

SESDAC, INC.
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT
JUNE 30, 2020 AND 2019

QUAM, BERGLIN & POST, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

**SESDAC, INC
BOARD OF DIRECTORS AND OFFICIALS
JUNE 30, 2020**

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Michael Manning	Secretary
Katie Redden	Treasurer

Board Members

Steve Ford
Katherine Olson
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Ines White

Nick Oyen	Executive Director
Ionela Georgescu	Director of Finance

SESDAC, INC.

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QUAM, BERGLIN & POST, P.C.

CERTIFIED PUBLIC ACCOUNTANTS
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
SESDAC, Inc.
Vermillion, South Dakota

Report on the Financial Statements

We have audited the accompanying financial statements of SESDAC, Inc., (a nonprofit organization), which comprise the statements of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SESDAC, Inc. as of June 30, 2020, 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 SESDAC, Inc.'s 2019 financial statements, and our report dated October 18, 2019, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information listed in the Table of Contents is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated September 16, 2020, on our consideration of SESDAC Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control over financial reporting and compliance.



Quam, Berglin & Post, P.C.
Elk Point, South Dakota

September 16, 2020

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SESDAC, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30,

	<u>2020</u>	<u>2019</u>
ASSETS		
<u>Current Assets</u>		
Cash and Cash Equivalents	\$ 2,488,786.07	\$ 1,715,554.42
Investments-Certificates of Deposit	297,806.04	54,119.38
Due from Governments	374,684.36	387,737.82
Accounts Receivable- Net	15,309.36	6,656.64
Prepaid Expenses	27,449.16	28,594.16
Total Current Assets	<u>3,204,034.99</u>	<u>2,192,662.42</u>
<u>Property and Equipment</u>		
Land	119,319.27	119,319.27
Center and Residence	2,638,170.30	2,595,553.13
Furniture and Equipment	187,659.13	187,659.13
Vehicles	878,328.61	910,578.61
Total	<u>3,823,477.31</u>	<u>3,813,110.14</u>
Less: Accumulated Depreciation	<u>(2,776,861.12)</u>	<u>(2,678,839.70)</u>
Total Property and Equipment	<u>1,046,616.19</u>	<u>1,134,270.44</u>
<u>Other Assets</u>		
Restricted Cash	198,877.86	214,353.81
Total Other Assets	<u>198,877.86</u>	<u>214,353.81</u>
Total Assets	<u>\$ 4,449,529.04</u>	<u>\$ 3,541,286.67</u>
LIABILITIES AND NET ASSETS		
<u>Current Liabilities</u>		
Accounts Payable	\$ 49,559.40	\$ 60,674.71
Accrued Vacation Payable	104,138.49	112,403.38
Accrued Taxes and Payroll Payable	78,170.55	60,178.61
Accrued Interest Payable	2,086.12	2,327.58
Current Portion of Long-term Debt	37,876.47	37,642.32
Total Current Liabilities	<u>271,831.03</u>	<u>273,226.60</u>
<u>Long-term Liabilities</u>		
Mortgage Payables	1,243,653.97	1,279,169.22
Less: Current Portion	(35,742.49)	(33,225.24)
Vehicle/Equipment Loans Payable	2,553.32	6,970.40
Less: Current Portion	(2,133.98)	(4,417.08)
Note Payable	799,700.00	
Total Long-term Liabilities	<u>2,008,030.82</u>	<u>1,248,497.30</u>
Total Liabilities	<u>2,279,861.85</u>	<u>1,521,723.90</u>
<u>Net Assets</u>		
Without Donor Restrictions	1,970,789.33	1,805,208.96
With Donor Restrictions	198,877.86	214,353.81
Total Net Assets	<u>2,169,667.19</u>	<u>2,019,562.77</u>
Total Liabilities and Net Assets	<u>\$ 4,449,529.04</u>	<u>\$ 3,541,286.67</u>

