



SOUTH DAKOTA  
DEPARTMENT  
OF PUBLIC SAFETY

prevention — protection — enforcement

South Dakota Network Against Family Violence and Sexual Assault, Inc.  
Krista Heeren-Graber  
2520 East River Ridge Place Suite 200  
Sioux Falls, SD 57103

August 5, 2021

Dear Ms. Heeren-Graber:

The Department of Public Safety has received your Consolidated Financial Statements as of June 30, 2019 and 2020 audit reports which included an audit finding pertinent to the Crime Victim Assistance Grant administered through our department. OMB Uniform Guidance 2 CFR §200.521 requires that we must issue a management decision within six months of acceptance of the audit report by the FAC.

Finding 2020-004: Identified three instances where payroll taxes and benefit rates were applied to volunteer hours and claimed as match in addition to the underlying volunteer hours. These costs were determined to be ineligible as the resulting overall rate exceeded the rate determined allowable by the pass-through agency for uncompensated volunteer hours.

It was determined that costs were used to meet the matching requirement that were ineligible. However, the Network had enough other eligible costs and therefore the matching requirement was still met. There were similar instances of match that were reported in the current State Fiscal Year grant cycle for July 2020, August 2020, and September 2020. These instances of benefits reported as match were corrected and remedied on the final drawdown of the grant cycle for June 2021.

Going forward, the South Dakota Network Against Family Violence and Sexual Assault will not use payroll taxes and benefits rates in addition to the underlying volunteer hours as a match going forward. There is no further action required at this time.

Sincerely,

*Cora Olson*

Cora Olson  
Victims' Services Program Director  
South Dakota Department of Public Safety

CC: Leah Ries, DPS



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PIERRE, SD 57501-5070  
(605) 773-3595

RUSSELL A. OLSON  
AUDITOR GENERAL

Date: February 18, 2021

To: SD Department of Public Safety  
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, 2020

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 pages 26-27. 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,

Russell A. Olson  
Auditor General

RAO:sld

Enclosure



Financial Statements  
June 30, 2020 and 2019

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, 2020 and 2019

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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, 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 Network as of June 30, 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**

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* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of 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 21, 2021 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 21, 2021

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

Statements of Financial Position

June 30, 2020 and 2019

	2020	2019
Assets		
Current Assets		
Cash and cash equivalents	\$ 31,415	\$ 38,554
Grants receivable	301,440	244,238
Other receivable	-	1,250
Prepaid expenses	9,130	9,453
Total current assets	341,985	293,495
Other Assets		
Beneficial interest in South Dakota Community Foundation	7,700	7,249
Total assets	\$ 349,685	\$ 300,744
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 178,545	\$ 143,848
Accrued expense	46,634	32,919
Unearned revenue	3,090	5,070
Total current liabilities	228,269	181,837
Net Assets		
Without donor restrictions	26,037	22,994
With donor restrictions	95,379	95,913
Total net assets	121,416	118,907
Total liabilities and net assets	\$ 349,685	\$ 300,744

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

Statement of Activities  
Year Ended June 30, 2020

	2020		Total
	Without Donor Restrictions	With Donor Restrictions	
Public Support and Revenue			
Grants and contract support	\$ 1,724,392	\$ 104,623	\$ 1,829,015
Change in beneficial interest	-	451	451
Net assets released from restrictions	105,608	(105,608)	-
Total public support and revenue	<u>1,830,000</u>	<u>(534)</u>	<u>1,829,466</u>
Expenses			
Program services	1,633,417	-	1,633,417
Management and general	205,102	-	205,102
Total expenses	<u>1,838,519</u>	<u>-</u>	<u>1,838,519</u>
Other Income			
Conferences and dues	11,269	-	11,269
Investment income	6	-	6
Miscellaneous	287	-	287
Total other income	<u>11,562</u>	<u>-</u>	<u>11,562</u>
Change in Net Assets	3,043	(534)	2,509
Net Assets, Beginning of Year	<u>22,994</u>	<u>95,913</u>	<u>118,907</u>
Net Assets, End of Year	<u>\$ 26,037</u>	<u>\$ 95,379</u>	<u>\$ 121,416</u>



