



South Dakota  
Department of  
**Social Services**

**OFFICE OF THE SECRETARY**  
700 GOVERNORS DRIVE  
PIERRE, SD 57501-2291  
PHONE: 605.773.3165  
FAX: 605.773.4855  
dss.sd.gov

December 10, 2024

Laurie Theilmann, Business Manager  
Western South Dakota Community Action  
1844 Lombardy Dr  
Rapid City, SD 57703

Dear Ms. Theilmann:

The Department has reviewed finding 2024-001 from the Single Audit for Western South Dakota Community Action for the fiscal year ended June 30, 2024. The Department considers WSDCA's corrective action as proposed in the management response portion of the Single Audit Report and following correspondence dated December 9, 2024, as having taken the necessary steps to correct the deficiencies as fully implemented.

Sincerely,

A handwritten signature in black ink that reads "Jason Simmons". The signature is written in a cursive, flowing style.

Jason Simmons  
Chief Financial Officer

cc: DSS EA



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

RUSSELL A. OLSON  
AUDITOR GENERAL

Date: November 22, 2024

To: SD Department of Social Services  
SD State Board of Internal Control

Re: Audit Report on – Western South Dakota Community Action, Inc.  
As of and for the year ended June 30, 2024  
By: Casey Peterson, Ltd., 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 and/or questioned costs pertaining to federal award programs administered by your agency/department that are required to be reported in accordance with OMB Uniform Guidance, §200.516(a). Reference to this finding is on page 20 with the finding appearing on pages 20-21 of this audit report.

Please contact us if you have any questions.

Sincerely,

Russell A. Olson  
Auditor General

RAO:sld

Enclosure

# WESTERN SOUTH DAKOTA COMMUNITY ACTION, INC. (A NON-PROFIT ORGANIZATION)

---

Financial Statements

June 30, 2024



**Western South Dakota Community Action, Inc.**  
**Table of Contents**  
**June 30, 2024**

---

	<u>PAGE</u>
Independent Auditor's Report .....	1 - 3
<b>FINANCIAL STATEMENTS</b>	
Statement of Assets, Liabilities, and Net Assets - Modified Cash Basis .....	5
Statement of Revenues, Expenses, and Changes in Net Assets - Modified Cash Basis .....	6
Statement of Functional Expenses - Modified Cash Basis .....	7
Statement of Cash Flows - Modified Cash Basis.....	8
Notes to Financial Statements .....	9 - 13
<b>SINGLE AUDIT INFORMATION</b>	
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 <i>Government Auditing Standards</i> .....	15 - 16
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance.....	17 - 19
Schedule of Findings and Questioned Costs.....	20 - 21
Schedule of Prior Audit Findings and Questioned Costs .....	22
Corrective Action Plan .....	23
Schedule of Expenditures of Federal Awards.....	24 - 25

## Independent Auditor's Report

Board of Directors  
Western South Dakota Community Action, Inc.  
Rapid City, South Dakota

### **Report on the Audit of the Financial Statements**

#### *Opinion*

We have audited the financial statements of Western South Dakota Community Action, Inc. (a non-profit organization) (the Organization), which comprise the statement of assets, liabilities, and net assets - modified cash basis as of June 30, 2024, and the related statements of revenues, expenses, changes in net assets - modified cash basis, functional expenses - modified cash basis, and cash flows - modified cash basis for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the assets, liabilities, and net assets of the Organization as of June 30, 2024, and its support, revenue, and expenses for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

#### *Basis for Opinion*

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

#### *Emphasis of Matter - Basis of Accounting*

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note 1, and for determining that the modified basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

*Auditor's Responsibilities for the Audit of the Financial Statements*

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

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

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

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

### *Supplementary Information*

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

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2024, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

*Casey Peterson, LTD*

Casey Peterson, LTD

Rapid City, South Dakota

October 28, 2024

## FINANCIAL STATEMENTS



**Western South Dakota Community Action, Inc.**  
**Statement of Assets, Liabilities and Net Assets – Modified Cash Basis**  
**June 30, 2024**

---

**ASSETS**

*Current Assets*

Cash	\$	209,394
Inventory		129,975
<b>TOTAL ASSETS</b>	<b>\$</b>	<b>339,369</b>

---

**LIABILITIES AND NET ASSETS**

*Current Liabilities*

Accounts Payable Relating to Inventory Purchases	\$	3,602
<b>TOTAL LIABILITIES</b>		<b>3,602</b>

---

**NET ASSETS**

Net Assets Without Donor Restrictions		525,381
Net Assets With Donor Restrictions		(189,614)
Total Net Assets		335,767
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$</b>	<b>339,369</b>

---

The accompanying notes are an integral part of this statement.