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

SESDAC, INC.
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30,

	2020		2019	
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	TOTAL
REVENUE AND OTHER SUPPORT				
Fee Revenue				
Administration and Support	\$ 53,310.88	\$	\$ 53,310.88	\$ 51,384.10
DDD Program Services	3,753,015.04		3,753,015.04	3,726,636.19
USDA, HUD and Housing Services	102,186.25	101,126.00	203,312.25	214,713.00
USDA, HUD, Food Services	67,770.75		67,770.75	71,571.00
Other DHS Program Services	459,773.78		459,773.78	614,281.53
VPT/FS Other Services	26,361.97		26,361.97	69,241.34
Total Fee Revenue	<u>4,462,418.67</u>	<u>101,126.00</u>	<u>4,563,544.67</u>	<u>4,747,827.16</u>
Grant Revenue				
Federal:				
DHS Grants	23,265.45		23,265.45	9,288.78
Non DHS Services:				
Transportation Grants	287,235.74		287,235.74	195,220.21
RTAP Grants	683.58		683.58	2,553.69
Vehicle Grants	103,136.56		103,136.56	96,569.66
Total Non DHS Services:	<u>391,055.88</u>		<u>391,055.88</u>	<u>294,343.56</u>
Total Grant Revenue	<u>414,321.33</u>		<u>414,321.33</u>	<u>303,632.34</u>
Contributions				
DDD Program Services	7,702.07		7,702.07	10,417.03
Non DHS Services	14,300.00		14,300.00	16,250.00
Total Contributions	<u>22,002.07</u>		<u>22,002.07</u>	<u>26,667.03</u>
Other Income				
DDD Program Services	215,413.60		215,413.60	149,770.17
Other DHS Program Services	2,220.61		2,220.61	813.89
USDA, HUD and Housing Services	21,773.70	128,838.15	150,611.85	169,649.74
Food Services	35,525.82		35,525.82	22,104.00
Non DHS Services	82,675.20		82,675.20	74,883.65
Total Other Income	<u>357,608.93</u>	<u>128,838.15</u>	<u>486,447.08</u>	<u>417,221.45</u>
Total Revenue and Other Support	<u>5,256,351.00</u>	<u>229,964.15</u>	<u>5,486,315.15</u>	<u>5,495,347.98</u>
Net Assets added to or released from Restrictions				
	245,440.10	(245,440.10)		
EXPENSES				
Program Services	4,746,732.87		4,746,732.87	4,830,193.58
Supporting Services:				
Management and General	589,477.86		589,477.86	631,459.66
Total Expenses	<u>5,336,210.73</u>		<u>5,336,210.73</u>	<u>5,461,653.24</u>
INCREASE (DECREASE) IN NET ASSETS	165,580.37	(15,475.95)	150,104.42	33,694.74
NET ASSETS AT BEGINNING OF YEAR	<u>1,805,208.96</u>	<u>214,353.81</u>	<u>2,019,562.77</u>	<u>1,985,868.03</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,970,789.33</u>	<u>\$ 198,877.86</u>	<u>\$ 2,169,667.19</u>	<u>\$ 2,019,562.77</u>

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

SESDAC INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020
(With Comparative Totals for 2019)

EXPENSES	Non-Allowable costs <u>Adjustments</u> (17)	General & Admin & Support (00 & 01)	Residential Services (03)	Food Services (04)	USDA/HUD Housing Services (05)
1000 PERSONNEL SERVICES:					
1010 Administrative Salaries	\$	\$ 281,729.80	\$	\$	\$
1020 Professional/Program Staff		39,915.51	1,595,102.98		
1040 Clerical/Support Salaries		129,872.70	17,387.21		29,763.31
TOTAL PERSONNEL SERVICES		431,518.01	1,612,490.17		29,763.31
1100 PERSONNEL BENEFITS AND TAXES:					
1110 Retirement Plans		8,459.32	6,618.90		
1120 Insurance Benefits		58,541.70	482,321.97		
1130 Employee Medical					
1130 Drug Testing			4,277.19		
1130 Background Checks			14.31		
1130 Staff Appreciation	3,343.86	254.97	3,564.19		
1130 Other Benefits	22.88	(551.11)	(5,774.50)		
1140 FICA Taxes		27,694.98	127,441.72		1,980.91
1150 Unemployment Insurance		481.85	4,191.28		45.86
1160 Worker's Compensation Insurance		460.12	26,658.56		370.72
1170 Professional Liability Insurance		5,201.33	6,849.33		284.12
TOTAL PERSONNEL BENEFITS AND TAXES	3,366.54	98,543.18	656,162.95		2,681.61
1200 PROFESSIONAL FEES & SERVICES:					
1210 Accounting/Computer Service		4,768.65	24,455.92		
1210 Legal and Auditing Services		11,212.50			1,700.00
1210 Advertising/Public Relations		1,347.50	2,075.96		
1210 Dues/Memberships/Subs./Ref. Materials		2,698.09	7,886.41		
1210 Registration Fees		1,210.37	525.00		
1220 Habilitation/Rehabilitation					
TOTAL PROFESSIONAL FEES & SERVICES		21,237.11	34,943.29		1,700.00
MEDICAL SERVICES & FEES:					
1237 Physician/Nursing Service					
TOTAL MEDICAL SERVICES & FEES					
CONTRACTUAL & PROFESSIONAL SERVICES:					
1290 Training/Presentation Fees		773.07	12,069.87		
1290 Management Fees					15,966.08
1290 Payroll Time Attend Fees		2,068.17	18,030.71		
1290 Other Professional Services		1,113.70	66,231.46		
TOTAL CONTRACTUAL & PROFESSIONAL SERVICES		3,954.94	94,332.04		15,966.08
1200 TOTAL PROFESSIONAL FEES & CONTRACT SERVICES		25,192.05	129,275.33		17,666.08
1300 TRAVEL/TRANSPORTATION:					
1390 Rental/Mileage		1,698.60	67.62		
1390 Vehicle Repair/Maint.		235.75	10,370.54		
1390 Insurance			15,300.77		
1390 Lodging & Meals		2,623.50	2,162.39		
1390 Coordinated Transp.			991.59		
1390 Vehicle Gas/Oil		260.22	6,055.05		1,892.12
TOTAL TRAVEL/TRANSPORTATION		4,818.07	34,947.86		1,892.12
1400 SUPPLIES:					
1490 Office Supplies		1,451.52	4,048.84		399.42
1490 Program/Instructional Sp		64.15	577.23	2,159.97	
1490 Medical Supplies/Drugs			35,832.03		
1440 Food -Coffe/Pop/Water		2,404.41			
1440 Food -Dietary Supplements					
1440 Food -Food				117,605.74	
1490 Postage & Shipping		135.06	1,509.46		
TOTAL SUPPLIES		4,055.14	41,967.56	119,765.71	399.42

