

**RURAL OFFICE OF COMMUNITY
SERVICES, INC.**

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

SEPTEMBER 30, 2019

QUAM, BERGLIN & POST, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

**RURAL OFFICE OF COMMUNITY SERVICES, INC.
BOARD OF DIRECTORS AND OFFICIALS
SEPTEMBER 30, 2019**

Wendy Figland	Mitchell, South Dakota	Board Chairperson
Dallas Laffey	Tripp, South Dakota	Board Vice-Chairperson
Larry Miller	Tripp, South Dakota	Board Secretary
Greg Farke	Armour, South Dakota	Board Treasurer
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Fred Kuil	Corsica, South Dakota	Board Member
Sister Miriam Shindelar	Marty, South Dakota	Board Member
Peter Smith		Executive Director
Jennifer Grassrope		Finance Director

**RURAL OFFICE OF COMMUNITY SERVICES, INC.
TABLE OF CONTENTS**

Independent Auditor's Report	1
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	7
Notes to Financial Statements	8
SUPPLEMENTARY DATA	
Schedule of Expenditures of Federal Awards	13
Combining and Individual Program Financial Statements:	
Combining Schedule of Financial Position - All Program Funds	15
Combining Schedule of Activities and Changes in Net Assets - All Program Funds	16
Schedule of Contract Activities - Nutrition Programs	17
Schedule of Contract Activities - Weatherization Programs	18
Schedule of Contract Activities - Transportation Programs	19
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 <i>Government Auditing Standards</i>	20
Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	22
Schedule of Prior Audit Findings	24
Schedule of Current Audit Findings and Questioned Costs	25

QUAM, BERGLIN & POST, P.C.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Rural Office of Community Services, Inc.
Lake Andes, South Dakota

Report on the Financial Statements

We have audited the accompanying financial statements of Rural Office of Community Services, Inc. (a nonprofit organization), which comprise the statements of financial position as of September 30, 2019, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rural Office of Community Services, Inc., as of September 30, 2019, 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.

Emphasis of Matter

Adoption of New Accounting Standard

As described in the Notes to the Financial Statements, the Organization adopted the Financial Accounting Standards Board's Accounting Standards update ("ASU") 2016-14, *Not-for-Profit Entities* as of and for the year ended September 30, 2019. The requirements of the ASU have been applied retrospectively to all periods presented. Our opinion is not modified with respect to this matter.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The Schedule of Expenditures of Federal Awards, which is required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, and the Combining and Individual Program Financial Statements as listed in the Table of Contents, is presented for purposes of additional analysis and is not a required part of the basic 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 information is fairly stated in all material respects in relation to the basic 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 January 4, 2020, on our consideration of Rural Office of Community Services, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Rural Office of Community Services, Inc.'s internal control over financial reporting and compliance.

Quam, Berglin & Post P.C.

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

January 4, 2020

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**RURAL OFFICE OF COMMUNITY SERVICES, INC.
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2019**

ASSETS

CURRENT ASSETS

Cash	\$ 284,151.62
Receivables:	
Due from Grantors	202,206.85
Prepaid Expenses	10,334.99
Inventory	<u>40,057.22</u>
Total Current Assets	<u>536,750.68</u>

PROPERTY AND EQUIPMENT

Buildings	377,818.00
Equipment and Vehicles	2,317,242.02
(Less) Accumulated Depreciation	<u>(2,351,163.60)</u>
Net Property and Equipment	<u>343,896.42</u>

Total Assets	<u>\$ 880,647.10</u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$ 66,321.50
Accrued Wages and Fringe Benefits Payable	72,344.69
Current Notes Payable	<u>11,918.67</u>
Total Current Liabilities	<u>150,584.86</u>

LONG-TERM LIABILITIES

Accrued Leave Payable	156,334.16
Notes Payable	56,676.91
Less Current Notes Payable	<u>(11,918.67)</u>
Total Long-Term Liabilities	<u>201,092.40</u>
Total Liabilities	<u>351,677.26</u>

NET ASSETS

Without Donor Restrictions	<u>528,969.84</u>
Total Net Assets	<u>528,969.84</u>

Total Liabilities and Net Assets	<u>\$ 880,647.10</u>
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The attached notes are an integral part of these financial statements

**RURAL OFFICE OF COMMUNITY SERVICES, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	Without Donor Restrictions	With Donor Restrictions	TOTAL
PUBLIC SUPPORT AND REVENUE:			
Public Support:			
Contributions	\$	\$ 350,959.83	\$ 350,959.83
Revenue:			
Grants and contracts from government agencies	2,867,420.91		2,867,420.91
Other revenue:			
Interest income	332.31		332.31
Program service fees	682,342.59		682,342.59
Miscellaneous	746.32		746.32
Total Public Support and Revenue	3,550,842.13	350,959.83	3,901,801.96
 Net Assets released from restrictions	 350,959.83	 (350,959.83)	
EXPENSES:			
Program services:			
Weatherization	834,808.17		834,808.17
Transportation	966,043.38		966,043.38
Nutrition	1,350,937.99		1,350,937.99
Other programs	269,124.57		269,124.57
Emergency food and shelter	21,207.39		21,207.39
Total Program Services	3,442,121.50		3,442,121.50
Supporting services:			
Management and general	563,378.75		563,378.75
Total Expenses	4,005,500.25		4,005,500.25
 INCREASE (DECREASE) IN NET ASSETS	 (103,698.29)		 (103,698.29)
 NET ASSETS, Beginning of Year	 632,668.13		 632,668.13
 NET ASSETS, End of Year	 \$ 528,969.84	 \$ 0.00	 \$ 528,969.84

