

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

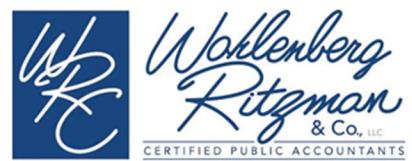
**FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
WITH SUPPLEMENTARY INFORMATION**

SEPTEMBER 30, 2025

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

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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 Audit of the Consolidated Financial Statements

Opinion

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")** and its subsidiaries, which comprise the consolidated statement of financial position as of September 30, 2025, 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.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of NESDCAP and its subsidiaries as of September 30, 2025, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about NESDCAP's ability to continue as a going concern within one year after the date that the consolidated 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 consolidated 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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as 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 judgement made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risk of material misstatement of the consolidated 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 consolidated 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 NESDCAP'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 consolidated financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about NESDCAP'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.

Report on Summarized Comparative Information

We have previously audited NESDCAP's 2024 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated December 20, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2024, 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 schedule of financial position and consolidating schedule of activities are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. The 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 also 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 consolidating schedule of financial position, consolidating schedule of activities, and the schedule of expenditures of federal awards are 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 22, 2025, on our consideration of NESDCAP's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

Uhlendorf Ritzman + Co., PLLC

Yankton, South Dakota
December 22, 2025

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2025
WITH SUMMARIZED COMPARATIVE TOTALS FOR SEPTEMBER 30, 2024

	2025			2024
	Without Donor Restrictions	With Donor Restrictions	Total	Total
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents	\$ 4,491,123	\$ -	\$ 4,491,123	\$ 4,895,682
Certificates of deposit	750,000	-	750,000	-
Due from/to other funds	174,907	(174,907)	-	-
Receivable from affiliate	122,889	-	122,889	101,020
Other receivables	763	2,030	2,793	11,719
Current portion of notes receivable, net of allowance for loan losses of \$5,651 in 2025 and \$13,118 in 2024	1,373,742	-	1,373,742	282,266
Grant receivable	78,300	461,370	539,670	447,105
Accrued interest receivable	26,454	-	26,454	16,336
Prepaid expenses	30,870	-	30,870	25,204
Inventory held for resale	798,060	-	798,060	787,590
Investments	(2,806)	-	(2,806)	-
Total current assets	<u>7,844,302</u>	<u>288,493</u>	<u>8,132,795</u>	<u>6,566,922</u>
LONG-TERM RECEIVABLES:				
Notes receivable, less allowance for loan losses of \$54,062 in 2025 and \$95,499 in 2024, and current maturities	2,706,423	-	2,706,423	4,101,787
Total long-term receivables	<u>2,706,423</u>	<u>-</u>	<u>2,706,423</u>	<u>4,101,787</u>
OTHER ASSETS:				
Property and equipment, net	25,900	-	25,900	138,203
Intangible leased assets, net	464,866	-	464,866	423,068
Cash, reserve for replacement of property	-	-	-	57,290
Total other assets	<u>490,766</u>	<u>-</u>	<u>490,766</u>	<u>618,561</u>
Total Assets	<u>\$ 11,041,491</u>	<u>\$ 288,493</u>	<u>\$ 11,329,984</u>	<u>\$ 11,287,270</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES:				
Accounts payable	\$ 9,322	\$ 123,916	\$ 133,238	\$ 56,399
Accrued expenses	374,844	-	374,844	393,294
Security deposits	-	-	-	7,909
Unearned revenue	-	47,271	47,271	222,363
Current portion of notes payable	-	-	-	8,820
Current portion of leases payable	79,894	-	79,894	75,541
Total current liabilities	<u>464,060</u>	<u>171,187</u>	<u>635,247</u>	<u>764,326</u>
LONG-TERM LIABILITIES				
Notes payable, less current maturities	-	-	-	457,968
Leases payable, less current maturities	384,972	-	384,972	347,527
Total long-term liabilities	<u>384,972</u>	<u>-</u>	<u>384,972</u>	<u>805,495</u>
Total Liabilities	<u>849,032</u>	<u>171,187</u>	<u>1,020,219</u>	<u>1,569,821</u>
NET ASSETS				
With donor restrictions	-	117,306	117,306	188,608
Without donor restrictions	10,192,459	-	10,192,459	9,528,841
Total Net Assets	<u>10,192,459</u>	<u>117,306</u>	<u>10,309,765</u>	<u>9,717,449</u>
Total Liabilities and Net Assets	<u>\$ 11,041,491</u>	<u>\$ 288,493</u>	<u>\$ 11,329,984</u>	<u>\$ 11,287,270</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 ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED SEPTEMBER 30, 2025
WITH SUMMARIZED COMPARATIVE TOTALS FOR SEPTEMBER 30, 2024

