Questioned Costs: None reported based on assessment of comparative pricing readily available.

Context/Sampling: A nonstatistical sample of 60 disbursements and four capitalizable items. Out of the 60 disbursements and four capitalizable items, eight items were above the threshold.

Repeat Finding from Prior Year: Yes. 2019-003 reported a similar finding over procurement.

Recommendation: We recommend management review Uniform Guidance to ensure all procurement policies are complete, procedures are documented and retained and ensure contracts include the required contract provisions. We also recommend DPLS review procurement policies and procedures with applicable employees to ensure compliance with documented procedures.

Views of Responsible Officials: Management is in agreement.

2020-004

Legal Services Corporation

CFDA #09-742018 Legal Services Corporation – Basic Field – Native American

CFDA #09-742018 Legal Services Corporation – Basic Field – General

CFDA #09-742018 Legal Services Corporation – COVID-19 Response Grant

Activities Allowed and Allowable Costs - Payroll

Material Weakness in Internal Control over Compliance

Criteria: 2 CFR 200.303(a) and 45 CFR 1635 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 conditions of the federal award.

Condition: There were reportable instances within testing of payroll which included six timesheets reviewed were not approved prior to the date of the applicable pay check, one instance where the date the timesheet was approved was not documented, and one instance where an employee was not being paid in accordance with the approve salary listed on the employee personnel action form. However, time allocations by funding are properly tracked based on the case number within the legal server software.

Cause: There was a lapse oversight of the internal control process ensuring timely and proper review of timesheets. This lapse in internal control also caused an employee to be underpaid.

Effect: Without adequate support, demonstrating that the costs comply with laws, regulations and other compliance requirements is difficult.

Questioned Costs: None reported.

Context/Sampling: A nonstatistical sample of seven out of 27 employees who had time allocated to the LSC grants were reviewed for seven pay periods.

Repeat Finding from Prior Year: Yes. 2019-004 reported a similar finding over payroll.

Recommendation: We recommend DPLS review payroll policies and procedures with applicable employees to ensure compliance with documented procedures.

Views of Responsible Officials: Management is in agreement.

2020-005

Legal Services Corporation

CFDA #09-742018 Legal Services Corporation – Basic Field – Native American

CFDA #09-742018 Legal Services Corporation – Basic Field – General

Eligibility

Material Weakness in Internal Control over Compliance and Noncompliance

Criteria: 2 CFR 200.303(a), 45 CFR 1613, 45 CFR 1633, and 45 CFR 1644 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 conditions of the federal award.

Condition: There were reportable instances within case file review of which one instance has characteristics that would suggest potential compliance issues. There was one case file where a grant compliance checklist was not completed as required by DPLS' policy. There was one instance where the case file was not included on the semi-annual reporting form and was missing the Written Statement of Facts.

Cause: There was a lapse in oversight of the internal control process ensuring case files include the required documentation to ensure cases are in compliance with the applicable federal standards.

Effect: Lack of compliance with designed internal controls over case files could result in DPLS using funds for cases that are not eligible for reimbursement.

Questioned Costs: None reported

Context/Sampling: A nonstatistical sample of 65 case files.

Repeat Finding from Prior Year: Yes. 2019-005 reported a similar finding over eligibility.

Recommendation: We recommend DPLS review policies and procedures with applicable employees and remind them of the importance of established review and monitoring processes.

Views of Responsible Officials: Management is in agreement.

2020-006

Legal Services Corporation

CFDA #09-742018 Legal Services Corporation – Basic Field – Native American

CFDA #09-742018 Legal Services Corporation – Basic Field – General

CFDA #09-742018 Legal Services Corporation – COVID-19 Response Grant

Activities Allowed and Allowable Costs

Significant Deficiency in Internal Control over Compliance

Criteria: 2 CFR 200.303(a) and 45 CFR 1630 establishes that the auditee must establish and maintain effective internal control over the federal award that provides assurance that the entity is managing federal award compliance with federal statutes, regulations, and the terms and conditions of the federal award.

