



Financial Statements
June 30, 2023 and 2022

**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 Audit of the Financial Statements

Opinion

We have audited the financial statements of South Dakota Network Against Family Violence and Sexual Assault, Inc. (the Network), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Network as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Change in Accounting Principle

As discussed in Note 7 to the financial statements, the Network has adopted the provisions of FASB Accounting Standards Codification Topic 842, *Leases*, as of July 1, 2022 using the modified retrospective approach with an adjustment at the beginning of the adoption period. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 Network's ability to continue as a going concern for one year after the date that the financial statements are 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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Network'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 Network's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2023 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 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 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.

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP". The signature is written in black ink and is positioned above the typed address and date.

Sioux Falls, South Dakota
December 11, 2023

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

Statements of Financial Position

June 30, 2023 and 2022

	2023	2022
Assets		
Current Assets		
Cash and cash equivalents	\$ 70,093	\$ 21,498
Grants receivable	494,841	323,168
Prepaid expenses	16,283	16,230
Total current assets	581,217	360,896
Other Assets		
Beneficial interest in South Dakota Community Foundation	8,714	8,139
Operating lease right of use asset	574,506	-
Finance lease right of use asset	16,066	-
Total assets	\$ 1,180,503	\$ 369,035
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 299,816	\$ 212,516
Accrued expense	134,300	70,582
Unearned revenue	2,547	8,941
Current portion of operating lease liability	51,178	-
Current portion of finance lease liability	4,242	-
Total current liabilities	492,083	292,039
Long-term Liabilities		
Operating lease liability, net of current portion	523,328	-
Finance lease liability, net of current portion	11,824	-
Total liabilities	535,152	-
Net Assets		
Without donor restrictions	53,093	53,685
With donor restrictions	100,175	23,311
Total net assets	153,268	76,996
Total liabilities and net assets	\$ 1,180,503	\$ 369,035

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

Statements of Activities
Years Ended June 30, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenue						
Grants and contract support	\$ 2,706,776	\$ 167,050	\$ 2,873,826	\$ 2,256,742	\$ 3,556	\$ 2,260,298
In-kind contributions	5,000	-	5,000	6,000	-	6,000
Change in beneficial interest	-	575	575	-	(984)	(984)
Net assets released from restrictions	90,761	(90,761)	-	72,682	(72,682)	-
Total public support and revenue	<u>2,802,537</u>	<u>76,864</u>	<u>2,879,401</u>	<u>2,335,424</u>	<u>(70,110)</u>	<u>2,265,314</u>
Expenses						
Program services	2,400,674	-	2,400,674	2,076,352	-	2,076,352
Management and general	415,919	-	415,919	281,120	-	281,120
Total expenses	<u>2,816,593</u>	<u>-</u>	<u>2,816,593</u>	<u>2,357,472</u>	<u>-</u>	<u>2,357,472</u>
Other Income						
Conferences and dues	13,340	-	13,340	18,350	-	18,350
Investment income	45	-	45	9	-	9
Miscellaneous	79	-	79	234	-	234
Total other income	<u>13,464</u>	<u>-</u>	<u>13,464</u>	<u>18,593</u>	<u>-</u>	<u>18,593</u>
Change in Net Assets	(592)	76,864	76,272	(3,455)	(70,110)	(73,565)
Net Assets, Beginning of Year	<u>53,685</u>	<u>23,311</u>	<u>76,996</u>	<u>57,140</u>	<u>93,421</u>	<u>150,561</u>
Net Assets, End of Year	<u>\$ 53,093</u>	<u>\$ 100,175</u>	<u>\$ 153,268</u>	<u>\$ 53,685</u>	<u>\$ 23,311</u>	<u>\$ 76,996</u>