	2025			2024
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUE, GAINS (LOSSES) AND OTHER SUPPORT				
Grant and contract income	\$ 557,000	\$ 2,496,594	\$ 3,053,594	\$ 3,230,534
Interest income	286,030	-	286,030	181,990
Rent income	-	-	-	105,283
Housing fee income	121,579	4,302	125,881	103,758
Miscellaneous income	26,594	6,351	32,945	55,582
Investment return	(2,806)	-	(2,806)	-
Write down of inventory	(91,524)	-	(91,524)	-
Gain (loss) on the disposal of surplus items	-	480	480	-
 Total Revenue, Gains (Losses) and Other Support	 896,873	 2,507,727	 3,404,600	 3,677,147
EXPENSES				
PROGRAM SERVICES:				
Weatherization	1,029,583	-	1,029,583	819,216
Business development	202,248	-	202,248	210,782
Self sufficiency	1,455	-	1,455	38,330
Housing improvement	907,974	-	907,974	1,077,709
Emergency assistance	516,925	-	516,925	785,073
 Total Expenses	 2,658,185	 -	 2,658,185	 2,931,110
SUPPORTING SERVICES:				
Management and general	417,401	-	417,401	457,425
 Total Expenses	 3,075,586	 -	 3,075,586	 3,388,535
Reclassification of Net Assets:				
Released in satisfaction of purpose	2,521,739	(2,521,739)	-	-
Reserve deposits released by grantor agency	57,290	(57,290)	-	-
 Total Reclassification	 2,579,029	 (2,579,029)	 -	 -
Change in Net Assets From Continuing Operations	400,316	(71,302)	329,014	288,612
Discontinued Operations:				
Income (loss) from operations	(15,751)	-	(15,751)	-
Gain on disposal	279,053	-	279,053	-
Change in Net Assets From Discontinued Operations	263,302	-	263,302	-
Change in Net Assets	663,618	(71,302)	592,316	288,612
Net Assets, Beginning of Year	9,528,841	188,608	9,717,449	9,428,837
Net Assets, End of Year	\$ 10,192,459	\$ 117,306	\$ 10,309,765	\$ 9,717,449

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, 2025
WITH SUMMARIZED COMPARATIVE TOTALS FOR SEPTEMBER 30, 2024

	2025							Supporting Services	Total Expenses		
	Program Services										
	Weatherization	Business Development	Self Sufficiency	Housing Improvement	Emergency Assistance	Total	Management and General		2025	2024	
Salaries	\$ 221,971	\$ 136,206	\$ 1,306	\$ 520,112	\$ 118,260	\$ 997,855	\$ 265,080	\$ 1,262,935	\$ 1,340,840		
Materials	352,619	-	-	110,225	-	462,844	-	462,844	362,584		
Other program expenses	13,130	981	-	22,375	342,814	379,300	7,429	386,729	626,805		
Contractual	259,412	-	-	71,384	-	330,796	-	330,796	242,782		
Employee benefits	4,580	18,497	2	62,352	8,342	93,773	32,146	125,919	145,956		
Payroll taxes	17,119	10,259	98	39,078	8,709	75,263	19,484	94,747	99,440		
Insurance	39,978	2,788	-	22,043	5,651	70,460	21,100	91,560	75,555		
Retirement	5,177	11,086	-	26,794	5,398	48,455	19,238	67,693	72,334		
Repairs and maintenance	45,637	749	-	11,274	1,518	59,178	5,667	64,845	72,928		
Rent expense	14,322	10,293	-	7,290	2,766	34,671	10,329	45,000	44,850		
Travel expenses	12,725	3,641	-	13,779	6,932	37,077	3,597	40,674	40,597		
Utilities	13,657	755	-	4,908	1,530	20,850	8,125	28,975	31,145		
Professional fees	7,559	1,084	-	7,565	2,197	18,405	8,202	26,607	33,495		
Supplies	429	1,868	49	14,015	1,528	17,889	5,719	23,608	35,296		
Memberships	110	418	-	13,354	390	14,272	1,458	15,730	6,300		
Training	6,481	2,492	-	1,076	2,832	12,881	61	12,942	18,420		
Program supplies	12,832	-	-	-	-	12,832	-	12,832	8,875		
Telephone	213	1,020	-	2,386	822	4,441	2,840	7,281	8,083		
Food commodities used	-	-	-	-	6,940	6,940	-	6,940	10,424		
Depreciation	-	-	-	-	-	-	6,475	6,475	6,475		
Marketing	110	56	-	5,813	13	5,992	49	6,041	7,808		
Postage	30	55	-	1,055	283	1,423	402	1,825	2,648		
Equipment purchased	1,492	-	-	-	-	1,492	-	1,492	2,247		
Milbank 16 Plex expenses	-	-	-	-	-	-	-	-	114,813		
Bad debt expense	-	-	-	(48,904)	-	(48,904)	-	(48,904)	(22,165)		
	<u>\$ 1,029,583</u>	<u>\$ 202,248</u>	<u>\$ 1,455</u>	<u>\$ 907,974</u>	<u>\$ 516,925</u>	<u>\$ 2,658,185</u>	<u>\$ 417,401</u>	<u>\$ 3,075,586</u>	<u>\$ 3,388,535</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 CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2025
WITH SUMMARIZED COMPARATIVE TOTALS FOR SEPTEMBER 30, 2024

