

# **Rural America Initiatives**

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

**For the Year Ended  
December 31, 2022**

**Rural America Initiatives**

Board Members  
December 31, 2022

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Board Members

Carol Marshall - Coon -----Chairperson  
Mary Pechota -----Vice President  
Tammy Valdez -----Treasurer  
Jacquie Arpan ----- Secretary  
Denise Murphy ----- Member  
Chuck Robertson, Jr ----- Member  
Kathy Labonte - RN ----- Member

# Rural America Initiatives

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**Independent Auditor’s Report on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

Board of Directors  
Rural America Initiatives  
Rapid City, South Dakota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Rural America Initiatives (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 30, 2023.

**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 Rural America Initiatives’ 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not 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.

A handwritten signature in cursive script that reads "ELO Prof LLC".

Mitchell, South Dakota  
May 30, 2023



## **Independent Auditor’s Report on Compliance for each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance**

Board of Directors  
Rural America Initiatives  
Rapid City, South Dakota

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

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

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, 2022. 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.

In our opinion, Rural America Initiatives complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

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

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

We are required to be independent of 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.

#### **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.

## **Report on Internal Control over Compliance**

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

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

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

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

A handwritten signature in black ink that reads "ELO Prof LLC". The letters are cursive and somewhat stylized.

Mitchell, South Dakota  
May 30, 2023



**Rural America Initiatives**  
 Schedule of Prior and Current Audit Findings and Questioned Costs  
 For the Year Ended December 31, 2022

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**Current Audit Findings and Questioned Costs**

**Section I – Summary of Auditor’s Results**

**Financial Statements:**

Type of report the auditor issued on whether the financial statements audited were

Internal control over financial reporting:

Material weakness(es) identified:               Yes          X   None Reported

Significant deficiencies identified?               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?               Yes          X   None Reported

Significant deficiencies identified?               Yes          X   None Reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?               Yes          X   No

**Identification of Major Federal Programs:**

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
93.600	Head Start Cluster - Early <u>Head Start</u> and <u>Head Start</u>

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

Auditee qualified as low-risk auditee?               Yes          X   No

**Rural America Initiatives**  
Schedule of Prior and Current Audit Findings and Questioned Costs (Continued)  
For the Year Ended December 31, 2022

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**Section II – Financial Statement Findings**

There are no findings which are required to be reported in accordance with *Government Auditing Standards*.

**Section III – Federal Award Findings and Questioned Costs**

There are no findings or questioned costs relating to federal award programs which are required to be reported in accordance with 2 CFR 200.516(a).

**Prior Audit Findings and Questioned Costs**

**Financial Statement Findings:** None

**Findings and Questioned Costs – Major Federal Award Program Audit**

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

Summary of Prior Audit Finding: The Organization did not include two buses and two passenger vehicles in the records for equipment purchased with federal funds which caused the Organization not to be in compliance with the requirements of the Uniform Guidance.

Status: Corrective Action Taken

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

Summary of Prior Audit Finding: The Organization sold two vehicles without prior approval from the Administration for Children and Families which caused the Organization not to be in compliance with the requirements (45 CFR section 75.319; CFR section 75.308(c)(1)(xi)).

Status: Corrective Action Taken



## **Independent Auditor's Report**

Board of Directors  
Rural America Initiatives  
Rapid City, South Dakota

### **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, 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 present fairly, in all material respects, the financial position of Rural America Initiatives as of December 31, 2022, 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 schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is 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 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 May 30, 2023, 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.

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Mitchell, South Dakota  
May 30, 2023

**Rural America Initiatives**  
Statement of Financial Position  
December 31, 2022

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**ASSETS**

**CURRENT ASSETS**

Cash and Cash Equivalents	\$ 2,348,758
Accounts Receivable, Net of Allowance of \$140,963	8,500
Grants Receivable	385,619
Current Portion of Pledges Receivable	85,265
Prepaid Expenses	137,048
Total Current Assets	2,965,190

**PROPERTY AND EQUIPMENT**

Equipment	362,078
Leasehold Improvements	273,405
Vehicles	1,298,716
Buildings	8,439,185
Land	495,751
	10,869,135
Less: Accumulated Depreciation	(2,522,989)
Net Property and Equipment	8,346,146

**OTHER ASSETS**

Beneficial Interest in Assets Held by Others	46,247
Pledges Receivable	287,500
Capital Credits Receivable	46,034
Total Other Assets	379,781
<b>TOTAL ASSETS</b>	<b>\$ 11,691,117</b>

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

**Rural America Initiatives**  
Statement of Financial Position (Continued)  
December 31, 2022

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**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accrued Payroll	\$ 130,095
Accounts Payable	184,181
Payroll Taxes Payable	7,077
Retirement Payable	8,169
Total Liabilities	<u>329,522</u>

**NET ASSETS**

Without Donor Restrictions	9,374,005
With Donor Restrictions	1,987,590
Total Net Assets	<u>11,361,595</u>

<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 11,691,117</u></u>
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The accompanying notes are an integral part of these financial statements.