The attached notes are an integral part of these financial statements

**RURAL OFFICE OF COMMUNITY SERVICES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	<u>WEATHER- IZATION</u>	<u>TRANSPOR- TATION</u>	<u>NUTRITION</u>
Salaries and wages	\$ 163,907.04	\$ 466,957.46	\$ 495,844.46
Fringe benefits	64,260.95	217,929.10	205,408.84
Total salaries, wages and fringe benefits	228,167.99	684,886.56	701,253.30
Contract Services	217,952.97		13,298.89
Professional Services	15,515.08	7,877.89	5,301.50
Fuel		69,802.72	
Maintenance	147.21	51,308.09	5,111.80
Garage Space		2,591.70	
Travel	41,489.54	1,320.42	5,619.94
Board Expenses			
Space Costs	20,449.15	8,994.54	12,496.64
Utilities	117.68	13,495.05	36,539.82
Supplies	6,910.06	7,038.52	66,091.36
Equipment	4,230.49		16,320.50
Training	3,915.14	1,061.36	1,926.19
Insurance	7,101.70	39,424.46	15,430.68
Printing and Advertising	1,169.78	3,126.34	2,138.66
Telephone	2,857.77	9,089.57	7,120.56
Garbage			5,477.28
Postage	1,068.86		3,171.60
Materials	274,266.55		
Miscellaneous		16,109.69	225.00
Meal Contracts			91,456.80
Meal Transport			10,345.41
Food			338,554.99
Drug Policy		3,378.60	
Garden Project			
Food Pantries			
Transit Passes			
Homeless Shelters			
School Project Expenses			
Other Projects			
Basic Needs			
Total expenses before depreciation expenses	825,359.97	919,505.51	1,337,880.92
Depreciation Expense	9,448.20	46,537.87	8,859.07
Loss on disposal of capital assets			4,198.00
Total Expenses	\$ 834,808.17	\$ 966,043.38	\$ 1,350,937.99

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

EMERGENCY FOOD AND SHELTER	OTHER PROGRAMS	TOTAL	MANAGEMENT AND GENERAL	TOTAL EXPENSES
\$	\$	\$ 1,126,708.96	\$ 247,842.10	\$ 1,374,551.06
		<u>487,598.89</u>	<u>107,753.46</u>	<u>595,352.35</u>
		1,614,307.85	355,595.56	1,969,903.41
		231,251.86		231,251.86
		28,694.47	29,079.83	57,774.30
		69,802.72		69,802.72
		56,567.10		56,567.10
		2,591.70		2,591.70
		48,429.90	14,018.07	62,447.97
			9,225.88	9,225.88
		41,940.33	33,941.83	75,882.16
		50,152.55	40,931.84	91,084.39
		80,039.94	36,320.81	116,360.75
		20,550.99	7,805.46	28,356.45
	1,035.93	7,938.62	5,752.55	13,691.17
		61,956.84	11,019.36	72,976.20
		6,434.78	7,508.74	13,943.52
		19,067.90	3,110.48	22,178.38
		5,477.28		5,477.28
		4,240.46	9,068.34	13,308.80
		274,266.55		274,266.55
	86,987.84	103,322.53		103,322.53
		91,456.80		91,456.80
		10,345.41		10,345.41
		338,554.99		338,554.99
		3,378.60		3,378.60
	1,458.46	1,458.46		1,458.46
	15,582.02	15,582.02		15,582.02
	5,021.34	5,021.34		5,021.34
21,207.39	5,150.00	26,357.39		26,357.39
	17,356.08	17,356.08		17,356.08
	68,555.18	68,555.18		68,555.18
	<u>66,899.10</u>	<u>66,899.10</u>		<u>66,899.10</u>
<u>21,207.39</u>	<u>268,045.95</u>	<u>3,371,999.74</u>	<u>563,378.75</u>	<u>3,935,378.49</u>
	1,078.62	65,923.76		65,923.76
		<u>4,198.00</u>		<u>4,198.00</u>
<u>\$ 21,207.39</u>	<u>\$ 269,124.57</u>	<u>\$ 3,442,121.50</u>	<u>\$ 563,378.75</u>	<u>\$ 4,005,500.25</u>

**RURAL OFFICE OF COMMUNITY SERVICES, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

CASH FLOWS FROM OPERATING ACTIVITIES:

Increase (Decrease) in net assets	\$ (103,698.29)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Loss on disposal of capital assets	4,198.00
Depreciation	65,923.76
(Increase) decrease in operating assets:	
Inventory	(6,238.23)
Receivables	19,828.56
Prepaid expenses	14,176.00
Increase (decrease) in operating liabilities:	
Accounts payables	(14,772.55)
Accrued wage and fringe benefits payable	(6,798.93)
Accrued leave payable	<u>122.23</u>
Net cash provided by operating activities	<u>(27,259.45)</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Proceeds of Long Term Debt	63,832.13
Payments on Long Term Debt	(7,155.22)
Purchase of capital assets	<u>(85,801.13)</u>
Net cash provided by financing activities	<u>(29,124.22)</u>
Net increase in cash and cash equivalents	(56,383.67)
BEGINNING CASH AND CASH EQUIVALENTS	<u>340,535.29</u>
ENDING CASH AND CASH EQUIVALENTS	<u>\$ 284,151.62</u>

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

RURAL OFFICE OF COMMUNITY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization

Rural Office of Community Services, Inc. is a non-profit corporation located in Wagner, South Dakota providing a wide range of community services to the low income and elderly population in twenty-two counties in Southcentral and Southeastern South Dakota.

Basis of accounting

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

Financial Statement Presentation

For the year ended September 30, 2019, the Organization adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2016-14 – *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities. The changes required by the update have been applied retrospectively to all periods presented. A key change required by ASU 2016-14 are the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets, if applicable, are now reported as net assets with donor restrictions.

Property and Equipment

The Rural Office of Community Services, Inc. has a capitalization policy of \$500. The organization capitalizes all expenses for buildings, vehicles, furniture and equipment at cost. Donated capital assets are valued at their estimated fair value on the date donated.

Depreciation is provided using the straight-line method over the estimated useful lives of the assets as follows:

Buildings	25 - 30 years
Vehicles	10 years
Furniture and Equipment	5 - 7 years

Income Taxes

Rural Office of Community Services, Inc. is a non-profit corporation exempt from income taxes under Internal Revenue Code Section 501(c) (3).

Cash and Cash Equivalents

All cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted for other long-term purposes are excluded from this definition.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Inventories

Inventories are stated at lower of cost or market determined by first-in, first-out method.

Advertising

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

NOTE 2 - ECONOMIC DEPENDENCE:

The Rural Office of Community Services, Inc. is dependent upon government grants and local contributions to operate its programs effectively. Any change in government contracts and grants would have a major effect on its operations.

NOTE 3 - DESCRIPTION OF PROGRAMS AND SUPPORT SERVICES:

Weatherization: This program is designed to help low income households, especially the elderly, the handicapped and families with small children, to overcome the high cost of energy, through conservation. The program is funded by the U.S. Departments of Energy and Health and Human Services. Assistance is provided to twenty-two counties in South Dakota. During the period October 1, 2018 to September 30, 2019, 130 people were served, 37 homes were weatherized, and 11 furnaces were replaced. Additionally, 195 furnaces were repaired or replaced with LIEAP funds.

Elderly Nutrition Program: This program helps to provide the elderly with low cost nutritious meals, appropriate nutrition education and other services. It is funded from grants from the U.S. Departments of Health and Human Services. Twenty communities are benefited by this program and 1,126 people were served during the fiscal year. During the year, the total number of congregate meals served was 87,446, as well as 49,242 home delivered meals.

Rural Transportation Program: The objective of this program is to provide public transportation services to individuals to and from medical facilities, nutrition sites, employment, education, social and recreational centers. Grants from the Departments of Transportation and Health and Human Services help fund the program. During the fiscal year, this program provided services to 2,117 unduplicated persons and covered a total of 373,615 miles for a total of 112,813 rides.

Emergency Food and Shelter: Assistance is provided under this program for food and emergency lodging/rent and utilities to individuals and families facing a hardship. The administration of this Program is dependent on grants from the Emergency Food and Shelter Program. Assistance covers thirteen counties and provided assistance to 265 people in 84 households. Additionally, 2,458 received food pantry assistance.

I – Care: MidAmerican Energy Company matches 50 cents of every dollar donated by its customers for emergency heating assistance for the needy. A total of 6 households (15 individuals) were assisted by this program during the fiscal year.

Other Programs: With the grants from the U.S. Department of Health and Human Services, the Rural Office of Community Services also offers the following programs:

Basic Needs Program (CSBG): Offering a one-time only assistance for temporary shelter, rental and utilities to individuals and families who lack a fixed, regular and adequate nighttime residence. In the fiscal year, assistance was provided to 3,099 persons in 1,019 households.

School Supply Project: This program offers assistance to children of low-income families with school supplies. During the fiscal year, 949 school aged children (K-12) received a school supply package.