	2025	2024
Cash Flows From Operating Activities		
Increase in net assets	\$ 592,316	\$ 288,612
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	112,303	24,361
Amortization - intangible leased assets	80,588	75,814
Amortization - leases payable	(80,588)	(75,814)
Provision for the allowance for loan losses	(48,904)	(22,165)
Value of commodities used	(6,940)	(7,808)
(Gain) on sale of property and equipment	(480)	-
Investment return	2,806	-
Write down of inventory	91,524	-
Value of commodities received	6,940	7,808
Changes in operating assets and liabilities		
(Increase) decrease in:		
Receivables from affiliate	(14,011)	10,160
Other receivables	1,068	(4,539)
Grants receivable	(92,565)	204,864
Accrued interest receivable	(10,118)	181
Prepaid expenses	(5,666)	(2,424)
Inventory held for resale	(101,994)	(643,420)
Increase (decrease) in:		
Accounts payable	76,839	(54,343)
Accrued expenses	(18,450)	(24,790)
Security deposits	(7,909)	401
Unearned revenue	(175,092)	57,494
Net cash provided by (used in) operating activities	<u>401,667</u>	<u>(165,608)</u>
Cash Flows From Investing Activities		
Change in funded account for replacement of property	57,290	(6,831)
Sale (purchase) of certificates of deposit	(750,000)	-
Net (increase) decrease in notes receivable	352,792	(196,970)
Proceeds from the sale of property and equipment	480	-
Net cash provided by (used in) provided by investing activities	<u>(339,438)</u>	<u>(203,801)</u>
Cash Flows From Financing Activities		
Principal payments on notes payable	(466,788)	(8,597)
Net cash provided by (used in) financing activities	<u>(466,788)</u>	<u>(8,597)</u>
Change in cash and cash equivalents	<u>(404,559)</u>	<u>(378,006)</u>
Cash and Cash Equivalents:		
Beginning	<u>4,895,682</u>	<u>5,273,688</u>
Ending	<u>\$ 4,491,123</u>	<u>\$ 4,895,682</u>
Reconciliation of Cash to the Balance Sheet		
Cash and cash equivalents - Without Donor Restrictions	\$ 4,491,123	\$ 4,871,668
Cash and cash equivalents - With Donor Restrictions	- <u>\$ 4,491,123</u>	24,014 <u>\$ 4,895,682</u>
Supplemental Disclosures		
Cash Payments for Interest	<u>\$ 4,873</u>	<u>\$ 7,192</u>
Noncash Investing and Financing Activities:		
Intangible leased assets acquired	<u>\$ (279,837)</u>	<u>\$ (103,486)</u>
Leases payable issued	<u>\$ 279,837</u>	<u>\$ 103,486</u>
Intangible leased assets retired	<u>\$ 157,451</u>	<u>\$ -</u>
Leases payable terminated	<u>\$ (157,451)</u>	<u>\$ -</u>

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, 2025**

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 nonprofit organization. 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. NESDCAP 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. NESDCAP 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. A purchase agreement for the sale of the subsidiary was approved by USDA Rural Development and as of March 30, 2025, NESDCAP transferred 99% ownership of the property. NESDCAP retains 1% ownership of the property for one year per USDA Rural Development's guidelines.

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 for the year ended September 30, 2025, and the discontinued operations of its once wholly owned subsidiary, Milbank Apartments, LLC through March 30, 2025.

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.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES, continued

Summarized Comparative Financial Information

The consolidated 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 consolidated financial statements for the year ended September 30, 2024, from which the summarized information was derived.

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 nonprofit industry. NESDCAP considers these rates to be of market comparison for nonprofit lenders and has not made any adjustment for imputed interest.

Payments of notes receivable are allocated first to fees, and then 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 a payment. Loans placed on non-accrual status are determined by the loan committee. 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.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES, continued

Receivables and Credit Policies, continued

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

NESDCAP utilizes a Current Expected Credit Losses (CECL) model to maintain an adequate methodology for estimating and maintaining allowances for credit losses to properly reflect the value of receivables on the Statement of Financial Position. The primary objective is to provide an estimate of what NESDCAP expects to collect. This CECL model recognizes historical credit losses, delinquencies, and reasonable and supportable economic factors.

NESDCAP uses five years of charge offs to determine historical loss. In order to accurately project how economic factors affect NESDCAP, management evaluates certain factors that may impact repayment. NESDCAP uses factors such as, but not limited to: SD Unemployment Rate, National Inflation Rate, Prime Interest Rates, Pandemics, Natural Disasters, Wars, & Political Turbulence when determining the Economic Factor. NESDCAP uses the Delinquency Report, at a discounted rate, to evaluate current conditions periodically.