Condition: Our testing of disbursements detected three instances of expenditures reported in the incorrect grant period.

Cause: There was one instances of a 2021 expenditure totaling \$830 and two instances of 2019 expenditures totaling \$5,006 not being reported in the correct time period.

Effect: Expenditures are not being reported in the proper grant year.

Questioned Costs: None reported as DPLS has carryover funds from 2019 and has not fully expended 2020 LSC funds.

Context/Sampling: A nonstatistical sample of 60 disbursements.

Repeat Finding from Prior Year: Yes. 2019-006 reported a similar finding over disbursements.

Recommendation: We recommend DPLS review policies and procedures with applicable employees and remind them of the importance of established review and monitoring processes.

Views of Responsible Officials: Management is in agreement.

2020-007

Legal Services Corporation

CFDA #09-742018 Legal Services Corporation – Basic Field – Native American

CFDA #09-742018 Legal Services Corporation – Basic Field – General

Property Management

Significant Deficiency in Internal Control over Compliance and Compliance

Criteria: LSC's accounting guide for LSC recipients establishes that the auditee should perform a physical inventory and the results reconciled with the property listing at least once every two years. DPLS accounting manual requires an annual inventory to be reconciled with the master inventory record.

Condition: Our testing of physical inventory counts conducted detected four instances where completed inventory count sheets were not returned to the accounting personnel. For the locations that completed the inventory count sheets, the current year additions were found to be excluded in error.

Cause: There was a lapse in oversight of the internal control process ensuring physical inventory counts are being performed and compared to the master inventory records to ensure DPLS is in compliance with the applicable LSC policy.

Effect: DPLS was not in compliance with the written policies in the accounting manual.

Questioned Costs: None reported

Context/Sampling: There are only seven office locations. All were tested.

Repeat Finding from Prior Year: No

Recommendation: We recommend DPLS review policies and procedures with applicable employees and remind them of the importance of the established review and monitoring processes.

Views of Responsible Officials: Management is in agreement.

2020-008 Legal Services Corporation
CFDA #09-742018 Legal Services Corporation – COVID-19 Response Grant

Reporting
Significant Deficiency in Internal Control over Compliance

Criteria: 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 conditions of the federal award.

Condition: The second quarter missed reporting three COVID-19 cases that were closed. The reporting of COVID-19 cases closed for the third quarter included the correct number of cases to be reported, but the references to the problem codes did not agree to the problem codes within Legal Server. In the third and fourth quarter, DPLS only reported expenditures for the respective quarters rather than reporting the cumulative expenditures since inception of the grant. The supporting documentation for the second quarter expenditures was not retained.

Cause: There was a lapse in oversight of the internal control process ensuring that there are two employees involved in the preparation and reviewing for all required reports.

Effect: Lack of compliance with designed internal controls over reporting could result in DPLS reporting incorrect or incomplete information.

Questioned Costs: None reported

Context/Sampling: Statistical sampling not used. All COVID-19 quarterly reports were tested.

Repeat Finding from Prior Year: No

Recommendation: We recommend DPLS review policies and procedures with applicable employees and remind them of the importance of the established review and monitoring processes.

Views of Responsible Officials: Management is in agreement.

Management's Response to Auditor's Findings:
Summary Schedule of Prior Audit Findings and
Corrective Action Plan
12-31-2020

Prepared by Management of
DAKOTA PLAINS LEGAL SERVICES

Summary Schedule of Prior Audit Findings

FINANCIAL STATEMENT FINDINGS

Finding 2019-001

Preparation of the Financial Statements, and Schedule of Expenditures of Federal Awards Material Weakness and Material Audit Adjustment

Initial Fiscal Year Finding Occurred: 2018

Finding Summary: That management and those charged with governance should continually be aware of the financial reporting for DPLS as well as the changes in reporting requirements.