Special Projects: With special grants from the Department of Social Services, the Rural Offices of Community Services undertook the following Special projects during the year:

New Employment Program: This program is designed to assist clients who have recently started a new job with a gasoline voucher. During fiscal year, 16 clients were served with this program.

Public Transportation Program: This program provides a public transportation voucher for low income individuals and families to utilize local public transportation programs. During the fiscal year, assistance was provided to 101 people in 81 households.

Garden Project: This program assists families with seeds, equipment and plant vouchers and tilling vouchers to grow their own food. During the fiscal year, 2019, assistance was provided to 51 households and 107 individuals.

Commodity Supplemental Food Program: For low-income, elderly individuals. 80 boxes were delivered by the ROCS Office for an average of 145 per month via the Dakota Senior Meals sites and food pantries.

Volunteer Income Tax Program: Free tax preparation services to qualified households. During the fiscal year, 504 clients were served.

Homeless Prevention and Rapid Re-housing: For low-income individuals who are experiencing homelessness or are on the verge of being evicted from their homes. 34 individuals were served during this fiscal year.

NOTE 4 - LEASES:

Rural Office of Community Services, Inc. leases offices at Wagner, Lake Andes, Chamberlain, Winner, Salem and Mitchell, South Dakota on a contractual basis. The total lease payments for the fiscal year ended September 30, 2019 on these facilities amounted to \$72,375. The required lease payments for these facilities for the fiscal year ending September 30, 2020 will be \$77,100.

NOTE 5 - DEFINED CONTRIBUTION PENSION PLAN:

The organization has a defined contribution plan covering all employees who are over 21 years of age and have completed one year of service and who agree to make contributions to the plan. The organization makes a contribution to the plan each pay period equal to 3% of all participants' compensation. The organization's contributions for each employee are fully vested after five years of continuous service. Should an employee leave before the completion of five years of service, the organization's share of the contributions is forfeited and are used to fund the current period contribution requirements. Employer contributions for the year ended September 30, 2019 totaled \$15,267.90.

NOTE 6 - CHANGES IN CAPITAL ASSETS:

A summary of changes in capital assets for the year ended September 30, 2019 is as follows:

	Balance October 1, 2018	<u>Additions</u>	<u>Deletions</u>	Balance September 30, 2019
Buildings	\$ 377,818.00			\$ 377,818.00
Equipment and Vehicles	<u>2,247,010.89</u>	<u>85,801.13</u>	<u>(15,570.00)</u>	<u>2,317,242.02</u>
Total	<u>2,624,828.89</u>	<u>85,801.13</u>	<u>(15,570.00)</u>	<u>2,695,060.02</u>
Accumulated Depreciation	<u>(2,296,611.64)</u>	<u>(65,923.96)</u>	<u>11,372.00</u>	<u>(2,351,163.60)</u>
Total Capital Assets, Net	<u>\$ 328,217.25</u>	<u>\$ 19,877.17</u>	<u>\$ (4,198.00)</u>	<u>\$ 343,896.42</u>

NOTE 7 - USE OF LONG-LIVED ASSETS:

Rural Office of Community Services, Inc. owns the bus barn buildings in the cities of Chamberlain, Winner, Viborg and Canton. The land on which the bus barns are built is owned by the respective cities and is leased to the Rural Office of Community Services free of charge. It is estimated that the approximate fair value of the annual rental for these long-lived assets would be \$4,700.00 and it is included in the contributions and expenses in the statement of activities.

NOTE 8 - CONCENTRATION OF CREDIT RISK:

The Rural Office of Community Services, Inc. maintains accounts with various banking institutions. Accounts at each bank are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of September 30, 2019, the organization had fully insured bank deposits.

NOTE 9 - NET ASSETS WITH DONOR RESTRICTION:

Net assets subject to donor or certain grantor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Net assets were released from restrictions as follows:

Expenses incurred to satisfy donor restrictions:

Nutrition	\$ 141,257.55
Transportation	143,758.21
Corporate Services	<u>65,944.07</u>
Total	<u>\$ 350,959.83</u>

NOTE 10 – NOTES PAYABLE:

The following is a summary of long-term debt as of September 30:

Lease-Purchase Agreement to Ally Financial, including interest at 6.09%. Monthly payments beginning 12/5/2018 and principal balance due 12/5/2023. \$ 33,377.49

Note payable to Commerical State Bank, including interest at 3.5%. Monthly payments beginning 8/15/19 with an ending maturity date of 7/15/2024. 23,299.42

The annual requirements for the organization to amortize all debt outstanding are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 11,918.67	\$ 2,572.65	\$ 14,491.32
2021	12,543.77	1,947.55	14,491.32
2022	13,203.70	1,287.62	14,491.32
2023	13,900.46	590.86	14,491.32
2024	5,110.31	74.41	5,184.72
Totals	<u>\$ 56,676.91</u>	<u>\$ 6,473.09</u>	<u>\$ 63,150.00</u>

NOTE 11 – SUBSEQUENT EVENTS:

In preparing these financial statements, the Rural Offices of Community Services, Inc., has evaluated events and transactions for potential recognition or disclosure through January 4, 2020, the date the financial statements were available to be issued.