**Rural America Initiatives**  
Statement of Activities  
Year Ended December 31, 2022

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	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>REVENUES</b>			
Grant	\$ --	\$ 5,748,693	\$ 5,748,693
In-kind	--	394,480	394,480
Donations	217,555	1,443,909	1,661,464
Reimbursements	60,967	2,984	63,951
Gain on Disposal of Equipment	47,000	--	47,000
Depreciation Allowance	111,889	--	111,889
CANS Food Reimbursement	--	135,439	135,439
Total Revenues	437,411	7,725,505	8,162,916
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>			
Satisfaction of Program Restrictions	7,062,983	(7,062,983)	--
Total Revenues and Reclassifications	\$ 7,500,394	\$ 662,522	\$ 8,162,916

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



**Rural America Initiatives**  
Statement of Activities (Continued)  
Year Ended December 31, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>EXPENSES</b>			
Management and General:			
Rural America Initiatives	\$ 137,808	\$ --	\$ 137,808
Rural America Initiatives - Indirect '21	181,948	--	181,948
Rural America Initiatives - Indirect '22	441,412	--	441,412
Fundraising	121,282	--	121,282
Program Expenses:			
Rapid City Head Start Year 16	1,412,389	--	1,412,389
Rapid City Head Start Year 15	738,873	--	738,873
Rapid City Early Head Start Year 16	1,092,864	--	1,092,864
Rapid City Early Head Start Year 15	712,440	--	712,440
Crow Creek Head Start Year 16	840,869	--	840,869
Crow Creek Head Start Year 15	260,134	--	260,134
Crow Early Creek Head Start Year 16	371,459	--	371,459
Crow Early Creek Head Start Year 15	196,399	--	196,399
RCHS COVID-19 Year 1	87,373	--	87,373
RCEHS COVID-19 Year 1	80,820	--	80,820
Rapid City Head Start Construction Year 4	171,740	--	171,740
New Beginnings Lakota Language Year 1	66,454	--	66,454
NoVo Year 1	2,620	--	2,620
NoVo Year 4	127,876	--	127,876
Thinking About the Future Year 1	385,086	--	385,086
Thinking About the Future Year 2	106,987	--	106,987
Ateyapi Youth Engaged in Sports Year 2	60,645	--	60,645
Total Expenses	<u>7,597,478</u>	<u>--</u>	<u>7,597,478</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	(97,084)	662,522	565,438
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>9,471,089</u>	<u>1,325,068</u>	<u>10,796,157</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 9,374,005</u>	<u>\$ 1,987,590</u>	<u>\$ 11,361,595</u>

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

**Rural America Initiatives**  
Statement of Functional Expenses  
Year Ended December 31, 2022

	<b>Supporting Services</b>			<b>Total</b>
	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	
<b>EXPENSES</b>				
Staff Travel	\$ 3,234	\$ 348	\$ --	\$ 3,582
Lease Expense	12,490	981	--	13,471
Advertising/Employment Ads	72,123	1,731	881	74,735
Vehicle Repairs	21,715	--	--	21,715
Vehicle Operation	43,424	1,032	--	44,456
Copies P.S.	--	5,659	3,361	9,020
Publications P.S.	219	--	--	219
Janitorial Expense	1,742	--	--	1,742
Cultural Consultants	4,000	--	--	4,000
Consultants P.S.	176,587	36,984	117,124	330,695
Salaries	3,066,055	325,960	--	3,392,015
Supplies - P.S.	403,423	178	--	403,601
Supplies - Admin	18,983	40,069	1,191	60,243
Donations Expended	21,344	20,709	--	42,053
Payroll Taxes	271,221	38,349	--	309,570
Food	12,628	1,287	--	13,915
Food - Children	212,902	492	--	213,394
Recruiting Costs	2,248	--	--	2,248
Recruitment Materials	7,852	--	--	7,852
Staff Training - P.S.	107,451	--	--	107,451
Staff Training - Admin	10,469	22,627	--	33,096
Employee Retirement	55,716	10,381	--	66,097
Bank Charges	--	1,101	--	1,101
Depreciation	384,389	7,284	--	391,673
Classroom Supplies	233,597	--	--	233,597
Volunteer/Client Activities	97,665	(1,787)	--	95,878
Out-of-state Travel	16,091	--	--	16,091
Evaluation	71,870	--	--	71,870
Telephone	61,676	5,560	--	67,236
Printing Admin	--	4,702	--	4,702
Interest Expense	--	13,301	--	13,301
Office Rent	9,216	(371)	--	8,845
Insurance - Liability	6,316	625	--	6,941
Insurance - Health	35,909	5,482	--	41,391
Cultural Materials	5,978	500	--	6,478
Curriculum Materials	2,307	--	--	2,307

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

**Rural America Initiatives**  
Statement of Functional Expenses (Continued)  
Year Ended December 31, 2022

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Maintenance	218,259	18,096	(2,003)	234,352
Cleaning Supplies	16,191	1,233	--	17,424
Insurance - Work Comp	--	3,191	--	3,191
Educational Materials	3,060	--	--	3,060
Parent Activities	70,307	--	--	70,307
Utilities	106,342	8,324	--	114,666
Classroom Supplies - COVID-19	382,558	--	--	382,558
Supplies PS - COVID-19	115,711	--	--	115,711
Maintenance - COVID-19	32,010	--	--	32,010
Pers Protective Supp - COVID-1	11,313	--	--	11,313
Repairs	50	--	--	50
Kitchen Supplies	31,802	--	--	31,802
Postage P.S.	541	--	--	541
Architect Fees	4,360	--	--	4,360
Other Parent Services	30	--	--	30
CDA Operating	(280)	--	--	(280)
Insurance Admin	158,996	36,939	--	195,935
Equipment Admin	1,049	--	--	1,049
Fundraising Activities	--	--	729	729
Self-Charged Depreciation	111,885	--	--	111,885
Property Taxes Paid	--	36,060	--	36,060
Audit Fees	--	27,598	--	27,598
Accounting Fees	--	86,544	--	86,544
	<u>\$ 6,715,024</u>	<u>\$ 761,169</u>	<u>\$ 121,283</u>	<u>\$ 7,597,476</u>