Status: Ongoing and Not Resolved. Active efforts have been made to improve our review of our 3rd party accountant financial reporting but this process remains in need of improvement. A new program Administrator with enhanced accounting skills is currently being sought. It's hoped that this new hire will improve all aspects of the programs accounting and financial reporting and accounts reconciliations will be prepared.

Finding 2019-002

Segregation of Duties

Initial Fiscal Year Finding Occurred: 2018

Finding Summary: The organization has a limited number of office personnel, which prevents an ideal segregation of duties and controls over financial reporting. Management should periodically assess the allocation of duties to determine if maximum segregation of duties is achieved with the current office staff. In addition, the secondary level of review should be formally documented on a consistent basis. Under this condition, the Board and management's close supervision and review of accounting information is the best means of preventing and detecting errors and irregularities.

Status: Ongoing and Not Resolved. The program did meet with our 3rd party accountant in an attempt to have him provide us with financial records in a timelier manner, and significant improvement in this area has been made.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding 2019-003

Program Name: Legal Services Corporation

CFDA # 09-742018 Legal Services Corporation – Basic Field- Native American

CFDA# 09-742018 Legal Services Corporation – Basic Field – General

*Material Weakness in Internal Control over Compliance
Procurement*

Initial Fiscal Year Finding Occurred: 2018

Finding Summary: The program was not following the procedures in their procurement policy. That management review Uniform Guidance to ensure all procurement policies are complete, procedures are documented and retained and ensure contracts include the required contract provisions. We also recommend DPLS review procurement policies and procedures with applicable employees to ensure compliance with documented procedures.

Status: Ongoing and Not Resolved. Further Procurement Policy changes and updates need to be made and procurement records retained.

Finding 2019-004

*Material Weakness in Internal Control over Compliance
Activities Allowed and Allowable Costs – Payroll*

Initial Fiscal Year Finding Occurred: 2018

Finding Summary: The program was found to have failed to establish effective internal control over the processing of employee timesheets and payroll. Management should review payroll policies and procedures with applicable employees to ensure compliance with documented procedures.

Status: Ongoing and Not Resolved. The procedure for the processing of employee timesheets was changed in July of 2019. Instead of one employee processing timesheets and also doing payroll, we now have one employee process the timesheets and a separate employee doing the payroll. The whole process of the submission of timesheets has also been revised. Policy procedures have also been implemented to prevent late submission of timesheets, or the submission of timesheets that have not been reviewed and approved by the supervisor of the employee. However, management has failed to ensure that all timesheets have been reviewed prior to the payroll date, and this issue needs to be resolved.

Finding 2019-005

Program Name: Legal Services Corporation

CFDA # 09-742018 Legal Services Corporation - Basic Field - Native American

CFDA # 09-742018 Legal Services Corporation – Basic Filed - General

*Material Weakness in Internal Control over Compliance and Compliance
Eligibility*

Initial Fiscal Year Occurred: 2019

Finding Summary: There were reported instances found where the program had instances with characteristics which would suggest potential compliance issues.

Status: Ongoing and Not Resolved. Additional staff training for the new compliance officer and for all other applicable staff with regards to compliance related issues and controls needs to be scheduled.

Finding 2019-006

Program Name: Legal Services Corporation

CFDA # 09-742018 Legal Services Corporation – Basic Field – Native American

CFDA # 09-742018 Legal Services Corporation – Basic Field – General

Activities Allowed and Allowable Costs

Significant Deficiency in Internal Control over Compliance

Initial Fiscal Year Finding Occurred: 2018

Finding Summary: A testing of disbursements indicated five instances of expenditures reported in the incorrect grant period.

Status: Ongoing and Not Resolved. Changes to correct this problem need to be developed by the program. It is hoped that the switch to our new accounting program (Quickbooks), will assist in limiting this problem in the future.

