



Financial Statements
June 30, 2024 and 2023

**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, 2024 and 2023, 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 present fairly, in all material respects, the financial position of the Network as of June 30, 2024 and 2023, 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 GAAS. 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 17, 2024 on our consideration of the Network's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Network's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Network's internal control over financial reporting and compliance.

Eide Bailly LLP

Sioux Falls, South Dakota
December 17, 2024

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

Statements of Financial Position

June 30, 2024 and 2023

	2024	2023
Assets		
Current Assets		
Cash and cash equivalents	\$ 79,542	\$ 70,093
Grants receivable	364,652	494,841
Prepaid expenses	8,117	16,283
Total current assets	452,311	581,217
Other Assets		
Beneficial interest in South Dakota Community Foundation	6,824	8,714
Operating lease right of use asset	523,328	574,506
Finance lease right of use asset	18,227	16,066
Total assets	\$ 1,000,690	\$ 1,180,503
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 240,015	\$ 299,816
Accrued expenses	134,559	134,300
Unearned revenue	7,409	2,547
Current portion of operating lease liability	52,378	51,178
Current portion of finance lease liability	5,786	4,242
Total current liabilities	440,147	492,083
Long-term Liabilities		
Operating lease liability, net of current portion	470,950	523,328
Finance lease liability, net of current portion	12,441	11,824
Total liabilities	483,391	535,152
Net Assets		
Without donor restrictions	51,305	53,093
With donor restrictions	25,847	100,175
Total net assets	77,152	153,268
Total liabilities and net assets	\$ 1,000,690	\$ 1,180,503

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

Statements of Activities
Years Ended June 30, 2024 and 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenue						
Grants and contract support	\$ 2,807,291	\$ 51,164	\$ 2,858,455	\$ 2,706,776	\$ 167,050	\$ 2,873,826
In-kind contributions	-	-	-	5,000	-	5,000
Change in beneficial interest	-	510	510	-	575	575
Net assets released from restrictions	126,002	(126,002)	-	90,761	(90,761)	-
Total public support and revenue	<u>2,933,293</u>	<u>(74,328)</u>	<u>2,858,965</u>	<u>2,802,537</u>	<u>76,864</u>	<u>2,879,401</u>
Expenses						
Program services	2,523,787	-	2,523,787	2,400,674	-	2,400,674
Management and general	426,683	-	426,683	415,919	-	415,919
Total expenses	<u>2,950,470</u>	<u>-</u>	<u>2,950,470</u>	<u>2,816,593</u>	<u>-</u>	<u>2,816,593</u>
Other Income						
Conferences and dues	14,585	-	14,585	13,340	-	13,340
Investment income	690	-	690	45	-	45
Miscellaneous	114	-	114	79	-	79
Total other income	<u>15,389</u>	<u>-</u>	<u>15,389</u>	<u>13,464</u>	<u>-</u>	<u>13,464</u>
Change in Net Assets	(1,788)	(74,328)	(76,116)	(592)	76,864	76,272
Net Assets, Beginning 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>
Net Assets, End of Year	<u>\$ 51,305</u>	<u>\$ 25,847</u>	<u>\$ 77,152</u>	<u>\$ 53,093</u>	<u>\$ 100,175</u>	<u>\$ 153,268</u>