Inventory Held for Resale

Inventory held for resale is recorded at cost, adjusted for anticipated selling price less estimated closing costs. This includes construction costs incurred to date through contracts for the construction of 2 spec homes.

Fair Value of Financial Instruments

Unless otherwise indicated, the fair value of all reported assets and liabilities, which represent financial instruments (none of which are held for trading purposes) approximate the carrying values of such amounts.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES, continued

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 is 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

Intangible Leased Assets

Intangible leased assets are recorded at the discounted present value of the underlying lease payable. All acquisitions of leased assets valued in excess of \$5,000 are capitalized. Amortization is provided using the discounted present value over the life of the leased asset's lease payable.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES, continued

Leases Payable

NESDCAP recognizes a lease liability and an intangible right-of-use lease asset (intangible leased asset) in the financial statements. NESDCAP recognizes lease liabilities with an initial, individual value of \$5,000.

At the commencement of a lease, NESDCAP initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The intangible leased asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the leased asset is amortized on a discounted present value over the life of the lease payable.

Key estimates and judgments related to leases include how NESDCAP determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- NESDCAP uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, NESDCAP generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the non-cancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option prices that NESDCAP is reasonably certain to exercise.

NESDCAP monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

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.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES, continued

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.
- *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 are to 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 resource was restricted has been fulfilled, or both.

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.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES, continued

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, which totaled \$6,041 for the year ended September 30, 2025.

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).

Reclassifications

Certain reclassifications of amounts previously reported have been made in the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net asset.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

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	\$ 4,491,123
Certificates of Deposit	750,000
Due From Other Funds	174,907
Grants Receivable	78,300
Accrued Interest Receivable	26,454
Other Receivables	<u>123,652</u>
	<u><u>\$ 5,644,436</u></u>

3. CUSTODIAL CREDIT RISK – DEPOSITS

NESDCAP maintains its bank deposits in several financial institutions. At various times during 2025, 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. 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, 2025, all of NESDCAP's deposits were fully insured or collateralized.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

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. The balance was \$-0- for the year ended September 30, 2025.

b. *Other Receivables*

Other receivables components are comprised of receivables of various programs. The balance as of September 30, 2025, was \$2,030.

c. *Grants Receivable*

Grants receivable components are comprised of balances of various programs. The balance consisted of the following as of September 30, 2025:

Department of Energy - Weatherization	\$ 168,866
SDHDA Housing Opportunity Fund	165,393
Community Service Block Grant	42,148
Low-Income Energy Assistance Program	41,986
Small Business Development Center	30,331
Other	12,646
	<hr/>
	\$ 461,370

d. *Accounts Payable*

Accounts payable components are comprised of balances of various programs. The balance as of September 30, 2025, was \$123,916.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

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

e. *Unearned Revenue*

Unearned revenue components are comprised of balances of various programs. The balance consisted of the following as of September 30, 2025:

County Commission	\$ 30,979
Local Initiatives Support Corporation	9,780
Small Business Development Center	6,299
Other	213
	<hr/>
	\$ 47,271

5. NOTES RECEIVABLE

The primary purpose of the loan fund is to provide homeownership financing. A summary of notes receivable by portfolio category as of September 30, 2025, follows:

Housing Loans	\$ 2,909,878
Commercial Loans	<hr/> 1,230,000
Total Loans	4,139,878
Less allowance for loan losses	<hr/> (59,713)
Total notes receivable, net of allowance	<hr/> \$ 4,080,165

The activity in the allowance for loan losses for the year ended September 30, 2025, follows:

Balance, beginning of year	\$ 108,617
Provision for loan losses	(48,904)
Recoveries (charge-offs)	<hr/> -
Balance, end of year	<hr/> \$ 59,713

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

5. NOTES RECEIVABLE, continued

The following tables present the activity in the allowance for loan losses for the year ended September 30, 2025, by portfolio category.

	<u>Commercial</u>	<u>Housing</u>	<u>Total</u>
Balance, beginning of year	\$ 3,075	\$ 105,542	\$ 108,617
Provision for loan losses	-	(48,904)	(48,904)
Recoveries (charge-offs)	-	-	-
Balance, end of year	<u>\$ 3,075</u>	<u>\$ 56,638</u>	<u>\$ 59,713</u>

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 year ended September 30, 2025:

	<u>Allowance for Loan Losses</u>		
	<u>Commercial</u>	<u>Housing</u>	<u>Total</u>
Individually evaluated	\$ -	\$ -	\$ -
Collectively evaluated	3,075	56,638	59,713
Balance, end of year	<u>\$ 3,075</u>	<u>\$ 56,638</u>	<u>\$ 59,713</u>

	<u>Loans Receivable Balances</u>		
	<u>Commercial</u>	<u>Housing</u>	<u>Total</u>
Individually evaluated	\$ -	\$ -	\$ -
Collectively evaluated	1,230,000	2,909,878	4,139,878
Balance, end of year	<u>\$ 1,230,000</u>	<u>\$ 2,909,878</u>	<u>\$ 4,139,878</u>

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

5. NOTES RECEIVABLE, continued

Credit Quality Indicators

NESDCAP categorizes loans into risk categories based on the category and type of loan. Loan types include First Mortgage and Down Payment Assistance/Rehabilitation (DPA/Rehab).