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

Statement of Activities  
Year Ended June 30, 2019

	2019		Total
	Without Donor Restrictions	With Donor Restrictions	
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	<u>1,694,424</u>	<u>(155,388)</u>	<u>1,539,036</u>
Expenses			
Program services	1,510,501	-	1,510,501
Management and general	203,969	-	203,969
Total expenses	<u>1,714,470</u>	<u>-</u>	<u>1,714,470</u>
Other Income			
Conferences and dues	14,297	-	14,297
Investment income	7	-	7
Miscellaneous	1,295	-	1,295
Total other income	<u>15,599</u>	<u>-</u>	<u>15,599</u>
Change in Net Assets	(4,447)	(155,388)	(159,835)
Net Assets, Beginning of Year	<u>27,441</u>	<u>251,301</u>	<u>278,742</u>
Net Assets, End of Year	<u>\$ 22,994</u>	<u>\$ 95,913</u>	<u>\$ 118,907</u>

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

Statement of Functional Expenses

Year Ended June 30, 2020

	2020		
	Program Services	Management and General	Total
Personnel	\$ 405,978	\$ 142,854	\$ 548,832
Payroll taxes and employee benefits	88,959	45,565	134,524
Total	494,937	188,419	683,356
Contractual			
Grants to encourage arrest	205,864	-	205,864
Justice for families	52,873	-	52,873
Disability	40,409	-	40,409
Legal advocate	119,968	-	119,968
Rural outreach	174,482	-	174,482
Transitional housing	39,472	-	39,472
Tribal assistance	80,156	-	80,156
Other	57,083	-	57,083
Conferences, training programs and presentations	152,636	1,189	153,825
Dues	109	250	359
Insurance	3,330	48	3,378
Office rent	35,985	565	36,550
Outside printing	10,698	1,215	11,913
Postage and shipping	2,037	-	2,037
Professional fees and consultants	33,739	12,416	46,155
Supplies	31,549	-	31,549
Telephone	10,064	161	10,225
Travel and meetings	15,282	-	15,282
Emergency services	72,710	-	72,710
Miscellaneous	34	839	873
Total expenses	<u>\$ 1,633,417</u>	<u>\$ 205,102</u>	<u>\$ 1,838,519</u>

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

Statement of Functional Expenses

Year Ended June 30, 2019

	2019		
	Program Services	Management 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
Disability	119,188	-	119,188
Legal advocate	167,437	-	167,437
Rural outreach	153,076	-	153,076
Transitional housing	54,365	-	54,365
Tribal assistance	83,928	-	83,928
Other	45,735	-	45,735
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	<u>\$ 1,510,501</u>	<u>\$ 203,969</u>	<u>\$ 1,714,470</u>

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

Statements of Cash Flows  
Years Ended June 30, 2020 and 2019

	2020	2019
Operating Activities		
Change in net assets	\$ 2,509	\$ (159,835)
Adjustments to reconcile change in net assets to net cash used for operating activities		
Change in beneficial interest in community foundation	(451)	(1,616)
Changes in assets and liabilities		
Grants receivable	(57,202)	76,271
Other receivable	1,250	(1,250)
Prepaid expenses	323	(5,374)
Accounts payable	34,697	29,965
Accrued expense	13,715	9,387
Unearned revenue	(1,980)	2,255
	(7,139)	(50,197)
Net Cash used for Operating Activities		
Cash and Cash Equivalents, Beginning of Year	38,554	88,751
Cash and Cash Equivalents, End of Year	\$ 31,415	\$ 38,554

**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 and 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, 2020 and 2019, 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 Network recognizes revenue from the endowment as it is received. The balance of the fund with the Foundation was \$8,778 and \$8,263 as of June 30, 2020 and 2019, 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.