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

**Rural America Initiatives**  
Statement of Cash Flows  
Year Ended December 31, 2022

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**CASH FLOWS FROM OPERATING ACTIVITIES**

Increase in Net Assets	\$	565,438
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation		391,673
Gain on Sale of Assets		(47,000)
Loss on Beneficial Interest in Assets by Others		5,980
(Increase) Decrease in Operating Assets:		
Accounts Receivable, Net of Allowance		952
Grants Receivable		(2,384)
Pledges Receivable		(321,950)
Prepaid Expenses		(8,942)
Capital Credit Receivable		2,768
Increase (Decrease) in Operating Liabilities:		
Accrued Payroll		33,239
Accounts Payable		67,438
Payroll Taxes Payable		2,589
Retirement Payable		1,849
Net Cash Provided by Operating Activities		691,650

**CASH FLOWS FROM INVESTING ACTIVITIES**

Proceeds from Disposal of Equipment		47,000
Purchase of Property and Equipment		(258,305)
Net Cash Used by Investing Activities		(211,305)

**NET INCREASE IN CASH AND CASH EQUIVALENTS**

480,345

**CASH AND CASH EQUIVALENTS, BEGINNING**

1,868,413

**CASH AND CASH EQUIVALENTS, ENDING**

\$ 2,348,758

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

**Rural America Initiatives**  
Notes to the Financial Statements  
December 31, 2022

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**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) New Beginnings, a program providing Lakota language education to students and the community; (4) NoVo, a program providing Lakota language instruction to Head Start students; (5) 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 (6) 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.

**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, 2022

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**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, 2022, the Organization also had unexpended contributions and grants of approximately \$1.4 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.

**Rural America Initiatives**  
Notes to the Financial Statements  
December 31, 2022

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**2. Summary of Significant Accounting Policies: (Continued)**

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.

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 the 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 capitalizes 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

**Rural America Initiatives**  
Notes to the Financial Statements  
December 31, 2022

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**2. Summary of Significant Accounting Policies: (Continued)**

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.

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, 2022, 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 2019. 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 2016, the FASB issued updates to ASC 326 for credit losses. This standard impacts the reporting and measurement of credit losses and enhances disclosures. This standard is effective for periods beginning after December 15, 2022. The Organization has not yet implemented this update and is in the process of assessing the effect 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.



**Rural America Initiatives**  
Notes to the Financial Statements  
December 31, 2022

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**2. Summary of Significant Accounting Policies: (Continued)**

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, 2022 were \$74,734.

Leases

The Organization determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (ROU) assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. Operating lease expense is recognized on a straight-line basis over the lease term. The Organization does not report ROU assets and leases liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

**3. Liquidity and Availability:**

Financial Assets Available for Use:	
Cash and Cash Equivalents	\$ 2,348,758
Accounts Receivable	8,500
Grants Receivable	385,619
Current Portion of Pledges Receivable	85,265
	<u>\$ 2,828,142</u>

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.

**Rural America Initiatives**  
Notes to the Financial Statements  
December 31, 2022

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**4. Property and Equipment:**

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

	<u>12/31/2021</u>	<u>Additions</u>	<u>Dispositions</u>	<u>12/31/2022</u>
Buildings	\$ 8,439,185	\$ --	\$ --	\$ 8,439,185
Leasehold Improvements	159,130	114,275	--	273,405
Vehicles	1,419,916	--	(121,200)	1,298,716
Equipment	218,048	144,030	--	362,078
Land	495,751	--	--	495,751
Total Fixed Assets	10,732,030	258,305	(121,200)	10,869,135
Less: Accumulated Depreciation	2,252,516	391,673	(121,200)	2,522,989
Net Property and Equipment	<u>\$ 8,479,514</u>	<u>\$ (133,368)</u>	<u>\$ --</u>	<u>\$ 8,346,146</u>

Depreciation expense for the year ended December 31, 2022 was \$391,673.

**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, 2022 was \$3,000.

**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, 2022, contributions were \$125,585.

**7. Line of Credit:**

The Organization maintains a \$130,000 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 (8.75% as of December 31, 2022) and is available until November 19, 2024. At December 31, , the Organization had no outstanding borrowings under this line of credit.

**Rural America Initiatives**  
Notes to the Financial Statements  
December 31, 2022

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**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, 2022 is as follows:

Professional Services	\$ 159,439
Goods	<u>235,041</u>
Total In-kind Donations	<u>\$ 394,480</u>

In addition to these amounts, services in the amount of \$79,421 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.

**9. Pledges Receivable:**

Pledges receivable at December 31, 2022 were as follows:

Receivable in Less Than One Year	\$ 85,265
Receivable in One to Five Years	<u>287,500</u>
Total Pledges Receivable	<u>\$ 372,765</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.

**10. Net Assets With Donor Restrictions:**

As of December 31, 2022, the Organization's net assets with donor restrictions consisted of the following restrictions and purposes:

Restricted Purpose:	
Head Start Program	\$ 1,445,907
NoVo Language Program	166,641
Ateyapi: Thinking About the Future	129,584
Early Head Start COVID Expansion	<u>245,458</u>
	<u>\$ 1,987,590</u>

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

**Rural America Initiatives**  
Notes to the Financial Statements  
December 31, 2022

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**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 a prior year. As of December 31, 2022, 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.

**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 70% of its support from federal grants during the year December 31, 2022. 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.

**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 \$42,988 as of December 31, 2022. 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 \$3,260 as of December 31, 2022. The interest in the SDCF is reported at fair market value each year.

