

STATE OF SOUTH DAKOTA



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**JASON R. RAVNSBORG**  
ATTORNEY GENERAL

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CHIEF DEPUTY ATTORNEY GENERAL

July 30, 2020

Krista Heeren-Graber  
Executive Director  
South Dakota Network Against Family Violence and Sexual Assault  
P.O. Box 90453  
Sioux Falls, SD 57109

Dear Ms. Heeren-Graber:

The South Dakota Office of the Attorney General has received a copy of your audit report for the year ending June 30, 2019. The report included an audit finding pertinent to funds administered through our office. OMB Uniform Guidance 2 CFR §200.521 requires that a management decision is issued within six months of acceptance of the audit report by the Federal Audit Clearinghouse.

**Finding 2019-004: Internal Control Over Compliance**

**SD Network Against Family Violence and Sexual Assault action plan:** The entity intends to review policies and procedures, as well as revise oversight controls over subrecipient monitoring, and suspension and debarment. Also, additional staff have been hired to assist with subrecipient monitoring.

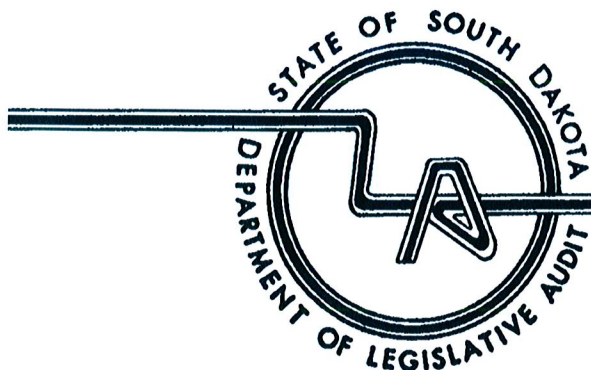
**Management Decision:** The Office of the Attorney General agrees with the finding and considers the Network's corrective action plan as proposed as having taken the necessary steps to correct the finding if fully implemented.

If you have any questions or concerns, please contact me at 605-773-3215.

Sincerely,

A handwritten signature in blue ink that reads "Kelsey Roth".

Kelsey Roth  
Business Manager



427 SOUTH CHAPELLE  
C/O 500 EAST CAPITOL  
PIERRE SD 57501-5070  
(605) 773-3595

MARTIN L. GUINDON, CPA  
AUDITOR GENERAL

Date: February 19, 2020

To: SD Office of the Attorney General  
SD State Board of Internal Control

Re: Audit Report on – South Dakota Network Against Family Violence and  
Sexual Assault, Inc.  
As of and for the year ended June 30, 2019  
By: Eide Bailly, LLP, CPAs

We have accepted the final report on the audit of the above-named entity conducted under the requirements of OMB Uniform Guidance.

OMB Uniform Guidance requires the State of South Dakota, as a direct recipient of federal assistance who provides federal awards to a subrecipient, to:

1. Ensure that subrecipients expending \$750,000 or more in Federal awards during the subrecipient's fiscal year have met the audit requirements of OMB Uniform Guidance for that fiscal year.
2. Ensure that the subrecipient takes timely and appropriate corrective action when the audit report discloses instances of noncompliance with federal laws and regulations.
3. Consider whether this subrecipient audit necessitates adjustment of your program records.

The accompanying audit report is submitted to you to help fulfill these requirements.

The report does identify an audit finding pertaining to federal award programs administered by your agency/department that is required to be reported in accordance with OMB Uniform Guidance, §200.516(a). See page 25. Accordingly, you are required to issue a management decision on the audit finding within six months after receipt of this audit report (OMB Uniform Guidance §200.331(d)(3)).

Please contact us if you have any questions.

Sincerely,

Martin L. Guindon, CPA  
Auditor General

MLG:sld

Enclosure



Financial Statements  
June 30, 2019 and 2018

# South Dakota Network Against Family Violence and Sexual Assault, Inc.

# South Dakota Network Against Family Violence and Sexual Assault, Inc.

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June 30, 2019 and 2018

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## Independent Auditor's Report

The Board of Directors  
South Dakota Network Against Family Violence and Sexual Assault, Inc.  
Sioux Falls, South Dakota

### Report on the Financial Statements

We have audited the accompanying financial statements of South Dakota Network Against Family Violence and Sexual Assault, Inc. (the Network) (a non-profit organization), which comprise the statements of financial position as of June 30, 2019 and 2018, 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 Network as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

## **Other Matters**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure 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 January 29, 2020 on our consideration of the Network's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Network's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Network's internal control over financial reporting and compliance.



