

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

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

SEPTEMBER 30, 2021

**RURAL OFFICE OF COMMUNITY SERVICES, INC.
BOARD OF DIRECTORS AND OFFICIALS
SEPTEMBER 30, 2021**

Wendy Figland	Mitchell, South Dakota	Board Chairperson
Fred Kuil	Corsica, South Dakota	Board Vice-Chairperson
Clint Bartlett	White River, South Dakota	Board Secretary
James Deines	Wessington Springs, South Dakota	Board Treasurer
Dallas Laffey	Tripp, South Dakota	Board Member
Larry Miller	Tripp, South Dakota	Board Member
Stanlee Johnson	Plankington, South Dakota	Board Member
Georgia Boyer	Wagner, South Dakota	Board Member
Jim Kasten	Parker, South Dakota	Board Member
Robert Nuss	Yankton, South Dakota	Board Member
Peter Smith		Executive Director
Tanner Duba		Finance Director

RURAL OFFICE OF COMMUNITY SERVICES, INC.
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QUAM, BERGLIN & POST, P.C.

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

(605) 356-3374

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, 2021, 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, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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 April 25, 2022, 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

April 25, 2022

**RURAL OFFICE OF COMMUNITY SERVICES, INC.
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2021**

ASSETS

CURRENT ASSETS

Cash	\$ 376,737.46
Receivables:	
Due from Grantors	538,795.21
Prepaid Expenses	40,699.99
Inventory	19,308.73
Total Current Assets	975,541.39

PROPERTY AND EQUIPMENT

Buildings	377,818.00
Equipment and Vehicles	2,588,049.41
(Less) Accumulated Depreciation	(2,569,781.41)
Net Property and Equipment	396,086.00

Total Assets	\$ 1,371,627.39
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$ 14,934.36
Accrued Wages and Fringe Benefits Payable	168,141.66
Current Notes Payable	20,670.12
Total Current Liabilities	203,746.14

LONG-TERM LIABILITIES

Accrued Leave Payable	149,822.33
Notes Payable	76,723.75
Less Current Notes Payable	(20,670.12)
Total Long-Term Liabilities	205,875.96
Total Liabilities	409,622.10

NET ASSETS

Without Donor Restrictions	962,005.29
Total Net Assets	962,005.29

Total Liabilities and Net Assets	\$ 1,371,627.39
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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, 2021**

	Without Donor Restrictions	With Donor Restrictions	TOTAL
PUBLIC SUPPORT AND REVENUE:			
Public Support:			
Contributions	\$	\$ 195,981.34	\$ 195,981.34
Revenue:			
Grants and contracts from government agencies	6,366,603.31		6,366,603.31
Other revenue:			
Interest income	230.70		230.70
Program service fees	1,335,093.36		1,335,093.36
Miscellaneous	428,434.14		428,434.14
Total Public Support and Revenue	<u>8,130,361.51</u>	<u>195,981.34</u>	<u>8,326,342.85</u>
 Net Assets released from restrictions	<u>195,981.34</u>	<u>(195,981.34)</u>	<u></u>
EXPENSES:			
Program services:			
Weatherization	689,012.58		689,012.58
Transportation	2,031,864.75		2,031,864.75
Nutrition	1,732,560.46		1,732,560.46
Other programs	2,544,453.35		2,544,453.35
Emergency food and shelter	14,715.70		14,715.70
Total Program Services	<u>7,012,606.84</u>	<u></u>	<u>7,012,606.84</u>
Supporting services:			
Management and general	<u>1,044,306.34</u>	<u></u>	<u>1,044,306.34</u>
Total Expenses	<u>8,056,913.18</u>	<u></u>	<u>8,056,913.18</u>
 INCREASE (DECREASE) IN NET ASSETS	 269,429.67		 269,429.67
 NET ASSETS, Beginning of Year	 <u>692,575.62</u>	 <u></u>	 <u>692,575.62</u>
 NET ASSETS, End of Year	 <u>\$ 962,005.29</u>	 <u>\$ 0.00</u>	 <u>\$ 962,005.29</u>