**Western South Dakota Community Action, Inc.**  
**Statement of Revenues, Expenses and Changes in Net Assets – Modified Cash Basis**  
**For the Year Ended June 30, 2024**

	Net Assets Without Donor Restriction	Net Assets With Donor Restriction	<b>Total</b>
<b>PUBLIC SUPPORT, REVENUES AND RECLASSIFICATIONS</b>			
Public Support - Grants	\$ -	\$ 5,376,139	\$ 5,376,139
Sales, Gross	11,809	-	11,809
Other	2,436	-	2,436
Net Assets Released From Donor Restrictions	5,184,489	(5,184,489)	-
<b>Total Public Support, Revenues and Reclassifications</b>	<b>5,198,734</b>	<b>191,650</b>	<b>5,390,384</b>
<b>EXPENSES</b>			
Program Services			
Emergency Rental Assistance (ERA)	1,967,990	-	1,967,990
Low Income Assistance	1,148,121	-	1,148,121
Weatherization Program - LIEAP & LIWAP	692,963	-	692,963
Weatherization Program - DOE	509,647	-	509,647
Weatherization Program - BIL	292,241	-	292,241
Senior Health Insurance and Information (SHIINE)	184,354	-	184,354
Affordable Care Act	125,726	-	125,726
Community Development Block Grant	19,683	-	19,683
Volunteer Income Tax Assistance (VITA)	8,337	-	8,337
Red Cloud Renewable (RCR)	580	-	580
BHACF COVID Disaster	104	-	104
<b>Total Program Services</b>	<b>4,949,746</b>	<b>-</b>	<b>4,949,746</b>
Supporting Services			
Management and General	278,818	-	278,818
<b>Total Expenses</b>	<b>5,228,564</b>	<b>-</b>	<b>5,228,564</b>
<b>Transfers</b>	<b>96,494</b>	<b>(96,494)</b>	<b>-</b>
<b>Change in Net Assets</b>	<b>66,664</b>	<b>95,156</b>	<b>161,820</b>
NET ASSETS, BEGINNING OF YEAR	458,717	(284,770)	173,947
<b>NET ASSETS, ENDING</b>	<b>\$ 525,381</b>	<b>\$ (189,614)</b>	<b>\$ 335,767</b>

The accompanying notes are an integral part of this statement.

**Western South Dakota Community Action, Inc.**  
**Statement of Functional Expenses – Modified Cash Basis**  
**For the Year Ended June 30, 2024**

	Program Services	Management and General	Fundraising	Total
Client Specific Assistance	\$ 2,601,243	\$ 290	\$ -	\$ 2,601,533
Personnel	936,251	69,369	-	1,005,620
Materials	353,812	8,772	-	362,584
Fringe	316,272	26,818	-	343,090
Contract Labor	328,518	10,735	-	339,253
Transportation and Travel	96,353	8,118	-	104,471
Space	59,804	3,926	-	63,730
Consumable Supplies	57,952	2,790	-	60,742
Subscriptions and Fees	-	48,827	-	48,827
Insurance	41,558	1,794	-	43,352
Training	34,225	5,188	-	39,413
Data Processing	-	31,897	-	31,897
Audit	-	29,925	-	29,925
Telephone	23,296	25	-	23,321
Warehouse Supplies	22,721	32	-	22,753
Printing and Postage	19,562	2,173	-	21,735
Excise Taxes	20,637	-	-	20,637
Utilities	19,456	196	-	19,652
Consultants	9,640	3,500	-	13,140
Bank Charges	739	11,433	-	12,172
Board	-	10,010	-	10,010
Marketing	7,707	-	-	7,707
Equipment	-	3,000	-	3,000
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 4,949,746</b>	<b>\$ 278,818</b>	<b>\$ -</b>	<b>\$ 5,228,564</b>

The accompanying notes are an integral part of this statement.