Sioux Falls, South Dakota  
January 29, 2020

# South Dakota Network Against Family Violence and Sexual Assault, Inc.

## Statements of Financial Position

June 30, 2019 and 2018

|  | <u>2019</u>              | <u>2018</u>              |
|--|--------------------------|--------------------------|
| Assets   |                          |                          |
| Current Assets   |                          |                          |
| Cash and cash equivalents                                | \$ 38,554                | \$ 88,751                |
| Grants receivable  | 244,238                  | 320,509                  |
| Other receivable   | 1,250                    | -                        |
| Prepaid expenses   | <u>9,453</u>             | <u>4,079</u>             |
| Total current assets                                     | <u>293,495</u>           | <u>413,339</u>           |
| Other Assets   |                          |                          |
| Beneficial interest in South Dakota Community Foundation | <u>7,249</u>             | <u>5,633</u>             |
| Total assets   | <u><u>\$ 300,744</u></u> | <u><u>\$ 418,972</u></u> |
| Liabilities and Net Assets                               |                          |                          |
| Current Liabilities                                      |                          |                          |
| Accounts payable   | \$ 143,848               | \$ 113,883               |
| Accrued expense  | 32,919                   | 23,532                   |
| Unearned revenue   | <u>5,070</u>             | <u>2,815</u>             |
| Total current liabilities                                | <u>181,837</u>           | <u>140,230</u>           |
| Net Assets   |                          |                          |
| Without donor restrictions                               | 22,994                   | 27,441                   |
| With donor restrictions                                  | <u>95,913</u>            | <u>251,301</u>           |
| Total net assets   | <u>118,907</u>           | <u>278,742</u>           |
| Total liabilities and net assets                         | <u><u>\$ 300,744</u></u> | <u><u>\$ 418,972</u></u> |

South Dakota Network Against Family Violence and Sexual Assault, Inc.  
Statements of Activities  
Year Ended June 30, 2019

|                                       | 2019                          |                            |              |
|---------------------------------------|-------------------------------|----------------------------|--------------|
|                                       | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total        |
| Public Support and Revenue            |                               |                            |              |
| Grants and contract support           | \$ 1,464,059                  | \$ 73,361                  | \$ 1,537,420 |
| Change in beneficial interest         | -                             | 1,616                      | 1,616        |
| Net assets released from restrictions | 230,365                       | (230,365)                  | -            |
| Total public support and revenue      | 1,694,424                     | (155,388)                  | 1,539,036    |
| Expenses                              |                               |                            |              |
| Program services                      | 1,510,501                     | -                          | 1,510,501    |
| Management and general                | 203,969                       | -                          | 203,969      |
| Total expenses                        | 1,714,470                     | -                          | 1,714,470    |
| Other Income                          |                               |                            |              |
| Conferences and dues                  | 14,297                        | -                          | 14,297       |
| Investment income                     | 7                             | -                          | 7            |
| Miscellaneous                         | 1,295                         | -                          | 1,295        |
| Total other income                    | 15,599                        | -                          | 15,599       |
| Change in Net Assets                  | (4,447)                       | (155,388)                  | (159,835)    |
| Net Assets, Beginning of Year         | 27,441                        | 251,301                    | 278,742      |
| Net Assets, End of Year               | \$ 22,994                     | \$ 95,913                  | \$ 118,907   |



South Dakota Network Against Family Violence and Sexual Assault, Inc.  
Statements of Activities  
Year Ended June 30, 2018

|                                       | 2018                          |                            |              |
|---------------------------------------|-------------------------------|----------------------------|--------------|
|                                       | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total        |
| Public Support and Revenue            |                               |                            |              |
| Grants and contract support           | \$ 1,399,339                  | \$ 313,510                 | \$ 1,712,849 |
| Net assets released from restrictions | 137,756                       | (137,756)                  | -            |
| Total public support and revenue      | 1,537,095                     | 175,754                    | 1,712,849    |
| Expenses                              |                               |                            |              |
| Program services                      | 1,363,190                     | -                          | 1,363,190    |
| Management and general                | 184,710                       | -                          | 184,710      |
| Total expenses                        | 1,547,900                     | -                          | 1,547,900    |
| Other Income                          |                               |                            |              |
| Conferences and dues                  | 11,730                        | -                          | 11,730       |
| Investment income                     | 7                             | -                          | 7            |
| Miscellaneous                         | -                             | -                          | -            |
| Total other income                    | 11,737                        | -                          | 11,737       |
| Change in Net Assets                  | 932                           | 175,754                    | 176,686      |
| Net Assets, Beginning of Year         | 26,509                        | 75,547                     | 102,056      |
| Net Assets, End of Year               | \$ 27,441                     | \$ 251,301                 | \$ 278,742   |

# South Dakota Network Against Family Violence and Sexual Assault, Inc.

## Statements of Functional Expenses

Year Ended June 30, 2019

|  | 2019                |                           |              |
|--|---------------------|---------------------------|--------------|
|  | Program<br>Services | Management<br>and General | Total        |
| Personnel  | \$ 281,148          | \$ 131,694                | \$ 412,842   |
| Payroll taxes and employee benefits              | 63,843              | 36,061                    | 99,904       |
| Total  | 344,991             | 167,755                   | 512,746      |
| Contractual                                      |                     |                           |              |
| Grants to encourage arrest                       | 212,804             | -                         | 212,804      |
| Education  | 119,188             | -                         | 119,188      |
| Legal advocate                                   | 167,437             | -                         | 167,437      |
| Rural outreach                                   | 153,076             | -                         | 153,076      |
| Transitional housing                             | 54,365              | -                         | 54,365       |
| Tribal assistance                                | 77,658              | -                         | 77,658       |
| Other  | 52,005              | -                         | 52,005       |
| Conferences, training programs and presentations | 158,719             | 134                       | 158,853      |
| Dues   | -                   | 549                       | 549          |
| Insurance  | 8,245               | 174                       | 8,419        |
| Office rent                                      | 27,039              | 2,079                     | 29,118       |
| Outside printing                                 | 2,157               | -                         | 2,157        |
| Postage and shipping                             | 1,276               | 164                       | 1,440        |
| Professional fees and consultants                | 16,724              | 30,835                    | 47,559       |
| Supplies   | 11,536              | 449                       | 11,985       |
| Telephone  | 8,325               | 448                       | 8,773        |
| Travel and meetings                              | 28,433              | 187                       | 28,620       |
| Emergency services                               | 66,287              | -                         | 66,287       |
| Miscellaneous                                    | 236                 | 1,195                     | 1,431        |
| Total expenses                                   | \$ 1,510,501        | \$ 203,969                | \$ 1,714,470 |