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

Notes to Financial Statements

June 30, 2020 and 2019

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### Revenue and Revenue Recognition

Membership dues, which are nonrefundable, received in advance are recorded as unearned revenue and are recognized over the membership period (generally one year). Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

A portion of the Network's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Network has incurred expenditures in compliance with specific contract or grant provisions. Consequently, at June 30, 2020 and 2019, the Network has approximately \$4,000,000 and \$2,400,000, respectively, of cost-reimbursable grants and contracts that have not been recognized because qualifying expenditures have not yet been incurred.

### 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 Network 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.

The Network reports contributions for all restricted contributions that were initially classified as conditional contributions as increases in net assets without donor restrictions if the restrictions expire in the reporting period in which the revenue is recognized.

### 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.

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

Notes to Financial Statements

June 30, 2020 and 2019

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### **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.

### **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.

### **Reclassifications**

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

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

Notes to Financial Statements

June 30, 2020 and 2019

## Change in Accounting Principle

As of July 1, 2019, the Network has adopted ASU No. 2018-08 *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (Topic 605). The standard clarifies and improves the scope and accounting guidance for contributions received and contributions made. This clarification provides a more robust framework for determining whether a transaction should be accounted for as a contribution or as an exchange transaction in addition to providing criteria for identification of conditional contributions. The adoption of this standard had no significant effect on the financial statements.

As of July 1, 2019, the Network has adopted the provisions of FASB Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*, which provides a comprehensive revenue recognition model for all contracts with customers. The new model requires revenue recognition to depict the transfer of promised goods or services to customers at an amount that reflects the consideration expected to be received in exchange for those goods or services. The adoption of this standard had no significant effect on the financial statements.

The Network has adopted these standards as management believes the standards improve the usefulness and understandability of the Network's financial reporting.

## Subsequent Events

The Network has evaluated subsequent events through January 21, 2021, the date which the financial statements were available to be issued.

## 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, 2020 and 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.

	2020	2019
Cash and cash equivalents	\$ 31,415	\$ 38,554
Grants receivable	301,440	244,238
Other receivable	-	1,250
Total financial assets	<u>332,855</u>	<u>284,042</u>
Donor imposed restrictions	<u>(87,679)</u>	<u>(88,664)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 245,176</u>	<u>\$ 195,378</u>

As part of liquidity management, it is the policy of the Network to structure assets to be available as general expenditures, liabilities and other obligations come due. The Network regularly monitors liquidity requirements to meet its operating needs and other contractual commitments through the use of annual budgets for general expenditures over the next twelve months.



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

Notes to Financial Statements

June 30, 2020 and 2019

## Note 3 - Rent Expense

The Network signed an agreement effective November 1, 2016 to lease their former 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 \$29,633 and \$21,578 per year for the years ended June 30, 2020 and 2019, respectively. On July 14, 2020, the Network signed an agreement effective August 1, 2020 to lease a new office space for a period of five years. Monthly lease payments are \$4,000, escalating by 3% per annum for each year of the lease term.

Future minimum lease payments under the new office space lease agreement are as follows:

2021	\$	44,000
2022		49,320
2023		50,800
2024		52,324
2025		53,893
Thereafter		<u>4,502</u>
	\$	<u>254,839</u>

## 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.

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.

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

Notes to Financial Statements

June 30, 2020 and 2019

Assets measured at fair value on a recurring basis at June 30, 2020 and 2019, respectively, are as follows:

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

	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
<u>June 30, 2020</u>			
Beneficial interest in South Dakota Community Foundation	\$ -	\$ -	\$ 7,700
<u>June 30, 2019</u>			
Beneficial interest in South Dakota Community Foundation	\$ -	\$ -	\$ 7,249

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, 2020 and 2019, consist of \$95,379 and \$95,913, respectively. Of the total net assets with donor restrictions, \$5,444 consist of assets held by the South Dakota Community Foundation for the benefit of the Network at June 30, 2020 and 2019. 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, 2020 and 2019 upon satisfaction of these purposes was \$105,608 and \$230,365, respectively.

