

RURAL AMERICA INITIATIVES
Rapid City, South Dakota

FINANCIAL REPORT

For the Year Ended December 31, 2021

RURAL AMERICA INITIATIVES
Rapid City, South Dakota

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Gardner, Loutzenhiser, and Ryan, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Rural America Initiatives

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Rural America Initiatives (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, 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 present fairly, in all material respects, the financial position of Rural America Initiatives as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Rural America Initiatives 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 opinions.

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 statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Rural America Initiatives 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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Rural America Initiatives 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 Rural America Initiatives ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying combining statement of financial position, combining statement of activities, and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 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 combining statement of financial position, combining statement of activities, and schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2022, on our consideration of Rural America Initiatives internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Rural America Initiatives 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 Rural America Initiatives internal control over financial reporting and compliance.

Gardner, Loutzenhiser + Ryan PC

Chadron, Nebraska
June 27, 2022

**Rural America Initiatives
Statement of Financial Position
December 31, 2021**

ASSETS	
CURRENT ASSETS	
Cash and Cash Equivalents	\$ 1,868,412.84
Accounts Receivable, Net of Allowance	9,452.00
Grants Receivable	383,234.70
Current Portion of Pledges Receivable	48,315.00
Prepaid Expenses	<u>128,106.05</u>
Total Current Assets	<u>2,437,520.59</u>
PROPERTY AND EQUIPMENT	
Equipment	218,048.06
Leasehold Improvements	159,130.46
Vehicles	1,419,916.43
Buildings	8,439,185.67
Land	<u>495,751.31</u>
	10,732,031.93
Less: Accumulated Depreciation	<u>(2,252,516.44)</u>
Net Property and Equipment	<u>8,479,515.49</u>
Other Assets	
Beneficial Interest in Assets Held by Others	52,226.63
Pledges Receivable	2,500.00
Capital Credits Receivable	<u>48,802.00</u>
Total Other Assets	<u>103,528.63</u>
TOTAL ASSETS	<u>\$ 11,020,564.71</u>
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accrued Payroll	\$ 96,856.06
Accounts Payable	116,743.25
Payroll Taxes Payable	4,488.48
Retirement Payable	<u>6,319.66</u>
Total Current Liabilities	<u>224,407.45</u>
NET ASSETS	
Without Donor Restrictions	9,471,089.41
With Donor Restrictions	<u>1,325,067.85</u>
Total Net Assets	<u>10,796,157.26</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 11,020,564.71</u>

See independent auditor's report and notes to the financial statements.

**Rural America Initiatives
Statement of Activities
For the Year Ended December 31, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
Grant	\$ -	\$ 6,963,469.38	\$ 6,963,469.38
Interest Revenue	6,341.00	-	6,341.00
In-kind	-	306,006.93	306,006.93
Donations	260,126.87	280,765.90	540,892.77
Reimbursements	-	15,235.00	15,235.00
Gain/Loss on Disposal of Assets	33,210.00	-	33,210.00
CANS Food Reimbursement	-	110,785.92	110,785.92
Self-charged Depreciation Revenue	112,641.00	-	112,641.00
Total Revenues	412,318.87	7,676,263.13	8,088,582.00
NET ASSETS RELEASED FROM RESTRICTIONS			
Satisfaction of Program Restrictions	6,955,134.34	(6,955,134.34)	-
Total Revenues and Reclassifications	7,367,453.21	721,128.79	8,088,582.00
EXPENSES			
Management and General:			
Rural America Initiatives	58,926.58	-	58,926.58
Rural America Initiatives - Indirect '20	153,783.87	-	153,783.87
Rural America Initiatives - Indirect '21	392,398.65	-	392,398.65
Fundraising	51,600.55	-	51,600.55
Program Expenses:			
Rapid City Head Start Year 14	705,627.19	-	705,627.19
Rapid City Head Start Year 15	963,695.20	-	963,695.20
Rapid City Early Head Start Year 14	224,150.06	-	224,150.06
Rapid City Early Head Start Year 15	884,082.72	-	884,082.72
Crow Creek Head Start Year 14	273,485.30	-	273,485.30
Crow Creek Head Start Year 15	717,119.55	-	717,119.55
Crow Early Creek Head Start Year 14	136,946.23	-	136,946.23
Crow Early Creek Head Start Year 15	402,821.60	-	402,821.60
Early Head Start Expansion Year 4	369,869.64	-	369,869.64
Rapid City Head Start Construction Year 4	180,544.92	-	180,544.92
ANA Language Year 6	136,101.64	-	136,101.64
Wicozani Year 6	227,796.34	-	227,796.34
NoVo Year 3	180,764.46	-	180,764.46
NoVo Year 4	17,063.51	-	17,063.51
Ateyapi: Thinking About the Future Year	58,305.50	-	58,305.50
Vucurevich Year 1	54,503.80	-	54,503.80
Ateyapi Youth Engaged in Sports Year 2	321,260.83	-	321,260.83
Total Expenses	6,510,848.14	-	6,510,848.14
INCREASE IN NET ASSETS	856,605.07	721,128.79	1,577,733.86
NET ASSETS, BEGINNING OF YEAR	8,614,484.34	603,939.06	9,218,423.40
NET ASSETS, END OF YEAR	<u>\$ 9,471,089.41</u>	<u>\$ 1,325,067.85</u>	<u>\$ 10,796,157.26</u>

See independent auditor's report and notes to the financial statements.

Rural America Initiatives
Statement of Functional Expenses
For the Year Ended December 31, 2021

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Staff Travel	1,351.56	\$ 417.91	\$ -	\$ 1,769.47
Advertising/Employment Ads	32,696.12	7,570.00	-	40,266.12
Vehicle Repairs	43,881.44	(701.25)	-	43,180.19
Vehicle Operation	44,707.48	(26.98)	-	44,680.50
Drug Tests	720.00	-	-	720.00
Copies P.S.	235.00	12,811.70	3,650.00	16,696.70
Janitorial Expense	3,200.00	-	-	3,200.00
Consultants P.S.	222,156.25	11,682.52	45,266.21	279,104.98
Consultants Admin	100.00	-	-	100.00
Salaries	2,636,425.56	233,511.99	-	2,869,937.55
Supplies - P.S.	358,583.94	5,879.86	-	364,463.80
Supplies - Admin	32,543.78	36,505.36	1,786.20	70,835.34
Donations Expended	24,539.89	28,267.34	-	52,807.23
Payroll Taxes	228,234.16	18,971.34	-	247,205.50
Food	2,825.57	-	-	2,825.57
Food - Children	169,330.73	606.54	-	169,937.27
Staff Training - P.S.	74,824.89	-	-	74,824.89
Staff Training - Admin	8,426.90	11,046.45	-	19,473.35
Employee Retirement	105,895.66	19,689.05	-	125,584.71
Bank Charges	3.00	432.38	25.00	460.38
Depreciation	317,845.30	2,944.50	-	320,789.80
Classroom Supplies	321,757.40	-	-	321,757.40
Volunteer/Client Activities	173,654.58	(1,032.25)	-	172,622.33
Evaluation	63,235.00	-	-	63,235.00
Telephone	66,868.94	8,617.14	-	75,486.08
Postage Admin	122.00	4,577.54	-	4,699.54
Interest Expense	9,442.09	-	-	9,442.09
Office Rent	31,026.68	8,538.20	-	39,564.88
Insurance - Vehicle	30,006.68	14,945.33	-	44,952.01
Insurance - Liability	3,158.00	312.33	-	3,470.33
Insurance - Health	66,277.19	694.20	-	66,971.39
Cultural Materials	9,054.91	1,500.00	-	10,554.91
Curriculum Materials	10,241.39	-	-	10,241.39
Maintenance	161,908.21	203.62	262.50	162,374.33
Cleaning Supplies	15,595.63	1,256.07	-	16,851.70
Insurance - Work Comp	3,709.00	6,428.12	-	10,137.12
Copies Admin	-	99.07	-	99.07
Educational Materials	1,230.80	-	-	1,230.80
Client Education Fees	171.07	-	-	171.07

See independent auditor's report and notes to the financial statements.