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

PROGRAM SERVICES

Medical Equipment & Drugs (06)	Nursing Services (07)	Segregated Day & Educ. Services (10)	Supported Employment (11)	VPT (14)	Family Support (15,16,18 & 19)	Private Pay (20)	2020 Total	2019 Total
\$	\$	\$	\$	\$	\$	\$	\$	\$
	159,502.96	301,844.73	55,637.43		142,568.38		2,261,729.80	2,199,085.49
	2,235.74	11,956.18	2,221.67	235,812.34			429,249.15	470,989.70
	161,738.70	313,900.91	57,859.10	235,812.34	142,568.38		2,985,650.92	2,917,287.46
	3,780.30	8,747.47	1,498.71	2,634.25	3,573.78		33,312.73	31,651.13
	52,861.19	62,979.97	27,737.08	41,022.97	42,237.74		767,702.62	677,916.60
	39.00	1,726.76	78.80	359.20	39.00		6,519.95	5,419.80
	47.77	315.89	141.59	389.13	114.81		14.31	8,172.21
	(426.02)	(431.94)	(345.58)	(282.11)	(377.10)		(8,165.68)	1,934.57
	11,810.03	12,445.77	4,750.12	17,683.47	9,616.73		213,423.73	211,908.31
	265.36	276.89	68.85	558.69	144.10		6,030.88	7,982.70
	2,934.90	12,103.90	1,532.78	8,351.49	2,552.87		54,965.34	49,536.61
	769.04	2,441.30	459.70	1,116.96	738.89		17,860.67	14,918.52
	72,081.57	100,606.01	35,920.05	71,834.05	58,640.82		1,099,836.76	1,009,241.60
	1,214.29	1,440.65	1,310.77				33,180.28	32,865.12
			1,660.94	1,809.97			12,912.50	11,795.00
	406.88	482.71	439.22	742.25	361.44		6,694.37	12,751.68
		120.00	125.00	209.91			13,017.00	13,718.71
	1,621.17	2,043.38	3,535.93	2,562.13	361.44		2,070.28	4,900.98
							120.00	210.00
	5,670.00						68,004.43	76,241.49
	5,670.00						5,670.00	6,990.00
	5,670.00						5,670.00	6,990.00
	575.38	900.59	621.09				14,940.00	8,468.14
	787.30	923.11	915.69	2,007.57	35,405.76		53,379.41	51,390.10
	943.59	1,140.26	935.14	1,820.30	949.97		23,495.25	19,983.72
	2,306.27	2,963.96	2,471.92	32,837.41	36,355.73		103,201.56	112,036.55
	9,597.44	5,007.32	6,007.85	38,665.28	36,717.17		185,016.22	191,880.51
	181.28		218.82				268,690.65	275,112.00
	941.76	3,852.73	1,175.94	2,007.57	5,040.42	24.19	7,210.93	13,332.71
	2,577.75	1,614.64	1,545.76	1,820.30		63.49	44,665.39	52,694.65
	31.18	76.18	2.72	8,374.80			29,413.72	26,889.86
		3,584.53	1,122.66	563.00	22.18		5,481.15	5,021.11
	1,974.86	2,073.02	613.83	28,751.44		111.49	5,898.78	47,908.38
	5,688.83	11,201.10	4,879.73	65,714.42	5,062.60	199.17	41,532.03	54,875.43
	190.88	226.47	206.01	913.92	1,623.86		134,002.00	200,722.14
	12.01	1,314.53	21.41	103.95			9,060.92	7,621.51
1,010.34	246.46	5.26					4,253.25	4,778.78
1,801.80							37,094.09	28,310.62
	22.35				1,153.78		2,404.41	3,339.92
2,811.94	471.70	1,546.26	227.42	1,017.87	2,777.64		1,801.60	2,824.08
							117,605.74	120,504.47
							2,820.65	4,241.34
							175,040.66	171,620.72