**RURAL OFFICES OF COMMUNITY SERVICES, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

<u>Federal Grantor/Pass-Through Grantor</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures Amount Fiscal Year</u>
U.S. Department of Agriculture:			
Pass-Through Feeding SD:			
Commodities Supplemental Food Program (CSFP)	10.565		\$ 59,362.00
Emergency Food Assistance Program (TEFAP)	10.569		<u>1,315.00</u>
Total U.S. Department of Agriculture			<u>60,677.00</u>
U.S. Department of Transportation:			
Pass-Through S.D. Department of Transportation (Note 3)			
Federal Transit - Formula Grants for Rural Areas	20.509	811631	\$ 414,871.68
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	811739	35,831.44
Bus and Bus Facilities Formula & Discretionary Programs (Bus Program)	20.526	811716	<u>17,575.20</u>
Total U.S. Department of Transportation			<u>468,278.32</u>
U. S. Department of Energy:			
Pass-Through the S.D. Department of Social Services:			
Weatherization Assistance for Low-Income Persons	81.042	19SC082603	467,737.71
Weatherization Assistance for Low-Income Persons	81.042	20SC082603	<u>134,329.42</u>
Total U.S. Department of Energy			<u>602,067.13</u>
U. S. Department of Health and Human Services:			
Pass-Through the S.D. Department of Social Services - Aging Cluster: (Note 3)			
Special Programs for the Aging - Title III, Part B Grants for Supportive Services & Senior Centers	93.044	UM IIIB (14) N	<u>36,339.00</u>
Special Programs for the Aging - Title III, Part C Nutrition Services	93.045	19SC193071 20SC193071	243,268.38 <u>132,221.00</u>
Total Nutrition Services			<u>375,489.38</u>
Nutrition Services Incentive Program	93.053	19SC193071 20SC193071	67,870.05 <u>35,540.54</u>
Total Nutrition Services Incentive Program			<u>103,410.59</u>
Total Aging Cluster			<u>515,238.97</u>
Pass-Through the S.D. Department of Social Services:			
Low-Income Home Energy Assistance	93.568	19SC082608	171,281.69
Low-Income Home Energy Assistance	93.568	20SC082608	<u>57,578.93</u>
Total Low income Energy Assistance			<u>228,860.62</u>
Community Services Block Grant	93.569	19SC082611 20SC082611	484,539.80 <u>211,610.19</u>
Total Community Services Block Grant			<u>696,149.99</u>

**RURAL OFFICES OF COMMUNITY SERVICES, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

Pass Through North Dakota Community Action Program:			
Community Services Block Grant - Discretionary Awards	93.570		<u>44,628.41</u>
		90ET0461-02-01	
Total U.S. Department of Health and Human Services			<u>1,484,877.99</u>
Department of Homeland Security:			
Direct Federal Funding:			
Emergency Food and Shelter National Board Program	97.024		<u>22,263.00</u>
Total for Department of Homeland Security		Phase 35	<u>22,263.00</u>
Department of Housing and Urban Development:			
Pass Through South Dakota Housing Development Authority:			
Emergency Solutions Grant	14.231		8,525.05
Housing Opportunity Fund	14.257	E18DC46000106	<u>23,137.58</u>
Total for Department of Housing and Urban Development		2017-419	<u>31,662.63</u>
Pass Through Grow South Dakota			
Volunteer Income Tax Assistance Matching Grant Program	21.009		9,558.61
		19VITA0114	
Pass Through SD Community Action Partnership			
PPHF Cooperative Agreement to Support Navigators in Federally facilitated and State Partnership Exchanges	93.750		<u>22,967.45</u>
		NAVCA150264-01-00	
GRAND TOTAL			<u>\$ 2,702,352.13</u>

Note 1: Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Rural Offices of Community Services, Inc. under programs of the federal government for the year ended September 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Organization.

Note 2: Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Organization has elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3: Major Federal Financial Assistance Program

This represents a major federal award program.

**RURAL OFFICE OF COMMUNITY SERVICES, INC.
COMBINING SCHEDULE OF FINANCIAL POSITION
ALL PROGRAM FUNDS
SEPTEMBER 30, 2019**

