



SOUTH DAKOTA
DEPARTMENT
OF PUBLIC SAFETY

prevention — protection — enforcement

Working Against Violence, Inc.
Linda Shroll
527 Quincy Street
Rapid City, SD 57701

August 25, 2022

Dear Ms. Shroll:

The Department of Public Safety has received your Audit Report for 2021. That Audit Report included Findings related to the Crime Victim Assistance Grant administered through our department. Federal regulation requires that we issue a management decision within six months of acceptance of the audit report.

Finding 2021-001: Preparation of the Financial Statements and Schedule of Expenditures of Federal Awards

- 1) According to the audit report, this finding is not uncommon for organizations of your size. The Auditor further notes that they can assist your program in the preparation of financial statements prior to future audit reviews. This will strengthen this control deficiency.

Finding 2021-003: Internal Controls Over Compliance

- 1) The review concluded that WAVI currently has one person preparing and submitting the cash draw requests and reporting the matching costs being claimed. There is no secondary review process in place. The Auditor notes a recommendation that the Board Treasurer or Executive Director review all grant drawdown requests for completeness and accuracy prior to submittal.

As we discussed in our telephone conversation of 08/24/2022, you understand these findings and have implemented procedures to prevent future findings of this nature.

Please feel free to contact me at (605) 773-3109 should you need additional information or wish to discuss this matter further.

Sincerely,

Cora Olson

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

CC: Leah Ries, DPS



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

RUSSELL A. OLSON
AUDITOR GENERAL

Date: July 18, 2022

To: SD Department of Public Safety
SD State Board of Internal control

Re: Audit Report on – Working Against Violence, Inc.
As of and for the year ended December 31, 2021
By: Ketel Thorstenson, 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 audit findings on page 27 and no questioned cost 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).

Please contact us if you have any questions.

Sincerely,

Russell A. Olson
Auditor General

RAO:sld

Enclosure

WORKING AGAINST VIOLENCE, INC.

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
DECEMBER 31, 2021



Ketel Thorstenson, LLP

Certified Public Accountants/Business & Personal Consultants

ktllp.com

WORKING AGAINST VIOLENCE, INC.

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor’s Report	3-4
<i>Financial Statements:</i>	
Statement of Financial Position	5-6
Statement of Activities and Changes in Net Assets	7
Statement of Functional Expenses	8-9
Statement of Cash Flows	10
Notes to Financial Statements	11-18
<i>Single Audit Information:</i>	
Schedule of Expenditures of Federal Awards	20
Notes to the Schedule of Expenditures of Federal Awards	21
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>	22-23
Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.....	24-26
Schedule of Findings.....	27-29
<i>Management Response:</i>	
Summary Schedule of Prior Audit Findings	31
Corrective Action Plan	32



810 Quincy Street
P.O. Box 3140, Rapid City, South Dakota 57709
Telephone (605) 342-5630 • e-mail: info@ktllp.com

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Working Against Violence, Inc.
Rapid City, South Dakota

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of **WORKING AGAINST VIOLENCE, INC.** (the Organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization, as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and 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 audits. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our unmodified audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and there is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 a fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, 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.

To the Board of Directors
Working Against Violence, Inc.

In performing an audit in accordance with generally accepted auditing standards 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 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 other internal control matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the Organization's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 26, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the 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 information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 19, 2022, 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 the effectiveness of the Organization'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 Organization's internal control over financial reporting and compliance.



KETEL THORSTENSON, LLP
Certified Public Accountants

May 19, 2022

WORKING AGAINST VIOLENCE, INC.

**STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021**

	Net Assets		----- Total Net Assets -----	
	Without Donor Restrictions	With Donor Restrictions	2021	2020 Memorandum Only (Note 1)
ASSETS				
Current Assets				
Cash and Cash Equivalents	\$ 929,068	\$ -	\$ 929,068	\$ 494,318
Prepays	4,302	-	4,302	-
Short-Term Certificates of Deposit	116,393	-	116,393	115,678
Grant Receivables	166,313	7,333	173,646	116,711
Total Current Assets	1,216,076	7,333	1,223,409	726,707
Property and Equipment (Note 6)				
Building and Improvements	2,094,967	-	2,094,967	1,840,927
Equipment and Vehicles	217,408	-	217,408	101,664
	2,312,375	-	2,312,375	1,942,591
Less Accumulated Depreciation	949,635	-	949,635	875,449
	1,362,740	-	1,362,740	1,067,142
Land	289,598	-	289,598	183,348
	1,652,338	-	1,652,338	1,250,490
Other Assets				
Long-Term Certificates of Deposit	141,743	-	141,743	140,353
Investments (Note 2)	799,883	-	799,883	732,045
Amounts Held by Foundations (Notes 2 and 3)	23,403	106,125	129,528	106,401
	965,029	106,125	1,071,154	978,799
TOTAL ASSETS	\$ 3,833,443	\$ 113,458	\$ 3,946,901	\$ 2,955,996

The accompanying notes are an integral part of this financial statement.

