

SESDAC, Inc.
(A Nonprofit Organization)

**Independent Auditor's Report
and Financial Statements**

**For the Year Ended
June 30, 2022
(With Comparative Totals for June 30, 2021)**

SESDAC, Inc.
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Independent Auditor's Report

To the Board of Directors
SESDAC, Inc.

Opinion

We have audited the accompanying financial statements of SESDAC, Inc., Vermillion, South Dakota, (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

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, 2022, and the changes in net assets and its 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. 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 SESDAC, Inc. 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statement, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about SESDAC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of SESDAC’s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about SESDAC’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 SESDAC, Inc.’s 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 29, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules (Schedule A – Revenues, Schedule B – Cash, Restricted Cash, and Accounts Receivable, and Schedule C – Property and Equipment), are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other

records used to prepare the financial statements 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.

Elk Point LLC

Elk Point, South Dakota
November 22, 2022

SESDAC, Inc.
Statements of Financial Position
June 30, 2022
(With Comparative Totals for June 30, 2021)

	2022	2021
Assets		
Current Assets		
Cash and cash equivalents	\$ 4,700,419	\$ 3,416,091
Investments - Certificates of deposit	302,790	302,336
Accounts receivable	24,504	3,973
Due from governments	503,609	393,363
Prepaid expenses	2,200	25,383
Total Current Assets	5,533,522	4,141,146
Restricted Cash and Reserves		
Restricted cash	250,389	224,625
Total Restricted Cash and Reserves	250,389	224,625
Property and Equipment, at cost		
Land and construction in progress	119,319	660,598
Center and residence	3,213,753	2,655,008
Furniture and equipment	181,592	207,364
Vehicles	1,045,350	1,055,095
Total Property and Equipment	4,560,014	4,578,065
Less accumulated depreciation	2,903,774	2,900,359
Net Property and Equipment	1,656,240	1,677,706
	\$ 7,440,151	\$ 6,043,477
Liabilities and Net Assets		
Liabilities and Net Assets		
Accounts payable	\$ 100,910	\$ 455,223
Accrued vacation payable	132,796	109,708
Accrued taxes and payroll payable	134,737	94,284
Accrued interest payable	1,545	1,822
Current portion of long-term debt	44,497	39,105
Total Current Liabilities	414,485	700,142
Long-Term Debt, less current maturities		
Mortgage payables	1,163,024	1,204,946
Less current portion	(41,475)	(38,685)
Vehicle/equipment loans payable	8,059	419
Less Current portion	(3,022)	(419)
Total Long-term Liabilities	1,126,586	1,166,261
Total Liabilities	1,541,071	1,866,403
Net Assets		
Without donor restrictions	5,648,691	3,952,449
With donor restrictions	250,389	224,625
Total Net Assets	5,899,080	4,177,074
	\$ 7,440,151	\$ 6,043,477

The accompanying Notes to Financial Statements are an integral part of this statement.

SESDAC, Inc.
Statements of Activities
For The Year Ended June 30, 2022
(With Comparative Totals for June 30, 2021)

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Other Support						
Fee Revenue						
Administration and support	\$ 73,329	\$ --	\$ 73,329	\$ 72,682	\$ --	\$ 72,682
DDD program services	5,695,867	--	5,695,867	3,550,932	--	3,550,932
USDA, HUD and housing services	84,670	103,031	187,701	81,264	105,293	186,557
USDA, HUD, food services	62,567	--	62,567	62,186	--	62,186
Other DHS program services	360,068	--	360,068	325,398	--	325,398
VPT/FS other services	20,336	--	20,336	20,269	--	20,269
Total Fee Revenue	6,296,837	103,031	6,399,868	4,112,731	105,293	4,218,024
Grant Revenue						
Federal						
DHS grants	6,500	--	6,500	1,004,995	--	1,004,995
Non- DHS services:						
Transportation grants	244,824	--	244,824	435,193	--	435,193
RTAP grants	1,428	--	1,428	606	--	606
Vehicle grants	53,335	--	53,335	28,502	--	28,502
Total Non-DHS Services:	299,587	--	299,587	464,301	--	464,301
Total Grant Revenue	306,087	--	306,087	1,469,296	--	1,469,296
Contributions						
DDD program services	11,656	--	11,656	4,419	--	4,419
Non-DHS services	18,000	--	18,000	35,750	--	35,750
Total Contributions	29,656	--	29,656	40,169	--	40,169
Other Income						
DDD program services	317,753	--	317,753	1,270,686	--	1,270,686
Other DHS program services	413	--	413	--	--	--
USDA, HUD and housing services	25,534	131,419	156,953	25,843	132,454	158,297
Food services	41,018	--	41,018	83,726	--	83,726
Non-DHS services	61,252	--	61,252	63,918	--	63,918
Total Other Income	445,970	131,419	577,389	1,444,173	132,454	1,576,627
Net Assets Added to/Released from Restrictions						
	208,686	(208,686)	--	212,000	(212,000)	--
Total Revenue and Other Support	7,078,550	234,450	7,313,000	7,066,369	237,747	7,304,116
Expenses						
Program Services	4,888,848	--	4,888,848	4,666,567	--	4,666,567
Supporting Services:						
Management and general	702,146	--	702,146	630,142	--	630,142
Total Expenses	5,590,994	--	5,590,994	5,296,709	--	5,296,709
Increase (Decrease) in Net Assets	1,696,242	25,764	1,722,006	1,981,660	25,747	2,007,407
Net Assets at Beginning of Year	3,952,449	224,625	4,177,074	1,970,789	198,878	2,169,667
Net Assets at End of Year	\$ 5,648,691	\$ 250,389	\$ 5,899,080	\$ 3,952,449	\$ 224,625	\$ 4,177,074

The accompanying Notes to Financial Statements are an integral part of this statement.