	Weather- ization	Trans- portation	Community Service Block Grants	Nutrition	Emergency Food and Shelter	Corporate Account	Total
ASSETS							
<u>Current Assets</u>							
Cash	\$ 1,481.20	\$ 143,383.74	\$ 17,696.03	\$ 84,246.57	\$ 5,428.20	\$ 31,915.88	\$ 284,151.62
Receivables:							
Due from grantors	66,539.36	35,609.74	54,031.27	46,026.48			202,206.85
Prepaid expenses	1,582.65	2,388.04	3,510.67	2,853.63			10,334.99
Inventory	9,131.88			30,925.34			40,057.22
Total Current Assets	<u>78,735.09</u>	<u>181,381.52</u>	<u>75,237.97</u>	<u>164,052.02</u>	<u>5,428.20</u>	<u>31,915.88</u>	<u>536,750.68</u>
Buildings		377,818.00					377,818.00
Equipment and Vehicles	504,043.18	1,525,431.89	37,482.95	242,771.03		7,512.97	2,317,242.02
(Less) Accumulated Depreciation	(468,397.99)	(1,623,339.00)	(35,520.86)	(216,392.78)		(7,512.97)	(2,351,163.60)
Net Property and Equipment	<u>35,645.19</u>	<u>279,910.89</u>	<u>1,962.09</u>	<u>26,378.25</u>			<u>343,896.42</u>
Total Assets	<u>114,380.28</u>	<u>461,292.41</u>	<u>77,200.06</u>	<u>190,430.27</u>	<u>5,428.20</u>	<u>31,915.88</u>	<u>880,647.10</u>
LIABILITIES							
<u>Current Liabilities</u>							
Accounts payable	35,339.45			30,982.05			66,321.50
Accrued expenses	7,936.33	32,295.93	984.59	31,127.84		0.00	72,344.69
Total Current Liabilities	<u>43,275.78</u>	<u>32,295.93</u>	<u>984.59</u>	<u>62,109.89</u>		<u>0.00</u>	<u>138,666.19</u>
<u>Long Term Liabilities</u>							
Notes Payable	33,377.49			23,299.42			56,676.91
Accrued Leave Payable	26,499.62	62,918.36	26,899.35	40,016.83			156,334.16
Total Long Term Liabilities	<u>59,877.11</u>	<u>62,918.36</u>	<u>26,899.35</u>	<u>63,316.25</u>			<u>213,011.07</u>
Total Liabilities	<u>103,152.89</u>	<u>95,214.29</u>	<u>27,883.94</u>	<u>125,426.14</u>		<u>0.00</u>	<u>295,000.35</u>
NET ASSETS							
Total Liabilities and Net Assets	<u>\$ 114,380.28</u>	<u>\$ 461,292.41</u>	<u>\$ 77,200.06</u>	<u>\$ 190,430.27</u>	<u>\$ 5,428.20</u>	<u>\$ 31,915.88</u>	<u>\$ 880,647.10</u>

RURAL OFFICE OF COMMUNITY SERVICES, INC.
COMBINING SCHEDULE OF PROGRAM REVENUES, EXPENSES AND CHANGES
IN NET ASSETS - ALL PROGRAM FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Weather- ization	Trans- portation	Community Service Block Grant	Nutrition	Emergency Food and Shelter	Corporate Account	Total
Public Support and Revenue:							
Public support:							
Contributions	\$	143,758.21	\$	141,257.55	\$	65,944.07	\$ 350,959.83
Revenue:							
Grants and contracts from governmental agencies	830,927.75	579,477.32	696,149.99	629,785.75	22,263.00	108,817.10	2,867,420.91
Other revenue:							
Interest income	13.29	217.32	12.89	88.81			332.31
Program service fees		216,878.79		464,231.54		1,232.26	682,342.59
Miscellaneous	703.03	43.29					746.32
Total Revenue	831,644.07	796,616.72	696,162.88	1,094,106.10	22,263.00	110,049.36	3,550,842.13
Total Public Support and Revenue	831,644.07	940,374.93	696,162.88	1,235,363.65	22,263.00	175,993.43	3,901,801.96
Expenses:							
Program services:							
Weatherization	825,359.97						825,359.97
Transportation		919,505.51					919,505.51
Nutrition				1,337,880.92			1,337,880.92
Special Projects Expenses			177,937.79		21,207.39	90,108.16	289,253.34
Total Program Services	825,359.97	919,505.51	177,937.79	1,337,880.92	21,207.39	90,108.16	3,371,999.74
Supporting Services:							
Management and general			490,822.73			72,556.02	563,378.75
Total Operating Expenses before Depreciation	825,359.97	919,505.51	668,760.52	1,337,880.92	21,207.39	162,664.18	3,935,378.49
Depreciation	9,448.20	46,537.87	1,078.62	8,859.07			65,923.76
Loss on disposal of capital assets				4,198.00			4,198.00
Total Operating Expenses after Depreciation	834,808.17	966,043.38	669,839.14	1,350,937.99	21,207.39	162,664.18	4,005,500.25
Changes in Net Assets	(3,164.10)	(25,668.45)	26,323.74	(115,574.34)	1,055.61	13,329.25	(103,698.29)
Net Assets, Beginning of Year	14,391.49	391,746.57	22,992.38	180,578.47	4,372.59	18,586.63	632,668.13
Net Assets, End of Year	\$ 11,227.39	\$ 366,078.12	\$ 49,316.12	\$ 65,004.13	\$ 5,428.20	\$ 31,915.88	\$ 528,969.84

