

**NORTHEAST SOUTH DAKOTA  
COMMUNITY ACTION PROGRAM, INC.  
dba GROW South Dakota**

**FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITOR'S REPORT  
WITH SUPPLEMENTARY INFORMATION**

**SEPTEMBER 30, 2021**

**NORTHEAST SOUTH DAKOTA COMMUNITY ACTION PROGRAM, INC.  
dba GROW South Dakota**

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*Wahlenberg  
Ritzman & Co., LLC*  
*certified public accountants*

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Northeast South Dakota Community Action Program, Inc.  
dba GROW South Dakota  
Sisseton, South Dakota

**Report on the Financial Statements**

We have audited the accompanying consolidated financial statements of **Northeast South Dakota Community Action Program dba GROW South Dakota (a nonprofit organization, hereafter referred to as "NESDCAP")**, which comprise the consolidated statement of financial position as of September 30, 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

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

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

## **Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of NESDCAP as of September 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Report on Summarized Comparative Information**

We have previously audited NESDCAP's 2020 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated December 23, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2020, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

## **Supplementary information**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating schedules and schedules for NeighborWorks America are presented for additional analysis and are not a required part of the consolidated financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) 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 consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated 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 30, 2021, on our consideration of NESDCAP's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulation, 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 NESDCAP'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 NESDCAP's internal control over financial reporting and compliance.

*Wohlenberg Ritzman + Co., LLC*

Yankton, South Dakota  
December 30, 2021

**NORTHEAST SOUTH DAKOTA COMMUNITY ACTION PROGRAM, INC.**  
**dba GROW South Dakota**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
 SEPTEMBER 30, 2021  
 WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2020

	<b>2021</b>			<b>2020</b>
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>	<b>Total</b>
<b>ASSETS</b>				
<b>CURRENT ASSETS:</b>				
Cash and cash equivalents	\$ 4,813,513	\$ 16,232	\$ 4,829,745	\$ 4,127,517
Receivable from affiliate	80,120	-	80,120	98,092
Other receivables	5,116	9,775	14,891	17,989
Due from other funds	-	-	-	5,549
Current portion of notes receivable, net of allowance for loan losses of \$24,028 in 2021 and \$4,601 in 2020	456,534	-	456,534	87,002
Grant receivable	70,421	307,345	377,766	278,298
Accrued interest receivable	14,031	-	14,031	14,396
Prepaid expenses	18,253	-	18,253	13,665
<b>Total current assets</b>	<b>5,457,988</b>	<b>333,352</b>	<b>5,791,340</b>	<b>4,642,508</b>
<b>LONG-TERM RECEIVABLES:</b>				
Notes receivable, less allowance for loan losses of \$224,668 in 2021 and \$245,422 in 2020, and current maturities	4,173,617	-	4,173,617	4,562,317
<b>Total long-term receivables</b>	<b>4,173,617</b>	<b>-</b>	<b>4,173,617</b>	<b>4,562,317</b>
<b>OTHER ASSETS:</b>				
Investments	-	-	-	13,625
Property and equipment, net	165,652	-	165,652	189,088
Cash, reserve for replacement of property	-	32,970	32,970	24,232
<b>Total other assets</b>	<b>165,652</b>	<b>32,970</b>	<b>198,622</b>	<b>226,945</b>
<b>Total Assets</b>	<b>\$ 9,797,257</b>	<b>\$ 366,322</b>	<b>\$ 10,163,579</b>	<b>\$ 9,431,770</b>
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES:</b>				
Accounts payable	\$ 14,636	\$ 37,362	\$ 51,998	\$ 110,591
Due to other funds	-	-	-	5,549
Accrued expenses	317,136	-	317,136	320,801
Security deposits	6,907	-	6,907	7,192
Unearned revenue	-	188,706	188,706	75,502
Current portion of notes payable	8,192	-	8,192	410,069
<b>Total current liabilities</b>	<b>346,871</b>	<b>226,068</b>	<b>572,939</b>	<b>929,704</b>
<b>LONG-TERM LIABILITIES</b>				
Notes payable, less current maturities	1,484,916	-	1,484,916	1,493,108
<b>Total long-term liabilities</b>	<b>1,484,916</b>	<b>-</b>	<b>1,484,916</b>	<b>1,493,108</b>
<b>Total Liabilities</b>	<b>1,831,787</b>	<b>226,068</b>	<b>2,057,855</b>	<b>2,422,812</b>
<b>NET ASSETS</b>				
With donor restrictions	-	140,254	140,254	101,390
Without donor restrictions	7,965,470	-	7,965,470	6,907,568
<b>Total Net Assets</b>	<b>7,965,470</b>	<b>140,254</b>	<b>8,105,724</b>	<b>7,008,958</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 9,797,257</b>	<b>\$ 366,322</b>	<b>\$ 10,163,579</b>	<b>\$ 9,431,770</b>

The accompanying notes are an integral part  
of these financial statements.

**NORTHEAST SOUTH DAKOTA COMMUNITY ACTION PROGRAM, INC.**  
**dba GROW South Dakota**

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
YEAR ENDED SEPTEMBER 30, 2021  
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2020

	<b>2021</b>			<b>2020</b>
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>	<b>Total</b>
<b>REVENUE, GAINS (LOSSES) AND OTHER SUPPORT</b>				
Grant and contract income	\$ 709,123	\$ 2,908,739	\$ 3,617,862	\$ 2,232,163
Interest income	204,681	-	204,681	204,064
Rent income	104,192	-	104,192	92,882
Housing fee income	55,503	2,125	57,628	121,531
Miscellaneous income	71,559	9,492	81,051	51,205
Investment return:				
Dividends and distributions	-	15,088	15,088	-
Write down on investments	-	(13,625)	(13,625)	-
Gain (loss) on the disposal of surplus items	3,563	-	3,563	-
Gain (loss) on loan forgiveness	382,831	-	382,831	-
	<u>1,531,452</u>	<u>2,921,819</u>	<u>4,453,271</u>	<u>2,701,845</u>
<b>EXPENSES</b>				
<b>PROGRAM SERVICES:</b>				
Weatherization	679,056	-	679,056	581,492
Business development	208,967	-	208,967	309,479
Self sufficiency	1,407	-	1,407	340
Housing improvement	763,581	-	763,581	1,013,489
Emergency assistance	1,324,697	-	1,324,697	195,840
	<u>2,977,708</u>	<u>-</u>	<u>2,977,708</u>	<u>2,100,640</u>
<b>SUPPORTING SERVICES:</b>				
Management and general	378,797	-	378,797	306,287
	<u>3,356,505</u>	<u>-</u>	<u>3,356,505</u>	<u>2,406,927</u>
<b>Reclassification of Net Assets:</b>				
Released in satisfaction of purpose	2,891,693	(2,891,693)	-	-
Reserve deposits required by grantor agency	(8,738)	8,738	-	-
	<u>2,882,955</u>	<u>(2,882,955)</u>	<u>-</u>	<u>-</u>
Change in Net Assets	1,057,902	38,864	1,096,766	294,918
Net Assets, Beginning of Year	<u>6,907,568</u>	<u>101,390</u>	<u>7,008,958</u>	<u>6,714,040</u>
Net Assets, End of Year	<u>\$ 7,965,470</u>	<u>\$ 140,254</u>	<u>\$ 8,105,724</u>	<u>\$ 7,008,958</u>

The accompanying notes are an integral part  
of these financial statements.