SESDAC, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2022
(With Comparative Totals for June 30, 2021)

Expenses	Non- Allowable Cost Adjustments	General and Admin Support	Residential Services	Food Services	USDA/HUD Housing Services	Medical Equipment and Drugs	Nursing Services
Personnel Services							
Administrative salaries	\$ --	\$ 263,113	\$ --	\$ --	\$ --	\$ --	\$ --
Professional/program staff	--	110,253	1,624,322	--	--	--	182,635
Clerical/support salaries	--	107,495	20,177	--	32,305	--	2,595
Total Personnel Services	--	480,861	1,644,499	--	32,305	--	185,230
Personnel Benefits and Taxes							
Retirement plans	--	6,863	9,152	--	--	--	4,726
Insurance benefits	--	71,364	396,994	--	7,186	--	56,717
Other benefits							
Employee medical	--	100	--	--	--	--	--
Drug testing	--	--	3,304	--	--	--	126
Staff appreciation	119	1,225	3,415	--	--	--	61
Other benefits	--	1,526	17,785	--	--	--	1,216
FICA taxes	--	34,484	140,893	--	2,251	--	13,395
Unemployment insurance	--	1,141	7,236	--	134	--	633
Worker's compensation insurance	--	2,027	27,394	--	284	--	1,686
Professional liability insurance	--	7,001	5,845	--	382	--	693
Total Personnel Benefits and Taxes	119	125,731	612,018	--	10,237	--	79,253
Professional Fees and Contract Services							
Professional Fees and Services							
Accounting/computer service	--	7,026	30,694	--	--	--	1,580
Legal and auditing services	--	14,182	--	--	2,350	--	--
Advertising/public relations	--	2,083	13,505	--	--	--	415
Dues/memberships/subs./ref. materials	--	1,824	8,323	--	--	--	412
Registration fees	--	2,321	741	--	--	--	8
Habilitation/rehabilitation	--	--	--	--	--	--	--
Total Professional Fees and Services	--	27,436	53,263	--	2,350	--	2,415
Medical Services and Fees							
Physician/nursing service	--	--	--	--	--	--	10,567
Total Medical Services and Fees	--	--	--	--	--	--	10,567
Contractual and Professional Services							
Training/presentation fees	--	655	8,788	--	--	--	490
Management fees	--	--	--	--	16,818	--	--
Payroll time attend fees	--	1,663	16,290	--	--	--	885
Other professional services	--	1,120	183,652	--	--	--	955
Total Contractual and Professional Services	--	3,438	208,730	--	16,818	--	2,330
Total Professional Fees and Contract	--	30,874	261,993	--	19,168	--	15,312
Travel and Transportation							
Rental/mileage	--	591	--	--	--	--	--
Vehicle repair/maint.	--	1,175	10,791	--	--	--	1,807
Insurance	--	--	14,874	--	--	--	2,438
Lodging and meals	--	993	--	--	--	--	36
Vehicle gas/oil	--	211	6,773	--	2,390	--	2,716
Total Travel and Transportation	--	2,970	32,438	--	2,390	--	6,997
Supplies							
Office supplies	--	1,454	3,329	--	48	--	146
Program/instructional sp	--	--	347	3,069	--	--	--
Medical supplies/drugs	--	--	8,658	--	--	1,451	20
Food -coffee/pop/water	--	777	--	--	--	--	--
Food -dietary supplements	--	--	--	--	--	1,384	--
Food -food	--	--	--	122,942	--	--	--
Postage and shipping	--	66	1,267	--	--	--	--
Total Supplies	--	2,297	13,601	126,011	48	2,835	166

The accompanying Notes to Financial Statements are an integral part of this statement.