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

Statements of Functional Expenses
Years Ended June 30, 2023 and 2022

	2023			2022		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Personnel	\$ 679,391	\$ 266,880	\$ 946,271	\$ 529,745	\$ 167,131	\$ 696,876
Payroll taxes and employee benefits	169,995	88,224	258,219	135,316	63,776	199,092
Total	849,386	355,104	1,204,490	665,061	230,907	895,968
Contractual						
Grants to encourage arrest	224,562	-	224,562	213,820	-	213,820
Justice for families	134,869	-	134,869	138,307	-	138,307
Disability	34,426	-	34,426	73,928	-	73,928
Legal advocate	107,524	-	107,524	137,361	-	137,361
Rural outreach	152,864	-	152,864	175,381	-	175,381
Sexual assault response	131,401	-	131,401	133,885	-	133,885
Transitional housing	111,545	-	111,545	44,037	-	44,037
Tribal assistance				18,526	-	18,526
Other	22,334	-	22,334	12,216	-	12,216
Conferences, training programs and presentations	232,533	766	233,299	194,113	1,669	195,782
Dues	4,040	499	4,539	3,477	394	3,871
Insurance	3,784	-	3,784	3,571	15	3,586
Office rent	86,493	734	87,227	84,173	946	85,119
Outside printing	2,163	-	2,163	7,227	95	7,322
Postage and shipping	1,544	2	1,546	1,126	4	1,130
Professional fees and consultants	68,759	56,400	125,159	10,065	45,300	55,365
Supplies	81,024	2,361	83,385	75,097	1,646	76,743
Telephone	12,767	82	12,849	13,220	89	13,309
Travel and meetings	35,495	653	36,148	2,992	-	2,992
Emergency services	103,161	-	103,161	68,656	-	68,656
Miscellaneous	-	(682)	(682)	113	55	168
Total expenses	<u>\$ 2,400,674</u>	<u>\$ 415,919</u>	<u>\$ 2,816,593</u>	<u>\$ 2,076,352</u>	<u>\$ 281,120</u>	<u>\$ 2,357,472</u>

See Notes to Financial Statements

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

Statements of Cash Flows
Years Ended June 30, 2023 and 2022

	2023	2022
Operating Activities		
Change in net assets	\$ 76,272	\$ (73,565)
Adjustments to reconcile change in net assets to net cash from (used for) operating activities		
Amortization	4,167	-
Change in beneficial interest in community foundation	(575)	984
Changes in assets and liabilities		
Grants receivable	(171,673)	55,466
Prepaid expenses	(53)	13,526
Accounts payable	87,300	(39,246)
Accrued expense	63,718	11,354
Unearned revenue	(6,394)	7,841
Net Cash from (used for) Operating Activities	52,762	(23,640)
Financing Activities		
Principal payments on finance lease	(4,167)	-
Net Change in Cash	48,595	(23,640)
Cash and Cash Equivalents, Beginning of Year	21,498	45,138
Cash and Cash Equivalents, End of Year	\$ 70,093	\$ 21,498

Note 1 - Principal Activity and Significant Accounting Policies

Principal Business Activity

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

Cash and Cash Equivalents

All cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, are considered to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to building projects, endowments that are perpetual in nature, or other long-term purposes are excluded from this definition.

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, 2023 and 2022, no allowance for uncollectible amounts was considered necessary.

Beneficial Interest in South Dakota Community Foundation

Agency Funds

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

Designated Funds

In June 2015, an endowment fund was established by an outside donor with the Foundation that names the Network as the designated beneficiary of distributions from the endowment. The Network recognizes revenue from the endowment as it is received. The balance of the fund with the Foundation was \$9,934 and \$9,278 as of June 30, 2023 and 2022, respectively.

Revenue and Revenue Recognition

Membership dues, which are nonrefundable, received in advance are recorded as unearned revenue and are recognized over the membership period (generally one year). Unearned revenue as of July 1, 2021 was \$1,100.

The Network recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Amounts received with conditions and restrictions are recognized as revenue that increases net assets without donor restrictions if those conditions are met and restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized.

A portion of the Network's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Network has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statements of financial position. There were no refundable advances as of June 30, 2023 and 2022. At June 30, 2023 and 2022, the Network has approximately \$5,500,000 and \$3,700,000, respectively, of cost-reimbursable grants and contracts that have not been recognized because qualifying expenditures have not yet been incurred.