**NORTHEAST SOUTH DAKOTA COMMUNITY ACTION PROGRAM, INC.**  
**dba GROW South Dakota**

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED SEPTEMBER 30, 2021  
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2020

	2021						Supporting Services	Total Expenses		
	Program Services					Total		Management and General	2021	2020
	Weatherization	Business Development	Self Sufficiency	Housing Improvement	Emergency Assistance					
Other program expenses	\$ 322	\$ 966	\$ -	\$ 12,106	\$ 1,120,950	\$ 1,134,344	\$ 5,640	\$ 1,139,984	\$ 136,323	
Salaries	153,678	143,359	1,303	395,150	137,627	831,117	256,640	1,087,757	1,046,651	
Materials	222,676	-	-	25,003	-	247,679	-	247,679	269,166	
Contractual	179,209	1,874	-	29,122	-	210,205	-	210,205	240,398	
Employee benefits	9,293	18,036	4	42,664	12,589	82,586	18,496	101,082	90,212	
Milbank 16 Plex expenses	-	-	-	91,618	-	91,618	-	91,618	93,921	
Payroll taxes	11,575	9,897	100	27,611	10,175	59,358	18,857	78,215	76,120	
Insurance	20,104	2,804	-	10,283	6,657	39,848	16,387	56,235	53,840	
Retirement	6,554	9,861	-	18,200	6,439	41,054	10,096	51,150	70,339	
Repairs and maintenance	27,097	2,796	-	8,206	2,580	40,679	6,353	47,032	45,186	
Supplies	530	2,956	-	28,587	4,079	36,152	9,283	45,435	55,558	
Rent expense	7,554	9,718	-	8,523	3,763	29,558	9,263	38,821	36,700	
Utilities	12,299	1,556	-	5,704	3,692	23,251	11,320	34,571	32,108	
Interest expense	-	-	-	32,500	-	32,500	275	32,775	32,224	
Professional fees	3,354	1,271	-	9,957	3,018	17,600	7,428	25,028	20,094	
Travel expenses	3,762	1,094	-	10,301	475	15,632	1,169	16,801	15,550	
Program supplies	13,220	-	-	-	-	13,220	-	13,220	13,966	
Training	4,347	662	-	5,905	13	10,927	33	10,960	11,189	
Food commodities used	-	-	-	-	10,367	10,367	-	10,367	12,226	
Telephone	183	1,412	-	2,231	1,415	5,241	3,212	8,453	8,878	
Marketing	384	216	-	6,567	38	7,205	93	7,298	3,009	
Memberships	44	332	-	3,231	311	3,918	766	4,684	4,973	
Postage	34	157	-	1,916	509	2,616	603	3,219	2,866	
Depreciation	-	-	-	-	-	-	2,883	2,883	5,808	
Equipment purchased	2,837	-	-	-	-	2,837	-	2,837	3,846	
Bad debt expense	-	-	-	(11,804)	-	(11,804)	-	(11,804)	25,776	
	<u>\$ 679,056</u>	<u>\$ 208,967</u>	<u>\$ 1,407</u>	<u>\$ 763,581</u>	<u>\$ 1,324,697</u>	<u>\$ 2,977,708</u>	<u>\$ 378,797</u>	<u>\$ 3,356,505</u>	<u>\$ 2,406,927</u>	

The accompanying notes are an integral part  
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**NORTHEAST SOUTH DAKOTA COMMUNITY ACTION PROGRAM, INC.**  
**dba GROW South Dakota**

CONSOLIDATED STATEMENT OF CASH FLOWS  
YEAR ENDED SEPTEMBER 30, 2021  
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2020

	<b>2021</b>	<b>2020</b>
<b>Cash Flows From Operating Activities</b>		
Increase in net assets	\$ 1,096,766	\$ 294,918
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	23,436	30,405
Provision (recoveries) for the allowance for loan losses	(11,804)	25,776
Value of commodities used	(10,367)	(12,226)
Write down on investments	13,625	-
(Gain) on sale of property and equipment	(3,563)	-
(Gain) on loan forgiveness - principal	(381,000)	-
Value of commodities received	10,367	12,226
Changes in operating assets and liabilities		
(Increase) decrease in:		
Receivables from affiliate	17,972	(516)
Other receivables	3,098	(10,592)
Grants receivable	(99,468)	(91,897)
Accrued interest receivable	365	(3,019)
Prepaid expenses	(4,588)	1,851
Increase (decrease) in:		
Accounts payable	(58,593)	41,875
Accrued expenses	(3,665)	35,719
Security deposits	(285)	1,559
Unearned revenue	113,204	15,477
Net cash provided by operating activities	705,500	341,556
<b>Cash Flows From Investing Activities</b>		
Change in funded account for replacement of property	(8,738)	(6,543)
Net (increase) decrease in notes receivable	20,495	(534,649)
Principal recovered on charged off note receivable	10,477	-
Proceeds from the sale of property and equipment	3,563	-
Net cash provided by (used in) provided by investing activities	25,797	(541,192)
<b>Cash Flows From Financing Activities</b>		
Proceeds received from issuance of notes payable	-	381,000
Principal payments on notes payable	(29,069)	(6,666)
Net cash (used in) provided by financing activities	(29,069)	374,334
Change in cash and cash equivalents	702,228	174,698
Cash and Cash Equivalents:		
Beginning	4,127,517	3,952,819
Ending	\$ 4,829,745	\$ 4,127,517
<b>Supplemental Disclosures</b>		
Cash payments for:		
Interest	\$ 41,129	\$ 27,819
<b>Reconciliation of Cash to the Balance Sheet</b>		
Cash and cash equivalents - Without Donor Restrictions	\$ 4,813,513	\$ 4,127,517
Cash and cash equivalents - With Donor Restrictions	16,232	-
	\$ 4,829,745	\$ 4,127,517

The accompanying notes are an integral part  
of these financial statements.

**NORTHEAST SOUTH DAKOTA COMMUNITY ACTION PROGRAM, INC.**  
**dba GROW South Dakota**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

**Principal Business Activity**

The Northeast South Dakota Community Action Program, Inc. (“NESDCAP”) was incorporated in 1966 as a not-for-profit corporation. In 2012, NESDCAP underwent a branding campaign and is now doing business as GROW South Dakota in combination with the Northeast South Dakota Economic Corporation (“NESDEC”) and GROW South Dakota.

NESDCAP operates under a Board of Directors selected from the geographical area below. NESDCAP was formed to reduce poverty, revitalize low-income communities, and empower low-income individuals and families to become self-sufficient. The Corporation develops and administers programs to be participated in by the low-income residents of Marshall, Roberts, Day, Faulk, Hand, Spink, Beadle, Brown, Edmunds, McPherson, Campbell, Potter, Walworth, Sully, Hyde, Hughes and Stanley counties. The Corporation is at all times responsible for the needs of low-income residents and services as an advocate and vehicle for low-income interest and concerns in the geographic service area.

NESDCAP formed Milbank Apartments, LLC for the purpose of acquiring a 16 unit rental housing complex in Milbank, South Dakota.