Rural America Initiatives
Statement of Functional Expenses (Continued)
For the Year Ended December 31, 2021

	Supporting Services			Total
	Program Services	Management and General	Fundraising	
Parent Activities	55,588.84	-	-	55,588.84
Utilities	117,795.35	6,072.15	-	123,867.50
Classroom Supplies - COVID 19	153,266.65	659.71	-	153,926.36
Supplies P.S. - COVID 19	12,441.05	-	-	12,441.05
Pers Protective Supp - COVID 19	5,741.15	-	-	5,741.15
Parent Policy Council	108.04	-	-	108.04
Repairs	120.00	-	-	120.00
Kitchen Supplies	29,657.86	-	-	29,657.86
Postage P.S.	379.00	-	-	379.00
Architect Fees	3,605.00	-	-	3,605.00
CDA Operating	3,566.00	-	-	3,566.00
Insurance Admin	83,032.77	39,096.25	-	122,129.02
Classroom Furniture & Fixtures	7,584.98	-	-	7,584.98
Fundraising Activities	-	-	610.64	610.64
Audit Fees	-	27,029.14	-	27,029.14
Accounting Fees	-	89,127.77	-	89,127.77
Self-charged Depreciation	105,265.00	7,376.00	-	112,641.00
	<u>\$ 5,854,138.49</u>	<u>\$ 605,109.10</u>	<u>\$ 51,600.55</u>	<u>\$ 6,510,848.14</u>

See independent auditor's report and notes to the financial statements.

**Rural America Initiatives
Statement of Cash Flows
For the Year Ended December 31, 2021**

CASH FLOWS FROM OPERATING ACTIVITIES

Increase in Net Assets	\$ 1,577,733.86
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	320,789.80
Loss on Sale of Assets	(33,210.00)
Donations Restricted for Property and Equipment Purchases	(34,728.09)
(Increase) Decrease in Operating Assets:	
Accounts Receivable, Net of Allowance	7,394.00
Grants Receivable	(304,159.68)
Prepaid Expenses	(18,502.88)
Capital Credit Receivable	(2,346.21)
Rental Deposit	7,889.00
Increase (Decrease) in Operating Liabilities:	
Accrued Payroll	8,429.29
Accounts Payable	60,943.55
Payroll Taxes Payable	(946.77)
Retirement Payable	(1,789.32)
Accrued Interest	(188.13)
Unearned Revenue	<u>(23,041.55)</u>
Net Cash Provided by Operating Activities	<u>1,564,266.87</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from Sale of Property and Equipment	33,210.00
Receipts on Notes Receivable	295,000.00
Investment in Community Foundation	(18,050.75)
Purchase of Property and Equipment	<u>(727,858.87)</u>
Net Cash Used by Investing Activities	<u>(417,699.62)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from Donations Restricted for Property and Equipment Purchases	34,728.09
Proceeds from Pledges Restricted for Property and Equipment Purchases	11,815.00
Payments on Notes Payable	<u>(439,772.98)</u>
Net Cash Used by Financing Activities	<u>(393,229.89)</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS

753,337.36

CASH AND CASH EQUIVALENTS, BEGINNING

1,115,075.48

CASH AND CASH EQUIVALENTS, ENDING

\$ 1,868,412.84

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Interest Paid with Cash	<u>\$ 9,630.22</u>
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See independent auditor's report and notes to the financial statements.

Rural America Initiatives
Notes to the Financial Statements
December 31, 2021

NOTE 1 - PURPOSE OF ORGANIZATION AND DESCRIPTION OF PROGRAMS AND SUPPORTING SERVICES

Purpose

Rural America Initiatives (the Organization) is a non-profit organization operating various programs to provide economic, human, and educational services to Native Americans in Rapid City and Fort Thompson, South Dakota.

Program Services

The primary programs operated by the Organization include: (1) Head Start, a comprehensive program providing services for preschool children whose families have recently moved from the reservation and wish to acquire kindergarten readiness skills; (2) Early Head Start, a comprehensive program providing educational, health, nutritional, and family services for infants and toddlers from low-income families; (3) Ateyapi Teen Pregnancy Prevention, a program committed to helping Native American teens practice safe sex and avoid pregnancy before marriage; (4) ANA Language, a program providing Lakota language education to students and the community; (5) Wicozani, a program developing culturally appropriate, sustainable life-skills education and support processes for American Indian youth and their families; (6) NoVo, a program providing Lakota language instruction to Head Start students; (7) Ateyapi: Thinking About the Future, a program providing mentors to teach sexual abstinence and Lakota culture at the three high schools in Rapid City; and (8) Ateyapi Youth Engaged in Sports, a program teaching middle school students how to be more physically active.

Supporting Services

Includes the functions necessary to maintain the Organization's stated purpose and manage the fiscal responsibilities of the entity.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Organization prepares its financial statements on the accrual basis of accounting; consequently, certain revenue and the related assets are recognized when earned rather than when received and certain expenses are recognized when incurred rather than when the obligation is paid.

Basis of Presentation

The Organization is required to report information regarding its financial position and activities based on the existence or absence of donor-imposed restrictions. Accordingly, net assets without donor restrictions are amounts that are not subject to donor-imposed stipulations and are available for operations. Net assets with donor restrictions are those whose use has been limited by donors and grantors to a specific time period or purpose.

Restricted and Unrestricted 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 purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions. Unconditional promises to give are recorded as revenues or gains in the period in which the contribution is promised. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Rural America Initiatives
Notes to the Financial Statements
December 31, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

The Organization receives contributions to support operating activities and capital projects. These contributions can be from individuals, foundations, corporations, or trusts. The Organization records contributions (pledges) receivable, net of allowances for estimated uncollectable amounts, when there is sufficient evidence in the form of verifiable documentation that an unconditional promise was received. Conditional gifts, with a measurable performance or other barrier and right of return, are not recognized until the conditions on which they depend are substantially met or explicitly waived by the donor. The Organization discounts multi-year pledges that are expected to be collected after one year using a risk-adjusted discount rate. Multi-year pledges are recorded at fair value at the date of the pledge.

Government Grants and Contracts: The Organization receives grant and contract funding from various federal, state, and local governments to provide a variety of program services to the public based on specific requirements included in the agreement, including eligibility, procurement, reimbursement, curriculum, staffing, and other requirements. These program services include child-care programs, teen programs, family programs, and educational programs. These government grants and contracts are nonreciprocal transactions and include conditions stipulated by the government agencies and are, therefore, accounted for as conditional contributions. Public support is recognized as conditions are satisfied, primarily as expenses are incurred. Cash received on government grants and contracts prior to incurring allowable expenses are recorded as advances upon receipt.

Government grants and contracts receivable are recorded in grant receivables. All other donations are recorded in contributions receivable. The allowance for doubtful accounts is determined by the age of the balance, historical collection rates, and specific identification of uncollectible accounts. Uncollectible receivables are charged to the allowance. An expense is recorded at the time the allowance is adjusted.