**RURAL OFFICE OF COMMUNITY SERVICES, INC.
SCHEDULE OF CONTRACTS ACTIVITIES -
NUTRITION PROGRAMS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	CONGREGATE	HOME- DELIVERED	<u>TOTAL</u>
Public Support and Revenue:			
Public support:			
Contributions	\$	\$ 141,257.55	\$ 141,257.55
Revenue:			
Grants and contracts from governmental agencies	411,218.39	215,346.15	626,564.54
Other revenue:			
Interest income	5.73	83.08	88.81
Program service fees	3,221.21	464,231.54	467,452.75
Total Revenue	<u>414,445.33</u>	<u>679,660.77</u>	<u>1,094,106.10</u>
Total Public Support and Revenue	<u>414,445.33</u>	<u>820,918.32</u>	<u>1,235,363.65</u>
Expenses:			
Program services:			
Salaries and wages	461,355.43	34,489.03	495,844.46
Fringe benefits	75,611.28	18,395.27	94,006.55
Health Insurance	92,749.80	18,652.49	111,402.29
Contract Services	3,690.13	1,136.87	4,827.00
Professional Services	8,919.03	4,854.36	13,773.39
Maintenance	3,461.88	1,649.92	5,111.80
Travel	5,214.25	405.69	5,619.94
Space costs	8,350.76	4,145.88	12,496.64
Utilities	22,733.84	13,805.98	36,539.82
Supplies	50,982.73	15,108.63	66,091.36
Equipment	10,822.25	5,498.25	16,320.50
Training/Dues/Registration	1,379.83	699.36	2,079.19
Insurance	10,087.83	5,342.85	15,430.68
Printing and advertising	1,180.19	958.47	2,138.66
Telephone	5,069.58	2,050.98	7,120.56
Garbage	3,604.49	1,872.79	5,477.28
Postage	2,137.00	1,034.60	3,171.60
Meal Contracts	47,554.94	43,901.86	91,456.80
Meal Transport	140.89	10,204.52	10,345.41
Food	236,077.66	102,549.33	338,626.99
Total Operating Expenses Before Depreciation and Losses	1,051,123.79	286,757.13	1,337,880.92
Depreciation Expense	8,859.07		8,859.07
Loss on Capital Assets	4,198.00		4,198.00
Total Operating Expenses after Depreciation	<u>1,064,180.86</u>	<u>286,757.13</u>	<u>1,350,937.99</u>
Change in Net Assets	(649,735.53)	534,161.19	(115,574.34)
Carryover, Beginning of Year	117,193.42	82,627.49	199,820.91
Carryover, End of the Year	<u>\$ (532,542.11)</u>	<u>\$ 616,788.68</u>	<u>\$ 84,246.57</u>

**RURAL OFFICE OF COMMUNITY SERVICES, INC.
SCHEDULE OF CONTRACTS ACTIVITIES
WEATHERIZATION PROGRAMS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	<u>DOE</u>	<u>LIEAP</u>		<u>TOTAL</u>
	10/1/2018 9/30/2019	10/1/2018 6/30/2019	7/1/2019 9/30/2019	
Revenue:				
Public Support	\$	\$	\$	\$
Contracts and Grants from Governmental Agencies	602,067.13	57,578.93	171,281.69	830,927.75
Other Revenue:				
Interest Income	13.29			13.29
Miscellaneous	<u>703.03</u>			<u>703.03</u>
Total Revenue	<u>602,783.45</u>	<u>57,578.93</u>	<u>171,281.69</u>	<u>831,644.07</u>
Total Public Support and Revenue	<u>602,783.45</u>	<u>57,578.93</u>	<u>171,281.69</u>	<u>831,644.07</u>
Expenses:				
Program Services				
Salaries and wages	147,186.89	3,561.25	13,158.90	163,907.04
Fringe benefits	28,112.72	622.45	1,843.15	30,578.32
Health Insurance	28,654.59	672.12	4,355.92	33,682.63
Audit	6,915.00			6,915.00
Maintenance	147.21			147.21
Space costs	20,449.15			20,449.15
Travel	41,489.54			41,489.54
Registration/Training Fees	3,915.14			3,915.14
Supplies	6,910.06			6,910.06
Tools and equipment	4,230.49			4,230.49
Insurance	7,101.70			7,101.70
Printing and advertising	1,169.78			1,169.78
Telephone	2,815.13		42.64	2,857.77
Postage	1,068.86			1,068.86
Utilities	117.68			117.68
Contract Labor	142,998.98	4,619.07	78,935.00	226,553.05
Material	<u>154,064.40</u>	<u>6,311.72</u>	<u>113,890.43</u>	<u>274,266.55</u>
Total expenses before depreciation expense and loss on disposal of capital assets	597,347.32	15,786.61	212,226.04	825,359.97
Depreciation Expense	<u>9,448.20</u>			<u>9,448.20</u>
Total Expenses	<u>606,795.52</u>	<u>15,786.61</u>	<u>212,226.04</u>	<u>834,808.17</u>
Change in Net Assets	(4,012.07)	41,792.32	(40,944.35)	(3,164.10)
Carryover contract, Beginning	<u>(1,248.46)</u>	<u>12,822.66</u>	<u>2,817.29</u>	<u>14,391.49</u>
Carryover End of the Year	<u>\$ (5,260.53)</u>	<u>\$ 54,614.98</u>	<u>\$ (38,127.06)</u>	<u>\$ 11,227.39</u>