# South Dakota Network Against Family Violence and Sexual Assault, Inc.

## Statements of Functional Expenses

Year Ended June 30, 2018

|  | 2018                |                           |                     |
|--|---------------------|---------------------------|---------------------|
|  | Program<br>Services | Management<br>and General | Total               |
| Personnel  | \$ 221,285          | \$ 124,430                | \$ 345,715          |
| Payroll taxes and employee benefits              | 46,848              | 28,286                    | 75,134              |
| Total  | 268,133             | 152,716                   | 420,849             |
| Contractual                                      |                     |                           |                     |
| Grants to encourage arrest                       | 204,556             | -                         | 204,556             |
| Education  | 65,988              | -                         | 65,988              |
| Legal advocate                                   | 150,712             | -                         | 150,712             |
| Rural outreach                                   | 179,354             | -                         | 179,354             |
| Transitional housing                             | 131,882             | -                         | 131,882             |
| Tribal assistance                                | 63,940              | -                         | 63,940              |
| Other  | 14,275              | -                         | 14,275              |
| Conferences, training programs and presentations | 150,657             | -                         | 150,657             |
| Dues   | -                   | 546                       | 546                 |
| Insurance  | 2,699               | 80                        | 2,779               |
| Office rent                                      | 28,993              | 2,373                     | 31,366              |
| Outside printing                                 | 240                 | -                         | 240                 |
| Postage and shipping                             | 1,117               | 74                        | 1,191               |
| Professional fees and consultants                | 5,000               | 25,300                    | 30,300              |
| Supplies   | 11,641              | 392                       | 12,033              |
| Telephone  | 8,586               | 497                       | 9,083               |
| Travel and meetings                              | 19,401              | 1,096                     | 20,497              |
| Emergency services                               | 55,918              | -                         | 55,918              |
| Miscellaneous                                    | 98                  | 1,636                     | 1,734               |
| Total expenses                                   | <u>\$ 1,363,190</u> | <u>\$ 184,710</u>         | <u>\$ 1,547,900</u> |

# South Dakota Network Against Family Violence and Sexual Assault, Inc.

## Statements of Cash Flows Years Ended June 30, 2019 and 2018

|   | <u>2019</u>             | <u>2018</u>             |
|---|-------------------------|-------------------------|
| Operating Activities  |                         |                         |
| Change in net assets  | \$ (159,835)            | \$ 176,686              |
| Adjustments to reconcile change in net assets to<br>net cash (used for) from operating activities |                         |                         |
| Change in beneficial interest in community foundation   | (1,616)                 | -                       |
| Changes in assets and liabilities   |                         |                         |
| Grants receivable   | 76,271                  | (118,431)               |
| Other receivable  | (1,250)                 | -                       |
| Prepaid expenses  | (5,374)                 | 2,218                   |
| Accounts payable  | 29,965                  | (13,368)                |
| Accrued expense   | 9,387                   | (3,247)                 |
| Unearned revenue  | 2,255                   | (3,390)                 |
| Net Cash (used for) from Operating Activities   | (50,197)                | 40,468                  |
| Cash and Cash Equivalents, Beginning of Year  | <u>88,751</u>           | <u>48,283</u>           |
| Cash and Cash Equivalents, End of Year  | <u><u>\$ 38,554</u></u> | <u><u>\$ 88,751</u></u> |

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

### **Principal Business Activity**

South Dakota Network Against Family Violence and Sexual Assault, Inc. (the Network) is a non-profit organization which operates to provide nonjudgmental support, education, and advocacy to individuals, groups, and the general public in the prevention and the elimination of domestic violence and sexual assault.

### **Cash Equivalents**

Cash and cash equivalents include highly liquid investments with an original maturity date of three months or less.

### **Receivables and Credit Policies**

Grants receivable consist primarily of noninterest-bearing amounts due from government agencies for federal and state grants and a private foundation grant. The Network determines the allowance for uncollectible accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Grants and other receivables are written off when deemed uncollectible. At June 30, 2019 and 2018, no allowance for uncollectible amounts was considered necessary.

### **Beneficial Interest in South Dakota Community Foundation**

#### *Agency Funds*

The Network established a perpetual endowment fund (the Fund) under the South Dakota Community Foundation (the Foundation) and named itself beneficiary. The Network granted variance power to the Foundation which allows the Foundation to modify any condition or restriction on its distributions for any specified charitable purpose or to any specified organization if, in the sole judgment of the Foundation's Board of Directors, such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. The Fund is held and invested by the Foundation for the benefit of the Network and is reported at fair value in the statements of financial position, with trust distributions and changes in fair value recognized in the statements of activities.