At December 31, 2021, the Organization also had unexpended contributions and grants of approximately \$3.9 million that have not been recognized pending the fulfillment of conditions associated with the awards.

In-kind contributions: The Organization recognizes contributions of services received if such services: (a) create or enhance nonfinancial assets (b) require specialized skills (c) are provided by individuals possessing those skills, and (d) would typically need to be purchased if not contributed.

The Organization receives services from many volunteers who give significant amounts of their time to the programs of the Organization. No amounts have been reflected for these types of donated services, as there is no objective basis available to measure the value of such services. In-kind contributions are used by the Organization to satisfy the cost-sharing requirements of contracts. Contributions of assets other than cash are recorded at estimated fair value.

Cash and Cash Equivalents

For purposes of 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.

Rural America Initiatives
Notes to the Financial Statements
December 31, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

The Organization has revenue streams that are accounted for as reciprocal exchange transactions. Because the Organization's performance obligations relate to contracts with a duration of less than one year, the Organization has elected to apply the optional exemption provided in FASB ASC 606-10-50-14(a), *Revenue from Contracts with Customers*, and, therefore, is not required to disclose the aggregate amount on the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. There are no incremental costs of obtaining a contract and no significant financing components.

Childcare: Childcare revenues consist of amounts families pay to participate in childcare the Organization's provides outside of the program's hours. Childcare fees are due monthly after services have been provided.

Government Contract Revenue: The Organization has contracts with various governmental agencies to provide a variety of program services to the public based on contract requirements. Such contracts from government agencies are recorded as revenue as performance obligations are satisfied, which is generally when the related expenditures are incurred over the period the service is provided.

Advances are recorded as deferred revenue from government contracts upon receipt.

Accounts Receivable

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Organization provides for losses on accounts receivable using the allowance method. The allowance is based on management's experience and other circumstances, which may affect the ability of individuals to meet their obligations. It is the Organization's policy to charge off uncollectible accounts receivable when management determines that the receivable will not be collected.

Property and Equipment

Property and equipment are capitalized at cost. The Organization has the policy of capitalizing items with lives greater than one year and costs exceeding \$5,000. Depreciation is computed over the estimated service lives of the respective assets on a straight-line basis as follows:

Buildings	5 - 39 Years
Vehicles	3 - 7 Years
Equipment	5 - 10 Years
Land Improvements	10 Years
Leasehold Improvements	3 - 20 Years

All federal grantors retain a reversionary interest in the selected property purchased with their respective contract funds. A portion of the property and equipment reported by the Organization has been acquired with federal funds.

Capital Credit Receivable

The Organization earns capital credits from its utility service cooperatives. The cooperative calculates the amount of capital credits earned by the Organization based on usage and applies this amount to the Organization's capital credits account. Annually, the cooperative determines an amount of capital credits to be distributed from the Organization's capital credits account to the Organization. Capital credit payments are usually in the form of credits applied to the Organization's billing invoice. The timeline of distributions is unknown. The Organization records capital credits at cost reported by the cooperative.

Rural America Initiatives
Notes to the Financial Statements
December 31, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tax Status

The Organization is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code. The Organization is not liable for income taxes if it operates within the confines of its exempt status, though the Organization may be responsible for taxes on unrelated business activities. In the event of an examination of the income tax returns, the tax liability of the Organization could be changed if an adjustment in the tax-exempt purpose or income from unrelated business activities is ultimately determined by the taxing authorities. The Organization recognizes tax positions in the financial statements when it is more likely than not the positions will be sustained upon examination by the taxing authorities.

As of December 31, 2021, the Organization had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. The Organization's income tax filings are subject to audit by various taxing authorities. The Organization is no longer subject to federal and state income tax examinations by taxing authorities for years before 2018. Management continually evaluates expiring statutes of limitation, audits, proposed settlements, changes in tax law, and new authoritative rulings. The Organization believes its estimates are appropriate based on current facts and circumstances. Interest and penalties assessed by income taxing authorities, if any, are included in interest expense.

Emerging Accounting Standards

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)* which supersedes FASB ASC Topic 840, *Leases (Topic 840)* and provides principles for the recognition, measurement, presentation, and disclosure of leases for both lessees and lessors. The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease, respectively. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than twelve months regardless of classification. If the available accounting election is made, leases with a term of twelve months or less can be accounted for similarly to the existing guidance for operating leases. The standard is effective for fiscal years beginning after December 15, 2021, with early adoption permitted. The Organization is currently evaluating the impact this standard will have on the financial statements.

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 those estimates.

Functional Allocation of Expenses

Expenses are charged directly to program, management and general, or fundraising based on specific identification. Indirect expenses have been allocated based on management's estimate of functions benefited based on staff-related expenses. Self-charged depreciation expense is calculated based on non-federally funded construction costs and allocated based on program square footage utilization

Advertising

Advertising costs are expensed when incurred. Advertising expenses for the year ended December 31, 2021 were \$40,266.

Rural America Initiatives
Notes to the Financial Statements
December 31, 2021

NOTE 3 - LIQUIDITY AND AVAILABILITY

Financial Assets Available for Use:

Cash and Cash Equivalents	\$	1,868,413
Accounts Receivable		9,452
Current Portion of Pledges Receivable		48,315
		\$ 1,926,180

The Organization's assets available for use consist of cash in bank and receivables expected to be collected currently. As explained in Note 7, the Organization has a line of credit available to fund operating cash flows.

NOTE 4 - PROPERTY AND EQUIPMENT

A summary of the changes in property and equipment is as follows:

	12/31/2020	Additions	Dispositions	12/31/2021
Buildings	\$ 8,439,186	\$ -	\$ -	\$ 8,439,186
Leasehold Improvements	137,099	22,031	-	159,130
Vehicles	991,022	642,417	(213,523)	1,419,916
Equipment	154,638	63,410	-	218,048
Land	495,751	-	-	495,751
	10,217,696	727,858	(213,523)	10,732,031
Total Fixed Assets				
Less: Accumulated Depreciation	2,145,249	320,790	(213,523)	2,252,516
Net Property and Equipment	\$ 8,072,447	\$ 407,068	\$ -	\$ 8,479,515

Depreciation expense for the year ended December 31, 2021 was \$320,790.

Land, as reported in the above schedule, represents the Organization's payment for the right to purchase 8 acres of land. The Organization is required to pay an additional \$1 to exercise the option to purchase within 5 years of the agreement. Should the Organization fail to exercise the option, the amount paid for the option will not be refunded.

NOTE 5 - LEASE OBLIGATIONS

The Organization leases land on which a building is located under a twenty-year lease requiring \$500 per month until the lease expired on June 30, 2014, after which it continued month-to-month. A verbal modification reduced the rent to \$250 per month. The amount included in expenses for the year ended December 31, 2021 was \$3,000.

NOTE 6 - RETIREMENT PLAN

The Organization offers its full-time employees a simplified employee pension plan. The Organization makes discretionary contributions each year. For the year ended December 31, 2021, contributions were \$125,585.

NOTE 7 - LINE OF CREDIT

The Organization maintains a \$100,000 unsecured line of credit with Black Hills Community Bank. The agreement calls for monthly interest payments at 1.25 percent over the bank's index rate and is renewable annually. At December 31, 2021, the Organization had no outstanding borrowings under this line of credit.

Rural America Initiatives
Notes to the Financial Statements
December 31, 2021

NOTE 8 - IN-KIND MATERIALS AND SERVICES

The fair value of donated goods and services included as in-kind contributions in the financial statements for the year ended December 31, 2021 is as follows:

Professional Services	\$ 183,451
Goods	<u>122,556</u>
Total In-kind Donations	<u>\$ 306,007</u>

In addition to these amounts, services in the amount of \$149,476 were donated to the Organization that do not qualify to be recorded in the accompanying financial statements. They do, however, qualify as in-kind matching contributions under the terms of grant programs.