SESDAC, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2022
(With Comparative Totals for June 30, 2021)

Expenses	Segregated Day and Education Services	Supported Employ- ment	VPT	Family Support	2022 Total	2021 Total
Personnel Services						
Administrative salaries	\$ --	\$ --	\$ --	\$ --	\$ 263,113	\$ 248,862
Professional/program staff	341,649	43,297	--	151,729	2,453,885	2,377,026
Clerical/support salaries	13,876	2,578	192,671	--	371,697	371,975
Total Personnel Services	355,525	45,875	192,671	151,729	3,088,695	2,997,863
Personnel Benefits and Taxes						
Retirement plans	7,656	1,162	3,081	2,195	34,835	33,797
Insurance benefits	49,774	15,196	46,352	48,231	691,814	746,650
Other benefits						
Employee medical	--	--	--	--	100	--
Drug testing	1,068	42	997	42	5,579	3,708
Staff appreciation	458	66	336	371	6,051	7,214
Other benefits	1,248	995	1,699	1,053	25,522	7,965
FICA taxes	9,251	3,484	14,259	10,041	228,058	219,072
Unemployment insurance	219	129	704	393	10,589	6,080
Worker's compensation insurance	6,886	1,057	5,093	1,466	45,893	47,214
Professional liability insurance	2,214	414	945	609	18,103	17,040
Total Personnel Benefits and Taxes	78,774	22,545	73,466	64,401	1,066,544	1,088,740
Professional Fees and Contract Services						
Professional Fees and Services						
Accounting/computer service	1,875	1,706	146	--	43,027	41,528
Legal and auditing services	--	--	--	--	16,532	18,168
Advertising/public relations	41	121	4,099	--	20,264	11,312
Dues/memberships/subs./ref. materials	488	444	851	610	12,952	12,295
Registration fees	167	9	735	--	3,981	3,331
Habilitation/rehabilitation	--	--	--	--	--	30
Total Professional Fees and Services	2,571	2,280	5,831	610	96,756	86,664
Medical Services and Fees						
Physician/nursing service	--	--	--	--	10,567	11,286
Total Medical Services and Fees	--	--	--	--	10,567	11,286
Contractual and Professional Services						
Training/presentation fees	637	529	--	--	11,099	2,088
Management fees	--	--	2,274	54,171	73,263	73,040
Payroll time attend fees	968	876	2,004	1,025	23,711	24,982
Other professional services	1,288	929	23,085	--	211,029	81,452
Total Contractual and Professional Services	2,893	2,334	27,363	55,196	319,102	181,562
Total Professional Fees and Contract	5,464	4,614	33,194	55,806	426,425	279,512
Travel and Transportation						
Rental/mileage	--	--	--	5,525	6,116	3,258
Vehicle repair/maint.	5,243	314	9,248	--	28,578	26,774
Insurance	1,553	2,425	8,913	--	30,203	31,510
Lodging and meals	--	--	154	90	1,273	1,209
Vehicle gas/oil	2,344	68	23,485	--	37,987	23,752
Total Travel and Transportation	9,140	2,807	41,800	5,615	104,157	86,503
Supplies						
Office supplies	201	186	1,018	1,568	7,950	7,276
Program/instructional sp	651	43	435	--	4,545	7,581
Medical supplies/drugs	6	--	--	--	10,135	33,683
Food -coffee/pop/water	--	--	--	--	777	242
Food -dietary supplements	--	--	--	--	1,384	2,940
Food -food	--	--	--	--	122,942	108,590
Postage and shipping	--	--	18	1,511	2,862	3,632
Total Supplies	858	229	1,471	3,079	150,595	163,944

The accompanying Notes to Financial Statements are an integral part of this statement.

SESDAC, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2022
(With Comparative Totals for June 30, 2021)

Expenses	Non- Allowable Cost Adjustments	General and Admin Support	Residential Services	Food Services	USDA/HUD Housing Services	Medical Equipment and Drugs	Nursing Services
Occupancy							
Rent of space	--	1,127	--	--	41,310	--	--
Utilities	--						
Gas	--	196	1,287	--	8,095	--	126
Electrical	--	1,280	6,139	--	20,063	--	827
Sewer and water	--	207	1,006	--	17,061	--	134
Garbage	--	93	452	--	4,032	--	60
Cable	--	57	876	--	7,935	--	45
Telephone	--	--	6,251	--	5,446	--	937
Internet	--	78	1,201	--	6,486	--	62
Mortgage interest	--	1,368	6,750	--	7,936	--	897
Insurance and taxes	--	1,157	5,352	--	12,112	--	604
Occupancy supplies	--	479	2,467	--	15,658	--	276
Materials maint repairs	--	546	2,419	--	5,610	--	318
Contract maint svcs							
Snow removal	--	54	273	--	1,010	--	35
HVAC	--	131	655	--	1,895	--	84
Other contract maint svcs	--	2,778	14,282	--	79,459	--	1,853
Total Occupancy	--	9,551	49,410	--	234,108	--	6,258
Equipment							
Equipment							
Office equip	--	1,638	3,493	--	--	--	1,524
Furn & furnishing equip	--	29,304	2,010	--	29,689	--	241
Educational equip	--	--	488	--	--	--	--
Food service equip	--	--	--	2,232	5,594	--	--
Bldg and grounds equip	--	59	200	--	1,324	--	26
Medical and dental equip	--	--	15	--	--	931	86
Other equip	--	--	2,922	--	--	--	--
Rentals/operating leases	--	4,536	33	--	206	--	4
Repairs/maintenance	--	206	128	--	2,835	--	16
Total Equipment	--	35,743	9,289	2,232	39,648	931	1,897
Depreciation							
Building	--	6,686	31,164	--	44,255	--	3,964
Equipment	--	5,775	--	--	--	--	--
Furnishings/equip	--	--	3,512	--	--	--	--
Vehicles	--	--	6,250	--	--	--	7,263
Grant/non-allowable	--	--	--	--	--	--	--
Total Depreciation	--	12,461	40,926	--	44,255	--	11,227
Miscellaneous							
Person supported special needs	--	--	8	--	--	--	--
Recreation	--	--	365	--	--	--	--
Other	1,445	94	1,739	--	--	--	--
Total miscellaneous	1,445	94	2,112	--	--	--	--
Family Support							
FS state-assist to families							
Child care	--	--	--	--	--	--	--
Respite care	--	--	--	--	--	--	--
Enviro accessibility	--	--	--	--	--	--	--
Vehicle mods	--	--	--	--	--	--	--
Trave/mileage	--	--	--	--	--	--	--
Training/education	--	--	--	--	--	--	--
Medical/dental/nutr	--	--	--	--	--	--	--
Housing assist/utilities	--	--	--	--	--	--	--
Recreation	--	--	--	--	--	--	--
Other	--	--	--	--	--	--	--
Counseling	--	--	--	--	--	--	--
FS wavier-assist to families							
Nutritional supp	--	--	--	--	--	--	--
Respite care	--	--	--	--	--	--	--
Enviro assessability	--	--	--	--	--	--	--
Vehicle mods	--	--	--	--	--	--	--
Equip/supplies	--	--	--	--	--	--	--
Companion care	--	--	--	--	--	--	--
Total Family Support	--	--	--	--	--	--	--
Total Expenses	\$ 1,564	\$ 700,582	\$ 2,666,286	\$ 128,243	\$ 382,159	\$ 3,766	\$ 306,340