Based on the most recent analysis performed, the risk category of loans by class of loans as of September 30, 2025, was as follows:

Credit Risk Profile by Internally Assigned Grade

	<u>First Mortgage</u>	<u>DPA/Rehab</u>	<u>Total</u>
Commercial	\$ 1,230,000	\$ -	\$ 1,230,000
Housing	2,686,172	223,706	2,909,878
Total	\$ 3,916,172	\$ 223,706	\$ 4,139,878

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, 2025:

	<u>Performing</u>	<u>Nonperforming</u>	<u>Total</u>
Commercial	\$ 1,230,000	\$ -	\$ 1,230,000
Housing	2,909,878	-	2,909,878
Total	\$ 4,139,878	\$ -	\$ 4,139,878

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

5. NOTES RECEIVABLE, continued

Credit Risk Profile by Class Based on Payment Activity, continued

The following table summarizes the aging of the past due loans by loan class within the portfolio segments as of September 30, 2025:

	Current	Still Accruing			Nonaccrual Balance
		30-89 Days Past Due	Over 90 Days Past Due		
Commercial	\$ 1,230,000	\$ -	\$ -		\$ -
Housing	2,826,996	82,882	-		-
Total	<u>\$ 4,056,996</u>	<u>\$ 82,882</u>	<u>\$ -</u>		<u>\$ -</u>

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, 2025.

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 notification. As of September 30, 2025, NESDCAP did not have any troubled debt restructuring.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

6. INVENTORY HELD FOR RESALE

NESDCAP has entered into construction and land purchase contracts for the construction of 2 spec homes. Costs incurred under these contracts and carrying value as of September 30, 2025, is as follows:

	<u>House #1</u>	<u>House #2</u>	<u>Total</u>
Cost	\$ 447,260	\$ 442,324	\$ 889,584
Allowance	<u>(48,230)</u>	<u>(43,294)</u>	<u>(91,524)</u>
Total	<u>\$ 399,030</u>	<u>\$ 399,030</u>	<u>\$ 798,060</u>

Both homes are completed and listed for sale. Based on current market conditions, the values have been adjusted to reflect anticipated sales price less estimated closing costs.

7. INVESTMENTS – EQUITY METHOD

NESDCAP held a 100% interest in Milbank Apartments, LLC and operations were consolidated. The property was sold as of March 30, 2025, and NESDCAP retains a 1% ownership interest of the now unconsolidated entity. Although influence is exercised, control is not. Accordingly, this investment is accounted for using the equity method in accordance with FASB ASC 323, Investments—Equity Method and Joint Ventures.

As of September 30, 2025, the equity method investment consists of the following:

	<u>Ownership</u>	<u>Value</u>
Milbank Apartments, LLC	1%	<u>\$ (2,806)</u>

NESDCAP recognized the following earnings (losses) from its equity method investments for the year ended September 30, 2025:

Milbank Apartments, LLC	
Initial Investment	\$ (2,791)
Operations	<u>(15)</u>
	<u>\$ (2,806)</u>

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

7. INVESTMENTS – EQUITY METHOD, continued

FASB ASC 323 requires that an equity investment be reduced to zero, but not below zero when the investor's share of the losses exceeds the carrying amount of the investment. However, a negative balance may be reported when the investor has other legal or constructive obligation to absorb losses. The purchase agreement for the sale of the property allocates 1% of net income or losses, and payment of existing liabilities to NESDCAP. Thus, the value is recognized as negative.

The purchase agreement sets forth NESDCAP's 1% ownership during a transition period of April 1, 2025, through March 31, 2026. At the end of the transitions period, NESDCAP's investment will be terminated.

NESDCAP will evaluate its equity method investments for indicators of impairment each reporting period. No other-than-temporary impairments were identified for the year ended September 30, 2025.

8. PROPERTY AND EQUIPMENT

At September 30, 2025, property and equipment is as follows:

Office equipment	\$ 29,988
Equipment	150,869
Vehicles	<u>9,110</u>
	189,967
Less: Accumulated depreciation	<u>(164,067)</u>
	<u>\$ 25,900</u>

Depreciation expense for the year ended September 30, 2025, totaled \$6,475.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

9. INTANGIBLE LEASED ASSETS

At September 30, 2025, intangible leased assets is as follows:

Office space	\$ 441,500
Vehicles	181,412
	<hr/>
	622,912
Less: Accumulated amortization	(158,046)
	<hr/>
	\$ 464,866

Amortization of leased assets for the year ended September 30, 2025, is as follows:

Office space	\$ 41,951
Vehicles	38,637
	<hr/>
	\$ 80,588

10. LEASES PAYABLE

At September 30, 2025, leases payable consisted of the following:

Sisseton Office	
4% discount rate; monthly installments of \$2,250,	
Matures 2031	\$ 133,102
SBDC Office	
4% discount rate; varying monthly installments	
Matures 2031	57,265
Langford Office	
4% discount rate; monthly installments of \$700,	
Matures 2031	41,409
Webster Office	
4% discount rate; monthly installments of \$575,	
Matures 2034	51,677

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

10. LEASES PAYABLE, continued

2015 Chevy Impala (Silver)		
4% discount rate; monthly installments of \$196,		
Matures 2028		6,651
2015 Chevy Impala (White)		
4% discount rate; monthly installments of \$196,		
Matures 2028		6,651
2015 Ford Taurus (Silver)		
4% discount rate; monthly installments of \$175,		
Matures 2028		5,943
2021 Chevy Silverado (Gray)		
4% discount rate; monthly installments of \$488,		
Matures 2030		26,515
2019 Buick Enclave (White)		
4% discount rate; monthly installments of \$446,		
Matures 2030		24,245
2024 Chevy Equinox (Black)		
4% discount rate; monthly installments of \$467,		
Matures 2030		25,368
2023 Chevy Express Cutaway (White)		
4% discount rate; monthly installments of \$813,		
Matures 2030		44,152

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

10. LEASES PAYABLE, continued

2023 Chevy Silverado (White)	
4% discount rate; monthly installments of \$771,	
Matures 2030	<u>41,888</u>
Total Leases Payable	464,866
Less: Current Portion	<u>(79,894)</u>
Leases Payable: Long-Term Portion	<u>\$ 384,972</u>

Future principal amortization of the leases are as follows:

Years ending September 30	Offices	Vehicles	Total
2026	43,660	36,234	79,894
2027	45,590	37,475	83,065
2028	47,908	39,002	86,910
2029	49,860	33,665	83,525
2030	51,891	35,037	86,928
Thereafter	<u>44,544</u>	<u>-</u>	<u>44,544</u>
	<u>\$ 283,453</u>	<u>\$ 181,413</u>	<u>\$ 464,866</u>

11. 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 nonprofit organization 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.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

11. RELATED PARTY TRANSACTIONS, continued

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 \$749,850 for the year ended September 30, 2025, and Grow South Dakota paid \$615,600 for the year ended September 30, 2025.

NESDCAP leases office and storage space from NESDEC on annual leases. Total lease payments under these leases during the year ended September 30, 2025, were \$27,000.

NESDCAP leases vehicles and equipment under operating leases of various terms from GROW South Dakota. Total lease payments under these leases during the year ended September 30, 2025, were \$43,171.

NESDCAP has advanced GROW South Dakota funds under a continuing loan agreement. This loan carries a balance of \$1,230,000 as of September 30, 2025. Interest earned on this loan during the year ended September 30, 2025, was \$36,900.

12. 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 based on CECL model. 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.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

13. 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 \$199,379 for the year ended September 30, 2025. Of these totals, NESDEC paid \$114,463 for the year ended September 30, 2025, and Grow South Dakota paid \$13,313 for the year ended September 30, 2025.

14. 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 four 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.

15. SUBSEQUENT EVENTS

Events occurring after September 30, 2025, were evaluated by management through December 22, 2025, 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.

NESDCAP entered into new individual vehicle lease agreements to replace the existing fleet vehicle lease, with lease terms commencing on October 1, 2025. Although the agreements were executed subsequent to year-end, the significance of these transactions was deemed material and lease liabilities and corresponding right-of-use asset have been recognized in the accompanying financial statements as of September 30, 2025. The previous fleet vehicle lease was terminated in connection with the new agreements.