#### *Designated Funds*

In June 2015, an endowment fund was established by an outside donor with the Foundation that names the Network as the designated beneficiary of distributions from the endowment. The Organization recognizes revenue from the endowment as it is received. The balance of the fund with the Foundation was \$8,263 and \$8,063 as of June 30, 2019 and 2018, respectively.

### **Donated Services and In-Kind Contributions**

Contributed goods are recorded at fair value at the date of donation. The Network records donated professional services at the respective fair values of the services received. No amounts have been reflected in the financial statements for donated services or contributed goods.

### **Revenue and Revenue Recognition**

Revenue is recognized when earned. Contract support and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively. Contributions are recognized when cash, securities or other assets is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

### **Net Assets**

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

*Net Assets With Donor Restrictions* – Net assets subject to donor (or certain grantor) restrictions. Some donor imposed (or grantor) restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

### **Functional Allocation of Expenses**

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

### **Financial Instruments and Credit Risk**

The Network manages deposit concentration risk by placing cash with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits. To date, the Network has not experienced losses in any of these accounts. Credit risk associated with grants receivable is considered to be limited due to high historical collection rates and because the outstanding amounts are due from governmental agencies and an established private foundation supportive of the Network's mission.

### **Income Taxes**

The Network is organized as a South Dakota nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3). The Network is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Network is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. The Network has determined it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

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

### **Estimates**

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

### **Change in Accounting Principle**

As of July 1, 2018, the Network adopted the provisions of Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements for Not-For-Profit Entities*. The provisions of the ASU replace the existing three classes of net assets with two new classes (net assets without donor restrictions and net assets with donor restrictions). The ASU introduces new disclosure requirements to improve a financial statement user's ability to assess the Organization's liquidity and exposure to risk.

The amendments should be applied on a retrospective basis; however, if presenting comparative financial statements, the ASU allows for the option to omit, for any periods presented before the period of adoption, the disclosure about liquidity and availability of resources. The Network has elected not to present comparative information for this disclosure.

The Network has adopted this standard as management believes the standard improves the usefulness and understandability of the Network's financial reporting.

### **Subsequent Events**

The Network has evaluated subsequent events through January 29, 2020, the date which the financial statements were available to be issued.

# South Dakota Network Against Family Violence and Sexual Assault, Inc.

Notes to Financial Statements

June 30, 2019 and 2018

## Note 2 - Liquidity and Availability

The Network strives to maintain liquid financial assets sufficient to cover general expenditures. The following table reflects the Network's financial assets as of June 30, 2019 reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual and donor restrictions.

|  |                   |
|--|-------------------|
| Cash and cash equivalents  | \$ 38,554         |
| Grants receivable  | 244,238           |
| Other receivable   | 1,250             |
| Total financial assets   | <u>284,042</u>    |
| Donor imposed restrictions   | <u>(95,913)</u>   |
| Financial assets available to meet cash needs for general expenditures within one year | <u>\$ 188,129</u> |

## Note 3 - Rent Expense

The Network signed an agreement effective November 1, 2016 to lease their current office space for a period of three years. In 2019, the Network signed an addendum, extending the lease through May 31, 2020. Monthly lease payments are \$1,958. Rent expense relating to these agreements was \$21,578 and \$22,008 per year for the years ended June 30, 2019 and 2018.

Future minimum lease payments under the lease agreements through June 30, 2020 are \$20,682.

## Note 4 - Fair Value of Assets

### Fair Value Measurements

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

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the Network can access at the measurement date.



# South Dakota Network Against Family Violence and Sexual Assault, Inc.

Notes to Financial Statements

June 30, 2019 and 2018

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

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

Assets measured at fair value on a recurring basis at June 30, 2019 and 2018, respectively, are as follows:

|  | 2019     | 2018     |
|--|----------|----------|
| Beneficial interest in South Dakota Community Foundation | \$ 7,249 | \$ 5,633 |

The related fair value of this asset is determined as follows:

|   | Quoted Prices in<br>Active Markets<br>(Level 1) | Other<br>Observable<br>Inputs<br>(Level 2) | Unobservable<br>Inputs<br>(Level 3) |
|---|---|--|-------------------------------------|
| June 30, 2019   |   |  |                                     |
| Beneficial interest in South Dakota<br>Community Foundation | \$ -  | \$ -                                       | \$ 7,249                            |
| June 30, 2018   |   |  |                                     |
| Beneficial interest in South Dakota<br>Community Foundation | \$ -  | \$ -                                       | \$ 5,633                            |

The fair value for the community foundation investments are estimated at the present value of the expected future cash flows.

## Note 5 - Support from Governmental Units

The Network receives a substantial amount of support from grants and contracts with federal and state governments. A significant reduction in the level of this support, if this were to occur, may have a significant effect on the Network's programs and activities.

**Note 6 - Net Assets with Donor Restrictions**

Net assets with donor restrictions at June 30, 2019 and 2018, consist of \$95,938 and \$251,301, respectively. Of the total net assets with donor restrictions, \$5,444 and \$5,419 consist of assets held by the South Dakota Community Foundation for the benefit of the Network at June 30, 2019 and 2018, respectively. Remaining net assets with donor restrictions are restricted by donors for emergency assistance purposes, safe dating, sexual assault response teams, services for deaf individuals, diversity, legal and child advocacy. Net assets released from restrictions during the years ending June 30, 2019 and 2018 upon satisfaction of these purposes was \$230,365 and \$137,756, respectively.