The accompanying Notes to Financial Statements are an integral part of this statement.

SESDAC, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2022
(With Comparative Totals for June 30, 2021)

Expenses	Segregated Day and Education Services	Supported Employ- ment	VPT	Family Support	2022 Total	2021 Total
Occupancy						
Rent of space	--	--	--	2,400	44,837	45,173
Utilities						
Gas	676	126	1,416	--	11,922	8,470
Electrical	4,422	822	1,442	--	34,995	34,515
Sewer and water	717	133	653	--	19,911	19,708
Garbage	322	60	204	--	5,223	5,485
Cable	53	48	1,079	--	10,093	8,947
Telephone	2,275	243	3,907	2,235	21,294	24,170
Internet	73	66	969	960	9,895	8,853
Mortgage interest	4,797	891	--	--	22,639	26,027
Insurance and taxes	3,223	605	1,690	460	25,203	25,721
Occupancy supplies	1,462	274	1,278	--	21,894	29,127
Materials maint repairs	952	316	134	--	10,295	12,327
Contract maint svcs						
Snow removal	188	35	185	--	1,780	9,069
HVAC	451	84	312	--	3,612	3,614
Other contract maint svcs	9,947	1,846	2,619	--	112,784	72,142
Total Occupancy	29,558	5,549	15,888	6,055	356,377	333,348
Equipment						
Equipment						
Office equip	197	154	38	1,431	8,475	35,799
Furn & furnishing equip	1,185	242	--	95	62,766	6,509
Educational equip	86	--	--	--	574	11,292
Food service equip	--	--	--	--	7,826	6,891
Bldg and grounds equip	140	26	120	--	1,895	1,868
Medical and dental equip	--	--	--	--	1,032	6,521
Other equip	--	--	--	--	2,922	7,820
Rentals/operating leases	22	4	--	--	4,805	4,726
Repairs/maintenance	148	16	699	--	4,048	5,517
Total Equipment	1,778	442	857	1,526	94,343	86,943
Depreciation						
Building	21,754	3,939	--	--	111,762	81,449
Equipment	--	--	--	--	5,775	1,664
Furnishings/equip	--	--	687	--	4,199	2,187
Vehicles	132	--	10,027	--	23,672	23,271
Grant/non-allowable	--	--	42,941	--	42,941	31,721
Total Depreciation	21,886	3,939	53,655	--	188,349	140,292
Miscellaneous						
Person supported special needs	--	--	--	--	8	--
Recreation	5	--	--	--	370	1,697
Other	--	--	1,265	--	4,543	757
Total miscellaneous	5	--	1,265	--	4,921	2,454
Family Support						
FS state-assist to families						
Child care	--	--	--	--	--	945
Respite care	--	--	--	--	--	331
Enviro accessibility	--	--	--	12,067	12,067	--
Vehicle mods	--	--	--	2,363	2,363	--
Travel/mileage	--	--	--	3,171	3,171	6,810
Training/education	--	--	--	660	660	588
Medical/dental/nutr	--	--	--	5,826	5,826	7,232
Housing assist/utilities	--	--	--	1,079	1,079	2,519
Recreation	--	--	--	42,725	42,725	37,091
Other	--	--	--	1,677	1,677	4,703
Counseling	--	--	--	1,953	1,953	323
FS wavier-assist to families						
Nutritional supp	--	--	--	1,434	1,434	1,193
Respite care	--	--	--	1,745	1,745	3,461
Enviro assessability	--	--	--	577	577	28,188
Vehicle mods	--	--	--	15,141	15,141	1,049
Equip/supplies	--	--	--	10,873	10,873	10,274
Companion care	--	--	--	9,297	9,297	12,403
Total Family Support	--	--	--	110,588	110,588	117,110
Total Expenses	\$ 502,988	\$ 86,000	\$ 414,267	\$ 398,799	\$ 5,590,994	\$ 5,296,709

The accompanying Notes to Financial Statements are an integral part of this statement.