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

Statements of Functional Expenses
Years Ended June 30, 2024 and 2023

	2024			2023		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Personnel	\$ 746,638	\$ 279,195	\$ 1,025,833	\$ 679,391	\$ 266,880	\$ 946,271
Payroll taxes and employee benefits	204,717	92,571	297,288	169,995	88,224	258,219
Total	951,355	371,766	1,323,121	849,386	355,104	1,204,490
Contractual						
Grants to encourage arrest	3,453	-	3,453	224,562	-	224,562
Justice for families	144,807	-	144,807	134,869	-	134,869
Disability	15,605	-	15,605	34,426	-	34,426
Legal advocate	155,298	-	155,298	107,524	-	107,524
Rural outreach	179,917	-	179,917	152,864	-	152,864
Sexual assault response	250,910	-	250,910	131,401	-	131,401
Transitional housing	139,715	-	139,715	111,545	-	111,545
Other	49,696	-	49,696	22,334	-	22,334
Conferences, training programs and presentations	252,838	1,348	254,186	232,533	766	233,299
Dues	1,292	263	1,555	4,040	499	4,539
Insurance	2,967	-	2,967	3,784	-	3,784
Office rent	94,800	246	95,046	86,493	734	87,227
Outside printing	462	-	462	2,163	-	2,163
Postage and shipping	1,386	-	1,386	1,544	2	1,546
Professional fees and consultants	11,996	46,775	58,771	68,759	56,400	125,159
Supplies	98,017	3,130	101,147	81,024	2,361	83,385
Telephone	11,740	949	12,689	12,767	82	12,849
Travel and meetings	28,648	1,234	29,882	35,495	653	36,148
Emergency services	128,885	-	128,885	103,161	-	103,161
Miscellaneous	-	972	972	-	(682)	(682)
Total expenses	<u>\$ 2,523,787</u>	<u>\$ 426,683</u>	<u>\$ 2,950,470</u>	<u>\$ 2,400,674</u>	<u>\$ 415,919</u>	<u>\$ 2,816,593</u>

See Notes to Financial Statements

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

Statements of Cash Flows
Years Ended June 30, 2024 and 2023

	2024	2023
Operating Activities		
Change in net assets	\$ (76,116)	\$ 76,272
Adjustments to reconcile change in net assets to net cash from operating activities		
Amortization of right of use asset	5,477	4,167
Distribution from and change in beneficial interest in community foundation	1,890	(575)
Changes in assets and liabilities		
Grants receivable	130,189	(171,673)
Prepaid expenses	8,166	(53)
Accounts payable	(59,801)	87,300
Accrued expenses	259	63,718
Unearned revenue	4,862	(6,394)
Net Cash from Operating Activities	14,926	52,762
Financing Activities		
Principal payments on finance lease	(5,477)	(4,167)
Net Change in Cash and Cash Equivalents	9,449	48,595
Cash and Cash Equivalents, Beginning of Year	70,093	21,498
Cash and Cash Equivalents, End of Year	\$ 79,542	\$ 70,093
Supplemental Disclosure of Non-cash Investing and Financing Activity		
Lease liabilities arising from obtaining right of use assets	\$ 6,686	\$ -

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, 2024 and 2023, 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 \$6,824 and \$8,714 as of June 30, 2024 and 2023, respectively. The Network received \$2,400 and \$0 during the years ended June 30, 2024 and 2023, respectively.

Right of Use Leased Assets and Liabilities

Right to use leased assets and the related liabilities are recognized at the lease commencement date and represent the Network's right to use an underlying asset and lease obligations for the lease term. Right to use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before the commencement of the lease term, plus any initial direct costs necessary to place the lease asset into service. Right to use leased assets are amortized over the shorter of the lease term or the useful life of the underlying asset. The amortization period varies among the leases.

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, 2022 was \$8,940.

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, 2024 and 2023. At June 30, 2024 and 2023, the Network has approximately \$3,470,000 and \$5,560,000, respectively, of cost-reimbursable grants and contracts that have not been recognized because qualifying expenditures have not yet been incurred.

Revenue and Revenue Recognition

Right to use leased assets and the related liabilities are recognized at the lease commencement date and represent the Network's right to use an underlying asset and lease obligations for the lease term. Right to use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the lease asset into service. Right to use leased assets are amortized over the shorter of the lease term or the useful life of the underlying asset using the straight-line method. The amortization period varies among the leases.

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 and cash equivalents 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 program 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, office rent, supplies, telephone, and travel and meetings which are allocated on the basis of estimates of time and effort.

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

Notes to Financial Statements

June 30, 2024 and 2023

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, and those differences could be material.

Subsequent Events

The Network has evaluated subsequent events through December 17, 2024, 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, 2024 and 2023, 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.

	2024	2023
Cash and cash equivalents	\$ 79,542	\$ 70,093
Grants receivable	364,652	494,841
Total financial assets	<u>444,194</u>	<u>564,934</u>
Donor imposed restrictions	<u>(19,023)</u>	<u>(91,461)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 425,171</u>	<u>\$ 473,473</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.