**Note 7 - Contingency**

COVID-19 Pandemic

During 2020, the world-wide coronavirus pandemic impacted national and global economies. The Network 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 future full impact to the Network is not known.

South Dakota Network Against Family Violence and Sexual Assault, Inc.  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2020

Federal Grantor/ Pass-Through Grantor Program Title	Federal CFDA Number	Agency or Pass-through Number	Federal Expenditures	Amounts Passed- Through to Subrecipients
Department of Justice				
Direct				
Justice Systems Response to Families	16.021	2018-FJ-AX-0012	\$ 118,980	\$ 39,192
Legal Assistance for Victims	16.524	2016-WL-AX-0011	167,968	93,845
Education, Training, and Enhanced Services to End Violence Against and Abuse of Women with Disabilities	16.529	2018-FW-AX-K009	72,261	19,124
Violence Against Women Discretionary Grants for Indian Tribal Governments	16.587	2016-TW-AX-0032	103,454	68,027
Rural Domestic Violence, Dating Violence Sexual Assault, and Stalking Assistance	16.589	(1) 2016-WR-AX-0016	239,203	170,078
Transitional Housing Assistance for Victims of Domestic Violence, Dating Violence, Stalking, or Sexual Assault	16.736	2016-WH-AX-0001	55,494	38,394
Passed through Avera Health				
Rural Sexual Assault, Domestic Violence, Dating Violence, and Stalking Program	16.582	2019-WR-AX-0034A	360	-
Passed through Beadle County				
National Sexual Assault Kit Initiative	16.833	2019-AK-BX-0033	29,147	804
Passed through the State of South Dakota				
Crime Victim Assistance	16.575	VOCA 20-150	70,095	-
STOP Violence Against Women Formula Grants	16.588	STOP_LET-20-150	99,397	-
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590	2016-WE-AX-0003	238,571	198,380
Passed through the University of South Dakota				
Rural Domestic Violence, Dating Violence Sexual Assault, and Stalking Assistance	16.589	(1) A19-0042s002	4,420	-
Total Department of Justice			<u>\$ 1,199,350</u>	<u>\$ 627,844</u>

South Dakota Network Against Family Violence and Sexual Assault, Inc.  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2020

Federal Grantor/ Pass-Through Grantor Program Title	Federal CFDA Number	Agency or Pass-through Number	Federal Expenditures	Amounts Passed- Through to Subrecipients
Department of Health and Human Services				
Direct				
Family Violence Prevention & Services/ State Domestic Violence Coalitions	93.591	19YBSDSVC	\$ 82,033	\$ -
Family Violence Prevention and Services/ Domestic Violence Shelter and Supportive Services	93.671	18YBSDFVPS	20,065	-
Passed through the State of South Dakota				
Family Violence Prevention and Services/ Domestic Violence Shelter and Supportive Services	93.671	FVPS 20-150	194,025	-
Total of CFDA # 93.671			<u>214,090</u>	<u>-</u>
Injury Prevention and Control Research and State and Community Based Programs	93.136	20SC091254	113,637	-
	93.136	21SC091524	7,174	-
Passed through the Board of Regents of the University of Nebraska Research and Development Cluster				
Injury Prevention and Control Research and State and Community Based Programs	93.136	24-1714-0205-004	35,095	12,595
Total Research and Development Cluster			<u>35,095</u>	<u>12,595</u>
Total of CFDA # 93.136			<u>155,906</u>	<u>12,595</u>
Total Department of Health and Human Services			<u>452,029</u>	<u>12,595</u>
Total Federal Expenditures			<u>\$ 1,651,379</u>	<u>\$ 640,439</u>

(1) The total for CFDA #16.589 is \$243,624 and the total passed through to subrecipients is \$170,078

**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, 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 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, 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 January 21, 2021.