LIABILITIES AND NET ASSETS	----- Total Net Assets -----			
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	2021	2020 Memorandum Only (Note 1)
Current Liabilities				
Accounts Payable	\$ 24,105	\$ -	\$ 24,105	\$ 10,111
Accrued Liabilities	64,169	-	64,169	36,270
Current Maturities of Long-Term Debt (Note 6)	13,649	-	13,649	240
Amounts Held for Others	-	-	-	24,399
Total Current Liabilities	101,923	-	101,923	71,020
Long-Term Debt (Note 6)	414,880	-	414,880	-
Commitment (Note 7)				
Net Assets (Note 3)				
Without Donor Restrictions				
Undesignated	3,293,237	-	3,293,237	2,771,931
Designated	23,403	-	23,403	18,668
	3,316,640	-	3,316,640	2,790,599
With Donor Restrictions				
Purpose Restrictions	-	43,458	43,458	39,377
Perpetual in Nature	-	70,000	70,000	55,000
	-	113,458	113,458	94,377
Total Net Assets	3,316,640	113,458	3,430,098	2,884,976
TOTAL LIABILITIES AND NET ASSETS	\$ 3,833,443	\$ 113,458	\$ 3,946,901	\$ 2,955,996

WORKING AGAINST VIOLENCE, INC.

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	----- Total Net Assets ----- 2021	2020 Memorandum Only (Note 1)
Operating Support and Revenues				
Government Grants	\$ 1,105,614	\$ 6,101	\$ 1,111,715	\$ 751,768
Contributions	501,384	15,000	516,384	491,937
In-Kind Contributions (Note 4)	192,029	-	192,029	147,897
Private Grants and Donations	12,290	118,549	130,839	155,774
United Way Grant	51,500	11,000	62,500	77,000
Special Event - Spirit of Peace	47,110	-	47,110	68,829
Miscellaneous Income	27,283	-	27,283	22,468
Net Investment Return	85,036	3,392	88,428	45,540
Gain on Sale of Vehicle	-	-	-	2,038
Net Assets Released from Restrictions	134,961	(134,961)	-	-
Total Operating Support and Revenues	2,157,207	19,081	2,176,288	1,763,251
Operating Expenses				
<i>Program Services:</i>				
Domestic Violence	295,587	-	295,587	242,485
Sexual Assault	201,463	-	201,463	160,917
Children's Program	72,080	-	72,080	58,149
Shelter	710,553	-	710,553	550,487
Community Awareness	32,938	-	32,938	21,603
Total Program Services	1,312,621	-	1,312,621	1,033,641
<i>Support Services:</i>				
Management and General	234,897	-	234,897	179,998
Fundraising	83,648	-	83,648	68,622
Total Support Services	318,545	-	318,545	248,620
Total Operating Expenses	1,631,166	-	1,631,166	1,282,261
Change in Net Assets	526,041	19,081	545,122	480,990
Net Assets - Beginning of Year	2,790,599	94,377	2,884,976	2,403,986
Net Assets - End of Year	\$ 3,316,640	\$ 113,458	\$ 3,430,098	\$ 2,884,976

The accompanying notes are an integral part of this financial statement.

WORKING AGAINST VIOLENCE, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Domestic Violence	Sexual Assault	Children's Programs	Shelter	Community Awareness
Salaries and Wages	\$ 133,240	\$ 50,758	\$ 25,379	\$ 406,064	\$ 19,034
Contributed Services					
and Supplies (Note 4)	9,792	115,097	38,366	28,774	-
Repairs and Maintenance	24,382	2,322	2,322	87,077	-
Employee Benefits (Note 7)	44,960	5,368	2,684	14,092	-
Depreciation	13,309	1,157	-	43,398	-
Payroll Taxes	10,188	3,881	1,940	32,504	-
Professional Services	14,707	13,409	-	15,140	-
Occupancy	7,507	653	-	24,480	-
Food and Supplies	2,932	1,120	1,343	16,785	-
Office Supplies	8,604	3,441	-	4,302	860
Insurance	4,285	373	-	13,974	-
Dues and Bank Charges	3,462	139	-	3,324	-
Printing and Publications	1,761	1,020	-	185	6,304
Direct Client Assistance	6,274	523	-	3,660	-
Postage	1,459	844	-	153	5,220
Telephone and Communications	3,020	755	-	3,775	-
Interest	1,682	146	-	5,485	-
Travel and Training	4,023	457	46	46	-
Shelter Equipment	-	-	-	7,335	-
Special Event Prizes, Entertainment, and Registration	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Community Awareness	-	-	-	-	1,520
Bad Debt	-	-	-	-	-
	\$ 295,587	\$ 201,463	\$ 72,080	\$ 710,553	\$ 32,938

The accompanying notes are an integral part of this financial statement.