**Principles of Consolidation**

The consolidated financial statements of NESDCAP are prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities. The consolidated financial statements include the operations of NESDCAP and its wholly-owned subsidiary, Milbank Apartments, LLC.

**Basis of Presentation**

NESDCAP is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

**Comparative Financial Information**

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with NESDCAP's financial statements for the year ended September 30, 2020, from which the summarized information was derived.

**NORTHEAST SOUTH DAKOTA COMMUNITY ACTION PROGRAM, INC.**  
**dba GROW South Dakota**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES, continued

**Cash and Cash Equivalents**

For financial statement reporting purposes, NESDCAP includes all cash accounts not subject to withdrawal restrictions or penalties, treasury bills, commercial paper and money market funds with a maturity of three months or less when purchased to be cash equivalents. Certificates of deposit, regardless of maturity, are not considered to be cash and cash equivalents.

**Receivables and Credit Policies**

Notes receivable are stated at principal owed and are collateralized. Payments on notes receivable that are received after a 10-day grace period are assessed a delinquency fee. Due to the uncertainty regarding collection, delinquency fees are recognized as income when received.

Interest rates charged correspond with the customary rates applicable to the low-income housing industry. NESDCAP considers these rates to be of market comparison for non-profit lenders and has not made any adjustment for imputed interest.

Payments of notes receivable are allocated first to accrued and unpaid interest with the remainder to the outstanding principal balance. Interest income is recognized when due.

A loan is considered delinquent when the debtor has missed two or more payments. Loans placed on non-accrual status are determined by the board of directors. Interest resumes when principal on non-accrual status loans has been paid current. Management reviews the status of the past due notes and collection proceedings begin as management deems necessary.

The carrying amount of notes receivable is reduced by an allowance for loan losses that reflects management's best estimate of the amounts that will not be collected. Management reviews all notes receivable and based on an assessment of current creditworthiness, estimates the portion, if any, of the balance that will not be collected. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revisions as more information becomes available.

**Allowance for Loan Losses**

The allowance for loan losses is established as losses are estimated to have occurred through a provision for loan losses charged to earnings. Loan losses are charged against the allowance when management believes the uncollectability of a loan is confirmed. Subsequent recoveries, if any, are credited to the allowance.

**NORTHEAST SOUTH DAKOTA COMMUNITY ACTION PROGRAM, INC.**  
**dba GROW South Dakota**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES, continued

**Allowance for Loan Losses, continued**

A loan is considered to be impaired when, based on current information and events, it is probable that NESDCAP will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement.

**Investments**

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

If a fair value is not readily determinable, investments are recorded at cost, net of the valuation allowance.

**Fair Value Measurements**

Inputs to the fair value methodology include:

Level 1            Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed 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. Level 2 Inputs include the following:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in markets that are not active;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means, market-corroborated inputs.

If the asset or liability has a specified (or contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

**NORTHEAST SOUTH DAKOTA COMMUNITY ACTION PROGRAM, INC.**  
**dba GROW South Dakota**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES, continued

**Fair Value Measurements, continued**

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

Investments in equity securities without a readily determinable fair value are stated at cost, net of the valuation allowance. NESDCAP periodically reviews these securities for possible impairment to determine the level of the valuation allowance.

**Property and Equipment**

Property and equipment are recorded at cost. Donated property and equipment is valued at estimated fair value on the date donated and are reported as contributions without donor restrictions when placed in service unless the donor has restricted the use for the asset to a specific purpose or time period. Contributions of cash or other assets that must be used to acquire property and equipment are reported as increases in net assets with donor restrictions until the assets are acquired and placed in service as instructed by the donor, unless the donor has also required that the acquired asset be used for a specific purpose or time period. If the donor requires property and equipment to be used for a specific purpose, restrictions on net assets are released as the asset is depreciated. If the donor required property and equipment to be used for a specific time period, restrictions on net assets are released evenly over the period required.

Costs in excess of \$10,000 for improvements that significantly add to the productive capacity or extend the useful life of an asset are capitalized. Costs for maintenance and repairs are charged to expense currently. When depreciable properties are retired or sold, the cost and related accumulated depreciation are eliminated from the accounts and the resultant gain or loss is reflected in income.

Depreciation is provided for over the estimated useful lives of the individual assets using either the straight-line method or the double declining balance method. The estimated useful lives used in the computation of depreciation are as follows:

	<u>Years</u>
Office equipment	5-7
Equipment	5-7
Vehicles	5
Buildings and improvements	7-27

**NORTHEAST SOUTH DAKOTA COMMUNITY ACTION PROGRAM, INC.**  
**dba GROW South Dakota**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES, continued

**Reserve for Replacements**

Milbank Apartment, LLC is required to make a monthly deposit in an escrow account established by the mortgage holder. These funds are to provide a reserve for replacement of property.

**Compensated Absences**

Vacation and sick leave are accumulated by employees throughout the year. Employees are entitled to receive compensation for unused amounts upon termination. Those amounts have been included in accrued expenses on the financial statements.

**Net Assets**

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-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-imposed restrictions. The governing board has designated, from net assets without donor restrictions, net assets for property and equipment replacement.
- *Net Assets With Donor Restrictions* – Net assets subject to donor or certain grantor-imposed restrictions. Some donor or grantor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor or grantor. Other donor or grantor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor or grantor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resources was restricted has been fulfilled, or both.

**NORTHEAST SOUTH DAKOTA COMMUNITY ACTION PROGRAM, INC.**  
**dba GROW South Dakota**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES, continued

**Revenue and Other Support**

NESDCAP's contributions are recognized when cash or other assets are received. Grant awards are for specific purposes and are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenditures. Amounts received are recognized as revenue when expenditures are incurred in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as unearned revenue in the statement of financial position.

**Functional Allocation of Expenses**

The costs of program activities and supporting services have been summarized on a functional basis in the statements of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program activities and supporting services benefited.

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**Fund Raising Activity**

NESDCAP does not maintain a formal fund raising or solicitation department. Currently, it does not conduct fund raising campaigns, door-to-door solicitations, telethons, mass mailings or special fund raising events. The program directors do, however, compile data and applications necessary to renew and obtain new grants. NESDCAP does not track costs associated with this activity, but believes the time and cost for this activity represents a very small percentage of the program directors' time. Accordingly, fund raising expense is not segregated and presented in the financial statements unless specifically required by and reported under grantor guidelines.

**Advertising**

NESDCAP expenses the costs of advertising as incurred.

**NORTHEAST SOUTH DAKOTA COMMUNITY ACTION PROGRAM, INC.  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES, continued

**Income Tax Status**

NESDCAP is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. NESDCAP's property management and weatherization programs have for-profit divisions which are subject to tax on unrelated business income. NESDCAP recognizes any material cash liabilities as required. In addition, NESDCAP qualifies for the charitable contribution deduction under Section 170(b)(10)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

2. LIQUIDITY AND AVAILABILITY

NESDCAP regularly monitors liquidity required to meet its operation needs and strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures. As part of a liquidity management plan, cash in excess of daily requirements is invested in short-term investments, CDs, and money market funds.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, NESDCAP considers contributions restricted for programs which are ongoing, major, and central to its annual operations, as well as the conduct of services undertaken to support those activities to be general expenditures. Notes receivable made without donor restrictions are not included in the analysis as principal on these loans are used to make new loans and are, therefore, not available to meet current operating needs.