**Western South Dakota Community Action, Inc.**  
**Statement of Cash Flows – Modified Cash Basis**  
**For the Year Ended June 30, 2024**

---

<b>Cash Flows from Operating Activities</b>	
Change in Net Assets	\$ 161,820
<i>Working Capital Changes Increasing (Decreasing) Cash:</i>	
Inventory	(95,870)
Accounts Payable	3,571
<b>Net Cash Flows Provided by Operating Activities</b>	<b>69,521</b>
<b>Net Change in Cash</b>	<b>69,521</b>
Cash -- Beginning of Year	139,873
<b>Cash -- End of Year</b>	<b>\$ 209,394</b>

The accompanying notes are an integral part of this statement.

**Western South Dakota Community Action, Inc.**  
**Notes to Financial Statements – Modified Cash Basis**  
**June 30, 2024**

---

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of Operations

Western South Dakota Community Action, Inc. (the Agency), is a nonprofit agency organized under the corporate laws of South Dakota to administer assistance to qualified low income persons and to carry out other community service programs in accordance with grantor requirements in Western South Dakota.

Program Administration

The Agency currently administers the following programs:

Low Income Assistance - Provides funds for various purposes, such as youth recreation, employment assistance, school supplies, business loans, etc. A portion of the funding is a result of the COVID-19 pandemic.

Weatherization Program

Department of Energy (DOE) - Assists low-income families and individuals in various areas of need.

Low Income Home Energy Assistance Program (LIEAP) - Provides eligible individuals with assistance in home energy conservation measures. This program is designed to protect individuals against inclement weather elements and conserve energy resources for future generations.

Low Income Water Assistance Program (LIWAP) – Provides eligible at-risk households with assistance for water and wastewater bills.

Bipartisan Infrastructure Law (BIL) – Assists eligible families and individuals with weatherization activities.

Affordable Care Act Navigator Grant Program – Assisting consumers in understanding the federally-facilitated healthcare exchange, taking advantage of new protections, and navigating the system to find the most affordable coverage that meets their needs.

Volunteer Income Tax Assistance (VITA) – Provides free tax return preparation to persons eligible for service.

Emergency Rental Assistance Program (ERA) – Assisting individuals with payment of rent, utilities and home energy costs as part of the COVID-19 pandemic through South Dakota Housing Development Authority.

Senior Health Information and Insurance Education (SHIINE) Program

State Health Insurance Assistance Program (SHIIP) – Provides individuals eligible to receive benefits under Medicare information, counseling, and assistance relating to obtaining adequate and appropriate insurance coverage.

Medicare Improvements for Patients and Providers Act (MIPPA) – Provides individuals eligible to receive benefits under Medicare enhanced outreach regarding their preventative, wellness, and limited income benefits through application assistance and outreach activities aimed at preventing disease and promoting wellness.

**Western South Dakota Community Action, Inc.**  
**Notes to Financial Statements – Modified Cash Basis (Continued)**  
**June 30, 2024**

---

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Program Administration (Continued)

SHIINE Program (Continued)

Senior Medicare Patrol (SMP) – Supports the development and testing of innovative programs, services and systems of support that respond to the needs of the nation’s growing elderly population and those individuals in need of long term services and supports (LTSS), to improve knowledge of the problems and needs of the elderly, to help ensure adequately trained personnel in the field of aging, and to demonstrate better ways of improving the quality of life for the elderly, their caregivers and people with disabilities.

Community Development Block Grant – Entitlement Funds – Provides funding for construction supplies, materials, and labor utilized for home weatherization, rehabilitation, and reconstruction activities for single-family homes in Rapid City, South Dakota.

Red Cloud Renewable (RCR) – Assists Red Cloud Renewable with auditing and inspection of homes weatherized by RCR on the Pine Ridge Indian Reservation.