MANAGEMENT RESPONSE TO 2020 AUDIT FINDINGS

Section II – Financial Statement Findings

Preparation of the Financial Statements and Schedule of Expenditures of Federal Awards and Material Audit Adjustments

Material Weakness

2020-001

Criteria: A proper system of internal controls over financial reporting includes an adequate system for recording and processing entries to the financial statements, as well as the ability to prepare financial statements, the schedule of expenditures of federal awards and accompanying notes to the financial statements that are materially correct.

Condition: The financial statements and schedule of expenditures of federal awards were prepared by a 3rd party accountant. We revised the schedule of expenditures of federal awards for funding that is passed through the State that no longer is required to be included because it is a fee for service contract. We recorded significant entries to increase prepaid insurance and property and equipment. The entries resulted in revisions to the statement of financial position, statement of activities, and functional expenses.

Auditor's Recommendation: Management and those charged with governance should continually be aware of the financial reporting for DPLS as well as the changes in reporting requirements.

Management's Response: The program will review its policies and procedures regarding oversight, review, and preparation of the financial statements, and schedule of expenditures of federal awards. The program will remove the OAA monies received from the schedule of federal awards. The program will work with our 3rd party accountant to assist us in preparing more accurate financial statements.

Responsible Individuals: Program Administrator when hired, Tom Mortland, Executive Director, Annemarie Michaels, Deputy Director.

Anticipated Completion Date: December 31, 2021.

Segregation of Duties Significant Deficiency

2020-002

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 employees, so that no one individual handles a transaction from its inception to completion.

Condition: DPLS has a limited number of office personnel, which prevents an ideal segregation of duties for controls over financial reporting. Certain year end expense account allocations were performed by a 3rd party accountant and were not reviewed by DPLS' personnel. Grants and contracts receivable and accounts payable did not have a formal reconciliation prepared.

Auditor's Recommendation: We acknowledge that DPLS has proper segregation of duties in many areas. We suggest implementation of formal reconciliations for significant balance sheet accounts. Management should periodically assess the allocation of duties to determinate if maximum segregation of duties is achieved with the current office staff. In addition, the secondary level of review should be formally documented on a consistent basis. Under this condition, the Board and management's close supervision and review of accounting information is the best means of preventing and detecting errors and irregularities.

Management's Response: The program will again review its policies and procedures as they relate to the segregation of duties for controls over our financial reporting. The program did work with our 3rd party contracted accountant at the beginning of 2020 to advise him on the need of the program to be provided with the financial records in a timelier manner prior to the audit. Unfortunately, our 3rd party accountant did not provide the program with the financial records prior to them being submitted to the auditor. The program will take steps to ensure that these records are reviewed by DPLS management prior to them being submitted to the auditors. Additionally, the program has just completed our first year of use with our new accounting software (QuickBooks). It is anticipated that this software change will work to not only simplify our accounting procedures, but also enhance the quality and accuracy of the information reported.

Responsible Individuals: Program Administrator when hired, Tom Mortland, Executive Director, Annemarie Michaels, Deputy Director.

Anticipated Completion Date: December 31, 2021

Section III – Federal Award Findings and Questioned Costs

Legal Services Corporation

CFDA #09-742018 Legal Services Corporation- Basic Field- General

Procurement

Material Weakness in Internal Control over Compliance

2020-003

Criteria: 2 CFR 200.318 (Uniform Guidance) and 45 CFR 1631 requires that a non-Federal entity must use its own documented procurement procedures which reflect applicable state and local laws and regulations, provided that the procurements conform to applicable federal law and Uniform Guidance. Uniform Guidance also requires contracts to contain the applicable provisions described in Appendix II to Part 200 for contracts under federal awards and the entity to have written standards of conduct covering conflicts governing the performance of employees engaged in the selection, award and administration of contracts.

Condition: We noted DPLS has not updated its procurement policy to conform to certain Uniform Guidance requirements. Our testing detected five instances where quotations from an adequate number of sources were not obtained for small purchases under DPLS policy and one instance where public solicitation of sealed bids were not obtained as required.