South Dakota Network Against Family Violence and Sexual Assault, Inc.  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2019

| Federal Grantor/<br>Pass-Through Grantor<br>Program Title | Federal<br>CFDA<br>Number | Agency or<br>Pass-through<br>Number | Federal<br>Expenditures | Amounts<br>Passed-<br>Through to<br>Subrecipients |
|---|---------------------------|-------------------------------------|-------------------------|---|
| Department of Justice                                     |                           |                                     |                         |   |
| Direct  |                           |                                     |                         |   |
| Justice Systems Response to Families                      | 16.021                    | 2018-FJ-AX-0012                     | \$ 57,775               | \$ -  |
| Legal Assistance for Victims                              | 16.524                    | 2016-WL-AX-0011                     | 235,105                 | 168,664   |
| Education, Training, and Enhanced Services to             |                           |                                     |                         |   |
| End Violence Against and Abuse of                         |                           |                                     |                         |   |
| Women with Disabilities                                   | 16.529                    | 2018-FW-AX-K009                     | 49,434                  | 6,877   |
| Crime Victim Assistance/Discretionary                     |                           |                                     |                         |   |
| Grants  | 16.582                    | 2018-VF-GX-K001                     | 17,632                  | -   |
| Violence Against Women Discretionary                      |                           |                                     |                         |   |
| Grants for Indian Tribal Governments                      | 16.587                    | 2016-TW-AX-0032                     | 101,448                 | 62,579  |
| Rural Domestic Violence, Dating Violence                  |                           |                                     |                         |   |
| Sexual Assault, and Stalking Assistance                   | 16.589 (1)                | 2016-WR-AX-0016                     | 213,454                 | 153,955   |
| Transitional Housing Assistance for Victims               |                           |                                     |                         |   |
| of Domestic Violence, Dating Violence,                    |                           |                                     |                         |   |
| Stalking, or Sexual Assault                               | 16.736                    | 2016-WH-AX-0001                     | 76,354                  | 42,596  |
| Total direct  |                           |                                     | <u>751,202</u>          | <u>434,671</u>                                    |
| Passed through the State of South Dakota                  |                           |                                     |                         |   |
| Crime Victim Assistance                                   | 16.575                    | VOCA 19-150; 20-150                 | 47,159                  |   |
| STOP Violence Against Women Formula Grants                | 16.588                    | STOP_LET-19-150                     | 79,490                  | -   |
| STOP Violence Against Women Formula Grants                | 16.588                    | STOP_LET-20-150                     | 5,213                   | -   |
| Total of CFDA # 16.588                                    |                           |                                     | <u>84,703</u>           | <u>-</u>  |
| Grants to Encourage Arrest Policies and                   |                           |                                     |                         |   |
| Enforcement of Protection Orders Program                  | 16.590                    | 2016-WE-AX-0003                     | 245,081                 | 217,355   |
| Passed through the University of South Dakota             |                           |                                     |                         |   |
| Rural Domestic Violence, Dating Violence                  |                           |                                     |                         |   |
| Sexual Assault, and Stalking Assistance                   | 16.589 (1)                | A19-0042s002                        | 1,789                   | -   |
| Total Department of Justice                               |                           |                                     | <u>\$ 1,129,934</u>     | <u>\$ 652,026</u>                                 |

South Dakota Network Against Family Violence and Sexual Assault, Inc.  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2019

| Federal Grantor/<br>Pass-Through Grantor<br>Program Title | Federal<br>CFDA<br>Number | Agency or<br>Pass-through<br>Number | Federal<br>Expenditures | Amounts<br>Passed-<br>Through to<br>Subrecipients |
|---|---------------------------|-------------------------------------|-------------------------|---|
| Department of Health and Human Services                   |                           |                                     |                         |   |
| Direct  |                           | HHS 2017 ACF ACYF                   |                         |   |
| Family Violence Prevention and Services                   | 93.671                    | FVPS 1211                           | \$ 17,900               | \$ -  |
| Passed through the State of South Dakota                  |                           |                                     |                         |   |
| Domestic Violence Shelter and Supportive                  | 93.671                    | FVPS 19-150                         | 77,001                  | -   |
| Services  | 93.671                    | FVPS 20-150                         | 8,563                   | -   |
| Total of CFDA # 93.671                                    |                           |                                     | <u>103,464</u>          | <u>-</u>  |
| Injury Prevention and Control Research and                | 93.136                    | 19SC090524                          | 103,192                 | -   |
| State and Community Based Programs                        | 93.136                    | 19SC090786                          | 54,114                  | -   |
|   | 93.136                    | 20SC091254                          | 7,841                   | -   |
| Passed through the Board of Regents of the                |                           |                                     |                         |   |
| University of Nebraska                                    |                           |                                     |                         |   |
| Research and Development Cluster                          |                           |                                     |                         |   |
| Injury Prevention and Control Research and                |                           | 1U01CE003168-01-00                  |                         |   |
| State and Community Based Programs                        | 93.136                    | 24-1714-0205-004                    | 1,322                   | 224   |
| Total Research and Development Cluster                    |                           |                                     | <u>1,322</u>            | <u>224</u>  |
| Total of CFDA # 93.136                                    |                           |                                     | <u>166,469</u>          | <u>224</u>  |
| Passed through the University System of New Hampshire     |                           |                                     |                         |   |
| Preventative Health & Health Svcs Block Grant             | 93.991                    | Subaward 17-023                     | 49,244                  | 16,445  |
| Total Department of Health and Human Services             |                           |                                     | <u>319,177</u>          | <u>16,669</u>                                     |
| Total Federal Expenditures                                |                           |                                     | <u>\$ 1,449,111</u>     | <u>\$ 668,695</u>                                 |