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

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

Notes to Financial Statements

June 30, 2024 and 2023

Assets measured at fair value on a recurring basis and the related fair value at June 30, 2024 and 2023, respectively, are as follows:

	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
<u>June 30, 2024</u>			
Beneficial interest in South Dakota Community Foundation	\$ -	\$ -	\$ 6,824
<u>June 30, 2023</u>			
Beneficial interest in South Dakota Community Foundation	\$ -	\$ -	\$ 8,714

The fair value of beneficial interest in assets held by the community foundation is based on the fair value of fund investments as reported by the community foundation. These are considered Level 3 measurements.

The following is a reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ending June 30, 2024 and 2023.

	Assets Held by Community Foundation
Balance at July 1, 2022	\$ 8,139
Investment return, net	575
Balance at June 30, 2023	8,714
Investment return, net	510
Distributions	(2,400)
Balance at June 30, 2024	\$ 6,824

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, 2024 and 2023, consist of \$25,847 and \$100,175, respectively. Of the total net assets with donor restrictions, \$6,824 and \$8,714 consist of assets held by the South Dakota Community Foundation for the benefit of the Network at June 30, 2024 and 2023. 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, 2024 and 2023 upon satisfaction of these purposes was \$126,002 and \$90,761, respectively.

Note 6 - Donated Professional Services

The Network had donated professional services of \$0 and \$5,000 as of June 30, 2024 and 2023, 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 includes 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.

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

Notes to Financial Statements

June 30, 2024 and 2023

Total lease costs for the years ended June 30, 2024 and 2023 are as follows:

	2024	2023
Operating lease cost	\$ 51,178	\$ 50,006
Short-term lease cost	18,600	13,200
Finance lease cost		
Amortization of right-of-use assets	5,477	4,167

The following table summarizes the supplemental cash flow information for the years ended June 30, 2024 and 2023:

	2024	2023
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	\$ 51,178	\$ 50,006
Financing cash flows from finance leases	5,477	4,167
Right-of-use assets obtained in exchange for lease liabilities		
Financing lease	\$ 6,686	\$ -

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

	2024	2023
Weighted-average remaining lease term in years		
Operating leases	9.08	10.08
Finance leases	3.73	3.83
Weighted-average discount rate		
Operating leases	0.64%	0.64%
Finance leases	3.40%	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, 2024.

	June 30, 2024	
	Operating	Finance
2025	\$ 53,893	\$ 6,100
2026	55,510	6,118
2027	57,175	5,729
2028	58,891	1,446
2029	60,657	723
Thereafter	262,017	-
Total lease payments	548,143	20,116
Less interest	(24,815)	(1,889)
Present value of lease liabilities	\$ 523,328	\$ 18,227

Note 8 - Revolving Loan Agreement

The Organization has an unused \$25,000 revolving loan agreement with the bank dated June 5, 2024, bearing 8.75% interest. The note is due on demand, matures on June 10, 2025, and is secured by the property of the Organization. The loan will renew annually.

Note 9 - Employee Benefits

The Network sponsors a tax-deferred annuity plan (the Plan) qualified under IRC Section 403(b) covering substantially all full-time employees. The plan provides that any full-time employee who has earned at least \$5,000 per year during any two preceding years and who is expected to earn at least \$5,000 in the current year is eligible to voluntarily contribute a portion of their earnings to the Plan, up to the maximum contribution allowed by the IRS. Employer contributions are discretionary and are determined and authorized by the Board of Directors each plan year. During the years ended June 30, 2024 and 2023, the Network matched employee voluntary contributions up to two percent, resulting in contributions to the plan of \$19,084 and \$15,928, respectively.

South Dakota Network Against Family Violence and Sexual Assault, Inc.
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