SUPPLEMENTARY INFORMATION

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

SUPPLEMENTARY FINANCIAL INFORMATION
 SEPTEMBER 30, 2025
 WITH SUMMARIZED COMPARATIVE TOTALS FOR SEPTEMBER 30, 2024

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION

	2025				2024
	NESDCAP (Parent)	Milbank 16-Plex (Subsidiary)	Eliminating Entries	Total	Total
ASSETS					
CURRENT ASSETS:					
Cash and cash equivalents	\$ 4,491,123	\$ -	\$ -	\$ 4,491,123	\$ 4,895,682
Certificates of deposit	750,000	-	-	750,000	-
Receivable from affiliate	122,889	-	-	122,889	101,020
Other receivables	2,793	-	-	2,793	11,719
Current portion of notes receivable, net of allowance for loan losses of \$5,651 in 2025 and \$13,118 in 2024	1,373,742	-	-	1,373,742	282,266
Grant receivable	539,670	-	-	539,670	447,105
Accrued interest receivable	26,454	-	-	26,454	16,336
Prepaid insurance	30,870	-	-	30,870	25,204
Inventory held for resale	798,060	-	-	798,060	787,590
Investments	(2,806)	-	-	(2,806)	-
Total current assets	<u>8,132,795</u>	<u>-</u>	<u>-</u>	<u>8,132,795</u>	<u>6,566,922</u>
LONG-TERM RECEIVABLES:					
Notes receivable, less allowance for loan losses of \$54,062 in 2025 and \$95,499 in 2024, and current maturities	2,706,423	-	-	2,706,423	4,101,787
Total long-term receivables	<u>2,706,423</u>	<u>-</u>	<u>-</u>	<u>2,706,423</u>	<u>4,101,787</u>
OTHER ASSETS:					
Property and equipment, net	25,900	-	-	25,900	138,203
Intangible leased assets, net	464,866	-	-	464,866	423,068
Cash, reserve for replacement of property	-	-	-	-	57,290
Total other assets	<u>490,766</u>	<u>-</u>	<u>-</u>	<u>490,766</u>	<u>618,561</u>
Total Assets	<u>\$ 11,329,984</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,329,984</u>	<u>\$ 11,287,270</u>
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES:					
Accounts payable	\$ 133,238	\$ -	\$ -	\$ 133,238	\$ 56,399
Accrued expenses	374,844	-	-	374,844	393,294
Security deposits	-	-	-	-	7,909
Unearned revenue	47,271	-	-	47,271	222,363
Current portion of notes payable	-	-	-	-	8,820
Current portion of leases payable	79,894	-	-	79,894	75,541
Total current liabilities	<u>635,247</u>	<u>-</u>	<u>-</u>	<u>635,247</u>	<u>764,326</u>
LONG-TERM LIABILITIES					
Notes payable, less current maturities	-	-	-	-	457,968
Leases payable, less current maturities	384,972	-	-	384,972	347,527
Total long-term liabilities	<u>384,972</u>	<u>-</u>	<u>-</u>	<u>384,972</u>	<u>805,495</u>
Total Liabilities	<u>1,020,219</u>	<u>-</u>	<u>-</u>	<u>1,020,219</u>	<u>1,569,821</u>
NET ASSETS					
With donor restrictions	117,306	-	-	117,306	231,793
Without donor restrictions	10,192,459	-	-	10,192,459	9,485,656
Total Net Assets	<u>10,309,765</u>	<u>-</u>	<u>-</u>	<u>10,309,765</u>	<u>9,717,449</u>
Total Liabilities and Net Assets	<u>\$ 11,329,984</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,329,984</u>	<u>\$ 11,287,270</u>

See Independent Auditor's Report

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

SUPPLEMENTARY FINANCIAL INFORMATION
YEAR ENDED SEPTEMBER 30, 2025
WITH SUMMARIZED COMPARATIVE TOTALS FOR SEPTEMBER 30, 2024

CONSOLIDATING SCHEDULE OF ACTIVITIES

	2025			2024	
	NESDCAP (Parent)	Milbank 16-Plex (Subsidiary)	Eliminating Entries	Total	Total
	 	 	 	 	
REVENUE, GAINS (LOSSES) AND OTHER SUPPORT					
Grant and contract income	\$ 3,053,594	\$ -	\$ -	\$ 3,053,594	\$ 3,230,534
Interest income	286,030	-	-	286,030	181,990
Rent income	-	-	-	-	105,283
Housing fee income	125,881	-	-	125,881	103,758
Miscellaneous income	32,945	-	-	32,945	55,582
Investment return	(2,806)	-	-	(2,806)	-
Writtenown of inventory	(91,524)	-	-	(91,524)	-
Gain (loss) on the disposal of surplus items	480	-	-	480	-
Gain (loss) on Milbank Apartments - Disposal	263,302	-	(263,302)	-	-
 Total Revenue, Gains (Losses) and Other Support	 3,667,902	 -	 (263,302)	 3,404,600	 3,677,147
EXPENSES					
PROGRAM SERVICES:					
Weatherization	1,029,583	-	-	1,029,583	819,216
Business development	202,248	-	-	202,248	210,782
Self sufficiency	1,455	-	-	1,455	38,330
Housing improvement	907,974	-	-	907,974	1,077,709
Emergency assistance	516,925	-	-	516,925	785,073
 2,658,185	 -	 -	 -	 2,658,185	 2,931,110
SUPPORTING SERVICES:					
Management and general	417,401	-	-	417,401	457,425
 Total Expenses	 3,075,586	 -	 -	 3,075,586	 3,388,535
 Change in Net Assets From Continuing Operations	 592,316	 -	 (263,302)	 329,014	 288,612
Discontinued Operations:					
Income (loss) from operations	-	(15,751)	-	(15,751)	-
Gain on disposal	-	279,053	-	279,053	-
 Change in Net Assets From Discontinued Operations	 -	 263,302	 -	 263,302	 -
 Change in Net Assets	 592,316	 263,302	 (263,302)	 592,316	 288,612
 Net Assets, Beginning of Year	 9,717,449	 (263,302)	 263,302	 9,717,449	 9,428,837
 Net Assets, End of Year	 \$ 10,309,765	 \$ -	 \$ -	 \$ 10,309,765	 \$ 9,717,449