**14. Subsequent Events:**

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

## Supplementary Information

**Rural America Initiatives**  
Combining Statement of Financial Position  
Year Ended December 31, 2022

	Rural America Initiatives General	Rural America Initiatives Indirect Cost '22	Head Start Year 16	Rapid City Head Start Construction Year 4	New Beginnings Lakota Language Year 1
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and Cash Equivalents - Pooled Cash	\$ 1,371,998	\$ (331,858)	\$ 700,972	\$ 267,361	\$ (9,624)
Interfund Borrowing	122,695	(74,376)	544,804	(610,414)	176
Employee Loans Receivable	8,500	--	--	--	--
Grant Portion of AR	--	--	354,103	--	7,818
Grants Receivable	--	--	--	--	--
Current Portion of Pledges Receivable	--	--	--	85,265	--
Prepaid Expenses	--	19,982	113,566	--	--
Total Current Assets	<u>1,503,193</u>	<u>(386,252)</u>	<u>1,713,445</u>	<u>(257,788)</u>	<u>(1,630)</u>
<b>PROPERTY AND EQUIPMENT</b>					
Equipment	--	--	362,078	--	--
Leasehold Improvements	--	--	273,405	--	--
Vehicles	252,456	--	1,046,260	--	--
Buildings	--	--	3,415,119	5,024,066	--
Land	--	--	--	495,751	--
	<u>252,456</u>	<u>--</u>	<u>5,096,862</u>	<u>5,519,817</u>	<u>--</u>
Less: Accumulated Depreciation	<u>(230,302)</u>	<u>--</u>	<u>(1,794,777)</u>	<u>(497,910)</u>	<u>--</u>
Net Property and Equipment	<u>22,154</u>	<u>--</u>	<u>3,302,085</u>	<u>5,021,907</u>	<u>--</u>
<b>OTHER ASSETS</b>					
Beneficial Interest in Assets Held by Othe	46,247	--	--	--	--
Pledges Receivable	--	--	--	287,500	--
Capital Credits Receivable	46,034	--	--	--	--
Total Other Assets	<u>92,281</u>	<u>--</u>	<u>--</u>	<u>287,500</u>	<u>--</u>
<b>TOTAL ASSETS</b>	<u>\$ 1,617,628</u>	<u>\$ (386,252)</u>	<u>\$ 5,015,530</u>	<u>\$ 5,051,619</u>	<u>\$ (1,630)</u>
<b>LIABILITIES AND NET ASSETS</b>					
<b>CURRENT LIABILITIES</b>					
Accrued Payroll	\$ --	\$ 14,296	\$ 102,746	\$ --	\$ 4,158
Accounts Payable	1,086	15,596	154,570	1,156	663
Payroll Taxes Payable	--	696	5,664	--	238
Retirement Payable	2,184	993	4,558	--	186
Total Liabilities	<u>3,270</u>	<u>31,581</u>	<u>267,538</u>	<u>1,156</u>	<u>5,245</u>
<b>NET ASSETS</b>	<u>1,614,358</u>	<u>(417,833)</u>	<u>4,747,992</u>	<u>5,050,463</u>	<u>(6,875)</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 1,617,628</u>	<u>\$ (386,252)</u>	<u>\$ 5,015,530</u>	<u>\$ 5,051,619</u>	<u>\$ (1,630)</u>

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

**Rural America Initiatives**  
Combining Statement of Financial Position (Continued)  
Year Ended December 31, 2022

	<b>Thinking about the Future Year 2</b>	<b>NoVo Year 1</b>	<b>RCHS COVID-19 Year 1</b>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents - Pooled Cash	\$ 124,205	\$ 148,439	\$ (87,373)
Interfund Borrowing	(1,809)	18,924	--
Employee Loans Receivable	--	--	--
Grant Portion of AR	23,698	--	--
Grants Receivable	--	--	--
Current Portion of Pledges Receivable	--	--	--
Prepaid Expenses	2,421	1,079	--
	<u>148,515</u>	<u>168,442</u>	<u>(87,373)</u>
Total Current Assets			
<b>PROPERTY AND EQUIPMENT</b>			
Equipment	--	--	--
Leasehold Improvements	--	--	--
Vehicles	--	--	--
Buildings	--	--	--
Land	--	--	--
	<u>--</u>	<u>--</u>	<u>--</u>
Less: Accumulated Depreciation	--	--	--
	<u>--</u>	<u>--</u>	<u>--</u>
Net Property and Equipment			
<b>OTHER ASSETS</b>			
Beneficial Interest in Assets Held by Othe	--	--	--
Pledges Receivable	--	--	--
Capital Credits Receivable	--	--	--
	<u>--</u>	<u>--</u>	<u>--</u>
Total Other Assets			
<b>TOTAL ASSETS</b>	<u>\$ 148,515</u>	<u>\$ 168,442</u>	<u>\$ (87,373)</u>
<b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT LIABILITIES</b>			
Accrued Payroll	\$ 8,166	\$ 729	\$ --
Accounts Payable	10,146	964	--
Payroll Taxes Payable	412	67	--
Retirement Payable	207	41	--
	<u>18,931</u>	<u>1,801</u>	<u>--</u>
Total Liabilities			
<b>NET ASSETS</b>	<u>129,584</u>	<u>166,641</u>	<u>(87,373)</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 148,515</u>	<u>\$ 168,442</u>	<u>\$ (87,373)</u>