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		\$ 234,376	\$ 164,611
Legal Assistance for Victims	16.524		195,556	147,682
Education, Training, and Enhanced Services to End Violence Against and Abuse of Women with Disabilities	16.529		124,992	28,267
Rural Domestic Violence, Dating Violence, Sexual Assault, and Stalking Assistance Program	16.589	(1)	260,340	175,742
Transitional Housing Assistance for Victims of Domestic Violence, Dating Violence, Stalking, or Sexual Assault	16.736		170,194	130,051
VOCA Tribal Victim Services Set-Aside Program	16.841		372,945	229,093
State Domestic Violence and Sexual Assault Coalitions	16.556		81,851	-
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590		240,807	3,570
Passed through Beadle County National Sexual Assault Kit Initiative	16.833	2019-AK-BX-0033	53,071	10,825
Passed through the State of South Dakota Department of Public Safety Crime Victims Assistance	16.575	VOCA 24-150	87,022	-
Violence Against Women Formula Grants	16.588	STOP_LET-24-150	114,629	-
Passed through the University of South Dakota Rural Domestic Violence, Dating Violence, Sexual Assault, and Stalking Assistance Program	16.589	(1) A22-0028-S005 A22-0028-S008	6,839	-
Total Department of Justice			1,942,622	889,841
Department of Health and Human Services				
Direct				
Family Violence Prevention and Services/State Domestic Violence Coalitions	93.591		374,373	-
COVID-19 Family Violence Prevention and Services/State Domestic Violence Coalitions	93.591		143,510	-
Subtotal 93.591			517,883	-
Family Violence Prevention & Services/ Culturally Specific Domestic Violence and Sexual Violence Services	93.496		27,156	5,400
Passed through the State of South Dakota Department of Public Safety Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	93.671	FVPS 24-150	70,182	-
COVID-19 Family Violence Prevention and Services/Sexual Assault/Rape Crisis Services and Supports	93.497	FVPS ARP - SA (2023-ARP-00014)	19,183	-
Passed through the State of South Dakota Department of Health Injury Prevention and Control Research and State and Community Based Programs	93.136	24SC091180	104,386	-
Total Department of Health and Human Services			738,790	5,400
Total Federal Expenditures			\$ 2,681,412	\$ 895,241

(1) The total for FFAL #16.589 is \$267,178 and the total passed through to subrecipients is \$175,742

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

Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award 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, 2024. 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 to 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 (*Government Auditing Standards*), the financial statements of South Dakota Network Against Family Violence and Sexual Assault, Inc. (the Network), which comprise the Network’s statement of financial position as of June 30, 2024, 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 17, 2024.

Report on Internal Control over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2024-002 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2024-001 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 Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Network's response to the findings 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 Network's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

The image shows a handwritten signature in cursive script that reads "Eide Sully LLP".

Sioux Falls, South Dakota
December 17, 2024



Independent Auditor’s Report on Compliance for Each Major Federal Program; 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

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, 2024. 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, 2024.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the 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

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

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2024-003 to be a significant deficiency.

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

Government Auditing Standards requires the auditor to perform limited procedures on the Network's response to the internal control over compliance finding identified in our compliance audit 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 compliance and, accordingly, we express no opinion on the response.

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

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 name and address.

Sioux Falls, South Dakota
December 17, 2024

South Dakota Network Against Family Violence and Sexual Assault, Inc.
 Schedule of Findings and Questioned Costs
 Year Ended June 30, 2024

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	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	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 Uniform Guidance 2 CFR 200.516(a):	Yes

Identification of major programs:

<u>Name of Federal Program</u>	<u>Federal Financial Assistance Listing</u>
Rural Domestic Violence, Dating Violence, Sexual Assault, and Stalking Assistance Program	16.589
Family Violence Prevention and Services/State Domestic Violence Coalitions	93.591
Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as low-risk auditee?	Yes

Section II – Financial Statement Findings

Finding 2024-001 Preparation of Financial Statements
Significant Deficiency in Internal Control over Financial Reporting

Criteria: Proper controls over financial reporting include the ability to prepare financial statements 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.

**Finding 2024-002 Formal Information Technology Policy and Disaster Recovery Plan
Material Weakness in Internal Control over Financial Reporting**

Criteria: Proper internal controls over financial reporting and information technology (IT) related functions include maintaining formal IT policies and a disaster recovery plan.

Condition: The Network does not have an internal control system designed to ensure that new or terminated employees are restricted access to the financial reporting systems. The Network does not have a formal IT policy nor a formal backup/disaster recovery plan in place. Finally, the Network does not have proper controls surrounding the security of passwords.

Cause: The Network has relied on outside third-parties to provide a number of IT related functions.

Effect: Without formally documented IT controls and policies, the entity may be susceptible to the loss of data in the case of a disaster. Additionally, shared passwords can increase vulnerability to unauthorized access or data breaches.