EXPENSES (continued)	Non-Allowable costs <u>Adjustments</u> (17)	Admin & <u>Support</u> (01)	Residential <u>Services</u> (03)	Food <u>Services</u> (04)	USDA/HUD <u>Housing</u> <u>Services</u> (05)
1500 OCCUPANCY:					
1510 Rent of Space					42,020.00
1520 Utilities					
1520 Gas		145.84	733.39		5,454.86
1520 Electrical		998.88	5,070.19		20,682.24
1520 Sewer & Water		191.91	965.18		17,428.40
1520 Garbage		59.98	301.22		3,682.50
1520 Cable		54.36	859.80		7,472.41
1520 Telephone		1,261.81	8,174.11		5,397.28
1520 Internet		108.47	1,713.72		5,556.97
1590 Mortgage Interest		1,409.93	7,204.18		13,718.01
1590 Insurance & Taxes		871.72	4,470.34		12,205.74
1590 Occupancy Supplies		708.42	3,781.59		31,244.41
1590 Materials Maint Repairs		622.93	1,283.86		9,178.10
1590 Snow Removal		188.54	837.22		3,995.00
1590 HVAC		130.55	656.08		1,896.00
1590 Janitorial					
1590 Other Contract Maint Svs		1,388.31	6,589.16		45,344.62
TOTAL OCCUPANCY		<u>8,115.25</u>	<u>42,640.04</u>		<u>225,256.62</u>
EQUIPMENT:					
1600 Equipment					
1600 Office Equip		2,962.28	9,725.69		
1600 Furn & Furnishing Equip		419.85	891.20		881.27
1600 Educational Equip					
1600 Food Service Equip		6.48	32.82	1,905.20	698.86
1600 Bldg & Grounds Equip		134.89	368.13		1,890.36
1600 Medical & Dental Equip					
1600 Other Equip		53.23	805.00		
1600 Rentals/Operating Leases		4,070.26			45.00
1600 Repairs/Maintenance		478.82	1,010.66	43.33	2,000.59
TOTAL EQUIPMENT		<u>8,125.81</u>	<u>12,833.30</u>	<u>1,948.53</u>	<u>5,516.08</u>
DEPRECIATION:					
1710 Building		564.74	16,883.52		42,967.00
1720 Equipment		1,411.88			
1720 Furnishings/Equip			1,824.32		
1720 Vehicles			3,575.04		
1720 Grant/Non-Allowable					
TOTAL DEPRECIATION		<u>1,976.62</u>	<u>22,082.88</u>		<u>42,967.00</u>
MISCELLANEOUS:					
1890 Person Supported Special Needs			138.35		
1890 Recreation			1,339.85		
1860 Bad Debt					
1890 Other		2,635.06	1,132.35	479.35	
TOTAL MISCELLANEOUS		<u>2,635.06</u>	<u>1,132.35</u>	<u>1,955.55</u>	
FAMILY SUPPORT:					
1890 FS State-Assist to Families					
1890 Nutritional Supp					
1890 Child Care					
1890 Enviro Assessibility					
1890 Vehicle Mods					
1890 Trave/Mileage					
1890 Training/Education					
1890 Equip/Supplies					
1890 Medical/Dental/Nutr					
1890 Housing Assist/Utilities					
1890 Recreation					
1890 Other					
1890 LifeQuest TimeCards					
1890 Counseling					
1890 Nutritional Supp					
1890 Respite Care					
1890 Enviro Assessibility					
1890 Vehicle Mods					
1890 Equip/Supplies					
1890 Companion Care					
1890 Personal Care					
TOTAL FAMILY SUPPORT					
TOTAL EXPENSES		<u>\$ 6,001.60</u>	<u>\$ 583,478.26</u>	<u>\$ 2,554,355.74</u>	<u>\$ 121,714.24</u>
					<u>\$ 325,942.24</u>

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

PROGRAM SERVICES

Medical Equipment & Drugs (06)	Nursing Services (07)	Segregated Day & Educ. Services (10)	Supported Employment (11)	VPT (14)	Family Support (15, 16, 18 & 19)	Private Pay (20)	2020 Total	2019 Total
					2,400.00		44,420.00	45,715.00
	94.30	504.31	93.71	934.17			7,960.68	10,708.95
	909.31	3,178.71	579.43	2,118.41			33,534.97	37,314.14
	124.05	883.48	123.28	655.05			20,151.33	20,991.39
	38.74	207.28	38.46	198.00			4,506.18	4,338.00
	42.72	50.64	46.09	993.60			9,519.62	9,510.30
	1,269.50	1,942.48	329.78	3,773.77	2,671.30		24,819.81	26,852.50
	85.08	100.92	91.80	840.00	540.00		9,036.96	9,577.32
	926.38	4,953.92	920.47				29,132.89	31,387.41
	588.86	3,031.79	589.15	1,574.60	449.85		23,742.05	24,485.17
	310.93	1,835.24	309.54	3,652.54			41,642.67	31,580.55
	156.63	1,270.29	155.72	336.40			13,003.93	11,832.46
	107.64	575.65	108.95	955.00			6,744.00	9,867.50
	84.36	451.16	83.65	312.00			3,614.00	
								8,036.10
	947.33	4,563.61	841.90	1,753.39			61,426.32	75,162.13
	5,665.83	23,129.48	4,290.11	18,098.93	6,061.15		333,255.41	357,358.92
	721.49	590.54	104.21	303.68	355.58		14,763.47	14,876.52
	222.15	165.26	30.71				2,610.44	25,728.02
								590.60
	4.19	22.42	4.17				2,673.94	4,098.66
	47.34	253.10	47.04	942.42			3,883.28	16,266.80
1,716.28	121.27						1,837.55	843.01
				33,252.43			34,110.66	
							4,115.26	4,125.60
517.71	93.57	653.57	92.99	324.17			5,215.21	4,133.98
2,233.99	1,210.01	1,684.89	279.12	34,822.70	355.58		69,009.61	70,661.39
	2,092.08	11,521.44	2,078.16				76,106.94	73,020.82
							1,411.88	4,420.66
							1,624.32	4,038.60
	3,099.96	3,789.96	2,887.56	7,835.16			21,187.68	29,123.57
				29,940.60			29,940.60	32,142.36
	5,192.04	15,311.40	4,985.72	37,775.76			130,271.42	142,746.01
		175.93					136.35	5,941.65
							1,515.78	80.46
		13.58		33.00			4,293.34	2,359.49
		189.51		33.00			5,945.47	8,381.60
								950.97
					2,896.00		2,896.00	534.00
					3,450.80		3,450.80	99.99
					1,886.63		1,886.63	10,852.00
					10,811.28		10,811.28	13,174.43
					1,312.66		1,312.66	7,141.15
					425.78		425.78	1,575.66
					6,471.70		6,471.70	7,844.35
					2,240.49		2,240.49	4,578.83
					41,237.06		41,237.06	42,797.63
					3,776.54		3,776.54	4,179.03
								7,063.17
					397.57		397.57	1,050.76
					2,007.15		2,007.15	1,812.60
					3,232.66		3,232.66	2,808.36
					13,918.44		13,918.44	14,731.27
								60,675.20
					23,836.11		23,836.11	105,897.33
					15,850.76		15,850.76	20,944.67
					756.00		756.00	
					134,507.63		134,507.63	308,511.40
\$ 5,045.93	\$ 281,644.12	\$ 472,576.88	\$ 114,229.10	\$ 504,334.48	\$ 388,890.97	\$ 199.17	\$ 5,338,210.73	\$ 5,461,853.24