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

**Rural America Initiatives**  
Combining Statement of Financial Position (Continued)  
Year Ended December 31, 2022

	<b>RCEHS COVID-19 Year 1</b>	<b>EHS Expansion COVID Year 1</b>	<b>Total</b>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents - Pooled Cash	\$ (80,820)	\$ 245,458	\$ 2,348,758
Interfund Borrowing	--	--	--
Employee Loans Receivable	--	--	8,500
Grant Portion of AR	--	--	385,619
Grants Receivable	--	--	--
Current Portion of Pledges Receivable	--	--	85,265
Prepaid Expenses	--	--	137,048
	<u>(80,820)</u>	<u>245,458</u>	<u>2,965,190</u>
<b>PROPERTY AND EQUIPMENT</b>			
Equipment	--	--	362,078
Leasehold Improvements	--	--	273,405
Vehicles	--	--	1,298,716
Buildings	--	--	8,439,185
Land	--	--	495,751
	<u>--</u>	<u>--</u>	<u>10,869,135</u>
Less: Accumulated Depreciation	--	--	(2,522,989)
	<u>--</u>	<u>--</u>	<u>8,346,146</u>
<b>OTHER ASSETS</b>			
Beneficial Interest in Assets Held by Others	--	--	46,247
Pledges Receivable	--	--	287,500
Capital Credits Receivable	--	--	46,034
	<u>--</u>	<u>--</u>	<u>379,781</u>
	<u>\$ (80,820)</u>	<u>\$ 245,458</u>	<u>\$ 11,691,117</u>
<b>TOTAL ASSETS</b>			
<b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT LIABILITIES</b>			
Accrued Payroll	\$ --	\$ --	\$ 130,095
Accounts Payable	--	--	184,181
Payroll Taxes Payable	--	--	7,077
Retirement Payable	--	--	8,169
	<u>--</u>	<u>--</u>	<u>329,522</u>
	<u>--</u>	<u>--</u>	<u>329,522</u>
	<u>(80,820)</u>	<u>245,458</u>	<u>11,361,595</u>
	<u>\$ (80,820)</u>	<u>\$ 245,458</u>	<u>\$ 11,691,117</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>			

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



**Rural America Initiatives**  
Combining Statement of Activities  
Year Ended December 31, 2022

	Rural America Initiatives General	Rural America Initiatives Indirect Cost '22	Rural America Initiatives Indirect Cost '21	Head Start Year 15
<b>REVENUES</b>				
Grant	\$ --	\$ --	\$ --	\$ 1,780,951
In-kind	--	--	--	--
Donations	67,030	--	--	4,606
Reimbursements	60,967	1,035	--	636
Gain on Disposal of Equipment	47,000	--	--	--
Depreciation Allowance	111,889	--	--	--
CANS Food Reimbursements	--	--	--	15,094
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenue	286,886	1,035	--	1,801,287
<b>EXPENSES</b>				
Staff Travel	--	231	117	2,956
Lease Expense	--	981	--	11,830
Advertising/Employment Ads	542	1,189	--	21,996
Vehicle Repairs	--	--	--	19,466
Vehicle Operation	1,097	(65)	--	6,347
Drug Tests	--	--	--	240
Copies P.S.	160	4,861	638	--
Publications P.S.	--	--	--	--
Janitorial Expense	--	--	--	--
Cultural Consultants	--	--	--	--
Consultants P.S.	24,926	7,058	5,000	8,459
Consultants Admin	--	--	--	100
Salaries	(106)	224,662	101,405	758,754
Supplies - P.S.	--	138	40	89,884
Supplies - Admin	16,405	12,929	10,735	3,711
Donations Expended	20,912	(203)	--	6,351
Payroll Taxes	--	29,044	9,305	72,097
Food	1,287	--	--	249
Food - Children	492	--	--	65,339
Recruiting Costs	--	--	--	--
Recruitment Materials	--	--	--	3,428
Staff Training - P.S.	--	--	--	65,189
Staff Training - Admin	609	15,006	7,013	970
Employee Retirement	--	6,933	3,448	16,753
Bank Charges	1,087	--	14	--
Depreciation	7,284	--	--	--
Classroom Supplies	--	--	--	129,541
Volunteer/Client Activities	--	(1,787)	--	--
Fundraising Activities	--	--	--	--
Out-Of-State Travel	--	--	--	--
Evaluation	--	--	--	--
Telephone	--	3,280	2,280	16,949
Printing Admin	4,702	--	--	--
Interest Expense	13,301	--	--	--
Office Rent	--	(371)	--	2,100
Insurance - Liability	--	625	--	--
Insurance - Health	650	4,541	290	6,907