**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) 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 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 2020-001 and 2020-002 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 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*.

**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.



Sioux Falls, South Dakota  
January 21, 2021





**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 (the Network) 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, 2020. 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 types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the 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 types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

## Report on Internal Control over Compliance

Management of the Network is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the 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 2020-003 and 2020-004 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 21, 2021

South Dakota Network Against Family Violence and Sexual Assault, Inc.  
 Schedule of Findings and Questioned Costs  
 Year Ended June 30, 2020

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

**FINANCIAL STATEMENTS**

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weakness 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>
Rural Domestic Violence, Dating Violence, Sexual Assault, and Stalking Assistance	16.589
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590
Family Violence Prevention Services	93.671
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 2020-001    Preparation of Financial Statements and Material Audit Adjustments  
Material Weakness**

*Criteria:* Proper controls over financial reporting include the ability to record adjusting journal entries, as well as 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 an entry related to the financial statement presentation including adjustments to 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. 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 2020-002      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:* In an attempt to track net assets with donor restrictions, the Network had incorrectly recorded an adjustment to revenue and net assets without donor restrictions. We proposed a material audit entry to correct the error.

*Cause:* The Network's current reconciliation process and account structure require a manual reconciliation of net assets and various donor restrictions. The process did not identify the misstatement.

*Effect:* Revenues were overstated and net assets without donor restrictions were understated by a material amount.

*Recommendation:* We recommend management review the account structure and procedures surrounding the reconciliation of restricted revenues, releases of restricted net assets and net assets with donor restrictions.

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 2020-003      Department of Justice  
CFDA 16.589, 2016-WR-AX-0016  
Rural Domestic Violence, Dating Violence, Sexual Assault, and  
Stalking Assistance Program**

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

*Criteria:* 2 CFR 200.303(a) establishes that the auditee must establish and maintain effective internal controls over the federal awards that provide assurance that the entity is managing the federal awards in compliance with federal statutes, regulations, and the conditions of the federal award. 2 CFR 200.327 and 2 CFR 200.328 require the auditee to collect financial information and monitor its activities under federal awards to assure compliance with applicable federal requirements, to assure performance expectations are being achieved, and to report these items in accordance with program requirements.

*Condition:* Through testing of a progress report submitted, we noted that one of the percentages reported was calculated using the incorrect base, and as a result, was overstated in the report. Through testing of two status reports, we noted that there were differences between the amounts supported and the amounts reported, as management did not retain the documentation used to prepare the reports. Adjustments were posted between the time of preparation of the report and the performance of the testing.

*Cause:* The Network established controls over the review and approval of reports; however, the controls in place did not detect or correct the error in the progress report. The Network did not retain the documentation supporting the amounts reported in the financial status report.

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

*Questioned Costs:* None reported.

*Context:* A non-statistical sample of 3 reports out of 6 reports was selected for testing.

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

*Recommendation:* We recommend that management review procedures surrounding the preparation of reports and implement procedures requiring the retention of documentation used to prepare the reports. This will provide proper support for the amounts reported and will allow for a more thorough review of calculations to ensure that the underlying numbers reported are accurate.

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

**Finding 2020-004    Department of Health and Human Services and State of South Dakota  
CFDA 93.671, FVPS 20-150  
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive  
Services**

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

*Criteria:* 2 CFR 200.303(a) establishes that the auditee must establish and maintain effective internal controls over the federal awards that provide assurance that the entity is managing the federal awards in compliance with federal statutes, regulations, and the conditions of the federal award. 2 CFR 200.306 establishes that matching funds must meet certain criteria including being necessary and reasonable for accomplishment of the program objectives and being allowable under Subpart E of 2 CFR 200.

