



Financial Statements
June 30, 2019 and 2018

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

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

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of South Dakota Network Against Family Violence and Sexual Assault, Inc. (the Network) (a non-profit organization), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Network as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated January 29, 2020 on our consideration of the Network's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Network's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Network's internal control over financial reporting and compliance.



Sioux Falls, South Dakota
January 29, 2020

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

Statements of Financial Position

June 30, 2019 and 2018

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

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

Statements of Activities
Year Ended June 30, 2019

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

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

Statements of Activities
Year Ended June 30, 2018

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

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

Statements of Functional Expenses

Year Ended June 30, 2019

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

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

Statements of Functional Expenses

Year Ended June 30, 2018

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

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

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

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

Note 1 - Principal Activity and Significant Accounting Policies

Principal Business Activity

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

Cash Equivalents

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

Receivables and Credit Policies

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

Beneficial Interest in South Dakota Community Foundation

Agency Funds

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

Designated Funds

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

Donated Services and In-Kind Contributions

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

Revenue and Revenue Recognition

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

Net Assets

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

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

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

Functional Allocation of Expenses

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

Financial Instruments and Credit Risk

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

Income Taxes

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

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

Estimates

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

Change in Accounting Principle

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

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

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

Subsequent Events

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

Note 2 - Liquidity and Availability

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

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

Note 3 - Rent Expense

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

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

Note 4 - Fair Value of Assets

Fair Value Measurements

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

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

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

Notes to Financial Statements

June 30, 2019 and 2018

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

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

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

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

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

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

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

Note 5 - Support from Governmental Units

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

Note 6 - Net Assets with Donor Restrictions

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

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

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

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

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

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

Note 1 - Basis of Presentation

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

Note 2 - Summary of Significant Accounting Policies

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

Note 3 - Indirect Cost Rate

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



**Independent Auditor’s Report on Internal Control over Financial Reporting and
on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the South Dakota Network Against Family Violence and Sexual Assault, Inc. (the Network), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows, for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 29, 2020.

Internal Control over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2019-001 and 2019-002 that we consider to be material weaknesses.

Compliance and Other Matters

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

The Network's Responses to Findings

The Network's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Network's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

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

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

Sioux Falls, South Dakota
January 29, 2020



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

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

Report on Compliance for Each Major Federal Program

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

Management’s Responsibility

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

Auditor’s Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

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

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

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

The Network's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Network's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

The signature is written in a cursive, handwritten style. It reads "Eide Bailly LLP". The letters are dark and fluidly connected.

Sioux Falls, South Dakota
January 29, 2020

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

Section I – Summary of Auditor’s Results

FINANCIAL STATEMENTS

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weakness identified	Yes
Significant deficiencies identified not considered to be material weaknesses	None reported
Noncompliance material to financial statements noted	No

FEDERAL AWARDS

Internal control over major programs:	
Material weakness identified	No
Significant deficiencies identified not considered to be material weaknesses	Yes
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Circular 2 CFR 200.516:	Yes

Identification of major programs:

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

Section II – Financial Statement Findings

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

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

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

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

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

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

Views of Responsible Officials: Management is in agreement.

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

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

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

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

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

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

Views of Responsible Officials: Management is in agreement.

Section III – Federal Award Findings and Questioned Costs

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

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

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

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

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

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

Questioned Costs: None reported.

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

Repeat Finding from Prior Year(s): No

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

Views of Responsible Officials: Management is in agreement.

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

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

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

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

Criteria: 2 CFR 200.303(a) establishes that the auditee must establish and maintain effective internal control over the federal award that provides assurance that the entity is managing the federal award in compliance with federal statutes, regulations, and conditions of the federal award. As outlined in 2 CFR 180, recipients must not utilize any vendor or pass through funds to subrecipients which are suspended or debarred or otherwise excluded from the central contractor registry. 2 CFR 200.331(d) establishes that the auditee must monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes in compliance with federal statutes, regulations, and terms and conditions of the subaward.

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

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

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

Questioned Costs: None reported.

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

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

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

Views of Responsible Officials: Management is in agreement.



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

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

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

Summary Schedule of Prior Audit Findings

**Finding 2018-A Preparation of Financial Statements and Material Audit Adjustments
Material Weakness**

Initial Fiscal Year Finding Occurred: 2011

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

Status: Ongoing, See Finding 2019-001

Finding 2018-B Reconciliation of Net Assets

Significant Deficiency

Initial Fiscal Year Finding 2011

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

Status: Ongoing, See Finding 2019-002

Finding 2018-001 Subrecipient Monitoring

Department of Justice and State of South Dakota

CFDA 16.589, 2016-WR-AX-0016

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

Department of Justice and State of South Dakota

CFDA 16.590, 2016-WE-AX-0003

Improving Criminal Justice Responses

Department of Justice and State of South Dakota

CFDA 16.736, 2016-WH-AX-0001

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

Significant Deficiency in Internal Control Over Compliance

Initial Fiscal Year Finding Occurred: 2018

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

Status: Ongoing, See Finding 2019-003

Corrective Action Plan

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

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

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

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

Anticipated completion date: Ongoing

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

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

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

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

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

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

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

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

Anticipated Completion Date: To be resolved by March 2020.

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

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

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

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

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

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

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

Anticipated Completion Date: To be resolved by March 2020