Auditor's Recommendation: We recommend management review Uniform Guidance to ensure all procurement policies are complete, procedures are documented and retained and ensure contracts include the required contract provisions. We also recommend DPLS review procurement policies and procedures with applicable employees to ensure compliance with documented procedures.

Management's Response: This auditor finding reveals that a further analysis and update of our procurement policy is needed. Management will look at increasing the dollar threshold for which quotations for purchase are needed. A review of the policy also will be completed to ensure that it is in compliance with federal statutes and regulations.

Responsible Individuals: Tom Mortland, Executive Director, Annemarie Michaels, Deputy Director.

Anticipated Completion Date: August 31, 2021.

Legal Services Corporation

CFDA #09-742018 Legal Services Corporation – Basic Field – Native American

CFDA #09-742018 Legal Services Corporation – Basic Filed – General

CFDA #09-742018 Legal Services Corporation – COVID-19 Response Grant

Activities Allowed and Allowable Costs - Payroll

Material Weakness in Internal Control over Compliance

2020-004

Criteria: 2 CFR 200.303(a) and 45 CFR 1635 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 conditions of the federal award.

Condition: There were reportable instances within testing of payroll which included six timesheets reviewed which were not approved prior to the date of the applicable pay check, one instance where the date the timesheet was approved was not documented, and one instance where an employee was not being paid in accordance with the approved salary listed on the employee personnel action form. However, time allocations by funding are properly tracked based on the case number within the legal server software.

Auditor's Recommendation: We recommend DPLS review payroll policies and procedures with applicable employees to ensure compliance with documented procedures.

Management's Response: In 2020, the program took steps to improve our payroll process. The timesheets are now initially being processed by the Deputy Director of the program. The timesheets are checked for accuracy in the time recorded by the employee, the employee leave balance is verified, and a check is done to verify that they have been reviewed by the supervisor of the employee. Finally, the hours recorded on the timesheet are reviewed to verify that they match the hours the employee has recorded in the legal server program. Only after these procedures have been completed do the timesheets then go to the Administrative Assistant for payroll processing. Also, the Deputy Director will be given the authority to verify the accuracy of the managing attorney timesheets. This will prevent cases where the verification was completed by the Executive Director after the payroll was issued.

Responsible Individuals: Program Administrator when hired, Tom Mortland, Executive Director, Annemarie Michaels, Deputy Director.

Anticipated Completion Date: Immediately.

Legal Services Corporation

CFDA #09-742018 Legal Services Corporation – Basic Field – Native American

CFDA #09-742018 Legal Services Corporation – Basic Field – General

Eligibility

Material Weakness in Internal Control over Compliance and Compliance

2020-005

Criteria: 2 CFR 200.303(a), 45 CFR 1613, 45 CFR 1633, and 45 CFR 1644 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 conditions of the federal award.

Condition: There were reportable instances within the case file review of which one instance has characteristics that would suggest potential compliance issues. There was one case file where a grant compliance checklist was not completed as required by DPLS' policy. There was one instance where the case file was not included on the semi-annual reporting form and was missing the Written Statement of Facts.

Auditor's Recommendation: We recommend DPLS review policies and procedures with applicable employees and remind them of the importance of established review and monitoring processes

Management's Response: All applicable employees were again advised on when a Written Statement of Facts is required to be in a client file. Our Deputy Director is now doing a review of the semi-annual report drafted by administration to ensure it is accurate and complete. The program does have a new compliance officer and this may have played a part in some issues regarding compliance.

Responsible Individuals: Dawn Marshall, Compliance Officer, Tom Mortland, Executive Director, Annemarie Michaels, Deputy Director.

Anticipated Completion Date: Immediately.

Legal Services Corporation

CFDA #09-742018 Legal Services Corporation – Basic Field – Native American

CFDA #09-742018 Legal Services Corporation – Basic Field – General

CFDA #09-742018 Legal Services Corporation – COVID-19 Response Grant

Activities Allowed and Allowable Costs

Significant Deficiency in Internal Control over Compliance

2020-006

Criteria: 2 CFR 200.303(a) and 45 CFR 1630 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.