Basis of Accounting

The accompanying financial statements have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. That basis differs from generally accepted accounting principles in that income is recognized when received instead of when earned and expenses are generally recognized when paid rather than when incurred, except for inventory, which is capitalized when purchased and charged to the individual funds when used under the first-in, first-out valuation method. The other modifications pertain to inventory purchased prior to year-end and paid for subsequent to year-end.

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

Net Assets Without Donor Restrictions - Net assets of the Agency that are not subject to donor-imposed restrictions and are available for general operations. Although they may in the future, the Board of Directors has not designated any net assets without donor restrictions for specific purposes.

Net Assets with Donor Restrictions- The part of net assets of the Agency that is subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants). Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. As of June 30, 2024, the Agency has no donor-imposed restrictions that are perpetual in nature. Donor-imposed restrictions are released when a restriction expires, that is when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both and are reclassified to net assets without donor restrictions and reported in the statement of revenues, expenses and changes in net assets – modified cash basis as net assets released from donor restrictions.

**Western South Dakota Community Action, Inc.**  
**Notes to Financial Statements – Modified Cash Basis (Continued)**  
**June 30, 2024**

---

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Cash

For financial statement purposes, cash consists of checking and savings accounts. The Agency maintains its cash in bank deposit accounts that, at times, may exceed federally insured limits. The Agency has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Property and Equipment

Property and equipment purchases are charged to expense as incurred under the modified cash basis of accounting. Certain property and equipment paid for by public grant funds are subject to a reversionary interest by the grantor agency.

Public Grant Support

The Agency receives grant and contract funding from various federal, state, and local governments to provide a variety of program services to the public based on specific requirements included in the agreement, including eligibility, procurement, reimbursement, curriculum, staffing and other requirements. The Agency's government grants and contracts are nonreciprocal transactions and include conditions stipulated by the government agencies and are, therefore, accounted for as conditional contributions. Public grant support is recognized as conditions are satisfied, primarily as eligible expenses are incurred. Any grant funds received in advance of eligible expenses are also recorded as revenue in the accompanying statements, unless such funds have a right of return and a performance barrier. Eligible expenses are defined as those that have met the allowable criteria for revenue under the grant agreements.

At June 30, 2024, the Agency also had unexpended contributions and grants of approximately \$7,752,000 that have not been recognized pending fulfillment of conditions associated with the awards. Included in this total is approximately \$4,422,000 from one grant that can be spent until September 2025 and approximately \$1,667,000 from one grant that can be spent until June 2025.

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Revenues, Expenses and Changes in Net Assets – Modified Cash Basis. The Statement of Functional Expenses – Modified Cash Basis presents the natural classification detail of expenses by function. Certain expenses can be directly allocated to program or supporting functions. Most categories of expenses are attributable to more than one program or supporting function and require allocation on a reasonable basis that is consistently applied. Accordingly, those costs have been allocated among program, management and general, and fundraising activities based on hours, space utilized, or other reasonable allocation basis.

**Western South Dakota Community Action, Inc.**  
**Notes to Financial Statements – Modified Cash Basis (Continued)**  
**June 30, 2024**

---

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)**

Federal Income Taxes

The Agency qualifies as an exempt organization under Section 501(c)(3) of the Internal Revenue Code and is not subject to federal income tax. In addition, the Agency has been determined by the Internal Revenue Service not to be a “private foundation” within the meaning of Section 509(a) of the Internal Revenue Code.

At June 30, 2024, the Agency believes no significant uncertain tax positions or liabilities or interest and penalties associated with uncertain tax positions exist.

Subsequent Events

Subsequent events were evaluated through the date of the independent auditor’s report, which is the date the financial statements were available to be issued.