Recommendation: While we recognize that there is limited turnover and a small number of staff, it is best practice for organizations to have policies formally documented that can be followed and will guide management in areas related to IT controls. Policies should include a regular review and update of user access levels to ensure employees only have access to the data they need to perform their job functions. In addition, passwords should be unique to each employee to maintain a proper audit trail and should not be shared. Formal IT policies will assist to provide a plan in the case of a disaster and prevent or minimize potential data loss.

Views of Responsible Officials: Management is in agreement.

Section III – Federal Award Findings and Questioned Costs

Finding 2024-003 **Department of Health and Human Services
Federal Financial Assistance Listing 93.591,
2201SDSDVC, 2301SDSDVC, 2101SDSDC6, 2201SDSTC6
Family Violence Prevention and Services/State Domestic Violence Coalitions**

**Procurement, Suspension, & Debarment
Significant Deficiency in Internal Control over Compliance**

Criteria: 2 CFR 200.303(a) establishes that the auditee must create 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. Additionally, 2 CFR 200.320 notes for any of the procurement methods described in the section, the recipient or subrecipient must maintain and use documented procurement procedures, consistent with the standards of the section.

Condition: There were two instances where the review and approval process did not identify the correct procurement method on the procurement worksheet. The correct method was used, however was not properly documented on the Organization's internal worksheet. In addition, the contracts tested did not include some of the required provisions.

Cause: The Organization's review process did not identify the errors.

Effect: Without following the established procurement procedures, it is difficult to demonstrate compliance with the federal requirements.

Questioned Costs: None reported

Context/Sampling: There were two contracts entered into during the current year and both were tested.

Repeat Finding from Prior Year(s): No

Recommendation: We recommend that management review the procurement procedures with applicable employees to ensure procedures are followed going forward. In addition, we suggest management review the contract process to ensure that contracts contain all required contract provisions.

Views of Responsible Officials: Management is in agreement.



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

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**Management's Response to Auditor's Findings:
Summary Schedule of Audit Findings and
Corrective Action Plan
June 30, 2024**

Summary Schedule of Prior Audit Findings

Financial Statement Findings

Finding 2023-001 Preparation of Financial Statements and Material Audit Adjustments
Material Weakness

Initial Fiscal Year Finding Occurred: 2011

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

Corrective Action Plan: 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. It is our goal to not have any material audit adjustments in future audits.

Responsible Individual: Krista Heeren-Graber, Executive Director

Corrective Action Plan

Financial Statement Finding(s)

Finding 2024-001 Preparation of Financial Statements and Material Audit Adjustments
Material Weakness

Initial Fiscal Year Finding Occurred: 2011

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

Corrective 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.

Responsible Individual: Krista Heeren-Graber, Executive Director

Anticipated Completion Date: Ongoing.

Finding 2024-002 Formal Information Technology Policy and Disaster Recovery Plan Material Weakness

Finding Summary: The Network does not have an internal control system designed to ensure that new or terminated employees are restricted to access financial reporting systems. The Network does not have a formal IT policy nor a formal backup/disaster recovery plan in place. Finally, the Network does not have proper controls surrounding the security of passwords. Cause: The Network has relied on outside sources to provide several IT related functions. Effect: Without formally documented IT controls and policies, the entity may be susceptible to the loss of data in the case of a disaster. Additionally, shared passwords can increase vulnerability to unauthorized access or data breaches.

Corrective Action Plan: In Process. Management agrees, and policies and procedures will be developed.

Responsible Individual: Krista Heeren-Graber, Executive Director

Anticipated Completion Date: 12-31-24

Federal Award Finding(s)

Finding 2024-003 Procurement, Suspension, & Debarment
Significant Deficiency in Internal Control over Compliance Criteria

Federal Agency Name: Department of Health and Human Services

Assistance Listing Number: 93.591

Program Name: Family Violence Prevention and Services/State Domestic Violence Coalitions

Finding Summary: 2 CFR 200.303(a) establishes that the auditee must create 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. There were two instances where the review and approval process did not identify the procurement worksheet was incorrectly completed. In addition, the contracts tested did not include some of the required contract provisions.

Corrective Action Plan: Completed. Management agrees that the procurement worksheet was incorrectly completed, and training has taken place with agency staff to ensure accurate completion of the required documentation.

Responsible Individual: Krista Heeren-Graber, Executive Director

Anticipated Completion Date: Completed