NOTE 9 - PLEDGES RECEIVABLE

Pledges receivable at December 31, 2021 were as follows:

Receivable in Less Than One Year	\$ 48,315
Receivable in One to Five Years	<u>2,500</u>
Total Pledges Receivable	<u>\$ 50,815</u>

Management continually evaluates the collectability of pledges receivable. Management records an allowance for uncollectible pledges receivable upon evaluation of individual donor payment history and the likelihood of payment. Management has determined that no allowance for uncollectible pledges receivable is necessary at this time.

NOTE 10 - NET ASSETS WITH DONOR RESTRICTIONS

As of December 31, 2021, the Organization's net assets with donor restrictions consisted of the following restrictions and purposes:

Restricted Purpose:	
Head Start Program	\$ 973,200.01
Wicozani Program	16,948.00
NoVo Language Program	147,137.85
Ateyapi: Thinking About the Future	71,867.50
Ateyapi Youth Engaged in Sports Program	<u>115,914.49</u>
	<u>\$ 1,325,067.85</u>

Amounts released from restriction for the year related to the Organization incurring eligible expenses as required by various funding sources.

NOTE 11 - COMMITMENTS AND CONTINGENCIES

The Organization was the recipient of pass-through funds from Crow Creek Sioux Tribe for the Organization's Head Start Program in prior years. As of December 31, 2021, the Organization had a \$140,963 account receivable for pass-through funds due from Crow Creek Sioux Tribe for the operation of its Head Start program. As of the report date, the Organization had not received the funds due from the Crow Creek Sioux Tribe. The Organization has been in contact with the Crow Creek Sioux Tribe and the funds are now passed through the Community Development Institute. The Organization established an allowance for the entire \$140,963 receivable balance. Management believes there is a chance of collecting the debt and therefore has not completely written off the debt.

Rural America Initiatives
Notes to the Financial Statements
December 31, 2021

NOTE 12 - CONCENTRATIONS

The Organization's deposits in financial institutions may at times during the year exceed FDIC limits. Management has not experienced any losses to date related to this concentration and does not believe a significant risk exists.

The Organization received 86% of its support from federal grants during the year ended December 31, 2021. The disbursement of funds under federal programs generally requires compliance with terms and conditions specified in federal regulations and is subject to audit and possible disallowance of certain expenditures. The Organization has not had any disallowance of financial awards in the past and management does not expect any future amounts to be disallowed.

NOTE 13 - BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

The Organization has unconditional rights to distributions from assets held by the Black Hills Area Community Foundation (the Community Foundation). The Community Foundation makes annual distributions based on the rolling 16-quarter average of investments held on behalf of the organization at a percentage determined by the Community Foundation's Board of Directors. The value of the investment held by the Community Foundation on the Foundation's behalf was \$50,776 as of December 31, 2021. The interest in the Community Foundation is reported at fair market value each year.

The Organization has unconditional rights to distributions from assets held by the South Dakota Community Foundation (SDCF). SDCF makes annual distributions based on the rolling 16-quarter average of investments held on behalf of the Organization at a percentage determined by SDCF's Board of Directors. The value of the investment held by SDCF on the Foundation's behalf was \$1,450 as of December 31, 2021. The interest in the SDCF is reported at fair market value each year.

NOTE 14 - SUBSEQUENT EVENTS

Subsequent events were evaluated through the date of the independent auditor's report, which is the date the financial statements were available to be issued.

RURAL AMERICA INITIATIVES
Rapid City, South Dakota

SUPPLEMENTARY INFORMATION

Rural America Initiatives
Combining Statement of Financial Position
December 31, 2021

	Rural America Initiatives General	Rural America Initiatives Indirect 21	Head Start Year 15
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents - Pooled Cash	\$ 1,232,322.40	\$ (187,454.93)	\$ 314,676.70
Interfund Borrowing	101,192.10	(61,780.86)	362,361.06
Accounts Receivable, Net of Allowance	9,452.00	-	-
Grants Receivable	-	2,905.00	353,134.70
Current Portion of Pledges Receivable	-	-	-
Prepaid Expenses	-	19,868.56	108,237.49
Total Current Assets	<u>1,342,966.50</u>	<u>(226,462.23)</u>	<u>1,138,409.95</u>
PROPERTY AND EQUIPMENT			
Equipment	-	-	218,048.06
Leasehold Improvements	-	-	159,130.46
Vehicles	373,655.94	-	1,046,260.49
Buildings	-	-	3,415,119.41
Land	-	-	-
	<u>373,655.94</u>	<u>-</u>	<u>4,838,558.42</u>
Less: Accumulated Depreciation	<u>(344,217.94)</u>	<u>-</u>	<u>(1,403,973.09)</u>
Net Property and Equipment	<u>29,438.00</u>	<u>-</u>	<u>3,434,585.33</u>
OTHER ASSETS			
Beneficial Interest in Assets Held by Others	52,226.63	-	-
Pledges Receivable	-	-	-
Capital Credits Receivable	48,802.00	-	-
Total Other Assets	<u>101,028.63</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 1,473,433.13</u>	<u>\$ (226,462.23)</u>	<u>\$ 4,572,995.28</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accrued Payroll	\$ 106.44	\$ 14,074.53	\$ 72,224.15
Accounts Payable	6,137.25	10,986.64	85,904.69
Payroll Taxes Payable	-	520.26	3,458.47
Retirement Payable	1,908.96	517.99	3,622.63
Total Current Liabilities	8,152.65	26,099.42	165,209.94
NET ASSETS	<u>1,465,280.48</u>	<u>(252,561.65)</u>	<u>4,407,785.34</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,473,433.13</u>	<u>\$ (226,462.23)</u>	<u>\$ 4,572,995.28</u>

See independent auditor's report.

Rural America Initiatives
Combining Statement of Financial Position (Continued)
December 31, 2021

	Rapid City Head Start Construction Year 4	Wicozani Year 6	Ateyapi: Thinking about the Future Year 1
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents - Pooled Cash	\$ 212,390.81	\$ -	\$ 63,941.39
Interfund Borrowing	(453,512.72)	16,948.00	165.01
Accounts Receivable, Net of Allowance	-	-	-
Grants Receivable	-	-	21,540.00
Current Portion of Pledges Receivable	48,315.00	-	-
Prepaid Expenses	-	-	-
Total Current Assets	<u>(192,806.91)</u>	<u>16,948.00</u>	<u>85,646.40</u>
PROPERTY AND EQUIPMENT			
Equipment	-	-	-
Leasehold Improvements	-	-	-
Vehicles	-	-	-
Buildings	5,024,066.26	-	-
Land	495,751.31	-	-
	<u>5,519,817.57</u>	<u>-</u>	<u>-</u>
Less: Accumulated Depreciation	<u>(504,325.41)</u>	<u>-</u>	<u>-</u>
Net Property and Equipment	<u>5,015,492.16</u>	<u>-</u>	<u>-</u>
OTHER ASSETS			
Beneficial Interest in Assets Held by Others	-	-	-
Pledges Receivable	2,500.00	-	-
Capital Credits Receivable	-	-	-
Total Other Assets	<u>2,500.00</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 4,825,185.25</u>	<u>\$ 16,948.00</u>	<u>\$ 85,646.40</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accrued Payroll	\$ -	\$ -	\$ 5,512.29
Accounts Payable	1,400.00	-	7,862.08
Payroll Taxes Payable	-	-	273.13
Retirement Payable	-	-	131.40
Total Current Liabilities	<u>1,400.00</u>	<u>-</u>	<u>13,778.90</u>
NET ASSETS	<u>4,823,785.25</u>	<u>16,948.00</u>	<u>71,867.50</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,825,185.25</u>	<u>\$ 16,948.00</u>	<u>\$ 85,646.40</u>

See independent auditor's report.