SESDAC, INC.
STATEMENT OF CASH FLOWS
JUNE 30,

	<u>2020</u>	<u>2019</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ 150,104.42	\$ 33,694.74
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	130,271.42	142,746.01
(Increase) decrease in operating assets		
Accounts Receivable	4,400.74	14,165.34
Prepaid Insurance	1,145.00	(53.10)
Increase (decrease) in operating liabilities:		
Accounts Payable and Accrued Expenses	<u>(1,629.72)</u>	<u>(6,564.43)</u>
Net cash provided by operating activities	<u>284,291.86</u>	<u>183,988.56</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES:</u>		
Proceeds of Loan	799,700.00	5,032.08
Principal Payments on Loans	<u>(39,932.33)</u>	<u>(37,061.02)</u>
Net cash provided by financing activities	<u>759,767.67</u>	<u>(32,028.94)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Change in Investments	(243,686.66)	26,554.39
Purchase of capital assets	<u>(42,617.17)</u>	<u>(52,097.08)</u>
Net cash provided by financing activities	<u>(286,303.83)</u>	<u>(25,542.69)</u>
Net increase in cash and cash equivalents	757,755.70	126,416.93
Cash and cash equivalents:		
Beginning of year	<u>1,929,908.23</u>	<u>1,803,491.30</u>
End of year	<u>\$ 2,687,663.93</u>	<u>\$ 1,929,908.23</u>
<u>SUPPLEMENTAL CASH FLOW INFORMATION</u>		
Interest paid during the year	\$ 29,374.35	\$ 31,448.84

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

SESDAC, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

Note 1 - Summary of Significant Accounting Policies

Organization

Mission Statement: *Building Community Resources to Create a Person-Centered Life.*

Vision Statement: *All people are valued community members.*

SESDAC, Inc., operates a program to provide nursing, daytime supports, supported employment and integrated and segregated residential services needed for self-sufficiency in the community for people with intellectual and developmental disabilities. SESDAC, Inc. also operates the Vermillion Public Transit System. The organization's area of operation encompasses Southeast South Dakota.

Third Party Reimbursements

SESDAC, Inc. receives reimbursement for services provided to people with intellectual and developmental disabilities from the South Dakota Department of Human Services through various programs. The organization is dependent upon this funding for maintaining its various operations.

Basis of Accounting

The financial statements of SESDAC, Inc., have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Financial Statement Presentation:

SESDAC, Inc. follows the recommendations of the Financial Accounting Standards Board Accounting Standards Codification (ASU) No. 2016-14 – *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities.

Comparative Data:

The financial statements include certain June 30, 2019 comparative information. With respect to the statement of financial position, the statement of activities, and the statement of cash flows, such prior information is not presented by net asset class and, in the statement of functional expenses, the June 30, 2019 expenses by object are presented in total rather than by functional category. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended June 30, 2019 from which the summarized information was derived.

SESDAC, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

Property and Equipment

Items are capitalized if over \$5,000 and have a useful life of greater than one year. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets as follows:

	<u>Capitalization Threshold</u>	<u>Estimated Useful Life</u>
Land	All	N/A
Improvements	5,000.00	10-50 yrs
Buildings	5,000.00	25 yrs
Machinery and Equipment	5,000.00	5-12 yrs
Food Service Equipment	5,000.00	12 yrs
Vehicles	5,000.00	7 yrs

Income Taxes

SESDAC, Inc., is a nonprofit corporation exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). The organization is also exempt from property taxes.

Functional Allocation of Expenses

The costs of providing various programs and supporting services have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses.

Cash and Cash Equivalents

For purposes of the Statement of Financial Position and the Statement of Cash Flows, the organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Use of Estimates

The organization prepares its financial statements on the accrual basis of accounting. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual amounts could differ from those estimates.