Condition: Our testing of disbursements detected three instances of expenditures reported in the incorrect grant period.

Auditor's Recommendation: We recommend DPLS review policies and procedures with applicable employees and remind them of the importance of established review and monitoring processes.

Management's Response: The program switched to a new accounting software program (QuickBooks) that was not fully implemented until late in 2020. Management believes this will prove beneficial to our overall internal accounting procedures, and improve the accuracy of expenditure reporting dates. The program will also make a concentrated effort to get our accounts payable transactions to the program in the proper accounting period. Estimates of payables will be made if the program is unable to secure them prior to the end of the proper reporting period.

Responsible Individuals: Program Administrator when hired, Tom Mortland, Executive Director, Annemarie Michaels, Deputy Director.

Anticipated Completion Date: December 31, 2021.

Legal Services Corporation

CFDA #09-742018 Legal Services Corporation - Basic Field - Native American

CFDA #09-742018 Legal Services Corporation – Basic Field – General

Property Management

Significant Deficiency in Internal Control over Compliance and Compliance

2020-007

Criteria: LSC's accounting guide for LSC recipients establishes that the auditee should perform a physical inventory and the results reconciled with the property listing at least once every two years. DPLS accounting manual requires an annual inventory to be reconciled with the master inventory record.

Condition: Our testing of physical inventory counts conducted detected four instances where completed inventory count sheets were not returned to the accounting personnel. For the locations that completed the inventory count sheets, the current year additions were found to be excluded in error.

Auditor's Recommendation: We recommend DPLS review policies and procedures with applicable employees and remind them of the importance of the established review and monitoring process.

Management's Response: All offices within the program received notice prior to the end of the year, that a completed inventory check and report needed to be done and sent back to administration. There was an obvious error on the part of administration in verifying that all of these inventory reports were submitted. A system will be put into place to ensure that all required reports from all the program offices are submitted as required, and in a timely manner.

Responsible Individuals: Program Administrator when hired, Tom Mortland, Executive Director, Annemarie Michaels, Deputy Director.

Anticipated Completion Date: December 31, 2021.

Legal Services Corporation

CFDA #09-742018 Legal Services Corporation – COVID-19 Response Grant

2020-008

Criteria: 2 CFR 200.303(a) establishes that the auditee must establish and maintain effective internal control over the federal award that provides that the entity is managing the federal award in compliance with federal statutes, regulations, and conditions of the federal award.

Condition: The second quarter missed reporting three COVID-19 cases that were closed. The reporting of COVID-19 cases closed for the third quarter included the correct number of cases to be reported, but the references to the problem codes did not agree to the problem codes within Legal Server. In the third and fourth quarter, DPLS only reported expenditures for the respective quarters rather than reporting the cumulative expenditures since inception of the grant. The supporting documentation for the second quarter expenditures was not retained.

Auditor's Recommendation: We recommend DPLS review policies and procedures with applicable employees and remind them of the importance of the established review and monitoring processes.

Management's Response: The staff member in charge of compiling and maintaining records pertaining to the COVID-19 Response Grant is no longer with the program. DPLS will work to ensure that all applicable employees are following established policies in the future in the preparation of reports.

Responsible Individuals: Program Administrator when hired, Tom Mortland, Executive Director, Annemarie Michaels, Deputy Director.

Anticipated Completion Date: December 31, 2021.