**RURAL OFFICE OF COMMUNITY SERVICES, INC.
SCHEDULE OF CONTRACTS ACTIVITIES -
TRANSPORTATION PROGRAMS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	<u>COMMUNITY TRANSIT</u>
Public Support and Revenue:	
Public support:	
Contributions	\$ 143,758.21
Revenue:	
Grants and contracts from governmental agencies	579,477.32
Other revenue:	
Interest income	217.32
Program service fees	216,922.08
Total Revenue	<u>796,616.72</u>
 Total Public Support and Revenue	 <u>940,374.93</u>
 Expenses:	
Program services:	
Salaries and wages	466,957.46
Fringe benefits	217,929.10
Audit	7,877.89
Fuel	69,802.72
Maintenance	51,308.09
Space costs	11,586.24
Travel	1,320.42
Training Fees	1,061.36
Utilities	13,495.05
Supplies	7,038.52
Insurance	39,424.46
Printing and advertising	3,126.34
Telephone	9,089.57
Miscellaneous	<u>19,488.29</u>
Total expenses before depreciation expense and loss on disposal on capital assets	919,505.51
Depreciation Expense	<u>46,537.87</u>
Total Expenses	<u>966,043.38</u>
Change in Net Assets	(25,668.45)
Carryover, Beginning of Year	<u>391,746.57</u>
Carryover, End of Year	<u>\$ 366,078.12</u>

QUAM, BERGLIN & POST, P.C.

CERTIFIED PUBLIC ACCOUNTANTS
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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 Office of Community Services, Inc.
Lake Andes, South Dakota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Governmental Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Rural Office of Community Services, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2019, 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 January 4, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Rural Office of Community Services, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Rural Office of Community Services, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Rural Office of Community Services, Inc.'s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or 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 those limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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 *Governmental Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Quam, Berglin & Post, P.C.
Certified Public Accountants

January 4, 2020

QUAM, BERGLIN & POST, P.C.

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
Rural Office of Community Services, Inc.
Lake Andes, South Dakota

Report on Compliance for Each Major Federal Program

We have audited Rural Office of Community Services, Inc.'s compliance with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2019. Rural Office of Community Services, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Current Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Rural Office of Community Services, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above.

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 *Governmental 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)*. Those standards and the Uniform Guidance require that we plan and perform our audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Rural Office of Community Services, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Rural Office of Community Services, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Rural Office of Community Services, Inc. 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 September 30, 2019.

Report on Internal Control Over Compliance

Management of Rural Office of Community Services, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Rural Office of Community Services, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Rural Office of Community Services, Inc.'s 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

This 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.



Quam, Berglin & Post, P.C.
Certified Public Accountants

January 4, 2020

**RURAL OFFICE OF COMMUNITY SERVICES, INC.
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

PRIOR AUDIT FINDINGS:

Prior Finding Number 2018-001:

A significant deficiency was reported for the organization's financial reporting structure.

This prior audit comment has since been corrected.

**RURAL OFFICE OF COMMUNITY SERVICES, INC.
SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

SUMMARY OF INDEPENDENT AUDITOR'S RESULTS:

Financial Statements

- a. The auditor's report expresses an unmodified opinion on the financial statements of the Rural Office of Community Services, Inc.
- b. Our audit did not disclose any noncompliance which was material to the financial statements.

Federal Awards

- c. An unmodified opinion was issued on compliance with the requirements applicable to major programs.
- d. Our audit did not disclose any audit findings that need to be disclosed in accordance with 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).
- e. The federal awards tested as major programs were:

	<u>CFDA #</u>
U. S. Department of Health and Human Services:	
Special Program for the Aging - Title III, Part B-Supportive Services	93.044
Special Program for the Aging - Title III, Part C- Nutrition Services	93.045
Food Distribution	93.053
U. S. Department of Transportation:	
Federal Transit	20.509
Enhanced Mobility of Seniors and Disabilities	20.513
Bus & Bus Facilities Bus Program	20.526

- f. The dollar threshold used to distinguish between Type A and Type B federal award programs was \$750,000.00.
- g. The Rural Office of Community Services, Inc. qualified as a low-risk entity.

**RURAL OFFICE OF COMMUNITY SERVICES, INC.
SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

CURRENT FEDERAL AUDIT FINDINGS:

Internal Control-Related Findings:

There are no written current internal control related findings.

Federal Compliance – Related Audit Findings and Questioned Costs

There are no written current compliance related audit findings and questioned costs to report.

CURRENT OTHER AUDIT FINDINGS:

Internal Control Related Findings:

There are no written current internal control related findings.