Total Program Expenses	Management and General	Fundraising	----- Total -----	
			2021	2020 Memorandum Only (Note 1)
\$ 634,475	\$ 130,149	\$ 48,806	\$ 813,430	\$ 711,139
192,029	-	-	192,029	147,897
116,103	22,115	-	138,218	28,112
67,104	13,765	5,162	86,031	87,394
57,864	11,870	4,451	74,185	61,667
48,513	9,951	3,732	62,196	53,077
43,256	8,873	3,327	55,456	39,249
32,640	6,695	2,511	41,846	35,105
22,180	1,178	4,526	27,884	26,414
17,207	3,530	3,922	24,659	26,133
18,632	3,822	1,433	23,887	22,972
6,925	6,924	-	13,849	3,589
9,270	1,902	713	11,885	1,982
10,457	-	-	10,457	12,773
7,676	1,575	591	9,842	5,256
7,550	1,548	581	9,679	8,953
7,313	1,500	562	9,375	248
4,572	4,572	-	9,144	4,806
7,335	-	-	7,335	235
-	-	2,128	2,128	2,625
-	4,928	-	4,928	1,842
1,520	-	1,203	2,723	493
-	-	-	-	300
\$ 1,312,621	\$ 234,897	\$ 83,648	\$ 1,631,166	\$ 1,282,261

WORKING AGAINST VIOLENCE, INC.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Cash Flows from Operating Activities

Change in Net Assets	\$ 545,122
<i>Adjustments to Reconcile Change in Net Assets to Net Cash Flows Provided by Operating Activities:</i>	
Depreciation	74,185
Contributions Restricted for Endowment Purposes	(15,000)
Realized and Unrealized Investment Gain	(62,391)
<i>Working Capital Changes Increasing (Decreasing) Cash:</i>	
Grant Receivables	(56,935)
Prepays	(4,302)
Accounts Payable	13,994
Accrued Liabilities	27,899
Amounts Held for Others	(24,399)
Net Cash Flows Provided by Operating Activities	498,173

Cash Flows from Investing Activities

Proceeds from Sale of Investments	424,638
Purchase of Investments	(447,943)
Net Reinvested Investments	(5,269)
Purchase of Property and Equipment	(38,904)
Reinvested Interest Earned on Certificates of Deposit	(2,105)
Cash Flows Used in Investing Activities	(69,583)

Cash Flows from Financing Activities

Contributions Restricted for Endowment Purposes	15,000
Principal Repayments on Long-Term Debt	(8,840)
Cash Flows Provided by Financing Activities	6,160

Net Change in Cash and Cash Equivalents **434,750**

Cash and Cash Equivalents -- Beginning of Year 494,318

Cash and Cash Equivalents -- End of Year **\$ 929,068**

Supplemental Disclosures of Cash Flow Information

Cash Paid During the Year for Interest	\$ 9,375
Noncash Purchase of Property and Equipment Financed through Long-Term Debt	437,129

The accompanying notes are an integral part of this financial statement.

WORKING AGAINST VIOLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

(1) Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Working Against Violence, Inc. (the Organization) is a not-for-profit organization located in Rapid City, South Dakota, that assists adults and their dependent children during crisis situations by providing temporary emergency safe shelter, food and/or supportive services to victims of domestic violence and sexual assault. The Organization is funded primarily through private and government grants and individual donor contributions. Therefore, the economy of Rapid City can have an affect on the ability of the Organization to receive donor contributions.

Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts and disclosures reported in the financial statements. Actual results could differ from those estimates.

Basis of Accounting and Financial Statement Presentation

The financial statements of the Organization are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The accounts of the Organization are reported in the following net asset categories:

Net Assets with Donor Restrictions – The part of net assets of the Organization 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. 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 reported as reclassifications between the applicable classes of net assets.

Net Assets without Donor Restrictions – Net assets of the Organization that are not subject to donor-imposed restrictions and are available for general operations. The Board of Directors has designated certain net assets without donor restrictions for specific purposes (Note 3).

The December 31, 2020 financial statements are captioned “Memorandum Only.” Such information is presented in total only to facilitate financial analysis. This data does not present sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America because of space limitations and to avoid cumbersome and confusing formats. Accordingly, such information should be read in conjunction with the financial statements for the year ended December 31, 2020, from which the summarized information was derived.

Cash and Cash Equivalents

For financial statement purposes, the Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. The Organization’s checking accounts and other interest-bearing deposits are maintained in various financial institutions that are insured by the Federal Deposit Insurance Corporation. The Organization’s cash balances may at times exceed federally insured limits; however, management has not experienced any losses in such accounts and does not believe the Organization is exposed to any significant credit risk.

WORKING AGAINST VIOLENCE, INC.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021**

(1) Nature of Operations and Summary of Significant Accounting Policies (Continued)

Summary of Significant Accounting Policies (Continued)

Certificates of Deposit

The Organization's certificates of deposit are stated at cost and have original maturities ranging from 12 to 36 months.