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

**Rural America Initiatives**  
Combining Statement of Activities (Continued)  
Year Ended December 31, 2022

	Head Start Year 16	RCHS COVID-19 Year 1	RCEHS COVID-19 Year 1	EHS Expansion COVID Year 1
<b>REVENUES</b>				
Grant	\$ 3,387,805	\$ --	\$ --	\$ --
In-kind	394,480	--	--	--
Donations	599,145	--	--	300,000
Reimbursements	1,250	--	--	--
Gain on Disposal of Equipment	--	--	--	--
Depreciation Allowance	--	--	--	--
CANS Food Reimbursements	120,345	--	--	--
<b>Total Revenue</b>	<b>4,503,025</b>	<b>--</b>	<b>--</b>	<b>300,000</b>
<b>EXPENSES</b>				
Staff Travel	--	--	--	--
Lease Expense	(1,820)	--	--	--
Advertising/Employment Ads	47,759	--	--	--
Vehicle Repairs	2,249	--	--	--
Vehicle Operation	11,571	--	--	--
Drug Tests	(240)	--	--	--
Copies P.S.	--	--	--	--
Publications P.S.	--	--	--	--
Janitorial Expense	--	--	--	--
Cultural Consultants	--	--	--	--
Consultants P.S.	167,139	--	--	--
Consultants Admin	(100)	--	--	--
Salaries	1,951,185	--	--	--
Supplies - P.S.	280,710	--	--	--
Supplies - Admin	9,579	--	--	--
Donations Expended	14,993	--	--	--
Payroll Taxes	167,437	--	--	--
Food	4,163	--	--	--
Food - Children	147,563	--	--	--
Recruiting Costs	2,248	--	--	--
Recruitment Materials	4,424	--	--	--
Staff Training - P.S.	24,402	--	--	--
Staff Training - Admin	6,779	--	--	--
Employee Retirement	35,515	--	--	--
Bank Charges	--	--	--	--
Depreciation	216,280	--	--	--
Classroom Supplies	98,790	--	--	--
Volunteer/Client Activities	--	--	--	--
Fundraising Activities	--	--	--	--
Out-Of-State Travel	13,690	--	--	--
Evaluation	--	--	--	--
Telephone	30,538	--	--	--
Printing Admin	--	--	--	--
Interest Expense	--	--	--	--
Office Rent	(38)	--	--	--
Insurance - Liability	6,316	--	--	--
Insurance - Health	27,752	--	--	--

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

**Rural America Initiatives**  
Combining Statement of Activities (Continued)  
Year Ended December 31, 2022

	<b>Rapid City Head Start Construction Year 4</b>	<b>New ANA Lakota Language Year 1</b>	<b>NoVo Year 4</b>	<b>NoVo Year 1</b>
<b>REVENUES</b>				
Grant	\$ --	\$ 64,032	\$ --	\$ --
In-kind	--	--	--	--
Donations	519,700	--	--	150,000
Reimbursements	--	--	--	--
Gain on Disposal of Equipment	--	--	--	--
Depreciation Allowance	--	--	--	--
CANS Food Reimbursements	--	--	--	--
<b>Total Revenue</b>	<b>519,700</b>	<b>64,032</b>	<b>--</b>	<b>150,000</b>
<b>EXPENSES</b>				
Staff Travel	--	--	--	--
Lease Expense	--	--	--	--
Advertising/Employment Ads	881	--	1,045	--
Vehicle Repairs	--	--	--	--
Vehicle Operation	--	62	1,724	--
Drug Tests	--	--	--	--
Copies P.S.	3,361	--	--	--
Publications P.S.	--	--	--	--
Janitorial Expense	--	--	--	--
Cultural Consultants	--	--	3,200	--
Consultants P.S.	117,124	--	(200)	--
Consultants Admin	--	--	--	--
Salaries	--	51,904	71,731	729
Supplies - P.S.	--	1,997	4,966	--
Supplies - Admin	1,191	--	3,395	--
Donations Expended	--	--	--	--
Payroll Taxes	--	4,197	6,624	67
Food	--	2,106	6,110	--
Food - Children	--	--	--	--
Recruiting Costs	--	--	--	--
Recruitment Materials	--	--	--	--
Staff Training - P.S.	--	2,925	3,393	--
Staff Training - Admin	--	--	--	--
Employee Retirement	--	641	1,265	--
Bank Charges	--	--	--	--
Depreciation	168,108	--	--	--
Classroom Supplies	--	133	3,196	--
Volunteer/Client Activities	--	477	7,558	805
Fundraising Activities	--	--	521	--
Out-Of-State Travel	--	--	2,400	--
Evaluation	--	--	--	--
Telephone	--	1,026	686	--
Printing Admin	--	--	--	--
Interest Expense	--	--	--	--
Office Rent	--	--	240	--
Insurance - Liability	--	--	--	--
Insurance - Health	--	(46)	363	55

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

**Rural America Initiatives**  
Combining Statement of Activities (Continued)  
Year Ended December 31, 2022

	Ateyapi Thinking About the Future Year 1	Ateyapi Thinking About the Future Year 2	Ateyapi Youth Engaged in Sports Year 2	Total
<b>REVENUES</b>				
Grant	\$ 382,855	\$ 106,163	\$ 26,887	\$ 5,748,693
In-kind	--	--	--	394,480
Donations	458	20,000	525	1,661,464
Reimbursements	--	63	--	63,951
Gain on Disposal of Equipment	--	--	--	47,000
Depreciation Allowance	--	--	--	111,889
CANS Food Reimbursements	--	--	--	135,439
	<b>383,313</b>	<b>126,226</b>	<b>27,412</b>	<b>8,162,916</b>
<b>EXPENSES</b>				
Staff Travel	278	--	--	3,582
Lease Expense	1,673	807	--	13,471
Advertising/Employment Ads	1,743	(420)	--	74,735
Vehicle Repairs	--	--	--	21,715
Vehicle Operation	20,422	2,124	1,173	44,455
Drug Tests	--	--	--	--
Copies P.S.	--	--	--	9,020
Publications P.S.	--	219	--	219
Janitorial Expense	--	(1,120)	2,862	1,742
Cultural Consultants	800	--	--	4,000
Consultants P.S.	1,189	--	--	330,695
Consultants Admin	--	--	--	--
Salaries	144,355	68,638	18,760	3,392,017
Supplies - P.S.	23,969	(363)	2,262	403,603
Supplies - Admin	442	1,738	121	60,246
Donations Expended	--	--	--	42,053
Payroll Taxes	13,578	5,491	1,729	309,569
Food	--	--	--	13,915
Food - Children	--	--	--	213,394
Recruiting Costs	--	--	--	2,248
Recruitment Materials	--	--	--	7,852
Staff Training - P.S.	6,437	2,259	2,846	107,451
Staff Training - Admin	2,720	--	--	33,097
Employee Retirement	1,180	480	(119)	66,096
Bank Charges	--	--	--	1,101
Depreciation	--	--	--	391,672
Classroom Supplies	--	1,938	--	233,598
Volunteer/Client Activities	60,836	18,539	9,450	95,878
Fundraising Activities	208	--	--	729
Out-Of-State Travel	--	--	--	16,090
Evaluation	63,570	(1,700)	10,000	71,870
Telephone	6,492	2,193	3,793	67,237
Printing Admin	--	--	--	4,702
Interest Expense	--	--	--	13,301
Office Rent	6,914	--	--	8,845
Insurance - Liability	--	--	--	6,941
Insurance - Health	559	223	97	41,391