**NOTE 2 - NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are available for the following purposes at June 30, 2024:

Community Service Block Grant	(92,927)
Weatherization Program - BIL	(87,986)
Weatherization Program - LIEAP & LIWAP	(44,992)
Weatherization Program - DOE	(35,152)
Affordable Care Act (ACA)	(28,713)
Senior Health Information and Insurance Education (SHIINE)	(9,642)
Volunteer Income Tax Assistance (VITA)	(2,236)
Emergency Rental Assistance (ERA)	79,459
Federal Emergency Management Agency (FEMA)	24,476
Register Apprentice Program (RAP)	5,000
South Dakota Community Foundation - Harding County	1,500
BHACF - COVID-19	1,018
Red Cloud Renewable (RCR)	581
	\$ (189,614)

Net assets with donor restriction with negative balances are due to timing differences of unreimbursed expenses at June 30, 2024. Expenses that have been incurred and paid for, but for which reimbursement has not yet been received, are paid for by an administrative fund and repaid when the reimbursement is received.



**Western South Dakota Community Action, Inc.**  
**Notes to Financial Statements – Modified Cash Basis (Continued)**  
**June 30, 2024**

---

**NOTE 3 - EMPLOYEE PROFIT SHARING PLAN**

The Agency has a 403(b) deferred contribution plan covering eligible employees. Employees are eligible to participate after completion of 1,000 employment hours and at the beginning of each calendar year. Under the plan, the Agency matches the employee's contribution dollar-for-dollar up to a maximum of 5%, at the discretion of the Agency. Employees may contribute 10% of their salary. Plan expense incurred by the Agency for the year ended June 30, 2024 was \$24,697.

**NOTE 4 - CONCENTRATIONS**

The Agency is dependent on government programs for its support. The Agency's financial status would be impaired if the programs were reduced or the funding cut back.

**NOTE 5 - TRANSFERS**

Transfers between funds were made to cover general operational costs arising from timing differences between when expenses are paid and the corresponding reimbursement from granting agencies.

**NOTE 6 – LIQUIDITY AND AVAILABILITY**

As of June 30, 2024, the Agency's cash totaled \$209,394. This includes negative cash of \$400,097, which represents balances due from granting agencies based on timing differences of when grant expenditures are submitted for reimbursement and when the reimbursement is received. This balance will fluctuate significantly based on the timeliness of reimbursements received. The remaining cash balance consisted of \$609,491 to be used for various cash flow needs.

SINGLE AUDIT INFORMATION

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*

Board of Directors  
Western South Dakota Community Action, Inc.  
Rapid City, South Dakota

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Western South Dakota Community Action, Inc. (a non-profit organization) (the Organization), which comprise the statement of assets, liabilities, and net assets - modified cash basis as of June 30, 2024, the related statement of revenues, expenses, and changes in net assets - modified cash basis, statement of functional expenses - modified cash basis, and statement of cash flows - modified cash basis for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 28, 2024.

### **Internal Control over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we considered to be material weaknesses. However, material weaknesses may exist that we have not identified.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

### **Purpose of this Report**

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

*Casey Peterson, LTD*

Casey Peterson, LTD

Rapid City, South Dakota

October 28, 2024

Independent Auditor's Report on Compliance for  
Each Major Federal Program and Report on Internal Control  
over Compliance in Accordance with the Uniform Guidance

Board of Directors  
Western South Dakota Community Action, Inc.  
Rapid City, South Dakota

**Report on Compliance for Each Major Program**

*Opinion on Each Major Federal Program*

We have audited Western South Dakota Community Action, Inc.'s (the Organization) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2024. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the Organization 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, 2024.

*Basis for Opinion on Each Major Federal Program*

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

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

**Responsibilities of Management for Compliance**

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

## **Auditor's Responsibilities for the Audit of Compliance**

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

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

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

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

## **Report on Internal Control over Compliance**

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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2024-001 to be a material weakness.

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

*Government Auditing Standards* requires the auditor to perform limited procedures on the Organization's response to the internal control over compliance finding identified in our audit described in the accompanying Schedule of Findings and Questioned Costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of compliance and accordingly, we express no opinion on the response.

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.