Property and Equipment

Property and equipment purchases over \$2,500 are capitalized at cost. Donated property and equipment is stated at fair market value at the date of the donation. Depreciation is provided for on a straight-line basis over the following estimated useful lives:

Building and Improvements	5-40 Years
Equipment and Vehicles	3-5 Years

Investments

The Organization accounts for its investments at fair market value with changes in fair market value accounted for in the Statement of Activities and Changes in Net Assets. Realized gains and losses from sales of investments are determined on a specific identity basis. Unrealized gains and losses are recognized to the extent of the change in aggregate market value of investments at the end of each accounting period. Net investment return consists of realized and unrealized gains and losses, interest and dividend income, and external investment expenses, and is recorded as net assets without donor restriction unless donor stipulation states otherwise.

Donated investments (which may include stocks and bonds) are recorded as revenue at their estimated fair market value on the date of contribution.

Amounts Held by Foundations

Amounts Held by Foundations (Note 2) are invested in accordance with the Foundations' internal investment policies and are recorded at net asset value per share. Net investment return includes unrealized and realized gains/losses, interest and dividend income, and external investment expenses, as reported by the Foundations. Net investment return is recorded as net assets without donor restrictions unless donor stipulation states otherwise.

Amounts Held for Others

Amounts held for others represents a grant received on behalf of a separate nonprofit entity that the Organization is conducting a joint program with. Funds are distributed in accordance with the grant provisions. All amounts were disbursed during the year ended December 31, 2021.

Revenue Recognition

Contributions of cash and other assets are recognized as revenue in the period received at their fair values. Unconditional promises to give are recognized upon donor notification. Amounts due after more than one year are recorded at their present value, using an applicable discount rate. An estimate for uncollectible promises to give is estimated based on management's judgment and knowledge of the donor base. Contributions are distinguished between those that increase net assets with and without donor restriction. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. Contributions of gifts in-kind are recorded at the fair market value of the goods or services on the date received. Contributed services that create or enhance non-financial assets or those that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not contributed are recorded at their fair value in the period received.

WORKING AGAINST VIOLENCE, INC.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021**

(1) Nature of Operations and Summary of Significant Accounting Policies (Continued)

Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Grants are received from both federal and private sources. Each grant is analyzed to determine whether it is deemed an exchange transaction (where both the grantee and grantor receive commensurate benefits) or a contribution. Grants recognized as exchange transactions were not material in 2021. Grants receivable at December 31, 2021 represents unconditional promises to give. All were collected subsequent to year-end, resulting in no allowance for uncollectible amounts.

Special event revenue consists of sponsorships, auction proceeds and contributions. Exchange transactions were not a material portion of the event, and therefore, all revenue is considered to be contributions.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and Changes in Net Assets. The Statement of Functional Expenses 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 the square footage utilized by each function.

Federal Income Tax

The Organization qualifies as an exempt organization under Section 501(c)(3) of the Internal Revenue Code and is not considered to be a “private foundation” within the meaning of Section 509(a)(2). As such, no federal income tax is paid unless net income is derived from activities that are unrelated to their exempt activities. No such activities are conducted.

At December 31, 2021, the Organization believes there are no significant uncertain tax positions or liabilities, or interest and penalties associated with uncertain tax positions.

Emerging Standards

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)* which supersedes FASB ASC Topic 840, *Leases (Topic 840)* and provides principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease, respectively. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than twelve months regardless of classification. If the available accounting election is made, leases with a term of twelve months or less can be accounted for similar to existing guidance for operating leases. The standard is effective for fiscal years beginning after December 15, 2021, with early adoption permitted. The Organization will be evaluating the impact this standard will have on the financial statements.

WORKING AGAINST VIOLENCE, INC.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021**

(1) Nature of Operations and Summary of Significant Accounting Policies (Concluded)

Summary of Significant Accounting Policies (Concluded)

Emerging Standards (Continued)

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires that contributions of nonfinancial assets be reported in a separate line item within the Statement of Activities. Additional disclosures are also required, to include whether the contributions are monetized or utilized by the entity, the existence of any donor restrictions related to the assets, and how fair value was determined. The standard is effective for years beginning after June 15, 2021. The Organization will be evaluating the impact this standard will have on the financial statements.

Subsequent Events

The Organization has assessed subsequent events through May 19, 2022, the date which the financial statements were available to be issued.

(2) Investments and Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. A three-level hierarchy exists for disclosure of assets and liabilities recorded at fair value. The classification of assets and liabilities within the hierarchy is based on whether the inputs to the valuation methodology used for measurement are observable or unobservable. Observable inputs reflect market-derived or market-based information obtained from independent sources, while unobservable inputs reflect estimates about market data.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

Level I – Quoted prices are available in active markets for identical investments as of the reporting date. The type of investments which would generally be included in Level I include listed equities and listed derivatives. As required, the Organization, to the extent that it holds such investments, does not adjust the quoted price of these investments.

Level II – Pricing inputs are observable for the investments, either directly or indirectly, as of the reporting date, but are not the same as those used in Level I. Fair value is determined through the use of models or other valuation methodologies. Investments which are generally included in this category include corporate bonds and loans, less liquid and restricted equity securities, and certain over-the-counter derivatives.

Level III – Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation. Investments that are included in this category generally include general and limited partnership interests in corporate private equity and real estate funds, debt funds, hedge funds, distressed debt and non-investment grade residual interests in securitizations, and collateralized debt obligations.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the determination of which category within the fair value hierarchy is appropriate for any given investment is based on the lowest level of input that is significant to the fair value measurement. The Organization's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment.