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

**Rural America Initiatives**  
Combining Statement of Activities (Continued)  
Year Ended December 31, 2022

	Rural America Initiatives General	Rural America Initiatives Indirect Cost '22	Rural America Initiatives Indirect Cost '21	Head Start Year 15
Cultural Materials	500	--	--	--
Curriculum Materials	--	--	--	--
Maintenance	911	6,013	11,171	166,023
Cleaning Supplies	--	891	342	4,057
Insurance - Work Comp	--	3,191	--	--
Educational Materials	--	--	--	--
Parent Activities	--	--	--	43,051
Utilities	1,414	4,464	2,445	32,996
Classroom Supplies - Covid 19	--	--	--	115,800
Supplies PS - Covid 19	--	--	--	51,109
Maintenance - Covid 19	--	--	--	32,010
Pers Protective Supp - Covid 19	--	--	--	--
Repairs	--	--	--	--
Kitchen Supplies	--	--	--	24,665
Postage P.S.	--	--	--	--
Architect Fees	--	--	--	--
Other Parent Services	--	--	--	--
CDA Operating	--	--	--	--
Insurance Admin	5,575	29,716	1,648	16,632
Equipment Admin	--	--	--	--
Self-Charged Depreciation	--	--	--	111,886
Property Taxes Paid	36,060	--	--	--
Audit Fees	--	27,598	--	--
Accounting Fees	--	60,487	26,057	--
<b>Total Expenses</b>	<b>137,808</b>	<b>441,412</b>	<b>181,948</b>	<b>1,907,845</b>
<b>CHANGE IN NET ASSETS BEFORE TRANSFERS AND ALLOCATIONS</b>	<b>149,078</b>	<b>(440,377)</b>	<b>(181,948)</b>	<b>(106,558)</b>
<b>TRANSFERS</b>	<b>--</b>	<b>(282,523)</b>	<b>282,523</b>	<b>(4,231,096)</b>
<b>INDIRECT COST ALLOCATION</b>	<b>--</b>	<b>305,067</b>	<b>135,038</b>	<b>(124,673)</b>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>149,078</b>	<b>(417,833)</b>	<b>235,613</b>	<b>(4,462,327)</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>1,465,280</b>	<b>--</b>	<b>(235,613)</b>	<b>4,462,327</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 1,614,358</b>	<b>\$ (417,833)</b>	<b>\$ --</b>	<b>\$ --</b>

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

**Rural America Initiatives**  
Combining Statement of Activities (Continued)  
Year Ended December 31, 2022

	Head Start Year 16	RCHS COVID-19 Year 1	RCEHS COVID-19 Year 1	EHS Expansion COVID Year 1
Cultural Materials	--	--	--	--
Curriculum Materials	--	--	--	--
Maintenance	42,387	--	--	--
Cleaning Supplies	10,058	--	--	--
Insurance - Work Comp	--	--	--	--
Educational Materials	--	--	--	--
Parent Activities	27,256	--	--	--
Utilities	73,346	--	--	--
Classroom Supplies - Covid 19	85,348	77,857	80,820	--
Supplies PS - Covid 19	61,891	--	--	--
Maintenance - Covid 19	--	--	--	--
Pers Protective Supp - Covid 19	1,797	9,516	--	--
Repairs	--	--	--	--
Kitchen Supplies	7,137	--	--	--
Postage P.S.	541	--	--	--
Architect Fees	--	--	--	--
Other Parent Services	30	--	--	--
CDA Operating	(280)	--	--	--
Insurance Admin	139,187	--	--	--
Equipment Admin	--	--	--	--
Self-Charged Depreciation	--	--	--	--
Property Taxes Paid	--	--	--	--
Audit Fees	--	--	--	--
Accounting Fees	--	--	--	--
<b>Total Expenses</b>	<b>3,717,582</b>	<b>87,373</b>	<b>80,820</b>	<b>--</b>
<b>CHANGE IN NET ASSETS BEFORE TRANSFERS AND ALLOCATIONS</b>	<b>785,443</b>	<b>(87,373)</b>	<b>(80,820)</b>	<b>300,000</b>
<b>TRANSFERS</b>	<b>4,231,096</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>INDIRECT COST ALLOCATION</b>	<b>(268,547)</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>4,747,992</b>	<b>(87,373)</b>	<b>(80,820)</b>	<b>300,000</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>(54,542)</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 4,747,992</b>	<b>\$ (87,373)</b>	<b>\$ (80,820)</b>	<b>\$ 245,458</b>