In addition to financial assets available to meet general expenditures over the next 12 months, NESDCAP anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. Financial assets available for general expenditure within one year of the statement of financial position date are comprised of the following:

Cash and Cash Equivalents	\$ 4,813,513
Grants Receivable	70,421
Accrued Interest	14,031
Other Receivables	<u>85,236</u>
	<u>\$ 4,983,201</u>

**NORTHEAST SOUTH DAKOTA COMMUNITY ACTION PROGRAM, INC.**  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021

3. CUSTODIAL CREDIT RISK – DEPOSITS

NESDCAP maintains its bank deposits in several financial institutions. At various times during 2021, NESDCAP's deposits may have been in excess of the amount insured (up to \$250,000 per financial institution) by the Federal Deposit Insurance Corporation (FDIC). NESDCAP utilizes a sweep account relationship with one financial institution. NESDCAP utilizes a sweep account relationship with one financial institution. On a daily basis, balances in excess of \$250,000 are transferred to other financial institutions to ensure all funds are fully insured. As of September 30, 2021, all of NESDCAP's deposits were fully insured or collateralized.

4. ASSET AND LIABILITY COMPONENTS OF DONOR RESTRICTED NET ASSETS

a. *Cash and Certificates of Deposit*

Cash components are comprised of cash balances that are restricted in use under the requirements of various programs. These balances were \$16,232 and \$-0- for years ended September 30, 2021 and 2020, respectively.

b. *Other Receivables*

Other receivables components are comprised of receivables of various programs. These balance as of September 30, 2021 and 2020 were \$9,775 and \$1,852, respectively.

c. *Grants Receivable*

Grants receivable components are comprised of balances of various programs. These balances consisted of the following as of September 30, 2021 and 2020:

**NORTHEAST SOUTH DAKOTA COMMUNITY ACTION PROGRAM, INC.**  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021

4. ASSET AND LIABILITY COMPONENTS OF DONOR RESTRICTED NET ASSETS,  
continued

c. *Grants Receivable, continued*

	2021	2020
Department of Energy - Weatherization	\$ 77,427	\$ 31,306
Community Service Block Grant	69,566	10,454
Community Service Block Grant - CARES Act	50,289	-
Small Business Development Center	47,326	30,667
SDHDA Housing Opportunity Fund	26,669	166,121
Community Development Block Grant/LISC	17,331	11,427
Low-Income Energy Assistance Program	14,724	308
Other	3,204	11,215
South Dakota Housing	809	-
	\$ 307,345	\$ 261,498

d. *Investments*

Investment components are comprised of balances that are restricted under the requirements of the program. These balances consisted of the following as of September 30, 2021 and 2020:

	2021	2020
RAIN Investment	\$ -	\$ 13,625

e. *Cash, Reserve for Replacement of Property*

Cash reserve for replacement of property is comprised of the replacement reserve for the Milbank Apartments LLC. These balances as of September 30, 2021 and 2020 was \$32,970 and \$24,232, respectively.

f. *Accounts Payable*

Accounts payable components are comprised of balances of various programs. These balances as of September 30, 2021 and 2020 were \$37,362 and \$97,691, respectively.

**NORTHEAST SOUTH DAKOTA COMMUNITY ACTION PROGRAM, INC.**  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2021

4. ASSET AND LIABILITY COMPONENTS OF DONOR RESTRICTED NET ASSETS,  
 continued

g. *Unearned Revenue*

Unearned revenue components are comprised of balances of various programs. These balances consisted of the following as of September 30, 2021 and 2020:

	2021	2020
SDHDA Emergency Rental Assistance	\$ 105,211	\$ -
County Commission	64,917	51,165
SDHDA - Cares Act	17,978	-
Other	600	6,247
SD Community Foundation	-	16,076
CSBG - Cares Act	-	2,014
	\$ 188,706	\$ 75,502

h. *Notes Payable*

Notes payable components are comprised of balances of various programs. These balances consisted of the following at September 30, 2021 and 2020:

	2021	2020
LISC - Refundable Advance	\$ -	\$ 21,075

5. NOTES RECEIVABLE

The purpose of the loan fund is to provide flexible and accessible loans; primarily gap financing that will strengthen, create, or save businesses and job opportunities. A summary of notes receivable by portfolio category as of September 30, 2021 and 2020 follows:

	2021	2020
Housing Loans	\$ 3,648,847	\$ 3,669,342
Commercial Loans	1,230,000	1,230,000
Total Loans	4,878,847	4,899,342
Less allowance for loan losses	(248,696)	(250,023)
Total notes receivable, net of allowance	\$ 4,630,151	\$ 4,649,319

**NORTHEAST SOUTH DAKOTA COMMUNITY ACTION PROGRAM, INC.**  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2021

5. NOTES RECEIVABLE, continued

The activity in the allowance for loan losses for the years ended September 30, 2021 and 2020 follows:

	2021	2020
Balance, beginning of year	\$ 250,023	\$ 224,247
Provision for loan losses	(11,804)	25,776
Recoveries (charge-offs)	10,477	-
Balance, end of year	\$ 248,696	\$ 250,023

The following tables present the activity in the allowance for loan losses for the years ended September 30, 2021 and 2020, by portfolio category.

	2021		
	Commercial	Housing	Total
Balance, beginning of year	\$ 61,500	\$ 188,523	\$ 250,023
Provision for loan losses	-	(11,804)	(11,804)
Recoveries (charge-offs)	-	10,477	10,477
Balance, end of year	\$ 61,500	\$ 187,196	\$ 248,696

  

	2020		
	Commercial	Housing	Total
Balance, beginning of year	\$ 61,500	\$ 162,747	\$ 224,247
Provision for loan losses	-	25,776	25,776
Recoveries (charge-offs)	-	-	-
Balance, end of year	\$ 61,500	\$ 188,523	\$ 250,023

NESDCAP individually reviews each loan balance where all or a portion of the balance exceeds 90 days past due. Based on the assessment of the borrower's current creditworthiness, NESDCAP estimates the portion, if any, of the balance that will not be collected. Additionally, on the aggregate remaining loan receivables, NESDCAP estimates an allowance covering those amounts not specifically identified.

The ending balance in the allowance for loan loss is attributed to loans evaluated individually and loans evaluated collectively as follows for the years ended September 30, 2021 and 2020:

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021

5. NOTES RECEIVABLE, continued

2021	Allowance for Loan Losses		
	Commercial	Housing	Total
Individually evaluated	\$ -	\$ -	\$ -
Collectively evaluated	<u>61,500</u>	<u>187,196</u>	<u>248,696</u>
Balance, end of year	<u>\$ 61,500</u>	<u>\$ 187,196</u>	<u>\$ 248,696</u>

2020	Allowance for Loan Losses		
	Commercial	Housing	Total
Individually evaluated	\$ -	\$ -	\$ -
Collectively evaluated	<u>61,500</u>	<u>188,523</u>	<u>250,023</u>
Balance, end of year	<u>\$ 61,500</u>	<u>\$ 188,523</u>	<u>\$ 250,023</u>

2021	Loans Receivable Balances		
	Commercial	Housing	Total
Individually evaluated	\$ -	\$ -	\$ -
Collectively evaluated	<u>1,230,000</u>	<u>3,648,847</u>	<u>4,878,847</u>
Balance, end of year	<u>\$ 1,230,000</u>	<u>\$ 3,648,847</u>	<u>\$ 4,878,847</u>

2020	Loans Receivable Balances		
	Commercial	Housing	Total
Individually evaluated	\$ -	\$ -	\$ -
Collectively evaluated	<u>1,230,000</u>	<u>3,669,342</u>	<u>4,899,342</u>
Balance, end of year	<u>\$ 1,230,000</u>	<u>\$ 3,669,342</u>	<u>\$ 4,899,342</u>

**Credit Quality Indicators**

NESDCAP categorizes loans into risk categories based on the type of loan. There is a minimum of 5% loan loss reserve for the entire portfolio. The loan loss reserve increases to 7% for non-first mortgage, home improvement and down payment mortgages.