WORKING AGAINST VIOLENCE, INC.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021**

(2) Investments and Fair Value Measurements (Continued)

The fair value of each financial instrument in the table below was measured at December 31, 2021 using the above input guidance and valuation techniques. The fair value is determined using the market value approach, which uses the price and relevant information generated by market transactions. These prices are determined each business day to reflect the current market price of securities based on available quotations for identical assets.

December 31, 2021	Level One	Level Two	Level Three	Total
Large Growth	\$ 114,625	\$ -	\$ -	\$ 114,625
Intermediate Term Bonds	111,304	-	-	111,304
Large Value	88,157	-	-	88,157
Floating Rate Bonds	73,447	-	-	73,447
Unconstrained Bond Manager	73,196	-	-	73,196
International Developed	69,628	-	-	69,628
Multisector Bond Manager	54,291	-	-	54,291
Preferred Stock	54,252	-	-	54,252
Large Value Dividend	45,103	-	-	45,103
Emerging Markets	23,617	-	-	23,617
Small Value	21,254	-	-	21,254
Mid Growth	19,821	-	-	19,821
Mid Value	19,282	-	-	19,282
Small Growth	18,050	-	-	18,050
Money Fund	13,856	-	-	13,856
	\$ 799,883	\$ -	\$ -	\$ 799,883

The Amounts Held by Foundations (the Foundations) has been valued, as a practical expedient, at the net asset value of the Organization's share of the Foundations' investment pools as of the measurement date. As such, they are not included in the fair value hierarchy described above. The Foundations value securities and other financial instruments on a fair value basis of accounting. The estimated fair values of certain investments of the Foundations, which include private placements and other securities for which prices are not readily available, are determined by the management of the Foundations and may not reflect amounts that could be realized upon immediate sale, nor amounts that ultimately may be realized. Accordingly, the estimated fair values may differ significantly from the values that would have been used had a ready market existed for these investments. The amounts held by the Foundations are not redeemable by the Organization.

In general, investments are exposed to various risks, such as interest rate, credit, and overall market volatility risk. Investments are managed by professional investment managers, whose performance is monitored by management and the Board of Directors. However, due to the level of risk associated with certain investments, it is reasonably possible that changes will occur in the near term and that such changes could materially affect the investment balances and the amounts reported in the Statements of Financial Position.

WORKING AGAINST VIOLENCE, INC.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021**

(3) Net Asset Designations and Restrictions and Endowed Funds

The Organization contributed donor restricted assets to the South Dakota Community Foundation (SDCF) to establish, on the books of SDCF, an endowment fund in the name of Working Against Violence, Inc. These funds are invested in accordance with SDCF investment policies. Distributions from the fund shall be in accordance with the spending policies established by the board of SDCF and shall be paid and distributed at least annually; however, the intent of the fund is that earnings will revert back to the Organization. SDCF shall have the power to modify any restriction or condition on the distribution of funds for any specified charitable purposes or to specified organizations, if in the sole judgment of the governing body, such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the SDCF. The total amount held in the fund as of December 31, 2021 is **\$106,125**.

The Organization also contributed board designated assets to the Black Hills Community Foundation (BHCF) to establish, on the books of BHCF, an endowment fund in the name of Working Against Violence, Inc., with earnings available for general operations. These funds are invested and distributed in accordance with the investment and spending policies of BHCF. The total amount held in the fund as of December 31, 2021 is **\$23,403**.

The Organization has named itself the beneficiary of these funds. Accordingly, the amounts have been recorded as other assets on the accompanying Statement of Financial Position in accordance with accounting principles generally accepted in the United States of America.

The following table represents a reconciliation of the activities for board and donor restricted endowment funds, by net asset class.

	Board Designated Endowment		Donor Restricted Endowment		Total
	Without Donor Restrictions	Purpose Restrictions	Perpetual in Nature		
Endowment, Net Assets - Beginning of Year	\$ 18,668	\$ 32,733	\$ 55,000	\$	106,401
Addition of New Endowments	-	-	15,000		15,000
Net Investment Return	4,735	3,392	-		8,127
Endowment, Net Assets - End of Year	\$ 23,403	\$ 36,125	\$ 70,000	\$	129,528

Accumulation of earnings representing the remaining portion of the donor-restricted endowment fund net assets that are not classified as perpetual in nature is classified as net assets with purpose restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by state law.

At December 31, 2021, net assets with donor restrictions of **\$36,125** are available for the purpose of endowment investment income available for appropriation. In addition, net assets with donor restrictions include **\$7,333** from a grant restricted for emergency housing.

(4) In-Kind Contributions

The Organization receives donated services from numerous unpaid volunteers. These volunteers provide the actual program services to the beneficiaries of the program via the crisis line and other shelter services. The volunteers all undergo extensive training to enable them to effectively provide these services. Total hours are recognized as support and expense in the accompanying Statement of Activities and Changes in Net Assets at the applicable wage rate at the time the services are provided and total **\$22,186** for the year ended December 31, 2021. In addition, the Board of Directors provides significant volunteer hours that are not reflected in the accompanying financial statements as they do not meet the applicable recognition criteria. These hours totaled 271 for the year ended December 31, 2021.