(1) The total for CFDA #16.589 is \$215,243 and the total passed through to subrecipients is \$153,955

**Note 1 - Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal grant activity of South Dakota Network Against Family Violence and Sexual Assault, Inc. (the Network) under programs of the federal government for the year ended June 30, 2019. The information is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Network, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Network.

**Note 2 - Summary of Significant Accounting Policies**

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

**Note 3 - Indirect Cost Rate**

The Network does not draw for indirect administrative expenses and is not permitted use the 10% de minimis cost rate as the Network had a federally negotiated rate in the past.



**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***

The Board of Directors  
South Dakota Network Against Family Violence and Sexual Assault, Inc.  
Sioux Falls, 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 the South Dakota Network Against Family Violence and Sexual Assault, Inc. (the Network), which comprise the statement of financial position as of June 30, 2019, 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 January 29, 2020.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Network's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Network's internal control. Accordingly, we do not express an opinion on the effectiveness of the Network's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control 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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2019-001 and 2019-002 that we consider to be material weaknesses.

**Compliance and Other Matters**

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

**The Network's Responses to Findings**

The Network's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Network's 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 result 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.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Sioux Falls, South Dakota  
January 29, 2020



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

The Board of Directors  
South Dakota Network Against Family Violence and Sexual Assault, Inc.  
Sioux Falls, South Dakota

### **Report on Compliance for Each Major Federal Program**

We have audited South Dakota Network Against Family Violence and Sexual Assault, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of The Network's major federal programs for the year ended June 30, 2019. The Network's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

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

### **Auditor's Responsibility**

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

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

### **Opinion on Each Major Federal Program**

In our opinion, the Network complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.



## Report on Internal Control over Compliance

Management of the Network 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 the Network's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Network's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses and significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as items 2019-003 and 2019-004 that we consider to be significant deficiencies.

The Network's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Network's 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.



Sioux Falls, South Dakota  
January 29, 2020

South Dakota Network Against Family Violence and Sexual Assault, Inc.  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2019

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**Section I – Summary of Auditor’s Results**

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**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 | None reported |
| Noncompliance material to financial statements noted                         | No            |

**FEDERAL AWARDS**

|  |            |
|--|------------|
| Internal control over major programs:  |            |
| Material weakness identified   | No         |
| 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:**

| <u>Name of Federal Program</u>  | <u>CFDA number</u> |
|---|--------------------|
| Legal Assistance for Victims  | 16.524             |
| Rural Domestic Violence, Dating Violence, Sexual Assault, and Stalking Assistance Program | 16.589             |
| Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program          | 16.590             |
| Dollar threshold used to distinguish between Type A and Type B programs                   | \$ 750,000         |
| Auditee qualified as low-risk auditee?  | No                 |

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**Section II – Financial Statement Findings**

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**Finding 2019-001      Preparation of Financial Statements and Material Audit Adjustments**  
**Material Weakness**

*Criteria:* Proper controls over financial reporting include the ability to prepare financial statements and the schedule of expenditures of federal awards (the schedule) and the accompanying notes that are materially correct and include all required disclosures.

*Condition:* The Network does not have an internal control system designed to provide for the preparation of the full financial statements and schedule of expenditures of federal awards being audited. As auditors, we were requested to draft the financial statements and accompanying notes to the financial statements. In addition, we proposed entries related to the financial statement presentation including adjustments to cash, fixed assets, accounts payable, revenue, and net asset classifications that would not have been identified by the Network's existing internal controls, and, therefore, could have resulted in a material misstatement to the financial statements. As auditors, we also identified \$28,234 of errors to the schedule that were corrected. It is the responsibility of management and those charged with governance to make the decision to accept the degree of risk associated with this condition because of cost or other considerations.

*Cause:* The Network does not have an internal control system designed to provide for the preparation of the full financial statements being audited.

*Effect:* There is a reasonable possibility that the Network would not be able to draft complete and accurate financial statements and accompanying notes to the financial statements and the schedule of expenditures of federal awards.

*Recommendation:* While we recognize that this condition is not unusual in an organization of your size, it is important that you be aware of this condition for financial reporting purposes. Management and the Board should continually be aware of the financial reporting of the Network and changes in reporting requirements.

*Views of Responsible Officials:* Management is in agreement.

**Finding 2019-002      Reconciliation of Net Assets**  
**Material Weakness**

*Criteria:* The Network is required to maintain effective internal controls that are designed and implemented to detect, prevent, and correct misstatements to the financial statements in a timely manner.

*Condition:* The Network had recorded certain adjustments to reduce revenue and increase net assets with donor restrictions in error. We proposed material audit entries to report these net assets as without donor restrictions. In addition, the Network did not record releases to net assets with donor restrictions.