Rural America Initiatives
Combining Statement of Financial Position (Continued)
December 31, 2021

	NoVo Year 4	Ateyapi Youth Engaged in Sports Year 2	Total
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents - Pooled Cash	\$ 133,915.69	\$ 98,620.78	\$ 1,868,412.84
Interfund Borrowing	17,615.28	17,012.13	0.00
Accounts Receivable, Net of Allowance	-	-	9,452.00
Grants Receivable	-	5,655.00	383,234.70
Current Portion of Pledges Receivable	-	-	48,315.00
Prepaid Expenses	-	-	128,106.05
Total Current Assets	<u>151,530.97</u>	<u>121,287.91</u>	<u>2,437,520.59</u>
PROPERTY AND EQUIPMENT			
Equipment	-	-	218,048.06
Leasehold Improvements	-	-	159,130.46
Vehicles	-	-	1,419,916.43
Buildings	-	-	8,439,185.67
Land	-	-	495,751.31
	<u>-</u>	<u>-</u>	<u>10,732,031.93</u>
Less: Accumulated Depreciation	<u>-</u>	<u>-</u>	<u>(2,252,516.44)</u>
Net Property and Equipment	<u>-</u>	<u>-</u>	<u>8,479,515.49</u>
OTHER ASSETS			
Beneficial Interest in Assets Held by Others	-	-	52,226.63
Pledges Receivable	-	-	2,500.00
Capital Credits Receivable	-	-	48,802.00
Total Other Assets	<u>-</u>	<u>-</u>	<u>103,528.63</u>
TOTAL ASSETS	<u>\$ 151,530.97</u>	<u>\$ 121,287.91</u>	<u>\$ 11,020,564.71</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accrued Payroll	\$ 3,074.37	\$ 1,864.28	\$ 96,856.06
Accounts Payable	1,005.43	3,447.16	116,743.25
Payroll Taxes Payable	184.75	51.87	4,488.48
Retirement Payable	128.57	10.11	6,319.66
Total Current Liabilities	<u>4,393.12</u>	<u>5,373.42</u>	<u>224,407.45</u>
NET ASSETS	<u>147,137.85</u>	<u>115,914.49</u>	<u>10,796,157.26</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 151,530.97</u>	<u>\$ 121,287.91</u>	<u>\$ 11,020,564.71</u>

See independent auditor's report.

**Rural America Initiatives
Combining Statement of Activities
For the Year Ended December 31, 2021**

	Rural America Initiatives General	Rural America Initiatives Indirect 21	Rural America Initiatives Indirect 20	Head Start Year 15
REVENUES				
Grant	\$ -	\$ 10,947.90	\$ -	\$ 3,110,644.18
Interest Revenue	6,341.00	-	-	-
In-kind	-	-	-	306,006.93
Donations	260,002.43	124.44	-	16,037.81
Reimbursements	-	5,146.80	31.56	4,195.90
Gain/Loss on Disposal of Assets	33,210.00	-	-	-
Self-Charged Depreciation Revenue	112,641.00	-	-	-
CANS Food Reimbursements	-	-	-	96,508.57
Total Revenue	<u>412,194.43</u>	<u>16,219.14</u>	<u>31.56</u>	<u>3,533,393.39</u>
EXPENSES				
Staff Travel	-	242.01	175.90	474.60
Advertising/Employment Ads	7,570.00	-	-	29,813.12
Vehicle Repairs	98.75	(800.00)	-	7,174.13
Vehicle Operation	-	(26.98)	-	6,265.97
Drug Tests	-	-	-	450.00
Copies P.S.	-	12,811.70	-	-
Janitorial Expense	-	-	-	-
Consultants P.S.	10,582.52	1,100.00	-	199,938.75
Consultants Admin	-	-	-	100.00
Salaries	106.44	162,842.76	70,562.79	1,475,701.80
Supplies - P.S.	79.86	5,800.00	-	197,534.91
Supplies - Admin	3,933.88	17,461.18	15,110.30	623.18
Donations Expended	25,267.34	3,000.00	-	11,017.33
Payroll Taxes	(55.40)	12,626.17	6,400.57	128,677.41
Food	-	-	-	-
Food - Children	606.54	-	-	101,675.18
Staff Training - P.S.	-	-	-	29,898.81
Staff Training - Admin	654.95	9,266.50	1,125.00	2,385.72
Employee Retirement	(135.25)	10,815.23	9,009.07	59,002.74
Bank Charges	429.38	3.00	-	3.00
Depreciation	2,944.50	-	-	149,736.83
Classroom Supplies	-	-	-	83,000.87
Volunteer/Client Activities	-	(1,032.25)	-	-
Evaluation	-	-	-	-
Telephone	-	2,289.66	6,327.48	24,642.30
Postage Admin	4,577.54	-	-	122.00
Interest Expense	-	-	-	-
Office Rent	-	6,509.00	2,029.20	8,050.00
Insurance - Vehicle	-	14,945.33	-	21,502.68
Insurance - Liability	-	312.33	-	3,158.00
Insurance - Health	64.44	325.61	304.15	25,058.82

See independent auditor's report.

Rural America Initiatives
Combining Statement of Activities (Continued)
For the Year Ended December 31, 2021

	Rural America Initiatives General	Rural America Initiatives Indirect 21	Rural America Initiatives Indirect 20	Head Start Year 15
Cultural Materials	1,500.00	-	-	-
Curriculum Materials	-	-	-	-
Maintenance	334.09	(7,387.47)	7,257.00	67,669.65
Cleaning Supplies	-	862.04	394.03	9,337.19
Insurance - Work Comp	367.00	6,061.12	-	3,709.00
Copies Admin	-	(18.97)	118.04	-
Educational Materials	-	-	-	-
Client Education Fees	-	-	-	-
Parent Activities	-	-	-	10,502.55
Utilities	-	3,508.18	2,563.97	60,035.19
Classroom Supplies - COVID 19	-	-	659.71	82,997.42
Supplies PS - COVID 19	-	-	-	5,443.61
Pers Protective Supp - COVID 19	-	-	-	2,641.16
Parent Policy Council	-	-	-	-
Repairs	-	-	-	-
Kitchen Supplies	-	-	-	6,029.49
Postage P.S.	-	-	-	379.00
Architect Fees	-	-	-	-
CDA Operating	-	-	-	2,586.00
Insurance Admin	-	37,378.03	1,718.22	59,867.66
Classroom Furniture & Fixtures	-	-	-	-
Parent Fundraising Activities	-	-	-	-
Audit Fees	-	27,029.14	-	-
Accounting Fees	-	59,099.33	30,028.44	-
Self-charged Depreciation	-	7,376.00	-	90,513.00
Total Expenses	58,926.58	392,398.65	153,783.87	2,967,719.07
CHANGE IN NET ASSETS BEFORE TRANSFERS AND ALLOCATIONS	353,267.85	(376,179.51)	(153,752.31)	565,674.32
TRANSFERS	(4,740.79)	(95,703.14)	79,710.99	4,057,207.02
INDIRECT COST ALLOCATION	-	219,321.00	422,491.00	(215,096.00)
INCREASE (DECREASE) IN NET ASSETS	348,527.06	(252,561.65)	348,449.68	4,407,785.34
NET ASSETS, BEGINNING OF YEAR	1,116,753.42	-	(348,449.68)	-
NET ASSETS, END OF YEAR	\$ 1,465,280.48	\$ (252,561.65)	\$ -	\$ 4,407,785.34

See independent auditor's report.