WORKING AGAINST VIOLENCE, INC.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021**

(4) In-Kind Contributions (Continued)

In addition, numerous contributions of supplies and materials for use in the crisis shelter are received each year and are valued at the estimated fair market value at the time of the contribution. The accompanying Statement of Activities and Changes in Net Assets includes support and expense totaling **\$169,843** for the year ended December 31, 2021.

(5) Conditional Promises to Give

A portion of the Organization'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 Organization has incurred expenditures in compliance with specific contract or grant provisions. These revenues follow a simultaneous release policy and are recorded as net assets without donor restriction if the restrictions expire in the year in which the contributions are recognized. At December 31, 2021, contributions totaling **\$269,264** have not been recognized in the accompanying Statement of Activities and Changes in Net Assets because the conditions on which they depend have not been met. All such conditional amounts are dependent on incurring qualifying expenditures.

(6) Long-Term Debt

The following is a summary of long-term debt at December 31:

	<u>2021</u>	<u>2020</u>
Note payable to bank, due in monthly installments of \$2,177, including interest at 3.71 percent, maturing May 2027 with a balloon payment of \$357,795, secured by building and land.	\$ 418,953	\$ -
Capital lease, due in monthly installments of \$234, including interest at 6.38 percent, maturing January 2025, secured by equipment costing \$12,129 with accumulated depreciation totaling \$2,021 at December 31, 2021.	9,576	-
Capital lease paid in full in 2021.	-	240
	<u>428,529</u>	<u>240</u>
Less Current Portion	<u>13,649</u>	<u>240</u>
	<u>\$ 414,880</u>	<u>\$ -</u>

Maturities of long-term debt are as follows for the years ending December 31:

	Note Payable	Capital Lease Principal	Capital Lease Interest
2022	\$ 10,758	\$ 2,891	\$ 557
2023	11,164	3,092	356
2024	11,544	3,307	141
2025	12,021	286	2
2026	12,474	-	-
Thereafter	360,992	-	-
	<u>\$ 418,953</u>	<u>\$ 9,576</u>	<u>\$ 1,056</u>

The note payable contains a debt covenant which requires the Organization to maintain a fixed charge coverage ratio in excess of 1.05. The Organization is in compliance with this debt covenant as of December 31, 2021.

WORKING AGAINST VIOLENCE, INC.

**NOTES TO FINANCIAL STATEMENTS (CONCLUDED)
DECEMBER 31, 2021**

(7) Retirement Plan

The Organization maintains a savings incentive match plan for employees (SIMPLE IRA). The Organization annually matches and contributes an amount up to three percent of the compensation of each eligible employee. Contributions totaled **\$12,147** for the year ended December 31, 2021.

(8) Liquidity and Availability of Financial Assets

The Organization's working capital and cash flows have fluctuations during the year attributable to the reimbursement of expenditures related to grant funding and other contributions. The Organization will assure adequate cash for operations through approving a yearly budget. If unforeseen expenses arise, the Finance Committee will be advised that unrestricted cash reserves may be used in order to remain liquid. Other options that may be utilized in order to remain liquid are obtaining a bank loan, using investments, or undesignating an endowment fund. The Organization's endowment funds consist of board and donor-restricted endowments. As described in Note 3, the endowments may be distributed in accordance with the investment and spending policies of the Foundations.

The following reflects the Organization's financial assets as of December 31, 2021, reduced by amounts not available for general use within one year of the balance sheet date because of donor-imposed restrictions.

Cash and Cash Equivalents	\$	929,068
Investments		799,883
Certificates of Deposit Maturing in the Next 12 Months		116,393
Grant Receivables		173,646
Total Financial Assets		2,018,990
Net Assets with Donor-Imposed Purpose Restrictions		(7,333)
Financial assets available to meet cash needs for expenditures within one year	\$	2,011,657

(9) Current Economic Events

The Organization has been impacted by the world-wide coronavirus pandemic. The Organization's revenue consists primarily of funding provided by the State of South Dakota, the federal government, and donor contributions. Although the Organization has not seen significant adverse consequences, the continued uncertainty regarding the local and national economy and labor markets as a result of the coronavirus pandemic could have a significant impact on the Organization's ability to maintain staffing and continue to provide services to clients. In addition, significant additional funding sources were received that have allowed for pay scale increases and shelter upgrades. These funds may not occur in future years. As a result, the Organization 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 full impact to the Organization's financial position is not known.