Net Assets

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

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

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) restrictions. Some donor imposed (or grantor) restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

The Network reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. The Organization reports conditional contributions restricted by donors as increases in net assets without donor restrictions if the restrictions and conditions expire simultaneously in the reporting period.

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 (Note 6).

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.

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, conferences, training programs and presentations, dues, insurance, office rent, outside printing, postage and shipping, supplies, telephone, and miscellaneous, which are allocated on the basis of estimates of time and effort.

Income Taxes

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

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

Estimates

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

Change in Accounting Policy

Effective July 1, 2022, the Network adopted the new lease accounting guidance in Accounting Standards Update No. 2016-02, *Leases* (Topic 842). The Network elected to apply the guidance as of July 1, 2022, the beginning of the adoption period. The comparative financial information and disclosures presented are in accordance with the legacy standard, ASC 840. The standard requires the recognition of right of use assets and lease liabilities for lease contracts with terms greater than 12 months. Operating lease costs are recognized in the income statement as a single lease cost and finance lease costs are recognized in two components, interest expense and amortization expense. The Network has elected the package of practical expedients permitted in ASC Topic 842. Accordingly, the Network accounted for its existing leases as either finance or operating lease under the new guidance, without reassessing (a) whether the contract contains a lease under ASC Topic 842, (b) whether classification of the operating lease would be different in accordance with ASC Topic 842, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in ASC Topic 842 at lease commencement.

As a result of the adoption of the new lease accounting guidance, the Network recognized on July 1, 2022, the beginning of the adoption period, no cumulative effect adjustment to retained earnings, an operating lease liability of \$620,445, and an operating right of use asset of \$620,445. The finance lease right of use asset and liabilities were recorded as of July 1, 2022 at the carrying value under prior guidance. The adoption of the new standard did not materially impact the Network's Statements of Activities or Statements of Cash Flows. See Note 7 for further disclosure of the Network's leases.

Subsequent Events

The Network has evaluated subsequent events through December 11, 2023, the date which the financial statements were available to be issued.

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

Notes to Financial Statements

June 30, 2023 and 2022

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, 2023 and 2022, 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.

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 70,093	\$ 21,498
Grants receivable	494,841	323,168
Total financial assets	<u>564,934</u>	<u>344,666</u>
Donor imposed restrictions	<u>(91,461)</u>	<u>(15,172)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 473,473</u>	<u>\$ 329,494</u>

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

Note 3 - 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 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, 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 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 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 that the Network can access at the measurement date.

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

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

Notes to Financial Statements

June 30, 2023 and 2022

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

Assets measured at fair value on a recurring basis and the related fair value at June 30, 2023 and 2022, respectively, are as follows:

	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
<u>June 30, 2023</u>			
Beneficial interest in South Dakota Community Foundation	\$ -	\$ -	\$ 8,714
<u>June 30, 2022</u>			
Beneficial interest in South Dakota Community Foundation	\$ -	\$ -	\$ 8,139

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

Note 4 - 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 5 - Net Assets with Donor Restrictions

Net assets with donor restrictions at June 30, 2023 and 2022, consist of \$100,175 and \$23,311, respectively. Of the total net assets with donor restrictions, \$8,714 and \$8,139 consist of assets held by the South Dakota Community Foundation for the benefit of the Network at June 30, 2023 and 2022. 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, 2023 and 2022 upon satisfaction of these purposes was \$90,761 and \$73,666, respectively.

Note 6 - Donated Professional Services

The Network had donated professional services of \$5,000 and \$6,000 as of June 30, 2023 and 2022, respectively. Contributed professional services consist of audit fees and are valued and reported at the estimated fair value in the financial statements based on current rates for similar services. The amounts are included in management and general in the accompanying statements of functional expenses.

Note 7 - Leases

The Network leases certain office facilities and equipment for various terms under long-term, non-cancelable operating lease and finance lease agreements. The leases expire at various dates through 2033. The Network included in the determination of the right of use assets and lease liabilities any renewal options when the options are reasonably certain to be exercised. The leases provide for increases in future minimum annual rental payments based on defined increases in the agreement, subject to certain minimum increases. Also, the agreements generally require the Network to pay real estate taxes, insurance, utilities, and repairs.