SESDAC, Inc.
 Statements of Cash Flows
 June 30, 2022
 (With Comparative Totals for June 30, 2021)

	2022	2021
Cash Flows from Operating Activities:		
Cash received from recipients and contributors	\$ 7,165,291	\$ 7,276,384
Cash paid to employees and suppliers	(5,647,593)	(4,700,976)
Interest received	16,932	20,389
Interest paid	<u>(22,918)</u>	<u>(26,291)</u>
Net Cash Provided by Operating Activities:	<u>1,511,712</u>	<u>2,569,506</u>
Cash Flows from Investing Activities:		
Purchase of property and equipment	(166,883)	(771,382)
Investment in certificates of deposit	(454)	(4,530)
Net Cash (Used) by Investing Activities:	<u>(167,337)</u>	<u>(775,912)</u>
Cash Flows from Financing Activities:		
Proceeds from long-term debt	9,066	--
Principal payments of long-term debt	<u>(43,349)</u>	<u>(840,542)</u>
Net Cash Provided (Used) by Financing Activities	<u>(34,283)</u>	<u>(840,542)</u>
Net Increase in Cash, Cash Equivalents, and Restricted Cash	1,310,092	953,052
Cash, Cash Equivalents, and Restricted Cash, Beginning of year	<u>3,640,716</u>	<u>2,687,664</u>
Cash, Cash Equivalents, and Restricted Cash, End of year	<u>\$ 4,950,808</u>	<u>\$ 3,640,716</u>
Composition of Cash, Cash Equivalents, and Restricted Cash		
Cash and cash equivalents	\$ 4,700,419	\$ 3,416,091
Restricted cash	<u>250,389</u>	<u>224,625</u>
	<u>\$ 4,950,808</u>	<u>\$ 3,640,716</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

SESDAC, Inc.
 Statements of Cash Flows (Continued)
 June 30, 2022
 (With Comparative Totals as of June 30,2021)

	2022	2021
Reconciliation of Change in Net Assets to Net Cash Provided by Operating Activities:		
Change in net assets	\$ 1,722,006	\$ 2,007,407
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	188,349	140,293
(Increase) decrease in:		
Accounts, grants and contracts receivable	(130,777)	(7,343)
Prepaid expenses	23,183	2,067
Increase (decrease) in:		
Accounts payable	(354,313)	405,663
Accrued expenses	63,264	21,419
	<u>\$ 1,511,712</u>	<u>\$ 2,569,506</u>
Net Cash Provided by Operating Activities	<u>\$ 1,511,712</u>	<u>\$ 2,569,506</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

SESDAC, Inc.
Notes to Financial Statements
June 30, 2022 and 2021

1. Significant Accounting Policies:

General: 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. 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 Presentation: The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of SESDAC, Inc. and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations that they must be maintained permanently by the University or may impose stipulations that will be met either by actions of the University and/or passage of time. When a restriction expires, donor restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

With Donor Restrictions and Without Donor Restrictions Revenue and Support: Contributions received are recorded as with donor restrictions or without donor restrictions depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or when purpose of the restriction is accomplished), donor restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Contributions: Contributions, including unconditional promises to give, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor. Unconditional promises to give due in the next year are recorded at their net realizable value.

Description of Programs:

Residential Services – Training in, providing experiences in, or provision of activities of daily living such as dental care, bathing, toileting, dressing, grooming, home maintenance, cooking, cleaning, laundry, recreation, shopping, money management, budgeting, safety and survival skills. These services are provided in environments such as group homes or apartments that are segregated from the general population by location and/or composition of others with disabilities. Also, the same training, experiences and activities are provided in residential settings that are integrated within the general community. These settings include homes or apartments chosen and owned or rented by the individual. Residential services are also provided to individuals living with other family members.

SESDAC, Inc.
Notes to Financial Statements
June 30, 2022 and 2021

1. Significant Accounting Policies: (Continued)

Segregated Day and Education Services – Services provided in a segregated, non-residential setting aimed at enabling an individual to attain his or her maximum functioning level. Services may be: 1) habilitative, 2) pre-vocational, 3) educational, or 4) a combination of these services to increase the individual's independence and/or productivity. A segregated environment is one where most of the individuals have disabilities, or individuals receiving services do not have regular contact with others who do not have disabilities, other than those persons providing services.