*Condition:* Through testing of costs used to meet the matching requirement, we identified three instances where payroll taxes and benefit rates were applied to volunteer hours and claimed as match in addition to the underlying volunteer hours. These costs were determined to be ineligible as the resulting overall rate exceeded the rate determined allowable by the pass-through agency for uncompensated volunteer hours.

*Cause:* The Network established controls over the review and approval of costs used to meet the matching requirement, but management was unaware that benefits and taxes on volunteer hours claimed for match were ineligible.

South Dakota Network Against Family Violence and Sexual Assault, Inc.  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2020

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*Effect:* Costs were used to meet the matching requirement that were ineligible. However, the Network had enough other eligible costs and therefore the matching requirement was still met.

*Questioned Costs:* None reported.

*Context:* A non-statistical sample of 16 transactions out of 79 total match transactions was selected for testing.

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

*Recommendation:* We recommend that management review procedures surrounding the claiming of volunteer hours used to meet the matching requirement to ensure that costs are eligible.

*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 Audit Findings and  
Corrective Action Plan  
June 30, 2020**

**Summary Schedule of Prior Audit Findings**

**Finding 2019-001 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 full financial statements and schedule of expenditures of federal awards (schedule) 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, fixed assets, accounts payable, revenue, and net asset classifications. The auditors also identified 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

Status: Ongoing, see Finding 2020-001

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

**Significant Deficiency**

**Initial Fiscal Year Finding 2011**

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

Status: Ongoing, see Finding 2020-002



**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**

**Initial Fiscal Year Finding Occurred: 2019**

Finding Summary: 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. 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.

Status: Resolved

**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**

**Initial Fiscal Year Finding Occurred: 2019**

Finding Summary: 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. 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

Status: Resolved

### **Corrective Action Plan**

#### **Finding 2020-01 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 an entry related the financial statement presentation including adjustments to revenue and net asset classifications. 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 2020-02 Reconciliation of Net Assets**

**Material Weakness**

**Initial Fiscal Year Finding 2011**

Finding Summary: 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 matter. To track net assets with donor restrictions, the Network had incorrectly recorded an adjustment to revenue and net assets without donor restrictions.

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

Corrective Action Plan: A material audit entry corrected the error. Network management will continue to review the account structure and procedures surrounding reconciliation of restricted revenues, releases of restricted net assets and net assets with donor restrictions.

Anticipated completion date: Ongoing

**Finding 2020-003 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  
Reporting  
Significant Deficiency in Internal Control Over Compliance**

Finding Summary: The Network did not have controls in place to maintain effective internal controls over the federal awards that provide assurance that the entity is managing the federal awards in compliance with the federal statutes, regulations, and the conditions of the federal award. Percentages reported for sub recipient progress reporting were incorrectly calculated and were overstated in the report. There were differences noted between amounts supported and amounts reported with two status reports. Management did not retain the documentation used to prepare the report. Adjustments were posted between the time of preparation of the report and the performance of the testing.

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

Corrective Action Plan: Management will retain the documentation used to prepare the reports. This will provide proper support for the amounts reported and will allow for a more thorough review of calculations to ensure that the underlying numbers reported are accurate.

Anticipated completion date: To be resolved by January 2021

**Finding 2020-004 Department of Health and Human Services and State of South Dakota  
CFDA 93.671, FVPS 20-150  
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive  
Services  
Matching  
Significant Deficiency in Internal Control Over Compliance**

Finding Summary: Benefits rates and payroll taxes were being applied to volunteer hours and claimed as a match in addition to the underlying volunteer hours. These costs were subsequently determined to be in excess of the rates allowed as match by the state granting agency.

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

Correction Action Plan: The Network had previously been advised by the grantor state agency staff that this method of calculating match was acceptable. During the audit, the grantor state agency provided additional guidance indicating the benefits and payroll taxes were in excess of the rate allowed. The Network has consulted with the grantor state agency staff and will not use payroll taxes and benefits rates in addition to the underlying volunteer hours as a match going forward.

Anticipated completion date: To be resolved by January 2021