Based on the most recent analysis performed, the risk category of loans by class of loans as of September 30, 2021 and 2020 was as follows:

**NORTHEAST SOUTH DAKOTA COMMUNITY ACTION PROGRAM, INC.  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021

5. NOTES RECEIVABLE, continued

**Credit Risk Profile by Internally Assigned Grade**

2021	5%	7%	Total
Commercial	\$ 1,230,000	\$ -	\$ 1,230,000
Housing	3,411,141	237,706	3,648,847
Total	<u>\$ 4,641,141</u>	<u>\$ 237,706</u>	<u>\$ 4,878,847</u>
2020	5%	7%	Total
Commercial	\$ 1,230,000	\$ -	\$ 1,230,000
Housing	3,416,537	252,805	3,669,342
Total	<u>\$ 4,646,537</u>	<u>\$ 252,805</u>	<u>\$ 4,899,342</u>

**Credit Risk Profile by Class Based on Payment Activity**

Commercial and housing loans are managed on an individual basis. Loans that are delinquent 90 days or more or are not accruing interest are considered nonperforming. The following table presents the recorded investments in loans by class based on payment activity as of September 30, 2021 and 2020:

2021	Performing	Nonperforming	Total
Commercial	\$ 1,230,000	\$ -	\$ 1,230,000
Housing	3,648,847	-	3,648,847
Total	<u>\$ 4,878,847</u>	<u>\$ -</u>	<u>\$ 4,878,847</u>
2020	Performing	Nonperforming	Total
Commercial	\$ 1,230,000	\$ -	\$ 1,230,000
Housing	3,669,342	-	3,669,342
Total	<u>\$ 4,899,342</u>	<u>\$ -</u>	<u>\$ 4,899,342</u>

The following table summarizes the aging of the past due loans by loan class within the portfolio segments as of September 30, 2021 and 2020:

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021

5. NOTES RECEIVABLE, continued

**Credit Risk Profile by Class Based on Payment Activity, continued**

2021	Current	Still Accruing		Nonaccrual Balance
		30-89 Days Past Due	Over 90 Days Past Due	
Commercial	\$ 1,230,000	\$ -	\$ -	\$ -
Housing	3,648,847	-	-	-
<b>Total</b>	<b>\$ 4,878,847</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

2020	Current	Still Accruing		Nonaccrual Balance
		30-89 Days Past Due	Over 90 Days Past Due	
Commercial	\$ 1,230,000	\$ -	\$ -	\$ -
Housing	3,669,342	-	-	-
<b>Total</b>	<b>\$ 4,899,342</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**Impaired Loans**

A loan is considered impaired when, based on currently available information, it is probable that NESDCAP will not collect all of the principal and interest contractually required by the loan agreement. Impaired loans include loans that are past due over 90 days and loans placed on nonaccrual status. All impaired loans are evaluated for an asset-specific allowance for credit losses. There were no impaired loans as of September 30, 2021 and 2020.

**Loan Modifications and Troubled Debt Restructuring**

Modifications of terms for loans and their inclusion as troubled debt restructurings are based on individual facts and circumstances. Loan modifications that are included as troubled debt restructurings may involve reduction of the interest rate or renewing at an interest rate below current market rates, extension of the term of the loan and/or forgiveness of principal, regardless of the period of modification.

At the time of the restructuring, the loan is evaluated for an asset-specific allowance for credit losses. NESDCAP will continue to specifically reevaluate the loan in subsequent periods, regardless of the borrower's performance under the modified terms. If the loan defaults after restructuring it is written off with Board approval. As of September 30, 2021, and 2020, NESDCAP did not have any troubled debt restructuring.

**NORTHEAST SOUTH DAKOTA COMMUNITY ACTION PROGRAM, INC.**  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021

6. INVESTMENTS

**Equity Securities Without a Readily Determinable Fair Value**

NESDCAP has an investment in Great Opportunities, LLC, a South Dakota Limited Liability Company, formed in 2007. Great Opportunities selectively provides seed funding for start-up companies in need of equity capital. During the year ended September 30, 2021, Great Opportunities, LLC's operations were discontinued, and final distributions were made. This investment is carried at cost, net of the valuation allowance.

At September 30, 2021 and 2020, equity securities consisted of the following:

	2021	2020
Great Opportunities, LLC - cost	\$ 21,075	\$ 21,075
Valuation allowance	(21,075)	(7,450)
	\$ -	\$ 13,625

Investment return is summarized as follows:

	2021	2020
Dividends and distributions	\$ 15,088.00	\$ -
Change in valuation allowance	(13,625.00)	-
	\$ 1,463.00	\$ -

7. PROPERTY AND EQUIPMENT

At September 30, 2021 and 2020, property and equipment is as follows:

	2021	2020
Land - Milbank	\$ 6,040	\$ 6,040
Office equipment	29,988	29,988
Equipment	105,544	105,544
Buildings and equipment - Milbank	632,102	632,102
Vehicles	9,110	21,735
	782,784	795,409
Less: Accumulated depreciation	(617,132)	(606,321)
	\$ 165,652	\$ 189,088

**NORTHEAST SOUTH DAKOTA COMMUNITY ACTION PROGRAM, INC.  
dba GROW South Dakota**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021

7. PROPERTY AND EQUIPMENT, continued

Depreciation expense for the year ended September 30, 2021 and 2020 is as follows:

	2021	2020
NESDCAP	\$ 2,883	\$ 5,808
Milbank Apartments	20,553	24,597
	\$ 23,436	\$ 30,405

8. NOTES PAYABLE

At September 30, 2021 and 2020, notes payable consisted of the following:

	2021	2020
Rural Electric Economic Development, Inc., 3.25% interest; quarterly interest payments of \$8,125; due on November 25, 2024	\$ 1,000,000	\$ 1,000,000
Rural Development, secured by Milbank 16-Plex property; 3.125% interest; monthly installments of \$901; final payment due February 1, 2062	385,210	389,874
NESDCAP, loan to and secured by Milbank 16-Plex property; 1.5% interest; secured; monthly installment of \$414.64; final payment due December 15, 2022	107,898	111,228
Local financial institution, Paycheck Protection Program loan; 1% interest; unsecured; monthly installment of \$21,446; final payment due May 6, 2022; subject to forgiveness	-	381,000
Local Initiatives Support Corporation, proceeds are to support NESDCAP's efforts to assist low-income individuals and families in its target area to become self-sufficient and obtain a higher quality life; unsecured; 0% interest; due on September 30, 2021	-	21,075

**NORTHEAST SOUTH DAKOTA COMMUNITY ACTION PROGRAM, INC.**  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021

8. NOTES PAYABLE, continued

	<u>2021</u>	<u>2020</u>
Total Notes Payable	1,493,108	1,903,177
Less: Current portion	<u>(8,192)</u>	<u>(410,069)</u>
Notes Payable: Long-Term portion	<u>\$ 1,484,916</u>	<u>\$ 1,493,108</u>

During the year ended September 30, 2021, the Paycheck Protection Program loan was forgiven. Total amount forgiven included principal of \$381,000 and accrued interest of \$1,831.