The weighted-average discount rate is based on the discount rate implicit in the lease. The Network has elected the option to use the risk-free rate determined using a period comparable to the lease terms as the discount rate for leases where the implicit rate is not readily determinable. The Network has applied the risk-free rate option to the building and office equipment classes of assets.

The Network has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on a straight-line basis.

The Network elected the practical expedient to not separate lease and non-lease components for office and equipment leases.

Total lease costs for the year ended June 30, 2023 were as follows:

Operating lease cost	\$	50,006
Short-term lease cost		13,200
Finance lease cost:		
Amortization of right-of-use assets		4,167

Total lease expense under noncancelable leases was \$62,520 for the year ended June 30, 2022.

The following table summarizes the supplemental cash flow information for the year ended June 30, 2023:

Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	\$	50,006
Financing cash flows from finance leases		4,167

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

Notes to Financial Statements

June 30, 2023 and 2022

The following summarizes the weighted-average remaining lease term and weight-average discount rate:

Weighted-average remaining lease term:	
Operating leases	10.08 Years
Finance leases	3.83 Years
Weighted-average discount rate:	
Operating leases	0.64%
Finance leases	1.84%

The future minimum lease payments under noncancelable operating and finance leases with terms greater than one year are listed below as of June 30, 2023.

	June 30, 2023	
	Operating	Finance
2024	\$ 52,451	\$ 4,387
2025	54,024	4,387
2026	55,645	4,387
2027	57,315	3,656
2028	59,034	-
Thereafter	322,822	-
	601,291	16,817
Total lease payments	601,291	16,817
Less interest	(26,785)	(751)
	574,506	16,066
Present value of lease liabilities	\$ 574,506	\$ 16,066

Future minimum payments determined under the guidance in Topic 840 are listed below as of June 30, 2022.

2023	\$ 50,800
2024	52,328
2025	53,895
2026	4,502
	161,525
Total lease payments	\$ 161,525

South Dakota Network Against Family Violence and Sexual Assault, Inc.
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Federal Grantor/ Pass-Through Grantor Program or Cluster Title	Federal Financial Assistance Listing		Pass-through Entity Identifying Number	Expenditures	Amounts Passed- Through to Subrecipients
Department of Justice					
Direct					
Justice Systems Response to Families	16.021		2018-FJ-AX-0012; 15JOVW-22- GG-00218-JFFX	\$ 163,589	\$ 119,624
Legal Assistance for Victims Education, Training, and Enhanced Services to End Violence Against and Abuse of Women with Disabilities	16.524		2016-WL-AX-0011; 15JOVW-22- GG-00319-LEGA	140,929	108,095
Rural Domestic Violence, Dating Violence Sexual Assault, and Stalking Assistance	16.529		2018-FW-AX-K009 15JOVW-22-GK-00338-DISA	81,543	26,727
Transitional Housing Assistance for Victims of Domestic Violence, Dating Violence, Stalking, or Sexual Assault	16.589	(1)	2016-WR-AX-0016; 15JOVW-22-GG-01176-RURA	233,853	156,685
VOCA Tribal Victim Services Set-Aside Program	16.736		2016-WH-AX-0001	143,065	113,257
State Domestic Violence and Sexual Assault Coalitions	16.841		2020-SI-AX-0002 15JOVW-21-GG-00743-STAT	259,361	118,278
Improving Criminal Justice Responses Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.556		15JOVW-22-GG-00928-STAT	98,387	-
16.590	(2)		15JOVW-22-GG-01837-ICJR	109,192	-
Passed through Beadle County					
National Sexual Assault Kit Initiative	16.833		2019-AK-BX-0033	69,808	12,342
Passed through the State of South Dakota					
Crime Victims Assistance	16.575		VOCA 23-150	30,000	-
Violence Against Women Formula Grants	16.588		STOP_LET-23-150	109,371	-
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590	(2)	2016-WE-AX-0003	268,306	208,416
Passed through the University of South Dakota					
Rural Domestic Violence, Dating Violence Sexual Assault, and Stalking Assistance	16.589	(1)	A22-0028-S002	<u>1,022</u>	<u>-</u>
Total Department of Justice				<u>1,708,426</u>	<u>863,424</u>
Department of Health and Human Services					
Direct					
Family Violence Prevention and Services/State Domestic Violence Coalitions	93.591	(1)	2101SDSDVC; 2201SDSDVC	280,604	-
COVID-19 Family Violence Prevention and Services/State Domestic Violence Coalitions	93.591	(1)	2101SDSDVC6; 2201SDSDVC6	<u>148,172</u>	<u>-</u>
Subtotal 93.591				<u>428,776</u>	<u>-</u>
Passed through the State of South Dakota					
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	93.671		FVPS 23-150	97,960	-
Injury Prevention and Control Research and State and Community Based Programs	93.136		23SC091180; 24SC091180	<u>168,181</u>	<u>-</u>
Total passed through the State of South Dakota				<u>266,141</u>	<u>-</u>
Total Department of Health and Human Services				<u>694,917</u>	<u>-</u>
Total Federal Expenditures				<u>\$ 2,403,343</u>	<u>\$ 863,424</u>