Rural America Initiatives
Combining Statement of Activities (Continued)
For the Year Ended December 31, 2021

	Head Start Year 14	Early Headstart Expansion Year 4	Rapid City Head Start Construction Year 4	Ateyapi Teen Pregnancy Prevention Tier 1 Year 10
REVENUES				
Grant	\$ 2,430,324.00	\$ 513,465.00	\$ -	\$ -
Interest Revenue	-	-	-	-
In-kind	-	-	-	-
Donations	-	-	34,728.09	-
Reimbursements	631.39	-	-	-
Gain/Loss on Disposal of Assets	-	-	-	-
Self-Charged Depreciation Revenue	-	-	-	-
CANS Food Reimbursements	10,966.03	3,311.32	-	-
Total Revenue	<u>2,441,921.42</u>	<u>516,776.32</u>	<u>34,728.09</u>	<u>-</u>
EXPENSES				
Staff Travel	549.36	-	-	-
Advertising/Employment Ads	-	-	-	-
Vehicle Repairs	7,624.76	2,239.25	-	-
Vehicle Operation	9,951.99	430.57	-	-
Drug Tests	270.00	-	-	-
Copies P.S.	-	-	3,650.00	-
Janitorial Expense	-	-	-	-
Consultants P.S.	11,643.75	883.75	45,266.21	-
Consultants Admin	-	-	-	-
Salaries	670,841.41	86,230.03	-	-
Supplies - P.S.	105,349.58	35,630.83	-	-
Supplies - Admin	282.74	2,204.60	1,786.20	-
Donations Expended	-	-	-	-
Payroll Taxes	55,966.52	8,191.83	-	-
Food	-	-	-	-
Food - Children	12,333.20	55,322.35	-	-
Staff Training - P.S.	28,090.88	5,089.02	-	-
Staff Training - Admin	3,889.10	-	-	-
Employee Retirement	30,062.64	2,717.58	-	-
Bank Charges	-	-	25.00	-
Depreciation	-	-	168,108.47	-
Classroom Supplies	147,923.27	90,833.26	-	-
Volunteer/Client Activities	-	-	-	-
Evaluation	-	-	-	-
Telephone	13,749.91	532.29	-	-
Postage Admin	-	-	-	-
Interest Expense	-	-	9,442.09	-
Office Rent	2,100.00	-	-	-
Insurance - Vehicle	-	-	-	-
Insurance - Liability	-	-	-	-
Insurance - Health	30,855.02	8,769.16	-	-

See independent auditor's report.

Rural America Initiatives
Combining Statement of Activities (Continued)
For the Year Ended December 31, 2021

	Head Start Year 14	Early Headstart Expansion Year 4	Rapid City Head Start Construction Year 4	Ateyapi Teen Pregnancy Prevention Tier 1 Year 10
	882.04	-	-	-
Cultural Materials	5,421.57	-	-	-
Curriculum Materials	72,344.75	15,205.82	262.50	-
Maintenance	4,479.75	1,778.69	-	-
Cleaning Supplies	-	-	-	-
Insurance - Work Comp	-	-	-	-
Copies Admin	730.80	-	-	-
Educational Materials	-	-	-	-
Client Education Fees	32,693.35	12,392.94	-	-
Parent Activities	32,777.68	10,335.86	-	-
Utilities	14,880.01	1,675.93	-	-
Classroom Supplies - COVID 19	4,431.90	665.00	-	-
Supplies PS - COVID 19	3,099.99	-	-	-
Pers Protective Supp - COVID 19	-	108.04	-	-
Parent Policy Council	-	-	-	-
Repairs	18,560.94	5,067.43	-	-
Kitchen Supplies	-	-	-	-
Postage P.S.	-	-	3,605.00	-
Architect Fees	980.00	-	-	-
CDA Operating	9,446.25	8,813.41	-	-
Insurance Admin	7,384.98	-	-	-
Classroom Furniture & Fixtures	610.64	-	-	-
Parent Fundraising Activities	-	-	-	-
Audit Fees	-	-	-	-
Accounting Fees	-	14,752.00	-	-
Self-charged Depreciation	1,340,208.78	369,869.64	232,145.47	-
Total Expenses				
CHANGE IN NET ASSETS BEFORE TRANSFERS AND ALLOCATIONS	1,101,712.64	146,906.68	(197,417.38)	-
	(3,667,659.32)	(389,547.70)	-	(45,397.63)
TRANSFERS	(326,304.00)	(52,943.00)	-	-
INDIRECT COST ALLOCATION				
INCREASE (DECREASE) IN NET ASSETS	(2,892,250.68)	(295,584.02)	(197,417.38)	(45,397.63)
	2,892,250.68	295,584.02	5,021,202.63	45,397.63
NET ASSETS, BEGINNING OF YEAR	-	-	4,823,785.25	-

See independent auditor's report.

Rural America Initiatives
Combining Statement of Activities (Continued)
For the Year Ended December 31, 2021

	ANA Language Year 6	Wicozani Year 6	Novo Year 4	NoVo Year 3
REVENUES				
Grant	\$ 158,116.00	\$ 328,917.00	\$ -	\$ -
Interest Revenue	-	-	-	-
In-kind	-	-	-	-
Donations	(25,000.00)	(25,000.00)	150,000.00	-
Reimbursements	-	4,478.78	-	120.00
Gain/Loss on Disposal of Assets	-	-	-	-
Self-Charged Depreciation Revenue	-	-	-	-
CANS Food Reimbursements	-	-	-	-
Total Revenue	<u>133,116.00</u>	<u>308,395.78</u>	<u>150,000.00</u>	<u>120.00</u>
EXPENSES				
Staff Travel	-	-	-	-
Advertising/Employment Ads	-	845.00	-	-
Vehicle Repairs	-	9,187.88	-	1,264.59
Vehicle Operation	5,919.61	5,522.92	564.89	4,380.61
Drug Tests	-	-	-	-
Copies P.S.	-	-	-	-
Janitorial Expense	-	-	-	-
Consultants P.S.	-	8,250.00	-	-
Consultants Admin	-	-	-	-
Salaries	63,529.73	113,820.27	11,057.47	67,836.52
Supplies - P.S.	602.02	679.63	-	755.61
Supplies - Admin	5,179.50	1,643.96	785.40	15,617.34
Donations Expended	(9,420.82)	7,429.93	-	14,744.00
Payroll Taxes	5,935.97	10,056.95	800.45	5,827.52
Food	755.59	-	-	2,069.98
Food - Children	-	-	-	-
Staff Training - P.S.	1,000.00	804.66	-	200.00
Staff Training - Admin	484.84	-	-	184.49
Employee Retirement	1,893.50	6,202.27	1,238.92	1,765.16
Bank Charges	-	-	-	-
Depreciation	-	-	-	-
Classroom Supplies	-	-	-	-
Volunteer/Client Activities	11,770.28	26,179.77	2,533.54	46,070.80
Evaluation	5,490.00	375.00	-	3,120.00
Telephone	8,213.89	10,268.76	-	339.65
Postage Admin	-	-	-	-
Interest Expense	-	-	-	-
Office Rent	416.60	-	-	4,701.60
Insurance - Vehicle	-	-	-	-
Insurance - Liability	-	-	-	-
Insurance - Health	352.00	408.10	(13.70)	335.50

See independent auditor's report.