*Cause:* The Network's current procedures over the reconciliation of net assets did not identify the misstatement.

South Dakota Network Against Family Violence and Sexual Assault, Inc.  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2019

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*Effect:* Net assets with donor restrictions were overstated and revenues were understated by a material amount.

*Recommendation:* We recommend management review procedures surrounding the reconciliation of net assets and retain documentation to support performance of the control.

*Views of Responsible Officials:* Management is in agreement.

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**Section III – Federal Award Findings and Questioned Costs**

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**Finding 2019-003      Department of Justice  
CFDA 16.524, 2016-WL-AX-0011  
Legal Assistance for Victims**

**Allowable Costs and Activities  
Significant Deficiency in Internal Control Over Compliance**

*Criteria:* The Network is required to have procedures in place to ensure that federal awards are expended only for allowable costs in accordance with Subpart E – Cost Principles of the Uniform Guidance. Allowable costs should be supported by documentation and charged to the correct account, amount, and period. 2 CFR 303(a) establishes that the auditee must establish and maintain effective internal control over the federal award that provides assurance that the entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

*Condition:* As a result of non-payroll disbursement testing, there was one instance noted where an invoice was not retained to support an expenditure charged to the program. The invoice was able to be subsequently obtained by the Network, but there was no documentation retained to show review or approval of the expenditure before it was paid and submitted for reimbursement under the program.

*Cause:* The Network established controls over the review and approval of non-payroll expenditures; however, the controls in place did not detect nor correct the missing supporting documentation.

*Effect:* Without retention of supporting documentation, demonstrating that the program complies with laws, regulations, and other compliance requirements is difficult.

*Questioned Costs:* None reported.

*Context Sampling:* A non-statistical sample of 29 non-payroll expenditures out of 142 total non-payroll expenditures was selected for testing, which accounted for \$76,650 out of total non-payroll expenditures of \$182,849.

*Repeat Finding from Prior Year(s):* No

*Recommendation:* We recommend the Network review and strengthen controls surrounding the review and approval of allowable costs and documentation retention.

*Views of Responsible Officials:* Management is in agreement.

**Finding 2019-004**

**Department of Justice  
CFDA 16.524, 2016-WL-AX-0011  
Legal Assistance for Victims**

**Department of Justice  
CFDA 16.589, 2016-WR-AX-0016  
Rural Domestic Violence, Dating Violence, Sexual Assault, and  
Stalking Assistance Program**

**Department of Justice and State of South Dakota  
CFDA 16.590, 2016-WE-AX-0003  
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program**

**Procurement, Suspension, and Debarment and Subrecipient Monitoring  
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. As outlined in 2 CFR 180, recipients must not utilize any vendor or pass through funds to subrecipients which are suspended or debarred or otherwise excluded from the central contractor registry. 2 CFR 200.331(d) establishes that the auditee must monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes in compliance with federal statutes, regulations, and terms and conditions of the subaward.

*Condition:* The Network implemented a formal policy relating to compliance with the suspension and debarment compliance requirement of Uniform Guidance as noted above. However, there was no formal documentation retained to support monitoring controls in place to ensure compliance with the internal policy and compliance requirement, which led to one subrecipient under CFDA 16.524 not being verified against the central contractor registry. Additionally, documentation was not retained to support oversight controls over the subrecipient monitoring process.

*Cause:* The Network retained documentation to support verification of vendors against the central contractor registry; however, there was no formal documentation retained to support oversight over the process. The Network established processes to monitor subrecipients; however, the Network did not establish formal oversight controls over the subrecipient monitoring process. There was no documentation available to support formal controls over subrecipient monitoring.

*Effect:* One subrecipient was not verified against the central contractor registry during the year. Without establishing formal controls and retaining documentation to support the controls in place being performed, demonstrating that the program complies with laws, regulations, and other compliance requirements is difficult.

*Questioned Costs:* None reported.

*Context Sampling:* For CFDA 16.524, sampling was not used. For CFDA 16.589, a non-statistical sample of four subrecipients out of twelve subrecipients was selected for testing. For CFDA 16.590, a non-statistical sample of three subrecipients out of six subrecipients was selected for testing.

*Repeat Finding from Prior Year(s):* Subrecipient Monitoring, Yes; Procurement, Suspension, and Debarment, No

*Recommendation:* We recommend the Network review and strengthen controls surrounding oversight and document retention related to suspension and debarment and subrecipient monitoring.

*Views of Responsible Officials:* Management is in agreement.



**South Dakota Network  
Against Family Violence and Sexual Assault**

P.O Box 90453 ~ Sioux Falls, South Dakota 57109  
(605) 731-0041 ~ Fax (605) 977-4742 ~ [www.sdnafvsa.com](http://www.sdnafvsa.com)

**Management's Response to Auditor's Findings:  
Summary Schedule of Prior Audit Findings and  
Corrective Action Plan  
June 30, 2019**

**Summary Schedule of Prior Audit Findings**

**Finding 2018-A Preparation of Financial Statements and Material Audit Adjustments  
Material Weakness  
Initial Fiscal Year Finding Occurred: 2011**

Finding Summary: The Network does not have an internal control system designed to provide for the preparation of the financial statements being audited. We requested the auditors to draft the financial statements and accompanying notes to the financial statements. In addition, the auditors proposed entries related to the financial statement presentation including adjustments to grants receivable, deferred revenue, revenue, and net assets. It is the responsibility of management and those charged with governance to make the decision to accept the degree of risk associated with this condition because of cost or other considerations.