SINGLE AUDIT INFORMATION

WORKING AGAINST VIOLENCE, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	PASS-THROUGH ENTITY IDENTIFYING NUMBER	ASSISTANCE LISTING NUMBER	EXPENDITURES
U.S. Department of Housing and Urban Development			
<i>Pass-Through Funding -- City of Rapid City</i>			
Community Development Block Grants/Entitlement Grants	46-6000380	14.218	\$ 60,374
Total U.S. Department of Housing and Urban Development			60,374
U.S. Department of Justice			
<i>Pass-Through Funding -- SD Network Against Family Violence and Sexual Assault</i>			
Transitional Housing Assistance for Victims of Domestic Violence, Dating Violence, Stalking or Sexual Assault			
	2016-WH-AX-0001	16.736	8,839
Legal Assistance for Victims			
	2016-WL-AX-0011	16.524	101,159
<i>Pass-Through Funding -- SD Department of Public Safety Victims' Services Program</i>			
Crime Victim Assistance - Support for Victims of Crimes (VOCA)			
	2018-V2-GX-0063	16.575	492,908
Crime Victim Assistance - Support for Victims of Crimes (VOCA)			
	2019-V2-GX-0057	16.575	216,975
Total Crime Victim Assistance			709,883
Total U.S. Department of Justice			819,881
U.S. Department of Health & Human Services			
<i>Pass-Through Funding -- SD Department of Public Safety Victims' Services Program</i>			
Family Violence Prevention and Services/Domestic Violence			
Shelter and Supportive Services			
	2102SDFVC6	93.671	933
Total U.S. Department of Health & Human Services			933
U.S. Department of Homeland Security			
<i>Pass-Through Funding -- S.D. Department of Homeland Security -- Pennington County</i>			
Emergency Food and Shelter National Board Program			
	46-0355127	97.024	6,101
Total U.S. Department of Homeland Security			6,101
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 887,289

WORKING AGAINST VIOLENCE, INC.

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2021**

(1) Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Organization under programs of the federal government for the year ended December 31, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

(2) Basis of Accounting

The Schedule of Expenditures of Federal Awards is presented on the accrual basis of accounting. 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.

(3) Indirect Cost Rate

The Organization has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.



810 Quincy Street
P.O. Box 3140, Rapid City, South Dakota 57709
Telephone (605) 342-5630 • e-mail: info@ktllp.com

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
Working Against Violence, 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 **Working Against Violence, Inc.** (the Organization), which comprise the statement of financial position as of December 31, 2021, and the related statement of activities and changes in net assets, 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 May 19, 2022.

Report on 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 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 Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings as Finding No. 2021-001 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings as Finding No. 2021-002 to be a significant deficiency.

Working Against Violence, Inc.

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*.

Organization's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the findings identified in our audit and described in the accompanying Schedule of Findings. The Organization's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.



KETEL THORSTENSON, LLP
Certified Public Accountants

May 19, 2022



810 Quincy Street
P.O. Box 3140, Rapid City, South Dakota 57709
Telephone (605) 342-5630 • e-mail: info@ktllp.com

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
Working Against Violence, Inc.
Rapid City, South Dakota

Report on Compliance for Each Major Federal Program

Unmodified Opinion

We have audited **Working Against Violence 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 the Organization's major federal program for the year ended December 31, 2021. The Organization's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings.

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 its major federal program for the year ended December 31, 2021.

Basis for Unmodified Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 generally accepted auditing standards, *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 generally accepted auditing standards, *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 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 certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings as Finding No. 2021-001 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings as Finding No. 2021-003 to be a significant deficiency.

Working Against Violence, Inc.
Page Three

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 Organization's response to the internal control over compliance findings identified in our audit described in the accompanying Schedule of Findings. 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.



KETEL THORSTENSON, LLP
Certified Public Accountants

May 19, 2022

WORKING AGAINST VIOLENCE, INC.

**SCHEDULE OF FINDINGS
DECEMBER 31, 2021**

A. Summary of Audit Results

1. The Independent Auditor's Report expresses an unmodified opinion on the financial statements of Working Against Violence, Inc. (the Organization).
2. A material weakness and a significant deficiency were disclosed during the audit of the financial statements and are reported in 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*.
3. No instances of noncompliance material to the financial statements of the Organization were disclosed during the audit.
4. A material weakness and a significant deficiency disclosed during the audit of the major federal award programs are reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award programs for the Organization expresses an unmodified opinion on all major programs, as listed in #7.
6. Audit findings relative to the major federal award program for the Organization are reported in Part C of this schedule.
7. The programs tested as major programs include the following:

Major Programs	CFDA #
<i>SD Department of Public Safety – Office of Victims' Services:</i> Crime Victim Assistance – Support for Victims of Crimes (VOCA)	16.575
8. The threshold for distinguishing types A and B programs was \$750,000.
9. The Organization was not determined to be a low-risk auditee.

WORKING AGAINST VIOLENCE, INC.

**SCHEDULE OF FINDINGS (CONTINUED)
DECEMBER 31, 2021**

B. Findings – Financial Statement Audit

Material Weakness:

Finding No. 2021-001: Preparation of the Financial Statements and Schedule of Expenditures of Federal Awards

Federal Program Affected: VOCA #16.575

Compliance Requirement: Reporting

Questioned Costs: None

Condition and Cause: As in prior years, we were requested to draft the audited financial statements and related footnote disclosures as part of our regular audit services. Additionally, we were requested to draft the audited schedule of expenditures of federal awards and related footnote disclosures. Ultimately, it is management's responsibility to provide for the preparation of your statements and footnotes, and the responsibility of the auditor to determine the fairness of presentation of those statements. From a practical standpoint, we do both for you at the same time in connection with our audit.