Advertising

The organization follows the policy of charging the cost of advertising to expense as incurred.

Note 2 – Net Assets With Donor Restrictions

Net assets subject to donor or certain 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. Donor 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.

SESDAC, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

Net assets with donor restrictions are as follows:

	<u>2020</u>	<u>2019</u>
Purpose of restriction accomplished:		
Expenses incurred to satisfy donor restrictions	\$ 245,440.10	\$ 217,031.18

Note 3 - Concentrations of Cash

The organization maintains cash balances at several financial institutions. Accounts at each banking institution are insured by the Federal Deposit Insurance Corporation up to \$250,000 per account category in addition to fully insuring the non-interest bearing deposit balances. All of SESDAC's bank balances except \$1,966,443.84 are fully insured.

Cash investments of the organization held by a brokerage company are covered by the Securities Investor Protection Corporation (SIPC) to a limit of \$500,000.00. In the event of loss, the brokerage firm carries separate insurance protection called Excess of SIPC protection. However, both SIPC and Excess of SIPC protection are not equivalent to FDIC insurance coverage.

Note 4 - Restricted Cash

The restricted cash at June 30, 2020 consists of the following:

Replacement Reserve - HUD

In accordance with the provisions of the mortgage, the replacement reserve is funded monthly and is held in a separate account to be used for the replacement of property. Withdrawals require advance approval from HUD. \$ 41,169.85

Residual Receipts Reserve - HUD

Surplus Cash of the Section 8 project is deposited to a separate account at the end of each fiscal year. Withdrawals from this account must be authorized by HUD prior to disbursement. 5,942.54

Replacement Reserve for Debt - Rural Development

In accordance with the provisions of the mortgage, this reserve account is funded monthly. 24,942.52

Reserve for Replacement - Rural Development

In accordance with the provisions of the mortgage, this reserve account is funded monthly and is held in a separate account to be used for the replacement of property. Withdrawals require advance approval from Rural Development. 115,352.81

Reserve for Replacement - Monroe House

In accordance with the provisions of the mortgage, the replacement reserve is funded monthly and is held in a separate account to be used for the replacement of property. Withdrawals require advance approval from SDHDA. 11,470.14

Total \$ 198,877.86

SESDAC, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

Note 5 – Long-Term Debt Payable

Mortgage payables at June 30, 2020 are as follows:

	Total	Current Portion
Activity Center at 1314 E. Cherry Mortgage Payable to Rural Development at 4.25% interest. Monthly payment \$1,959. Secured real estate. Matures in May 2045.	\$ 358,838.23	\$ 8,420.15
HUD Mortgage-601 Elm and 21 Walnut Mortgage Payable to HUD, 9 1/4%, monthly payments of \$2,799.73 secured by residence, matures October 2024	119,564.20	23,517.54
Rural Development Mortgage, secured by residences at 317 W. Clark and 320 W. Cedar, Variable interest at 2.325 to 2.468. Monthly payments of \$644.33, Matures July 2036	243,403.54	3,804.80
South Dakota Housing Development Authority loan granted under the Neighborhood Stabilization Housing Project, in September, 2010, Payment is deferred unless the property is sold during the Period of Affordability which is a minimum of twenty years from the project completion date. The project was completed in May, 2011. The annual rate of interest is 0%.	521,848.00	
PPP Loan granted for Coronavirus Relief to provide a direct incentive for small businesses to keep their workers on the payroll. SBA will forgive loans if all employee retention criteria are met.	799,700.00	
Capital Lease for the purchase of Canon Copier. Monthly payments of \$228.31 for 36 months ending by 10/01/2020	456.62	456.62
Capital Lease for the purchase of Canon Copier. Monthly payments of \$138.78 for 36 months ending by 10/01/2021	2,096.70	1,677.36
Total	\$ 2,045,907.29	\$ 37,876.47

Maturities of long-term debt over the next five years are as follows:

Year Ended June 30,	Amount
2021	\$ 37,876.47
2022	38,858.98
2023	41,372.80
2024	44,563.81
2025	25,013.99

SESDAC, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

Note 6 - Lease Arrangements

The organization leases equipment and vehicles under various operating lease agreements, which continue through the year 2020. Rent expenses for these leases during the current year totaled \$4,115.

The organization also maintains several rental apartments for the use of their clients. The rental expense for these apartments during the year ended June 30, 2020 was \$ 44,420.

Future commitments under non-cancelable operating leases are as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2021	\$ 28,096.00
2022	119.00
Total	<u>\$ 28,215.00</u>

Note 7 – Employee Benefit Plans

The organization changed its employee retirement plan from a tax-sheltered annuity program qualified under Section 403(b) of the Internal Revenue Code to a 401K plan effective from July 1, 2007. All employees are eligible to participate in the plan after being employed for one year and after completing 1000 hours of service. The organization matches up to 3% of the gross salary of the employees. Employer contributions totaled \$33,764.48 and \$34,977.90 for the years ended June 30, 2020 and 2019 respectively.