Status: Ongoing, See Finding 2019-001

**Finding 2018-B Reconciliation of Net Assets  
Significant Deficiency  
Initial Fiscal Year Finding 2011**

Finding Summary: The Network had recorded revenue as temporarily restricted in error. In addition, certain amounts were recorded as temporarily restricted net assets, however, were not included in the reconciliation.

Status: Ongoing, See Finding 2019-002

## **Finding 2018-001 Subrecipient Monitoring**

**Department of Justice and State of South Dakota**

**CFDA 16.589, 2016-WR-AX-0016**

**Rural Domestic Violence, Dating Violence, Sexual Assault, and Stalking Assistance**

**Department of Justice and State of South Dakota**

**CFDA 16.590, 2016-WE-AX-0003**

**Improving Criminal Justice Responses**

**Department of Justice and State of South Dakota**

**CFDA 16.736, 2016-WH-AX-0001**

**Transitional Housing Assistance for Victims of Domestic Violence, Dating Violence, Stalking, or Sexual Assault**

## **Significant Deficiency in Internal Control Over Compliance**

### **Initial Fiscal Year Finding Occurred: 2018**

Finding Summary: The Network did not have controls in place to ensure subrecipients were providing audited financial statements for review on an annual basis as part of the monitoring requirements. Many of the subrecipients are not subject to Uniform Guidance requirements.

Status: Ongoing, See Finding 2019-003

## **Corrective Action Plan**

### **Finding 2019-001 Preparation of Financial Statements and Material Audit Adjustments Material Weakness**

Finding Summary: The Network does not have an internal control system designed to provide for the preparation of the financial statements being audited. We requested the auditors to draft the financial statements and accompanying notes to the financial statements. In addition, the auditors proposed entries related to the financial statement presentation including adjustments to cash, accounts payable, deferred revenue, revenue and net assets. It is the responsibility of management and those charged with governance to make the decision to accept the degree of risk associated with this condition because of cost or other considerations.

Responsible Individuals: Krista Heeren-Graber, Executive Director and Bonnie Tschetter, Financial Director

Correction Action Plan: Due to cost considerations, we will continue to have Eide Bailly LLP prepare our draft financial statements and accompanying notes to the financial statements. It is our goal to not have any material audit adjustments in future audits.



Anticipated completion date: Ongoing

**Finding 2019-002 Reconciliation of Net Assets  
Significant Deficiency**

Finding Summary: The Network had recorded certain adjustments to reduce revenue and increase net assets with donor restrictions in error.

Responsible Individuals: Krista Heeren-Graber, Executive Director and Bonnie Tschetter, Financial Director

Corrective Action Plan: The Network management will review procedures surrounding the reconciliation of net assets and will retain documentation to support performance of the control. The Network's financial staff have requested additional training opportunities to improve their knowledge of reconciliation of net assets.

Anticipated Completion Date: Ongoing. Network staff will receive this training within six months of the completion of this report.

**Finding 2019-003  
Department of Justice and State of South Dakota  
CFDA 16.524, 2016-WL-AX-0011  
Legal Assistance for Victims  
Allowable Costs and Activities  
Significant Deficiency in Internal Control Over Compliance**

Finding Summary: There was one instance noted where an invoice was not retained to support an expenditure charged to the program. The invoice was able to be subsequently obtained by the network, but there was no documentation retained to show review or approval of the expenditure before it was paid and submitted for reimbursement under this program.

Corrective Action Plan: Policies and procedures will be reviewed by all Network staff. Additional staff positions will assist to ensure all documentation is retained of allowable costs and activities.

Anticipated Completion Date: To be resolved by March 2020.

**Finding 2019-004  
Department of Justice and State of South Dakota  
CFDA 16.524,2016-WL-AX-0011  
Legal Assistance for Victims**

**Department of Justice and State of South Dakota  
CFDA 16.589,2016-WR-AX-0016**

**Rural Domestic Violence, Dating Violence, Sexual Assault, and Stalking Assistance Program**

**Department of Justice and State of South Dakota  
CFDA 16.590, 2016-WE-AX-0003  
Improving Criminal Justice Responses**

**Procurement, Suspension, and Debarment and Subrecipient Monitoring Significant Deficiency in Internal Control Over Compliance**

Finding Summary: The Network implemented a formal policy relating to compliance with the suspension and debarment compliance requirement of uniform guidance. However, there was no formal documentation retained to support monitoring controls in place to ensure compliance with the internal policy and compliance requirement, which led to one subrecipient under CFDA 16.524 not being verified against the central contractor registry. Documentation was not retained to support oversight controls over the subrecipient monitoring process.

Corrective Action Plan: Policies and procedures will be reviewed by all Network staff, and staff will revise the oversight controls over subrecipient monitoring, and suspension and debarment. Additional staff positions have been hired at the Network to assist with the financial subrecipient monitoring to ensure that all documentation is obtained and retained to support oversight controls over the subrecipient monitoring and suspension and debarment process.

Anticipated Completion Date: To be resolved by March 2020