*Casey Peterson, LTD*

Casey Peterson, LTD

Rapid City, South Dakota

October 28, 2024

**Western South Dakota Community Action, Inc.**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2024**

---

**Summary of the Independent Auditor’s Results:**

- a. The Independent Auditor’s Report expressed an unmodified opinion on the modified cash basis financial statements of Western South Dakota Community Action, Inc.
- b. The 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 disclosed a material weakness in internal control over financial reporting.
- c. No instances of noncompliance material to the financial statements of the organization which would be required to be reported in accordance with Government Auditing Standards were noted during the audit.
- d. The Independent Auditor’s Report on Compliance for Each Major Federal Program and on Internal Control over Compliance required by the Uniform Guidance expresses an unmodified opinion on all major federal programs.
- e. A material weakness in internal control over compliance related to major federal award programs were reported in the Independent Auditor’s Report on Compliance for Each Major Program and Internal Control over Compliance Required by the Uniform Guidance.
- f. There was an audit finding required to be reported in accordance with 2 CFR Section 200.516(a).
- g. The federal awards tested as major programs were:

<u>Assistance Listing Numbers</u>	<u>Name of Federal Program</u>
AL # 93.568	Low-Income Home Energy Assistance
AL # 93.569	Community Services Block Grant
AL # 21.023	U.S. Treasury Emergency Rental Assistance Program - COVID-19

- h. The dollar threshold used to distinguish between Type A and Type B federal award programs was \$750,000.
- i. Western South Dakota Community Action, Inc. did not qualify as a low-risk auditee.

**FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT**

Community Services Block Grant AL #93.569

Material Weakness

Internal Control over Compliance

Eligibility

2024-001 *Condition:* There was a lack of evidence of review and approval of intake or recertification forms noted during testing over eligibility in the Community Services Block Grant

*Criteria:* Internal controls should be in place to ensure ineligible individuals do not receive services from the Community Services Block Grant.

*Cause:* The Organization has experienced turnover in the Community Services Block Grant Direct Service Workers.

*Effect:* Participants could have received Community Services Block Grant funding when they were not eligible to receive funding.



**Western South Dakota Community Action, Inc.**  
**Schedule of Findings and Questioned Costs (Continued)**  
**June 30, 2024**

---

*Repeat of Prior Year Finding:* No

*Auditor's Recommendation:* We recommend implementing an internal control to make sure all forms are properly reviewed and approved.

*View of Management:* Management agrees with the finding. A response can be found in the Corrective Action Plan.

**FINDINGS - FINANCIAL STATEMENT AUDIT**

There were no reportable findings for the financial statement audit.



## **PRIOR FINDINGS AUDIT FINDINGS AND QUESTIONED COSTS**

### **PRIOR AUDIT FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT**

There were no reportable findings for the major federal award program audit.

### **PRIOR AUDIT FINDINGS - FINANCIAL STATEMENT AUDIT**

There were no reportable findings for the financial statement audit.



"AN EQUAL OPPORTUNITY/AFFIRMATIVE ACTION EMPLOYER"

SERVING COUNTIES: Bennett, Butte, Corson, Custer, Dewey, Fall River, Haakon, Harding, Jackson, Lawrence, Meade, Pennington, Perkins and Ziebach



## CORRECTIVE ACTION PLAN (UNAUDITED)

The Western South Dakota Community Action, Inc. respectfully submits the following corrective action plan for the years ended December 31, 2022 and 2024.

Name and address of independent public accounting firm:

Casey Peterson, LTD  
909 Saint Joseph Street, Ste  
101 Rapid City, SD 57701

### FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT

Community Services Block Grant AL #93.569

Material Weakness

Internal Control over Compliance

Eligibility

2024-001 *Condition:* There was a lack of evidence of review and approval of intake or recertification forms noted during testing over eligibility in the Community Services Block Grant

*Criteria:* Internal controls should be in place to ensure ineligible individuals do not receive services from the Community Services Block Grant.

*Repeat of Prior Year Finding:* No

*Auditor's Recommendation:* We recommend implementing an internal control to make sure all forms are properly reviewed and approved.

*Management's Response:* Sandy Miller, Community Services Coordinator, met with her staff on October 16th, 2024, for a training session on completing agency intakes. It was reiterated that all intakes must be completed in full and signed and dated by all parties. Documents will be re-examined when the information is inputted into CAP60 (agency data tracking system). When intakes are attached to any documentation that requires payment, the Business Office (i.e. Administrative Assistant and/or Business Manager), will again be looking at all documentation and making sure all information and documentation is complete.