(1) The total for FFAL #16.589 is \$234,874 and the total passed through to subrecipients is \$156,685

(2) The total for FFAL #16.590 is \$377,498 and the total passed through to subrecipients is \$208,416

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, 2023. 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, 2023, 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 December 11, 2023.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as Finding 2023-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

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

The Network's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Network's response to the finding identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The Network'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 Network'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 Sully LLP". The signature is written in a cursive, flowing style.

Sioux Falls, South Dakota
December 11, 2023



Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance

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

Opinion on Each Major Federal Program

We have audited South Dakota Network Against Family Violence and Sexual Assault, Inc.'s (the Network) compliance with the types of compliance requirements identified as subject to audit 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, 2023. 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.

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, 2023.

Basis for Opinion on Each Major Federal Program

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Network'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 Network'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 Network'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

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 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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

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.

Eide Bailly LLP

Sioux Falls, South Dakota
December 11, 2023

South Dakota Network Against Family Violence and Sexual Assault, Inc.
 Schedule of Findings and Questioned Costs
 Year Ended June 30, 2023

Section I – Summary of Auditor’s Results

FINANCIAL STATEMENTS

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weakness identified	No
Significant deficiencies identified not considered to be material weaknesses	Yes
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	None Reported
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 Uniform Guidance 2 CFR 200.516(a):	No

Identification of major programs:

<u>Name of Federal Program</u>	<u>Federal Financial Assistance Listing</u>
VOCA Tribal Victim Services Set-Aside Program	16.841
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	93.591
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 2023-001 Preparation of Financial Statements
 Significant Deficiency**

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 being audited. As auditors, we were requested to draft the financial statements and accompanying notes to the financial statements. It is the responsibility of management and those charged with governance to make the decision to accept the degree of risk associated with this condition because of cost or other considerations.

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

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

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.

Section III – Federal Award Findings and Questioned Costs

None reported.



**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.sdnavsa.com

**Management's Response to Auditor's Findings:
Summary Schedule of Audit Findings and
Corrective Action Plan
June 30, 2023**

Summary Schedule of Prior Audit Findings

Finding 2022-001 Preparation of Financial Statements

Initial Fiscal Year Finding Occurred: 2011

Finding Summary: The Network does not have an internal control system designed to provide for the preparation of the full financial statements and schedule of expenditures of federal awards being audited. As auditors, we were requested to draft the financial statements and accompanying notes to the financial statements. It is the responsibility of management and those charged with governance to make the decision to accept the degree of risk associated with this condition because of cost or other considerations.

Status: Ongoing. Due to cost considerations, we will continue to have Eide Bailly LLP prepare our draft financial statements and accompanying notes to the financial statements.

Corrective Action Plan

Finding 2023-001 Preparation of Financial Statements

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. 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.

Anticipated completion date: Ongoing