See Independent Auditor's Report

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - PAGE 1 OF 2
YEAR ENDED SEPTEMBER 30, 2025

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed Through South Dakota Department of Social Services:				
Community Services Block Grant	93.569	25-0821-610 26-0821-610	\$ 318,188 129,172	\$ 447,360
Passed Through the South Dakota Community Action Partnership:				
Community Service Block Grant (OCS)	93.569	90ET0500		8,923
				<u>456,283</u>
Passed Through South Dakota Department of Social Services:				
Low-Income Home Energy Assistance	93.568	25-0821-631 26-0821-618	267,581 18,853	<u>286,434</u>
Total U.S. Department of Health and Human Services				<u>742,717</u>
U.S. DEPARTMENT OF ENERGY				
Passed Through the South Dakota Department of Social Services:				
Weatherization Assistance for Low-Income Persons	81.042	25-0821-627 26-0821-627 23-0821-614	406,979 135,474 346,468	<u>888,921</u>
Total U.S. Department of Energy				<u>888,921</u>
U.S. DEPARTMENT OF AGRICULTURE				
Food Distribution Cluster:				
Passed Through Feeding South Dakota				
Non-Cash Assistance (Commodities)				
Commodity Supplemental Food Program - Administrative Costs	10.565	**	158	
Commodity Supplemental Food Program - Food Commodities		**	<u>6,940</u>	<u>7,098</u>
Total Food Distributions Cluster				<u>7,098</u>
Passed Through the Local Initiatives Support Corporation:				
Rural Community Development Initiative	10.446	41204-0082		<u>18,781</u>
Total U.S. Department of Agriculture				<u>25,879</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed Through the South Dakota Housing Development Authority:				
Housing Counseling Assistance Program	14.169	HC230841003 HC240841003	24 11,024	11,048
Passed Through the Local Initiatives Support Corporation:				
Continuum of Care Program	14.267	**		1,455
Passed Through the Local Initiatives Support Corporation:				
Section 4 Capacity Building for Community Development and Affordable Housing	14.252	41204-0081		<u>36,000</u>
Total U.S. Department of Housing and Urban Development				<u>48,503</u>
SMALL BUSINESS ADMINISTRATION				
Passed Through the USD Small Business Development Center:				
Small Business Development Center	59.037	SBAOEADS8240096 SBAOEADS8250180	34,603 114,219	<u>148,822</u>
Total Small Business Administration				<u>148,822</u>

See Independent Auditor's Report

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - PAGE 2 OF 2
YEAR ENDED SEPTEMBER 30, 2025**

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF TREASURY			
Passed Through Neighborhood Reinvestment Corporation:			
Expandable Grants	21.U00	**	555,000
Passed Through South Dakota Housing Redevelopment Authority:			
Homeowner Assistance Fund (HAF) - COVID-19	21.026	HAF	138
Emergency Rental Assistance Program - COVID-19	21.023	ERA2	<u>334,181</u>
Total U.S. Department of Treasury			<u>889,319</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
Passed Through Second Harvest in Sioux Falls:			
Emergency Food and Shelter National Board Program	97.024	** ** ** **	2,186 4,159 3,911 7,275 <u>17,531</u>
Total U.S. Department of Homeland Security			<u>17,531</u>
U.S. DEPARTMENT OF JUSTICE			
Passed Through the Local Initiatives Support Corporation:			
Passed Through the City of Sisseton:			
Rural Violent Crime Reduction Initiative Training and Technical Assistance Provider	16.039	**	<u>3,102</u>
Total U.S. Department of Homeland Security			<u>3,102</u>
Total Federal Funding			<u>\$ 2,764,794</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, 2025. 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



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 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") and its subsidiaries, which comprise the consolidated statement of financial position as of September 30, 2025, 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, and have issued our report thereon dated December 22, 2025.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated 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 NESDCAP's internal control.

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

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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 or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether NESDCAP's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of law, 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wohlenberg Ritzman + Co., PLLC

Yankton, South Dakota
December 22, 2025

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

Opinion on Each Major Federal Program

We have audited Northeast South Dakota Community Action Program, Inc. dba GROW South Dakota's (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 NESDCAP's major federal programs for the year ended September 30, 2025. NESDCAP'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, NESDCAP complied, in all material respects, with the types of compliance requirements referred to above that could have direct and material effect on each of its major federal programs for the year ended September 30, 2025.

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

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgement 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 NESDCAP'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 NESDCAP's internal control over compliance relevant to the audit 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 NESDCAP's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Ubhunberg Ritzman + Co., LLP

Yankton, South Dakota
December 22, 2025

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

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
SEPTEMBER 30, 2025**

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, 2025**

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:

Assistance Listing Number
81.042

Name of Federal Program or Cluster
Weatherization Assistance for Low-Income Persons

Dollar Threshold used to distinguish between Type A and Type B Programs: \$1,000,000

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, 2025**

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.