Family Support – Services provided to all families who have children with developmental disabilities living at home and services which enable adults with developmental disabilities and families of children with developmental disabilities to make decisions about their own lives, live where they choose, work where they choose, and fully participate in their communities. Services include information and referral, transportation, advocacy at IEP/IFSP meetings, education in-services and financial assistance.

Nursing/Medical – Medical services provided by a registered nurse or licensed practical nurse which include screenings and assessments, nursing diagnosis, treatment, staff training, monitoring of medical care and related services, policy and procedure development and review, and response to medical emergencies.

Supported Employment and Pre-Vocational Services – Included in this service center are: 1) services directed towards assisting individuals to obtain and retain paid employment in community settings, 2) educational services that take place in regular educational settings, and 3) other services provided in integrated settings that are alternative to traditional day services and are primarily aimed at improving an individual's quality of life.

Housing – Buildings, furnishings, supplies, utilities, depreciation, interest, and maintenance costs needed to provide housing for individuals needing such services.

Food Service – Food, related dietary items, equipment, materials for preparation, serving and storage, and staff or dietary consultant costs associated with the delivery of food services which are needed to meet the specified nutritional needs of individuals receiving services.

Production – Enterprises related to services for sale by the agency or another organization.

Functional Expenses: Expenses are allocated between program services – residential services, day habilitation, supported employment and pre-vocational services, nursing/medical, housing, food service, production, and family support - general and administrative, and fundraising by direct identification of expenses if possible and estimated by management when direct identification is not possible. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated included depreciation, interest, and office and occupancy, which are allocated on a square-footage basis, as well as salaries and benefits, which are allocated on the basis of estimates of time and effort.

SESDAC, Inc.
Notes to Financial Statements
June 30, 2022 and 2021

1. Significant Accounting Policies: (Continued)

Cash and Cash Equivalents: For purposes of the Statement of Cash Flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Accounts, Grants, and Contracts Receivable: Accounts, grants, and contracts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual receivables from clients, grantors and others. Balances still outstanding after management has used reasonable collections efforts are written off through a charge to the valuation allowance and a credit to the applicable accounts receivable.

Inventory: Inventory is valued at the lower of cost or market using the first-in, first-out method.

Depreciation: Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives using principally the straight-line method.

Income Taxes: SESDAC, Inc. is exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code. The State of South Dakota does not levy an income tax.

Revenue Recognition: The Organization has adopted Accounting Standards Updates (ASU) No. 2014-09 *Revenue from Contracts with Customers (Topic 606)* and (ASU) No. 2018-08 *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605)* as management believes the standards improve the usefulness and understandability of the Organization's financial reporting. Analysis of various provisions of these standards resulted in no significant changes in the way the organization recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis.

Estimates: 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. Accordingly, actual results could differ from these estimates.

Property and Equipment: Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Purchased property and equipment are recorded at cost. SESDAC, Inc. follows the capitalization policy outlined by the South Dakota Department of Human Services which states that equipment purchased with a per unit cost of \$5,000 or more be capitalized.

Subsequent Events: Subsequent events have been evaluated for potential recognition or disclosure in the financial statements through November 22, 2022, the date the financial statements were available to be issued.

SESDAC, Inc.
Notes to Financial Statements
June 30, 2022 and 2021

1. Significant Accounting Policies: (Continued)

Prior Year Information: The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with SESDAC Inc.'s audited financial statements for the year ended June 30, 2021. Early adoption is permitted.

2. Concentration of Credit Risk:

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. As of June 30, 2022 and 2021 SESDAC, Inc had balance of \$4,294,233 and \$2,933,082, respectively that were in excess of FDIC limits.

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. 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.

SESDAC, Inc.
Notes to Financial Statements
June 30, 2022 and 2021

3. Long-Term Debt:

Long term debt consisted of the following at June 30, 2022 and 2021:

Description and Security	Terms	2022	2021
United States of America acting through the Rural Development - Secured by land and building of group home.	Variable interest at 2.325 to 2.468; due in monthly installments of \$644, including interest. Final payment is due July 2036.	\$ 229,445	\$ 236,795
United States of America acting through the Rural Development - Secured by land and building of group home.	4.25%; due in monthly installments of \$1959, including interest. Final payment is due May 2045.	341,634	350,419
United States of America acting through the Housing and Urban Development - Secured by land and building.	9.25%; due in monthly installments of \$2800, including interest. Final payment is due October 2024.	70,259	96,047
South Dakota Housing Development Authority loan granted under the Neighborhood Stabilization Housing Project - Secured by land and building.	0%; 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.	521,686	521,686
Office Systems Co Copier Lease - Secured by Canon Copier	Due in monthly installments of \$139, including interest. Final payment is due October 2021.	--	419
Loffler Copier Lease - Secured by Canon Copier	Due in monthly installments of \$139, including interest. Final payment is due February 2025.	8,059	--
		<u>1,171,083</u>	<u>1,205,366</u>
	Less Current Portion	<u>(44,497)</u>	<u>(39,105)</u>
	Long-Term Debt	<u>\$ 1,126,586</u>	<u>\$ 1,166,261</u>