Criteria and Effect: This is not unusual with organizations of your size. However, it is our responsibility to inform you that this control deficiency could result in a material misstatement of the financial statements that would not be prevented or detected by your Organization's internal control system. It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Repeat Finding from Prior Year: N/A – Uniform Guidance not applicable in prior year.

Recommendation: As in prior years, we have instructed management to review a draft of the auditor prepared financials and schedule of expenditures of federal awards in detail for their accuracy. We have answered any questions they might have and have encouraged research of any accounting guidance in connection with the adequacy and appropriateness of classification and disclosure in your statements. We are satisfied that the appropriate steps have been taken to provide you with the completed financial statements, including the schedule of expenditures of federal awards.

Response/Corrective Action Plan: The Organization agrees with the above Finding. See Corrective Action Plan.

Significant Deficiency:

Finding No. 2021-002 – Audit Adjustments

Federal Program Affected: None

Compliance Requirement: None

Questioned Costs: None

Condition and Cause: We made audit adjustments in the current year to accrue payroll and payroll taxes, adjust for property taxes payable, and record United Way grant revenue/receivable.

Criteria and Effect: Adjustments not made could result in a misstatement of the financial statements.

Repeat Finding from Prior Year: N/A – Uniform Guidance not applicable in prior year.

WORKING AGAINST VIOLENCE, INC.

**SCHEDULE OF FINDINGS (CONCLUDED)
DECEMBER 31, 2021**

B. Findings – Financial Statement Audit (Continued)

Significant Deficiency (Continued):

Recommendation: We recommend the Finance Director reconcile all accounts at the end of the year and prepare supporting schedule and documentation that matches the general ledger balances.

Response/Corrective Action Plan: The Organization agrees with the above Finding. See Corrective Action Plan.

C. Findings and Questioned Costs – Major Federal Program Audit

Finding #2021-001 listed in Part B relates to the major federal program as noted in the finding.

Significant Deficiency:

Finding No. 2021-003 – Internal Controls Over Compliance

Federal Program Affected: Crime Victim Assistance (VOCA) (CFDA #16.575)

Compliance Requirement: Cash Management, Reporting

Questioned Costs: None

Condition and Cause: Drawdowns for the VOCA grant are not reviewed prior to being submitted by the Finance Director.

Criteria and Effect: Lack of review could result in misstatements of grant drawdowns and lead to non-compliance.

Repeat Finding from Prior Year: N/A – Uniform Guidance not applicable in prior year.

Recommendation: We recommend the Board Treasurer or Executive Director review all grant drawdown requests for completeness and accuracy prior to submittal.

Response/Corrective Action Plan: The Organization agrees with the above Finding. See Corrective Action Plan.

MANAGEMENT RESPONSE

WORKING AGAINST VIOLENCE, INC.

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2020**

N/A – The Organization was not subject to a compliance audit under Uniform Guidance in the prior year.



Providing Services Since 1978

Board of Directors

Jennie Steinmetz
President

Donna Genora
Vice President

Amber Rasmussen
Treasurer

Sarah Cook
Secretary

Lori Barnett

Dr. Anne Fisher

Emily Smoragiewicz

Capt. James Johns

Seth Malott

Gayle Thom

Dustin Morrison

Sarah Hermsen

Abby Sharp

Executive Director

Linda Shroll

Finance Director

Kerri Berard

**CORRECTIVE ACTION PLAN
DECEMBER 31, 2021**

Working Against Violence, Inc. respectfully submits the following corrective action plan regarding findings from the December 31, 2021 Schedule of Findings. The findings are numbered consistently with the numbers assigned in the Schedule of Findings.

Finding No. 2021-001: Preparation of the Financial Statements and Schedule of Expenditures of Federal Awards

Responsible Individuals: Kerri Berard, Finance Director

Corrective Action Plan: The Organization has accepted the risk associated with Finding #2021-001 regarding the preparation of the financial statements and will continue to have the independent auditor prepare the annual financial statements.

Anticipated Completion Date: Ongoing

Finding No. 2021-002 – Audit Adjustments

Responsible Individuals: Kerri Berard, Finance Director

Corrective Action Plan: The Finance Director plans to continue to make improvements in year-end processes and adjustments.

Anticipated Completion Date: December 31, 2022

Finding No. 2021-003 – Internal Controls Over Compliance

Responsible Individuals: Kerri Berard, Finance Director

Corrective Action Plan: The Finance Director plans to continue to make improvements internal controls over compliance.

Anticipated Completion Date: December 31, 2022

527 Quincy Street
Rapid City, SD 57701
(605) 341-3292
FAX (605) 718-7582
wavi@wavi.org



United Way of the Black Hills