DAKOTA PLAINS LEGAL SERVICES
P.O. Box 727, Mission, SD 57555
Phone: (605) 856-4444
Fax: (605) 856-2075

BOARD OF DIRECTORS – Updated December, 2021

Attorney Members	Address	Phone/Fax	Representing
THOMPSON, Katie Exp. Date: 12-16-23	PO Box 66 Pierre SD 57501-0066 kjt@thompsonlaw.co	(605) 224-8851 - P (605) 224-8269 - F (605) 347-1759 - C	Sixth Circuit Bar Association
PAHLKE, Alvin R. Exp. Date: 03-03-25	PO Box 432 Winner, SD 57580 apahlke@gwtc.net	(605) 842-1000 - P (605) 842-1002 - F	S.D. Bar Association Indian Law Committee
PECHOTA, Terry Exp. Date: 07-11-25	1617 Sheridan Lake Road Rapid City, SD 57702 tpechota@1868treaty.com	(605) 341-4400 - P (605) 430-7483 - C	S.D. Trial Lawyers Association
GREAVES, Leroy Exp. Date: 08-13-24	PO Box 115 Okreek, SD 57563 leroy.greaves@rstjustice.org	(605) 856-8735 - W	Northern Plains Tribal Judges Association
WENDELL, Rose Ann Exp. Date: 09-06-23	2520 E Franklin Street #1 Pierre, SD 57501 office@wendelllawoffice.com	(605) 224-2500 - W	S.D. Bar Association
POCHOP, Gavin Exp. Date: 04-27-24	Johnson, Pochop, & Bartling Law Office PO Box 149 Gregory, SD 57533 gavin@rosebudlaw.com	(605) 835-8391 - P (605) 835-8742 - F	Rosebud Area Bar Association
PULLMAN, Shane Exp. Date: 10-23-23 Chair--	422 San Marco Blvd Rapid City, SD 57702 shanepullman@gmail.com	(605) 394-2442 - W (605) 670-3050 - C	Sicangu Oyate Bar Association
EASTMAN, Shaun Exp. Date: 07-12-25	44489 BIA HWY 3 Eden, SD 57232 shauneastman@gmail.com	(605) 268-2498 - P	Glacial Lakes Bar Association
VACANT			USD Law School
NEVILLE, Melissa Exp. Date: 09-24-23	PO Box 970 Aberdeen, SD 57402 mneville@bantzlzlaw.com	(605) 225-2232 - W (605) 225-2497 - F	Brown County Bar Association
JONES, B.J. Exp. Date: 08-13-24	3210 37 th Ave. S Fargo ND 58104 bj.jones@law.und.edu	(701) 740-3654 - C	Northern Plains Tribal Judges Association
SHERRILL, Tracye Exp. Date: 03-04-25	Lynn Jackson Shultz & Lebraun P.C 110 N. Minnesota Ave Suite 400 Sioux Falls SD 57104 tsherrill@lynnjackson.com	(605) 332-5999 - W (605) 760-7767 - C	Second Circuit Bar Association Minnehaha County
RHEAD, Brandy Exp. Date 12-15-24	4000 Clover Street Rapid City, SD 57702 brandyrhead@gmail.com	(605) 484-0495 - C (605) 348-2471 - W (605) 343-0247 - F	Pennington County Bar Association
PARR, Joseph Ashley Exp. Date: 08-09-24	PO Box 3991 Rapid City, SD 57709-3991 ashley@parrlaw.us	(605) 388-2050 - P (605) 391-6857 - C	Pennington County Bar Association
VACANT			Southern Hills Bar Association
HALE, Rachel Exp. Date: 12-14-24	PO Box 156 Sturgis, SD 57785 rachel@hilperthale.com	(605) 720-4048 - W (605) 720-4049 - F	Fourth Circuit Bar Association
Client Members	Address	Phone/Fax	Representing
STONE, Loretta Exp. Date: 07-20-25	PO Box 314 Mobridge, SD 57601 hihaniwaste@hotmail.com	(605) 850-8791	Standing Rock
Vacant			Cheyenne River
LANGDEAU-MEDICINE BIRD, Marlys Exp. Date: 09-02-24 Vice-Chair	PO Box 39 Lower Brule, SD 57548-0039 Marlys.Langdeau@lowerbrule.net	(605) 222-7418 - C (605) 473-5528 - W	Lower Brule