SESDAC, Inc.
Notes to Financial Statements
June 30, 2022 and 2021

3. Long-Term Debt: (Continued)

Estimated aggregate maturities of long-term debt for the five years ended June 30 are as follows:

2023	\$	44,497
2024	\$	47,690
2025	\$	27,124
2026	\$	14,640
2027	\$	15,161

4. Restricted Deposits – Reserve for Replacement:

The loan agreements with the Rural Development require the establishment of reserve accounts for future debt service or extension or improvement of the property subject to the approval of Rural Development. The restricted cash at June 30, 2022 consists of the following:

<u>Replacement Reserve - HUD</u>	<u>2022</u>	<u>2021</u>
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.	\$ 61,331	\$ 53,800
<u>Residual Receipts Reserve - HUD</u> 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.	11,215	6,087
<u>Replacement Reserve for Debt - Rural Development</u> In accordance with the provisions of the mortgage, this reserve account is funded monthly.	24,953	24,955
<u>Reserve for Replacement - Rural Development</u> 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.	135,735	125,540
<u>Reserve for Replacement - Monroe House</u> 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.	17,155	14,253
Total	<u>\$ 250,389</u>	<u>\$ 224,635</u>

SESDAC, Inc.
Notes to Financial Statements
June 30, 2022 and 2021

5. Economic Dependence:

SESDAC, Inc. (a nonprofit organization) receives a significant amount of its funding from the Title XIX program through contracts with the State of South Dakota Department of Human Services and Department of Social Services. Therefore, its future is dependent on continued funding of the program. For the years ended June 30, 2022 and 2021 the Organization received revenues from the State of South Dakota under the following contracts with the Department of Human Services:

	2022	% Total Revenue	2021	% Total Revenue
Home/Community-Based Services	\$ 5,555,351	78%	\$3,472,091	49%

The Agency had amounts receivable from those agencies as of June 30, 2022 and 2021, in the following amounts:

	2022	2021
Home/Community-Based Services	\$ 401,731	\$ 317,804

6. Pension Plan:

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 4% of the gross salary of the employees. Employer contributions totaled \$34,835 and \$33,797 for the years ended June 30, 2022 and 2021 respectively.

7. Liquidity and Availability of Financial Assets:

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, 2022 and 2021, 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.

SESDAC, Inc.
Notes to Financial Statements
June 30, 2022 and 2021

7. Liquidity and Availability of Financial Assets: (Continued)

	June 30,	
	2022	2021
Financial assets at year-end	\$ 5,783,911	\$ 4,365,771
Less those unavailable for general expenditure within one year:		
Donor Restrictions conditional	250,389	224,625
	250,389	224,625
Financial assets available to meet cash needs for general expenditure within one year	\$ 5,533,522	\$ 4,141,146

As part of the Organization's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

8. 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.

Net assets were released from restrictions as follows:

	June 30,	
	2022	2021
Purpose of restriction accomplished:		
Expenses incurred to satisfy donor restrictions	\$ 208,686	\$ 212,000

9. Accounting for Uncertain Tax Positions:

SESDAC, Inc., is a nonprofit corporation exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). Therefore, no provision for income taxes has been made in these financial statements. The organization is also exempt from property taxes.

Supplemental Information

SESDAC, Inc.
Year Ended June 30, 2022 (With Comparative Totals as of June 30, 2021)
Schedule A – Revenues