Note 8 – Accrued Leave

All permanent, full-time employees are allowed annual leave with full pay. Depending on the years of service, the annual leave allowed varies from 4.62 to 7.62 hours bi-weekly to a maximum cap of 200 hours. Upon termination or retirement, employees will receive full pay for the accumulated leave, subject to the agency separation procedures and maximum accrual hours.

As of June 30, 2020, and 2019, the total liabilities for accrued leave were \$104,138.49 and \$112,403.88, respectively.

Note 9 – Subsequent Events

In preparing these financial statements, the SESDAC, Inc., has evaluated events and transactions for potential recognition or disclosure through September 16, 2020, the date the financial statements were available to be issued.

Note 10 – Available Resources And Liquidity

The organization strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures. Financial assets in excess of daily cash requirements are invested in certificates of deposit, money market funds and other short-term investments.

The following table reflects the organization's financial assets as of June 30, 2020 and 2019, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual restrictions or internal board designations. In the event the need arises to utilize the board-designated funds for liquidity purposes, the reserves could be drawn upon through board resolution. Amounts not available to meet general expenditures within one year also may include net assets with donor restrictions.

	<u>2020</u>	<u>2019</u>
Total Financial Assets	\$ 3,402,912.85	\$ 2,407,016.23
Donor Restrictions conditional	<u>(198,877.86)</u>	<u>(214,353.81)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 3,204,034.99</u>	<u>\$ 2,192,662.42</u>

SESDAC INC.
SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES
FOR THE YEAR ENDED JUNE 30, 2020
 (With Comparative Totals for 2019)

		Program Services				VPT/ Non DHS Services	2020 Total	2019 Total
		Admin & Support	DDD Program Services	USDA/HUD Housing Services	Division of Rehab, Services			
FEES								
2000 Home & Community Services	\$		\$ 3,599,419.25	\$	\$	\$ 3,599,419.25	\$ 3,552,866.08	
2020 HCBS Match			61,134.00			61,134.00	59,317.00	
2020 LTSS General					102,216.07	102,216.07	1,426.11	
2020 Family Support Waiver					216,324.57	216,324.57	420,393.60	
2045 School-HCBS			44,836.29			44,836.29	28,474.57	
2045 School-Day Services			14,278.91			14,278.91	57,698.75	
2045 School-Job Coaching			1,101.75			1,101.75	3,295.50	
2055 Private Pay			32,244.84			32,244.84	22,617.56	
2070 HAP/Room & Board				67,770.75		67,770.75	286,284.00	
2080 ENF Revenue							2,346.73	
2080 Family Support State					108,191.76	108,191.76	154,630.86	
2080 Voc. Rehab Svs				33,041.38		33,041.38	37,830.96	
2090 Management Fees		53,310.88					70,884.10	
2090 Transit Contracts					19,500.00	19,500.00	525.00	
2090 Trans/SESDAC Matching Funds					125.00	125.00		
2090 Jefferson Lines Ticket Sales					5,698.78	5,698.78	47,908.38	
2090 TOTAL FEES		53,310.88	3,753,015.04	203,312.25	33,041.38	426,732.40	1,307.96	
					28,361.97	4,563,544.67	4,747,827.16	
GRANTS								
2100 Other Grants-For Non-Capital Contribution			17,330.00		5,935.45	81,098.01	62,365.44	
2120 Section 5311 Transportation Grant						270,575.74	178,560.21	
2120 Title III-B Transportation Grant					16,660.00	16,660.00	16,660.00	
2120 RTAP Grant Reimbursements					683.58	683.58	2,553.69	
2120 State, Pub & Spec Tr. (DOT)					45,306.00	45,306.00	43,493.00	
2120 TOTAL GRANTS			17,330.00		5,935.45	391,055.88	303,632.34	
						414,321.33		
CONTRIBUTIONS								
2200 Local Government			4,320.00			8,000.00	11,820.00	
2220 Private Donations						6,000.00	1,000.00	
2220 United Way						300.00	8,750.00	
2220 Other Contributions			3,382.07			3,882.07	5,097.03	
2220 TOTAL CONTRIBUTIONS			7,702.07			14,300.00	26,667.03	
OTHER INCOME								
2300 Food Stamps				35,525.82		35,525.82	22,104.00	
2340 FMHA			59,150.00			59,150.00	61,853.00	
2341 Section 8 Rental Assistance			69,197.00			69,197.00	68,347.00	
2350 Vermilion Public Transit Fares					56,466.50	56,466.50	42,774.16	
2350 VPT Fares Pd by Organizations					3,430.00	3,430.00	2,620.50	
2350 Department of Social Services- Transportation			9,215.24		10,818.70	20,033.94	23,453.14	
2370 Interest Income			23,134.66			23,625.81	16,641.11	
2390 Maintenance Income					4,200.00	21,773.70	29,302.50	
2390 Advertising			2,267.08			4,200.00	1,200.00	
2390 Pop Sales						2,267.08	3,167.37	
2390 Sales/Disposal of Fixed Assets							325.00	
2390 Other Income/Reimbursements			180,796.82		7,760.00	190,777.23	145,433.67	
2390 TOTAL OTHER INCOME			215,413.80	35,525.82	2,220.61	486,447.08	417,221.45	
TOTAL REVENUES		\$ 53,310.88	\$ 3,993,460.71	\$ 353,824.10	\$ 38,976.83	\$ 5,486,315.15	\$ 5,495,347.98	