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

**Rural America Initiatives**  
Combining Statement of Activities (Continued)  
Year Ended December 31, 2022

	<b>Rapid City Head Start Construction Year 4</b>	<b>New ANA Lakota Language Year 1</b>	<b>NoVo Year 4</b>	<b>NoVo Year 1</b>
Cultural Materials	--	300	176	--
Curriculum Materials	--	--	--	--
Maintenance	(2,003)	532	4,387	964
Cleaning Supplies	--	--	280	--
Insurance - Work Comp	--	--	--	--
Educational Materials	--	--	--	--
Parent Activities	--	--	--	--
Utilities	--	--	--	--
Classroom Supplies - Covid 19	--	--	2,756	--
Supplies PS - Covid 19	--	200	--	--
Maintenance - Covid 19	--	--	--	--
Pers Protective Supp - Covid 19	--	--	--	--
Repairs	--	--	50	--
Kitchen Supplies	--	--	--	--
Postage P.S.	--	--	--	--
Architect Fees	4,360	--	--	--
Other Parent Services	--	--	--	--
CDA Operating	--	--	--	--
Insurance Admin	--	--	962	--
Equipment Admin	--	--	1,048	--
Self-Charged Depreciation	--	--	--	--
Property Taxes Paid	--	--	--	--
Audit Fees	--	--	--	--
Accounting Fees	--	--	--	--
<b>Total Expenses</b>	<b>293,022</b>	<b>66,454</b>	<b>127,876</b>	<b>2,620</b>
<b>CHANGE IN NET ASSETS BEFORE TRANSFERS AND ALLOCATIONS</b>	<b>226,678</b>	<b>(2,422)</b>	<b>(127,876)</b>	<b>147,380</b>
<b>TRANSFERS</b>	<b>--</b>	<b>--</b>	<b>(19,262)</b>	<b>19,261</b>
<b>INDIRECT COST ALLOCATION</b>	<b>--</b>	<b>(4,453)</b>	<b>--</b>	<b>--</b>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>226,678</b>	<b>(6,875)</b>	<b>(147,138)</b>	<b>166,641</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>4,823,785</b>	<b>--</b>	<b>147,138</b>	<b>--</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 5,050,463</b>	<b>\$ (6,875)</b>	<b>\$ --</b>	<b>\$ 166,641</b>

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

**Rural America Initiatives**  
Combining Statement of Activities (Continued)  
Year Ended December 31, 2022

	<b>Ateyapi Thinking About the Future Year 1</b>	<b>Ateyapi Thinking About the Future Year 2</b>	<b>Ateyapi Youth Engaged in Sports Year 2</b>	<b>Total</b>
Cultural Materials	5,503	--	--	6,479
Curriculum Materials	2,307	--	--	2,307
Maintenance	941	1,365	1,659	234,350
Cleaning Supplies	1,197	125	473	17,423
Insurance - Work Comp	--	--	--	3,191
Educational Materials	3,060	--	--	3,060
Parent Activities	--	--	--	70,307
Utilities	--	--	--	114,665
Classroom Supplies - Covid 19	10,786	4,000	5,191	382,558
Supplies PS - Covid 19	2,511	--	--	115,711
Maintenance - Covid 19	--	--	--	32,010
Pers Protective Supp - Covid 19	--	--	--	11,313
Repairs	--	--	--	50
Kitchen Supplies	--	--	--	31,802
Postage P.S.	--	--	--	541
Architect Fees	--	--	--	4,360
Other Parent Services	--	--	--	30
CDA Operating	--	--	--	(280)
Insurance Admin	1,416	451	348	195,935
Equipment Admin	--	--	--	1,048
Self-Charged Depreciation	--	--	--	111,886
Property Taxes Paid	--	--	--	36,060
Audit Fees	--	--	--	27,598
Accounting Fees	--	--	--	86,544
<b>Total Expenses</b>	<b>385,086</b>	<b>106,987</b>	<b>60,645</b>	<b>7,597,478</b>
<b>CHANGE IN NET ASSETS BEFORE TRANSFERS AND ALLOCATIONS</b>	<b>(1,773)</b>	<b>19,239</b>	<b>(33,233)</b>	<b>565,438</b>
<b>TRANSFERS</b>	<b>(38,342)</b>	<b>119,028</b>	<b>(80,685)</b>	<b>--</b>
<b>INDIRECT COST ALLOCATION</b>	<b>(31,753)</b>	<b>(8,683)</b>	<b>(1,996)</b>	<b>--</b>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>(71,868)</b>	<b>129,584</b>	<b>(115,914)</b>	<b>565,438</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>71,868</b>	<b>--</b>	<b>115,914</b>	<b>10,796,157</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ --</b>	<b>\$ 129,584</b>	<b>\$ --</b>	<b>\$ 11,361,595</b>

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



**Rural America Initiatives**  
Schedule of Expenditures of Federal Awards  
Year Ended December 31, 2022

Assistance Listing Number	Direct Award	Major Program	Cluster/ Program Name	Pass-through Entity	Pass-through Identifying Number	Federal Expenditures
<b><u>US Department of Health and Human Services</u></b>						
93.060	Y	N	Sexual Risk Avoidance Education			\$ 511,988
93.137	Y	N	Community Programs to Improve Minority Health			62,116
93.587	Y	N	Promote the Survival and Continuing Vitality of Native American Languages			70,906
93.600	Y	Y	Early Head Start			2,480,479
93.600	Y	Y	Head Start			<u>2,444,636</u>
<b>Total US Department of Health and Human Services</b>						5,570,125
<b><u>US Department of Agriculture</u></b>						
10.558	N	N	Child and Adult Care Food Program (Note 2)	SD Department of Education	unknown	<u>135,439</u>
<b>Total Federal Financial Assistance</b>						<u><u>\$ 5,705,564</u></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.

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