WOUNDED KNEE, Jennifer Exp. 08-25-25	P.O. Box 71 Ft. Thompson, SD 57339	(605) 682-8172 C	Crow Creek
ROWLAND, Reginald Exp. Date: 03-31-24	PO Box 1591 Pine Ridge SD 57770 regrow1591@gmail.com	(605) 899-8319- C	Pine Ridge rowreg57@gmail.com rowlandr57@gmail.com
LAFFERTY, William Craig Exp. 12-09-24	28778 274 th Ave Mission SD 57555 laffertycraig@hotmail.com	(605) 319-1812	Rosebud
HAND, Bear Sr. Exp. Date: 03-22-20	PO Box 343 Lake Andes, SD 57356 bearhandfischersr1@gmail.com	(605) 481-8395 - C	Yankton
PALMIER, William Exp. Date: 10-24-24	332 18 th Street SW Watertown, SD 57201 palmier.w85@gmail.com	(605) 237-8798 - C	Sisseton
WHITE BEAR CLAWS, Joseph Exp. 10-14-24	1134 Anamosa St Apt 314 Rapid City SD 57701 whitebearclawsjoe@gmail.com	(605) 389-8079 - C	Rapid City

COMMITTEES

EXECUTIVE COMMITTEE	Shane Pullman, Chairman; Marlys Langdeau-Medicine Bird Vice-Chairman, Brandy Rhead, BJ Jones, William Palmier Members
AUDIT/FINANCE COMMITTEE	Joseph Ashley Parr, Chairman; Vacant, Jennifer Wounded Knee, Brandy Rhead, Rachel Hale, William Palmier Members
CLIENT GRIEVANCE COMMITTEE	Joseph White Bear Claws, Chairman; Shaun Eastman, Melissa Neville, Jennifer Wounded Knee, RoseAnn Wendell, Members
STRATEGIC PLANNING COMMITTEE	Shaun Eastman, Chairwoman; Joseph White Bear Claws, BJ Jones, Brandy Rhead, Jennifer Wounded Knee, Members
EXECUTIVE DIRECTOR EVALUATION COMMITTEE	Shane Pullman, Chairman; Marlys Langdeau-Medicine Bird, Jennifer Wounded Knee, Joseph Ashley Parr, Rachel Hale, Members

Members are provided notice in advance of the meeting location, and they are given the opportunity to appear via Zoom, link provided with notice.

DPLS Budget for 2021

<u>Income</u>	<u>Budget</u>
LSC - Native American	\$1,160,609.00
LSC - Basic Field	463,372.00
LSC – Private Bar Involvement	66,196.00
LSC – Carryover	218,000.00
Miscellaneous/Donations	2,000.00
Older American Act Grant	88,000.00
Santee Sioux Tribe Contract	30,000.00
Court Appointments	65,000.00
Pennington Co. Advocacy Program	345,000.00
United Way Grant	10,500.00
North Dakota Surcharge	2,000.00
Equal Access to Our Courts	65,000.00
Department of Justice Grant	<u>30,000.00</u>
 Total Income	 \$ 2, 546,677.00
 <u>Expenses</u>	
Attorneys	987,308.00
Paralegals	387,335.00
Others	253,329.00
Fringe Benefits	449,209.00
Rent/Lease	64,000.00
Utilities & Services	49,000.00
Equipment Costs	50,000.00
Vehicle Expenses	4,800.00
Office Supplies & Expenses	24,000.00
Telephone/Internet	35,000.00
Travel/Per Diem – Board & Other	12,000.00
Travel/Per Diem – Staff	18,000.00
Training – Staff	10,000.00
Library Maintenance	9,000.00
Insurance	36,000.00
Dues/Subscriptions	24,000.00
Auditing Fees	32,000.00
Litigation	500.00
Property Acquisition	.00
PAI Payments	66,196.00
IT Contract Payments	24,000.00
Other Expenses	5,000.00
Depreciation Expense	<u>5,000.00</u>
 Total Expenses	 \$ 2,546,677.00