SESDAC, INC.
SUPPLEMENTAL INFORMATION
SCHEDULE OF CASH, RESTRICTED CASH AND ACCOUNTS RECEIVABLE
JUNE 30, 2020

	<u>Institution Name</u>	<u>Interest Rate</u>	<u>Reconciled Balance</u>
<u>CASH</u>			
<u>Cash</u>			
Petty Cash			\$ 250.00
<u>Checking Accounts</u>			
General	Cor Trust Bank	0.65%	930,387.34
Flex One Checking Account	Cor Trust Bank		63,794.90
HUD	Cor Trust Bank		5,344.21
Rural Development	Cor Trust Bank		47,992.75
SDHDA-Monroe House	Cor Trust Bank		267.20
Total Checking Accounts			<u>\$ 1,048,036.40</u>
<u>Money Market Accounts</u>			
Designated for:			
Future Cash Needs	First Bank & Trust	0.50%	\$ 599.75
Future Cash Needs	Edward D. Jones	0.01%	2,636.90
Capital Asset Replacement	First Dakota	0.82%	252,875.20
Capital Asset Replacement	Bank of the West	0.50%	952,843.84
Total Money Market Accounts			<u>\$ 1,208,955.69</u>
Total Cash and Cash Equivalents			<u>\$ 2,256,992.09</u>
<u>INVESTMENTS</u>			
Investment CDs	First Bank & Trust	1.55%	<u>\$ 297,806.04</u>
<u>RESTRICTED CASH</u>			
<u>Rural Development</u>			
Reserve for Replacement - Cherry St. USDA	Edward D. Jones	0.01%	\$ 24,942.52
Reserve for Replacement- USDA	Cor Trust Bank	0.20%	115,352.81
Reserve for Replacement - Monroe	Cor Trust Bank	0.50%	11,470.14
<u>Walnut Street Apartments</u>			
Residual Receipts	Cor Trust Bank	0.50%	5,942.54
Reserve for Replacement	Cor Trust Bank	0.50%	41,169.85
Total Restricted Cash			<u>\$ 198,877.86</u>
<u>ACCOUNTS RECEIVABLE</u>			
Accounts Receivable			<u>\$ 15,309.36</u>
Total Accounts Receivable			<u>\$ 15,309.36</u>
<u>DUE FROM GOVERNMENT</u>			
Vermillion Public Transit Rec.			
Section 5311 Grant Receivable			
Title XIX/HCBS Receivable			\$ 372,781.38
Local School District Rec.			1,902.98
Total Due From Government			<u>\$ 374,684.36</u>

SESDAC, INC.
SUPPLEMENTAL INFORMATION
SCHEDULE OF PROPERTY AND EQUIPMENT
JUNE 30, 2020

PROPERTY AND EQUIPMENT

	<u>Cost</u>	<u>Accumulated Depreciation</u>
<u>Land</u>		
Center at 1314 E. Cherry	\$ 11,150.00	
Residence at 320 West Cedar	10,035.00	
Residence at 317 West Clark	11,500.00	
Residence at 21 Walnut	25,024.98	
Residence at 601 Elm	18,000.00	
Residence at 1700 Baylor-Monroe House	<u>43,609.29</u>	
Total	<u>119,319.27</u>	
<u>Buildings</u>		
Center at 1314 E. Cherry	1,147,504.02	719,139.67
Residence at 320 West Cedar	223,332.25	208,635.30
Residence at 317 West Clark	220,543.44	212,694.59
Residence at 21 Walnut	289,448.47	240,174.89
Residence at 601 Elm	218,861.12	207,217.59
Residence Monroe House	<u>538,481.00</u>	<u>200,920.61</u>
Total	<u>2,638,170.30</u>	<u>1,788,782.65</u>
<u>Equipment</u>		
Furniture and Fixtures	104,685.91	95,893.34
Food Service Equipment	2,274.00	2,274.00
Office Equipment	<u>80,699.22</u>	<u>75,211.08</u>
Total	<u>187,659.13</u>	<u>173,378.42</u>
<u>Vehicles</u>		
Vehicles	<u>878,328.61</u>	<u>814,700.05</u>
Total	<u>\$ 3,823,477.31</u>	<u>\$ 2,776,861.12</u>

QUAM, BERGLIN & POST, P.C.

CERTIFIED PUBLIC ACCOUNTANTS
110 WEST MAIN - P.O. BOX 426
ELK POINT, SOUTH DAKOTA 57025

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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
SESDAC, Inc.
Vermillion, 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 financial statements of SESDAC, Inc., which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 16, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered SESDAC Inc.'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 SESDAC Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of SESDAC Inc.'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 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 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 SESDAC Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

This 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.



Quam, Berglin & Post, P.C.
Elk Point, South Dakota

September 16, 2020

**SESDAC, INC.
SCHEDULE OF AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2020**

PRIOR FEDERAL COMPLIANCE AUDIT FINDINGS:

None.

PRIOR OTHER AUDIT FINDINGS:

None.

CURRENT OTHER AUDIT FINDINGS:

None