Future minimum principal payments on the above notes are as follows:

<u>Years ending September 30</u>	
2022	\$ 8,192
2023	109,482
2024	1,005,122
2025	5,284
2023	5,452
Thereafter	<u>359,576</u>
	<u>\$ 1,493,108</u>

9. LEASES

NESDCAP has entered into leases for office space, vehicles and office equipment. Future minimum lease payments on non-cancelable operating leases payable is as follows:

<u>Years ending September 30</u>	
2022	\$ 45,188
2023	10,200
2024	10,200
2025	<u>2,550</u>
	<u>\$ 68,138</u>

Lease expense under these lease obligations for the year ended September 30, 2021 and 2020 was \$42,830 and \$47,588, respectively.

**NORTHEAST SOUTH DAKOTA COMMUNITY ACTION PROGRAM, INC.  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

10. RELATED PARTY TRANSACTIONS

Northeast South Dakota Economic Corporation (“NESDEC”) was formed to reduce poverty, revitalize low-income communities, empower low-income individuals and families to become self-sufficient. The primary purpose of NESDEC is to provide financing to small- and medium-sized businesses in its geographical area who lack sufficient capital to obtain conventional financial institutional financing.

GROW South Dakota is a not-for-profit corporation formed to promote and foster economic, housing, and educational development in distressed communities and underserved markets in South Dakota and to purposefully serve low to moderate income individuals and communities. A minority of GROW South Dakota board members also serve on the NESDCAP board.

NESDEC and GROW South Dakota employees are also employed by NESDCAP. NESDEC and GROW South Dakota reimburse NESDCAP for salaries, employee benefits and various program and administrative costs. NESDEC paid \$485,559 and \$500,475 for the years ended September 30, 2021 and 2020, respectively, and Grow South Dakota paid \$284,737 and \$ 322,702 for the years ended September 30, 2021 and 2020, respectively.

NESDCAP leases office and storage space from NESDEC on annual leases. Total lease payments under these leases during the year ended September 30, 2021 and 2020, were \$24,000 and \$24,000, respectively.

NESDCAP leases vehicles under operating leases of various terms from GROW South Dakota. Total lease payments under these leases during the years ended September 30, 2021 and 2020, were \$32,630 and \$37,388, respectively.

NESDCAP has advanced GROW South Dakota funds under a continuing loan agreement. This loan carries a balance of \$1,230,000 and \$1,230,000 as of September 30, 2021 and 2020, respectively. Interest earned on this loan during the years ended September 30, 2021 and 2020, was \$37,405 and \$35,990, respectively.

**NORTHEAST SOUTH DAKOTA COMMUNITY ACTION PROGRAM, INC.**  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021

11. COMMITMENTS AND CONTINGENT LIABILITIES

NESDCAP participates in a number of federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Compliance with applicable grant requirements for grants whose grant periods have not expired will be established at some future date. In the opinion of management, the amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although they expect such amounts, if any, to be immaterial.

NESDCAP, as part of its normal business operations, grants credit in the form of notes receivable to residents located primarily in the northeastern South Dakota area. The maximum amount of loss due to credit risk is equal to the outstanding balance on the notes. Allowances for loan losses are calculated at 5% of the outstanding loan balances for typical loans and 7% to 50% of the outstanding balances for riskier loans. Collateral is required on all loans, typically a first lien on the residence. NESDCAP seeks to obtain the most secure position possible, including collateral such as mortgages and personal guarantees.

12. RETIREMENT PLAN

NESDCAP maintains a defined contribution Simplified Employee Pension Plan. Substantially, all employees meeting certain eligibility requirements are covered by this plan. NESDCAP may contribute up to 15% of total employee compensation to the plan. However, the board has set the percentage at 10%. Total employer contributions to this plan were \$144,166 and \$138,554 for the years ended September 30, 2021 and 2020, respectively. Of these totals, NESDEC paid \$84,332 and \$60,595 for the years ended September 30, 2021 and 2020, respectively, and Grow South Dakota paid \$5,706 and \$7,601 for the years ended September 30, 2021 and 2020, respectively.

13. POSTEMPLOYMENT BENEFIT OBLIGATIONS

NESDCAP provides benefits to former or inactive employees after employment but before retirement. Those benefits include the continuation of health care benefits. To qualify for this benefit an employee has to be employed with NESDCAP for 25 years. At present, there are three employees who have qualified for this benefit. It is not practicable for NESDCAP to reasonably estimate the amount of its liability for postemployment benefits; accordingly, no liability has been recognized in the accompanying statement of financial position. NESDCAP recognizes the costs of postemployment benefits when actually paid.

**NORTHEAST SOUTH DAKOTA COMMUNITY ACTION PROGRAM, INC.  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

14. SUBSEQUENT EVENTS

Events occurring after September 30, 2021 were evaluated by management through December 30, 2021, the date the financial statements were available to be issued, to ensure that any subsequent events that met the criteria for recognition and/or disclosure in these financial statements have been included. There are no significant subsequent events needing disclosure.