Rural America Initiatives
Combining Statement of Activities (Continued)
For the Year Ended December 31, 2021

	ANA Language Year 6	Wicozani Year 6	Novo Year 4	NoVo Year 3
Cultural Materials	-	-	-	6,172.87
Curriculum Materials	-	-	-	-
Maintenance	5,620.45	346.54	-	200.00
Cleaning Supplies	-	-	-	-
Insurance - Work Comp	-	-	-	-
Copies Admin	-	-	-	-
Educational Materials	-	-	-	500.00
Client Education Fees	-	-	-	-
Parent Activities	-	-	-	-
Utilities	6,716.44	6,148.41	-	-
Classroom Supplies - COVID 19	19,956.04	17,528.55	-	3,696.73
Supplies PS - COVID 19	593.88	1,035.80	-	-
Pers Protective Supp - COVID 19	-	-	-	-
Parent Policy Council	-	-	-	-
Repairs	-	-	-	-
Kitchen Supplies	-	-	-	-
Postage P.S.	-	-	-	-
Architect Fees	-	-	-	-
CDA Operating	-	-	-	-
Insurance Admin	1,092.12	1,061.94	96.54	981.49
Classroom Furniture & Fixtures	-	-	-	-
Parent Fundraising Activities	-	-	-	-
Audit Fees	-	-	-	-
Accounting Fees	-	-	-	-
Self-charged Depreciation	-	-	-	-
Total Expenses	<u>136,101.64</u>	<u>227,796.34</u>	<u>17,063.51</u>	<u>180,764.46</u>
CHANGE IN NET ASSETS BEFORE TRANSFERS AND ALLOCATIONS	(2,985.64)	80,599.44	132,936.49	(180,644.46)
TRANSFERS	4,435.41	9,106.13	14,201.36	(14,201.36)
INDIRECT COST ALLOCATION	<u>(8,155.00)</u>	<u>(10,897.00)</u>	-	-
INCREASE (DECREASE) IN NET ASSETS	(6,705.23)	78,808.57	147,137.85	(194,845.82)
NET ASSETS, BEGINNING OF YEAR	<u>6,705.23</u>	<u>(61,860.57)</u>	-	<u>194,845.82</u>
NET ASSETS, END OF YEAR	<u>\$ -</u>	<u>\$ 16,948.00</u>	<u>\$ 147,137.85</u>	<u>\$ -</u>

See independent auditor's report.

Rural America Initiatives
Combining Statement of Activities (Continued)
For the Year Ended December 31, 2021

	Ateyapi: Thinking About the Future Year 1	Vucurevich Year 1	Ateyapi Youth Engaged in Sports Year 2	Total
REVENUES				
Grant	\$ 63,496.00	\$ -	\$ 347,559.30	\$ 6,963,469.38
Interest Revenue	-	-	-	6,341.00
In-kind	-	-	-	306,006.93
Donations	70,000.00	-	60,000.00	540,892.77
Reimbursements	-	-	630.57	15,235.00
Gain/Loss on Disposal of Assets	-	-	-	33,210.00
Self-Charged Depreciation Revenue	-	-	-	112,641.00
CANS Food Reimbursements	-	-	-	110,785.92
Total Revenue	<u>133,496.00</u>	<u>-</u>	<u>408,189.87</u>	<u>8,088,582.00</u>
EXPENSES				
Staff Travel	-	-	327.60	1,769.47
Advertising/Employment Ads	1,092.00	946.00	-	40,266.12
Vehicle Repairs	-	5,311.11	11,079.72	43,180.19
Vehicle Operation	416.42	2,162.77	9,091.73	44,680.50
Drug Tests	-	-	-	720.00
Copies P.S.	-	-	235.00	16,696.70
Janitorial Expense	-	-	3,200.00	3,200.00
Consultants P.S.	-	1,440.00	-	279,104.98
Consultants Admin	-	-	-	100.00
Salaries	20,879.50	11,968.80	114,560.03	2,869,937.55
Supplies - P.S.	7,840.02	179.10	10,012.24	364,463.80
Supplies - Admin	56.25	2,979.26	3,171.55	70,835.34
Donations Expended	-	-	769.45	52,807.23
Payroll Taxes	1,463.14	1,137.03	10,177.34	247,205.50
Food	-	-	-	2,825.57
Food - Children	-	-	-	169,937.27
Staff Training - P.S.	396.90	-	9,344.62	74,824.89
Staff Training - Admin	-	532.75	950.00	19,473.35
Employee Retirement	161.32	-	2,851.53	125,584.71
Bank Charges	-	-	-	460.38
Depreciation	-	-	-	320,789.80
Classroom Supplies	-	-	-	321,757.40
Volunteer/Client Activities	2,692.90	26,557.90	57,849.39	172,622.33
Evaluation	14,250.00	-	40,000.00	63,235.00
Telephone	720.41	-	8,401.73	75,486.08
Postage Admin	-	-	-	4,699.54
Interest Expense	-	-	-	9,442.09
Office Rent	-	-	15,758.48	39,564.88
Insurance - Vehicle	-	-	8,504.00	44,952.01
Insurance - Liability	-	-	-	3,470.33
Insurance - Health	(9.07)	66.00	455.36	66,971.39

See independent auditor's report.

Rural America Initiatives
Combining Statement of Activities (Continued)
For the Year Ended December 31, 2021

	Ateyapi: Thinking About the Future Year 1	Vucurevich Year 1	Ateyapi Youth Engaged in Sports Year 2	Total
Cultural Materials	2,000.00	-	-	10,554.91
Curriculum Materials	4,819.82	-	-	10,241.39
Maintenance	321.00	-	200.00	162,374.33
Cleaning Supplies	-	-	-	16,851.70
Insurance - Work Comp	-	-	-	10,137.12
Copies Admin	-	-	-	99.07
Educational Materials	-	-	-	1,230.80
Client Education Fees	-	-	171.07	171.07
Parent Activities	-	-	-	55,588.84
Utilities	-	1,030.00	751.77	123,867.50
Classroom Supplies - COVID 19	1,076.17	-	11,455.80	153,926.36
Supplies PS - COVID 19	-	-	270.86	12,441.05
Pers Protective Supp - COVID 19	-	-	-	5,741.15
Parent Policy Council	-	-	-	108.04
Repairs	-	-	120.00	120.00
Kitchen Supplies	-	-	-	29,657.86
Postage P.S.	-	-	-	379.00
Architect Fees	-	-	-	3,605.00
CDA Operating	-	-	-	3,566.00
Insurance Admin	128.72	193.08	1,351.56	122,129.02
Classroom Furniture & Fixtures	-	-	200.00	7,584.98
Parent Fundraising Activities	-	-	-	610.64
Audit Fees	-	-	-	27,029.14
Accounting Fees	-	-	-	89,127.77
Self-charged Depreciation	-	-	-	112,641.00
Total Expenses	<u>58,305.50</u>	<u>54,503.80</u>	<u>321,260.83</u>	<u>6,510,848.14</u>
CHANGE IN NET ASSETS BEFORE TRANSFERS AND ALLOCATIONS	75,190.50	(54,503.80)	86,929.04	1,577,733.86
TRANSFERS	-	7,191.40	45,397.63	-
INDIRECT COST ALLOCATION	<u>(3,323.00)</u>	<u>-</u>	<u>(25,094.00)</u>	<u>-</u>
INCREASE (DECREASE) IN NET ASSETS	71,867.50	(47,312.40)	107,232.67	1,577,733.86
NET ASSETS, BEGINNING OF YEAR	<u>-</u>	<u>47,312.40</u>	<u>8,681.82</u>	<u>9,218,423.40</u>
NET ASSETS, END OF YEAR	<u>\$ 71,867.50</u>	<u>\$ -</u>	<u>\$ 115,914.49</u>	<u>\$ 10,796,157.26</u>

See independent auditor's report.