If there are any questions regarding this plan, please contact Laurie Theilmann, Business Manager, at (605) 6348-1460 or [laurie@wsdca.org](mailto:laurie@wsdca.org).



"AN EQUAL OPPORTUNITY/AFFIRMATIVE ACTION EMPLOYER"

SERVING COUNTIES: Bennett, Butte, Corson, Custer, Dewey, Fall River, Haakon, Harding, Jackson, Lawrence, Meade, Pennington, Perkins and Ziebach

**Western South Dakota Community Action, Inc.**  
**Schedule of Expenditures of Federal Awards – Modified Cash Basis**  
**For the Year Ended June 30, 2024**

Federal Grantor / Pass-through Grantor / Program Title	Assistance Listing Number	Grant Number	Current Year Expenditures
<u>Department of Health &amp; Human Services</u>			
Passed through South Dakota			
Department of Social Services:			
Low-Income Home Energy Assistance	93.568	23-0821-607	\$ 4,267
Low-Income Home Energy Assistance	93.568	23-0821-620	227,285
Low-Income Home Energy Assistance - Water Assistance	93.568	24-0821-607	452,094
Total Low-Income Home Energy Assistance			683,646
Community Services Block Grant	93.569	24-0821-612	1,242,299
Community Services Block Grant	93.569	25-0821-612	40,407
Total Community Services Block Grant			1,282,706
Passed through South Dakota Community Action Partnership:			
PPHF Cooperative Agreement to Support Navigators in Federally- Facilitated Exchanges (ACA)	93.332	NAVCA210394-01-00	110,871
PPHF Cooperative Agreement to Support Navigators in Federally- Facilitated Exchanges (ACA)	93.332	NAVCA210394-02-00	34,596
Total ACA			145,467
Passed through South Dakota Department of Human Services:			
SHIINE Cluster:			
State Health Insurance Assistance Program	93.324	9193-657-001-24	72,759
Medicare Improvements for Patients and Providers Act	93.071	9193-657-001-24	61,197
Senior Medicare Patrol	93.048	9193-657-001-24	67,476
Total Senior Health Information and Insurance Education (SHIINE) Cluster			201,432
Total Department of Health & Human Services			2,313,251

See independent auditor's report.

**Western South Dakota Community Action, Inc.**  
**Schedule of Expenditures of Federal Awards – Modified Cash Basis (Continued)**  
**For the Year Ended June 30, 2024**

Federal Grantor / Pass-through Grantor / Program Title	Assistance Listing Number	Grant Number	Current Year Expenditures
<u>Department of Energy</u>			
Passed through South Dakota			
Department of Social Services:			
Weatherization Assistance for Low-Income Persons	81.042	24-0821-604	593,746
Weatherization Assistance for Low-Income Persons - BIL	81.042	23-0821-616	296,617
<b>Total Department of Energy</b>			<b>890,363</b>
<u>Department of the Treasury</u>			
Passed through South Dakota			
Rural Office of Community Service:			
Volunteer Income Tax Assistance (VITA)			
Matching Grant Program	21.009	22VITA0124	10,310
Passed through South Dakota			
Housing Development Authority:			
U.S. Treasury Emergency Rental			
Assistance Program - COVID-19 (Note 3)	21.023	ERA2-WSDCAP	2,069,512
<b>Total Department of the Treasury</b>			<b>2,079,822</b>
<u>Department of Housing &amp; Urban Development</u>			
Passed through City of Rapid City			
Community Development Block Grant Funding			
Entitlement Funds	14.218	N/A	19,765
<b>TOTAL FEDERAL EXPENDITURES</b>			<b>\$ 5,303,201</b>

Note 1: The Schedule of Expenditures of Federal Awards Modified-Cash Basis includes federal grant activity of Western South Dakota Community Action, Inc. and is presented on the modified cash basis of accounting and represents federal expenditures that have been requested for reimbursement. The information in this schedule is presented in accordance with 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). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements. Use charges for vehicles are recorded as federal fund expenditures consistent with prior years.

Note 2: The Organization does not use a 10% de minimus indirect cost rate.

Note 3: Expenditures are partially based on units of hours times authorized rates.

See independent auditor's report.