Revenue	Admin & Support	DDD Program Services	USDA/HUD Housing Services	Food Services	Division of Rehab Services	Other DHS Program Services	VPT/Non DHS Services	2022 Total	2021 Total
Fees									
Home & community services	\$ --	\$ 5,555,351	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 5,555,351	\$ 3,472,091
HCBS match	--	57,186	--	--	--	--	--	57,186	64,177
LTSS general	--	--	--	--	--	--	--	--	--
Family support waiver	--	--	--	--	--	279,686	--	279,686	192,718
School-HCBS	--	58,403	--	--	--	--	--	58,403	--
School-day services	--	270	--	--	--	--	--	270	--
School-job coaching	--	--	--	--	--	--	--	--	117
Private pay	--	24,657	--	--	--	--	--	24,657	14,547
HAP/room & board	--	--	187,701	62,567	--	--	--	250,268	248,742
Family support state	--	--	--	--	--	70,589	--	70,589	110,530
Voc. Rehab services	--	--	--	--	9,793	--	--	9,793	22,149
Management fees	73,329	--	--	--	--	--	19,500	92,829	92,182
Transit contracts	--	--	--	--	--	--	435	435	--
Trans/SESDAC matching funds	--	--	--	--	--	--	--	--	--
Jefferson Lines ticket sales	--	--	--	--	--	--	401	401	769
Total Fees	73,329	5,695,867	187,701	62,567	9,793	350,275	20,336	6,399,868	4,218,022
Grants									
Other grants-for contributed capital	--	--	--	--	--	--	--	--	130,849
Other grants for non-capital contribution	--	--	--	--	6,500	--	7,234	13,734	1,033,497
Section 5311 transportation grant	--	--	--	--	--	--	241,048	241,048	304,345
Title III-B transportation grant	--	--	--	--	--	--	3,777	3,777	--
RTAP grant reimbursements	--	--	--	--	--	--	1,428	1,428	606
State, pub & spec tr (DOT)	--	--	--	--	--	--	46,101	46,101	--
Total Grants	--	--	--	--	6,500	--	299,588	306,088	1,469,297
Contributions									
Local government	--	2,160	--	--	--	--	8,000	10,160	27,320
United Way	--	--	--	--	--	--	10,000	10,000	12,500
Other contributions	--	9,496	--	--	--	--	--	9,496	349
Total Contributions	--	11,656	--	--	--	--	18,000	29,656	40,169
Other Income									
Food stamps	--	--	--	41,018	--	--	--	41,018	83,726
FMHA	--	--	60,358	--	--	--	--	60,358	59,512
Section 8 rental assistance	--	--	70,801	--	--	--	--	70,801	72,718
Vermillion Public Transit fares	--	--	--	--	--	--	46,785	46,785	35,479
VPT fares paid by organizations	--	--	--	--	--	--	238	238	908
Department of social services-transportation	--	5,490	--	--	--	--	13,029	18,519	27,532
Interest income	--	16,672	260	--	--	--	--	16,932	20,389
Maintenance income	--	--	25,534	--	--	--	--	25,534	25,843
Advertising	--	--	--	--	--	--	1,200	1,200	--
Pop sales	--	18,099	--	--	--	--	--	18,099	--
Sales/disposal of fixed assets	--	--	--	--	--	--	--	--	1,500
Other income/reimbursements	--	277,492	--	--	--	413	--	277,905	1,249,021
Total Other Income	--	317,753	156,953	41,018	--	413	61,252	577,389	1,576,628
Total Revenues	\$ 73,329	\$ 6,025,276	\$ 344,654	\$ 103,585	\$ 16,293	\$ 350,688	\$ 399,176	\$ 7,313,001	\$ 7,304,116

SESDAC, Inc.

Year Ended June 30, 2022 (With Comparative Totals as of June 30, 2021)

Schedule B – Cash, Restricted Cash, and Accounts Receivable

	Institution Name	Reconciled Balance
Cash		
Cash		
Petty Cash		\$ 250
Checking Accounts		
General	Cor Trust Bank	3,080,557
Flex One Checking Account	Cor Trust Bank	102,635
HUD	Cor Trust Bank	3,451
Rural Development	Cor Trust Bank	52,378
SDHDA-Monroe House	Cor Trust Bank	333
VPT CC	Cor Trust Bank	5,437
Total Checking Accounts		3,245,041
Money Market Accounts		
Designated for:		
Future Cash Needs	First Bank & Trust	2,602
Future Cash Needs	Edward D. Jones	2,637
Capital Asset Replacement	First Dakota	254,737
Capital Asset Replacement	Bank of the West	1,195,402
Total Money Market Accounts		1,455,378
Total Cash and Cash Equivalents		\$ 4,700,419
Investments		
Investment CDs	First Bank & Trust	\$ 302,790
Restricted Cash		
Rural Development		
Reserve for Replacement - Cherry St. USDA	Edward D. Jones	\$ 24,953
Reserve for Replacement- USDA	Cor Trust Bank	135,735
Reserve for Replacement - Monroe	Cor Trust Bank	17,155
Walnut Street Apartments		
Residual Receipts	Cor Trust Bank	11,215
Reserve for Replacement	Cor Trust Bank	61,331
Total Restricted Cash		\$ 250,389
Accounts Receivable		
Accounts Receivable		24,504
Total Accounts Receivable		\$ 24,504
Due from Government		
Title XIX/HCBS Receivable		492,036
Housing Projects		6,592
Local School District Rec.		4,981
Total Due From Government		\$ 503,609

SESDAC, Inc.

Year Ended June 30, 2022 (With Comparative Totals as of June 30, 2021)

Schedule C – Property and Equipment

Property and Equipment

	Cost	Accumulated Depreciation
<u>Land</u>		
Center at 1314 E. Cherry	\$ 11,150	\$ --
Residence at 320 West Cedar	10,035	--
Residence at 317 West Clark	11,500	--
Residence at 21 Walnut	25,025	--
Residence at 601 Elm	18,000	--
Residence at 1700 Baylor-Monroe House	43,609	--
Total	\$ 119,319	\$ --
<u>Buildings</u>		
Center at 1314 E. Cherry	\$ 1,727,459	\$ 824,506
Residence at 320 West Cedar	223,332	219,299
Residence at 317 West Clark	220,543	217,124
Residence at 21 Walnut	289,449	261,358
Residence at 601 Elm	214,489	207,924
Residence Monroe House	538,481	247,409
Total Buildings	3,213,753	1,977,620
<u>Equipment</u>		
Furniture and Fixtures	119,864	100,040
Food Service Equipment	2,274	2,274
Office Equipment	59,454	33,074
Total Equipment	181,592	135,388
<u>Vehicles</u>		
Total; Vehicles	1,045,350	790,766
Total	\$ 4,560,014	\$ 2,903,774