RURAL AMERICA INITIATIVES
Rapid City, South Dakota

SINGLE AUDIT REPORTS AND SCHEDULES



Gardner, Loutzenhiser, and Ryan, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' 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 of
Rural America Initiatives

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 Rural America Initiatives (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 27, 2022.

Report On Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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.

Report On Compliance and Other Matters

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

Purpose of this Report

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

Gardner, Louzenhiser + Ryan PC

Chadron, Nebraska
June 27, 2022



Gardner, Loutzenhiser, and Ryan, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Directors of
Rural America Initiatives

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

We have audited Rural America Initiatives compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Rural America Initiatives major federal programs for the year ended December 31, 2021. Rural America Initiatives major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Qualified Opinion on Assistance Listing Number 93.600 Head Start

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, Rural America Initiatives complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on Assistance Listing Number 93.600 Head Start for the year ended December 31, 2021.

Basis for Qualified and Unmodified Opinions

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

We are required to be independent of Rural America Initiatives and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Rural America initiatives compliance with the compliance requirements referred to above.

Matter(s) Giving Rise to Qualified Opinion on Assistance Listing Number 93.600 Head Start

As described in the accompanying schedule of findings and questioned costs, Rural America Initiatives did not comply with requirements regarding Assistance Listing No. 93.600 Head Start as described in finding numbers 2021-001 and 2021-002 for Equipment and Real Property Management.

Compliance with such requirements is necessary, in our opinion, for Rural America Initiatives to comply with the requirements applicable to that program.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Rural America Initiatives federal programs.

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Rural America Initiatives compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Rural America Initiatives internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Rural America Initiatives internal control over compliance. Accordingly, no such opinion is expressed.

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

Other Matters

Government Auditing Standards requires the auditor to perform limited procedures on Rural America Initiatives response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Rural America Initiatives response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2021-001 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe

than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2021-002 to be a significant deficiency.

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

Government Auditing Standards requires the auditor to perform limited procedures on Rural America Initiatives response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Rural America Initiatives response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Gardner, Loutzenhiser + Ryan PC

Chadron, Nebraska
June 27, 2022

**Rural America Initiatives
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2021**

Assistance Listing Numbers	Direct Award	Major Program	Cluster/ Program Name	Pass Through Entity	Pass-through Identifying Number	Federal Expenditures
<u>US Department of Health and Human Services</u>						
93.575	Y	N	Child Care and Development Block Grant:			
93.575	Y	N	Stabilization Fund (Crow Creek 014511901) CARES	SD Department of Social Services	2101SDCS6	\$ 17,340
93.575	Y	N	Stabilization Fund (Crow Creek 014511901) CRRSA	SD Department of Social Services	2101SDCS6	29,400
93.575	Y	N	Stabilization Fund (RAI 010601775) CARES	SD Department of Social Services	2101SDCS6	17,340
93.575	Y	N	Stabilization Fund (RAI 010601775) CRRSA	SD Department of Social Services	2101SDCS6	29,400
93.575	Y	N	Stabilization Fund (CCHES 010607154) CRRSA	SD Department of Social Services	2101SDCS6	29,400
			Total Child Care and Development Block Grant			<u>122,880</u>
93.600	Y	Y	Early Head Start			1,866,496
93.600	Y	Y	Head Start			2,991,935
93.600	Y	Y	Head Start (COVID)			108,165
93.600	Y	Y	Early Head Start Expansion			419,501
			Total Head Start			<u>5,386,097</u>
93.587	Y	N	Promote the Survival and Continuing Vitality of Native American Languages			144,257
93.612	Y	N	Native American Programs			234,215
93.137	Y	N	Community Programs to Improve Minority Health			345,724
93.297	Y	N	Teen Pregnancy Prevention Program Tier I			<u>61,629</u>
			Total US Department of Health and Human Services			6,294,802
<u>US Department of Agriculture</u>						
10.558	N	N	Child and Adult Care Food Program (Note 3)	SD Department of Education	N/A	<u>110,786</u>
			Total Federal Financial Assistance			<u>\$ 6,405,588</u>

Note 1: The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Organization and is presented on the accrual basis of accounting unless otherwise noted. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements.

Note 2: The Organization has an approved indirect cost rate and as such, does not use the 10 percent de minimus rate allowed under the Uniform Guidance.

Note 3: Federal reimbursements are not based upon specific expenditures. Therefore, the amounts reported here represent cash received rather than federal expenditures.

Note 4: No funds were passed down to subrecipients.

See independent auditor's report.

RURAL AMERICA INITIATIVES
Rapid City, South Dakota

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended December 31, 2021

A. Summary of Auditors' Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: unmodified

Internal control over financial reporting:

- Material weaknesses identified? _____yes X no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____yes X none reported

Noncompliance material to financial statements noted? _____yes X no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? _____Xyes _____no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____Xyes _____none reported

Type of auditors' report issued on compliance for major federal programs: modified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? X yes _____no

Identification of major federal programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program</u>
93.600	Head Start, Early Head Start, Head Start (Covid), Early Head Start Expansion

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? _____yes X no

See accompanying independent auditors' report.

RURAL AMERICA INITIATIVES
Rapid City, South Dakota

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

For the Year Ended December 31, 2021

B. Findings – Financial Statement Audit

None

C. Findings and Questioned Costs – Major Federal Award Program Audit

Finding 2021-001 Assistance Listing Number 93.600 Head Start: Equipment Records

Condition: The Organization did not include two buses and two passenger vehicles in the records for equipment purchased with federal funds.

Criteria: Uniform Guidance requires that the Organization maintain property records (a inventory) of equipment acquired under a federal award.

Effect of the Condition: The Organization is not in compliance with the requirements

Cause of the Condition: The Organization did not provide for recording the Crow Creek location vehicle additions.

Recommendation: Record the additions and review procedures to track additions.

Auditee Response: Management will record the additions and provide additional training and oversight of the procedures.

Finding 2021-002 Assistance Listing Number 93.600 Head Start: Equipment Disposals

Condition: The Organization sold two vehicles to parents via a sealed bid process for a total of \$3,510 without prior approval from Administration for Children and Families.

Criteria: Equipment acquired under a federal award must have prior Administration for Children and Families approval before disposition (45 CFR section 75.319; CFR section 75.308(c)(1)(xi)).

Effect of the Condition: The Organization is not in compliance with the requirements

Cause of the Condition: The Organization did not have procedures in place to file the request for approval prior to the sales.

Recommendation: Develop procedures to seek approval prior to sales.

Auditee Response: Management will complete the request for approval for these sales and review its current procedures.

See accompanying independent auditors' report.

RURAL AMERICA INITIATIVES
Rapid City, South Dakota

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

For the Year Ended December 31, 2021

Findings – Financial Statement Audit

None

Findings and Questioned Costs – Major Federal Award Program Audit

Finding 2020-001 Assistance Listing Number 93.600 Head Start: Filing of Federal Interest

Condition: The Organization did not file a notice of federal interest on the completed building project.

Resolution: The notice of federal interest has been filed.

See accompanying independent auditors' report.