SUPPLEMENTARY INFORMATION

**NORTHEAST SOUTH DAKOTA COMMUNITY ACTION PROGRAM, INC.**  
**dba GROW South Dakota**

SUPPLEMENTARY FINANCIAL INFORMATION  
 SEPTEMBER 30, 2021  
 WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2020

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION

	2021			2020	
	NESDCAP (Parent)	Milbank 16-Plex (Subsidiary)	Eliminating Entries	Total	Total
<b>ASSETS</b>					
CURRENT ASSETS:					
Cash and cash equivalents	\$ 4,794,704	\$ 35,041	\$ -	\$ 4,829,745	\$ 4,127,517
Receivable from affiliate	80,120	-	-	80,120	98,092
Other receivables	9,850	5,041	-	14,891	17,989
Due from other funds	-	-	-	-	5,549
Current portion of notes receivable, net of allowance for loan losses of \$24,028 in 2021 and \$4,601 in 2020	456,534	-	-	456,534	87,002
Grant receivable	377,766	-	-	377,766	278,298
Accrued interest receivable	14,031	-	-	14,031	14,396
Prepaid insurance	18,253	-	-	18,253	13,665
Total current assets	<u>5,751,258</u>	<u>40,082</u>	<u>-</u>	<u>5,791,340</u>	<u>4,642,508</u>
LONG-TERM RECEIVABLES:					
Notes receivable, less allowance for loan losses of \$224,668 in 2021 and \$245,422 in 2020, and current maturities	4,173,617	-	-	4,173,617	4,562,317
Total long-term receivables	<u>4,173,617</u>	<u>-</u>	<u>-</u>	<u>4,173,617</u>	<u>4,562,317</u>
OTHER ASSETS:					
Investments	-	-	-	-	13,625
Property and equipment, net	4,440	161,212	-	165,652	189,088
Cash, reserve for replacement of property	-	32,970	-	32,970	24,232
Total other assets	<u>4,440</u>	<u>194,182</u>	<u>-</u>	<u>198,622</u>	<u>226,945</u>
Total Assets	<u>\$ 9,929,315</u>	<u>\$ 234,264</u>	<u>\$ -</u>	<u>\$ 10,163,579</u>	<u>\$ 9,431,770</u>
<b>LIABILITIES AND NET ASSETS</b>					
CURRENT LIABILITIES:					
Accounts payable	\$ 48,784	\$ 3,214	\$ -	\$ 51,998	\$ 110,591
Due to other funds	-	-	-	-	5,549
Accrued expenses	309,483	7,653	-	317,136	320,801
Security deposits	-	6,907	-	6,907	7,192
Unearned revenue	188,706	-	-	188,706	75,502
Current portion of notes payable	-	8,192	-	8,192	410,069
Total current liabilities	<u>546,973</u>	<u>25,966</u>	<u>-</u>	<u>572,939</u>	<u>929,704</u>
LONG-TERM LIABILITIES					
Investment in Milbank 16 Plex	276,618	-	(276,618)	-	-
Notes payable, less current maturities	1,000,000	484,916	-	1,484,916	1,493,108
Total long-term liabilities	<u>1,276,618</u>	<u>484,916</u>	<u>(276,618)</u>	<u>1,484,916</u>	<u>1,493,108</u>
Total Liabilities	<u>1,823,591</u>	<u>510,882</u>	<u>(276,618)</u>	<u>2,057,855</u>	<u>2,422,812</u>
NET ASSETS					
With donor restrictions	107,284	32,970	-	140,254	101,390
Without donor restrictions	7,998,440	(309,588)	276,618	7,965,470	6,907,568
Total Net Assets	<u>8,105,724</u>	<u>(276,618)</u>	<u>276,618</u>	<u>8,105,724</u>	<u>7,008,958</u>
Total Liabilities and Net Assets	<u>\$ 9,929,315</u>	<u>\$ 234,264</u>	<u>\$ -</u>	<u>\$ 10,163,579</u>	<u>\$ 9,431,770</u>

See Independent Auditor's Report

**NORTHEAST SOUTH DAKOTA COMMUNITY ACTION PROGRAM, INC.**  
**dba GROW South Dakota**

SUPPLEMENTARY FINANCIAL INFORMATION  
YEAR ENDED SEPTEMBER 30, 2021  
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2020

CONSOLIDATING SCHEDULE OF ACTIVITIES

	<u>2021</u>			<u>2020</u>	
	<u>NESDCAP (Parent)</u>	<u>Milbank 16-Plex (Subsidiary)</u>	<u>Eliminating Entries</u>	<u>Total</u>	<u>Total</u>
<b>REVENUE, GAINS (LOSSES) AND OTHER SUPPORT</b>					
Grant and contract income	\$ 3,617,862	\$ -	\$ -	\$ 3,617,862	\$ 2,232,163
Interest income	204,664	17	-	204,681	204,064
Rent income	-	104,192	-	104,192	92,882
Housing fee income	57,628	-	-	57,628	121,531
Miscellaneous income	81,051	-	-	81,051	51,205
Investment return:					
Dividends and distributions	15,088	-	-	15,088	-
Write down on investments	(13,625)	-	-	(13,625)	-
Gain (loss) on the disposal of surplus items	3,563	-	-	3,563	-
Gain (loss) on loan forgiveness	382,831	-	-	382,831	-
Gain on Milbank 16 Plex	12,591	-	(12,591)	-	-
	<u>4,361,653</u>	<u>104,209</u>	<u>(12,591)</u>	<u>4,453,271</u>	<u>2,701,845</u>
Total Revenue, Gains (Losses) and Other Support					
<b>EXPENSES</b>					
<b>PROGRAM SERVICES:</b>					
Weatherization	679,056	-	-	679,056	581,492
Business development	208,967	-	-	208,967	309,479
Self sufficiency	1,407	-	-	1,407	340
Housing improvement	671,963	91,618	-	763,581	1,013,489
Emergency assistance	1,324,697	-	-	1,324,697	195,840
	<u>2,886,090</u>	<u>91,618</u>	<u>-</u>	<u>2,977,708</u>	<u>2,100,640</u>
<b>SUPPORTING SERVICES:</b>					
Management and general	378,797	-	-	378,797	306,287
	<u>378,797</u>	<u>-</u>	<u>-</u>	<u>378,797</u>	<u>306,287</u>
Total Expenses	<u>3,264,887</u>	<u>91,618</u>	<u>-</u>	<u>3,356,505</u>	<u>2,406,927</u>
Change in Net Assets	1,096,766	12,591	(12,591)	1,096,766	294,918
Net Assets, Beginning of Year	<u>7,008,958</u>	<u>(289,209)</u>	<u>289,209</u>	<u>7,008,958</u>	<u>6,714,040</u>
Net Assets, End of Year	<u>\$ 8,105,724</u>	<u>\$ (276,618)</u>	<u>\$ 276,618</u>	<u>\$ 8,105,724</u>	<u>\$ 7,008,958</u>

See Independent Auditor's Report

**NORTHEAST SOUTH DAKOTA COMMUNITY ACTION PROGRAM, INC.  
dba GROW South Dakota**

SUPPLEMENTARY FINANCIAL INFORMATION  
SEPTEMBER 30, 2021

SCHEDULE OF FINANCIAL POSITION  
NEIGHBORWORKS AMERICA DONOR RESTRICTED CAPITAL FUND

	<u>Net Assets With Donor Restrictions</u>		
	<u>Restricted</u>	<u>Permanently Designated</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ -	\$ -
Notes receivable	-	-	-
Total Assets	<u>-</u>	<u>-</u>	<u>-</u>
<b>LIABILITIES AND NET ASSETS</b>			
Net assets	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Net Assets	<u>-</u>	<u>-</u>	<u>-</u>

SCHEDULE OF ACTIVITIES  
NEIGHBORWORKS AMERICA DONOR RESTRICTED CAPITAL FUND

	<u>Net Assets With Donor Restrictions</u>		
	<u>Restricted</u>	<u>Permanently Designated</u>	<u>Total</u>
<b>REVENUE AND OTHER SUPPORT:</b>			
Capital Grant - NeighborWorks America	\$ -	\$ -	\$ -
(Decrease) in Net Assets	(31,995)	-	(31,995)
Net Assets, Beginning of Year	<u>31,995</u>	<u>-</u>	<u>31,995</u>
Net Assets, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

During the year ended September 30, 2021, the Permanently Designated Capital Fund totaled \$-0. The Donor Restricted cash loan loss reserve of \$31,995 at the beginning for the year was released from restriction to replenish capital after losses.

**NORTHEAST SOUTH DAKOTA COMMUNITY ACTION PROGRAM, INC.  
dba GROW South Dakota**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

<u>Federal Grantor/Pass-Through Grantor Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>		<u>Federal Expenditures</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
477 Cluster:				
Passed Through South Dakota Department of Social Services:				
Community Services Block Grant	93.569	21-0821-610	\$ 364,627	
		22-0844-610	205,990	
		20-0821-629	106,617	
		21-0821-645	<u>20,341</u>	\$ 697,575
Passed Through the South Dakota Community Action Partnership:				
Community Service Block Grant (OCS)	93.569	90ET0473-02-00		<u>7,141</u>
Total 477 Cluster				704,716
Passed Through South Dakota Department of Social Services:				
Low-Income Home Energy Assistance	93.568	21-0821-606	159,249	
		22-0821-606	<u>27,478</u>	186,727
Total U.S. Department of Health and Human Services				<u>891,443</u>
U.S. DEPARTMENT OF ENERGY				
Passed Through the South Dakota Department of Social Services:				
Weatherization Assistance for Low-Income Persons	81.042	21-0821-602	364,471	
		22-0821-602	<u>170,058</u>	534,529
Total U.S. Department of Energy				<u>534,529</u>
U.S. DEPARTMENT OF AGRICULTURE				
Food Distribution Cluster:				
Passed Through Feeding South Dakota				
Commodity Supplemental Food Program - Administrative Costs	10.565	**	615	
Commodity Supplemental Food Program - Food Commodities	10.565	**	<u>10,367</u>	10,982
Total Food Distributions Cluster				10,982
Total U.S. Department of Agriculture				<u>10,982</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed Through the South Dakota Housing Development Authority:				
Housing Counseling Assistance Program	14.169	**		2,454
Continuum of Care Program	14.267	**		1,407
Passed Through the Local Initiatives Support Corporation:				
Section 4 Capacity Building for Community Development and				
Affordable Housing	14.252	41204-0068	28,430	
		41204-0069	16,027	
		41204-0071	<u>634</u>	45,091
Total U.S. Department of Housing and Urban Development				<u>48,952</u>
SMALL BUSINESS ADMINISTRATION				
Passed Through the USD Small Business Development Center:				
Small Business Development Center	59.037	A00-0322-5017	34,853	
		**	<u>69,674</u>	104,527
Total Small Business Administration				<u>104,527</u>
U.S. DEPARTMENT OF HOMELAND SECURITY				
Passed through Second Harvest in Sioux Falls:				
Emergency Food and Shelter National Board Program	97.024	**	12,061	
		**	<u>10,752</u>	22,813
Total Department of Homeland Security				<u>22,813</u>

See Independent Auditor's Report

**NORTHEAST SOUTH DAKOTA COMMUNITY ACTION PROGRAM, INC.  
dba GROW South Dakota**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

<u>Federal Grantor/Pass-Through Grantor Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. DEPARTMENT OF TREASURY			
Passed Through Neighborhood Reinvestment Corporation: Expandable Grants	21.U01	**	691,300
Passed Through South Dakota Housing Redevelopment Authority: Corona Relief Fund - COVID19	21.019	CARES	563,514
Emergency Rental Assistance Program - COVID19	21.023	ERA1 ERA2	334,891 <u>223,711</u> 558,602
Passed Through Local Initiatives Support Corporation: Community Development Financial Institutions Program	21.020	41204-0037	<u>21,075</u>
Total U.S. Department of Treasury			<u>1,834,491</u>
Total Federal Funding			<u>\$ 3,447,737</u>

\*\* Pass-through entity identifying number not available

**Note 1: Basis of Presentation**

This accompanying Schedule of Expenditures of Federal Awards includes the federal award activity of the Northeast South Dakota Community Action Program under programs of the federal government for the year ended September 30, 2021. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Northeast South Dakota Community Action Program, it is not intended to, and does not present the financial position, changes in net assets, or cash flows of the organization.

**Note 2: Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The Northeast South Dakota Community Action Program, Inc. has not elected to use the 10% de minimis cost rate.

See Independent Auditor's Report

*Wahlenberg  
Ritzman & Co., LLC*  
*certified public accountants*

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

To the Board of Directors  
Northeast South Dakota Community Action Program, Inc.  
dba GROW South Dakota  
Sisseton, South Dakota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Northeast South Dakota Community Action Program, Inc. dba GROW South Dakota (a nonprofit organization, hereafter referred to as "NESDCAP"), which comprise the consolidated statement of financial position as of September 30, 2021, and the related consolidated 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 30, 2021.

**Internal Control Over Financial Reporting**

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

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<b>Yankton Office</b>	207 Douglas Avenue	PO Box 1018	Yankton, SD 57078	605.665.4401
<b>Sioux Falls Office</b>	507 West 10 <sup>th</sup> Street	PO Box 876	Sioux Falls, SD 57101	605.336.0372

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

*Wohlberg Ritzman + Co., LLC*

Yankton, South Dakota  
December 30, 2021

  
*certified public accountants*

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

To the Board of Directors  
 Northeast South Dakota Community Action Program, Inc.  
 dba GROW South Dakota  
 Sisseton, South Dakota

**Report on Compliance for Each Major Federal Program**

We have audited Northeast South Dakota Community Action Program, Inc. dba GROW South Dakota (a nonprofit organization, hereafter referred to as "NESDCAP") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of NESDCAP's major federal programs for the year ended September 30, 2021. NESDCAP's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of NESDCAP's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

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Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about NESDCAP's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### **Opinion on Each Major Federal Program**

In our opinion, NESDCAP complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2021.

### **Report on Internal Control Over Compliance**

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

*Wohlenberg Ritzman + Co., LLC*

Yankton, South Dakota  
December 30, 2021

**NORTHEAST SOUTH DAKOTA COMMUNITY ACTION PROGRAM, INC.  
dba GROW South Dakota**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
SEPTEMBER 30, 2021**

**A. FINANCIAL STATEMENT AUDIT**

There were no prior financial statement audit findings reported.

**B. MAJOR FEDERAL AWARD PROGRAMS AUDIT**

There were no prior major federal award program findings reported.

**NORTHEAST SOUTH DAKOTA COMMUNITY ACTION PROGRAM, INC.  
dba GROW South Dakota**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED SEPTEMBER 30, 2021**

**A. SUMMARY OF AUDITOR'S RESULTS**

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ yes  X  no
- Significant deficiencies identified? \_\_\_\_\_ yes  X  none reported

Noncompliance material to financial statements noted? \_\_\_\_\_ yes  X  no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_ yes  X  no
- Significant deficiencies identified? \_\_\_\_\_ yes  X  none reported

Type of auditor's report issued on compliance for major programs Unmodified

Audit findings disclosed that are required to be reported in accordance with the Uniform Guidance 2 CFR 200.516(a)? \_\_\_\_\_ yes  X  no

Identification of major programs:

CFDA Numbers  
93.569

Name of Federal Program or Cluster  
Community Services Block Grant

Dollar Threshold used to distinguish between Type A and Type B Programs: \$750,000

Auditee qualified as low-risk auditee?  X  yes \_\_\_\_\_ no

**NORTHEAST SOUTH DAKOTA COMMUNITY ACTION PROGRAM, INC.  
dba GROW South Dakota**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - continued  
YEAR ENDED SEPTEMBER 30, 2021

B. FINANCIAL STATEMENT AUDIT

There are no financial statement audit findings reported.

C. MAJOR FEDERAL AWARD PROGRAMS AUDIT

There are no major federal award program findings reported.