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, 2021**

	<u>WEATHER- IZATION</u>	<u>TRANSPOR- TATION</u>	<u>NUTRITION</u>
Salaries and wages	\$ 28,261.03	\$ 1,287,130.86	\$ 775,243.62
Fringe benefits	<u>72,965.13</u>	<u>323,989.69</u>	<u>235,657.50</u>
Total salaries, wages and fringe benefits	101,226.16	1,611,120.55	1,010,901.12
Contract Services	220,162.07		13,066.30
Professional Services	6,425.00	1,212.50	
Fuel		99,529.18	
Maintenance	3,587.27	49,656.74	10,359.78
Garage Space		2,712.50	
Travel	16,413.07	15,362.89	6,370.21
Board Expenses			
Space Costs	21,067.44	11,059.46	8,252.04
Utilities		29,973.93	29,933.90
Supplies	23,562.37	13,610.82	66,971.31
Equipment	13,155.03	5,779.26	1,032.84
Training	3,496.33		967.19
Dues	481.98	119.84	
Insurance	13,527.63	66,027.67	17,582.88
Printing and Advertising	220.89	6,227.43	2,462.54
Telephone	3,892.52	15,130.06	10,429.17
Garbage			5,965.23
Postage	1,843.47		3,750.20
Materials	245,278.11		
Miscellaneous		47,392.74	80.83
Meal Contracts			71,107.95
Meal Transport			12,473.90
Food			454,012.95
Drug Policy		6,957.66	
Garden Project			
Food Pantries			
Transit Passes			
Homeless Shelters			
SDHDA & ER1			
Other Projects			
Basic Needs			
Total expenses before depreciation expenses	<u>674,339.34</u>	<u>1,983,783.18</u>	<u>1,725,720.34</u>
Depreciation Expense	<u>14,673.24</u>	<u>48,081.57</u>	<u>6,840.12</u>
Total Expenses	<u>\$ 689,012.58</u>	<u>\$ 2,031,864.75</u>	<u>\$ 1,732,560.46</u>

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

<u>EMERGENCY FOOD AND SHELTER</u>	<u>OTHER PROGRAMS</u>	<u>TOTAL</u>	<u>MANAGEMENT AND GENERAL</u>	<u>TOTAL EXPENSES</u>
\$	\$	\$ 2,090,635.51	\$ 618,222.08	\$ 2,708,857.59
		<u>632,612.32</u>	<u>94,663.50</u>	<u>727,275.82</u>
		2,723,247.83	712,885.58	3,436,133.41
		233,228.37		233,228.37
		7,637.50	103,436.11	111,073.61
		99,529.18	233.07	99,762.25
		63,603.79	633.85	64,237.64
		2,712.50		2,712.50
		38,146.17	1,253.46	39,399.63
			6,339.30	6,339.30
		40,378.94	38,656.93	79,035.87
		59,907.83	67,784.48	127,692.31
		104,144.50	68,779.75	172,924.25
		19,967.13		19,967.13
	4,400.62	8,864.14	2,000.00	10,864.14
		601.82		601.82
		97,138.18	19,410.44	116,548.62
		8,910.86	8,113.68	17,024.54
		29,451.75	4,899.84	34,351.59
		5,965.23		5,965.23
		5,593.67	9,879.85	15,473.52
		245,278.11		245,278.11
	11,858.91	59,332.48		59,332.48
		71,107.95		71,107.95
		12,473.90		12,473.90
		454,012.95		454,012.95
		6,957.66		6,957.66
	1,739.07	1,739.07		1,739.07
	6,733.95	6,733.95		6,733.95
	5,822.02	5,822.02		5,822.02
14,715.70	4,657.38	19,373.08		19,373.08
	2,244,571.09	2,244,571.09		2,244,571.09
	139,020.03	139,020.03		139,020.03
	125,022.28	125,022.28		125,022.28
<u>14,715.70</u>	<u>2,543,825.35</u>	<u>6,942,383.91</u>	<u>1,044,306.34</u>	<u>7,986,690.25</u>
	<u>628.00</u>	<u>70,222.93</u>		<u>70,222.93</u>
<u>\$ 14,715.70</u>	<u>\$ 2,544,453.35</u>	<u>\$ 7,012,606.84</u>	<u>\$ 1,044,306.34</u>	<u>\$ 8,056,913.18</u>

RURAL OFFICE OF COMMUNITY SERVICES, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES:

Increase (Decrease) in net assets	\$ 269,429.67
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	70,222.93
(Increase) decrease in operating assets:	
Inventory	8,019.23
Receivables	(29,629.83)
Prepaid expenses	(17,783.99)
Increase (decrease) in operating liabilities:	
Accounts payables	(89,930.64)
Accrued wage and fringe benefits payable	42,561.70
Accrued leave payable	<u>2,662.26</u>
 Net cash provided by operating activities	 <u>255,551.33</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Proceeds of Long Term Debt	46,959.00
Payments on Long Term Debt	(14,993.49)
Purchase of capital assets	<u>(181,108.21)</u>
Net cash provided by financing activities	<u>(149,142.70)</u>
 Net increase in cash and cash equivalents	 106,408.63
 BEGINNING CASH AND CASH EQUIVALENTS	 <u>270,328.83</u>
 ENDING CASH AND CASH EQUIVALENTS	 <u>\$ 376,737.46</u>

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

RURAL OFFICE OF COMMUNITY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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 accompanying financial statements have been prepared on the accrual basis in accordance with U.S. generally accepted accounting principles. Basis of accounting refers to the timing or recognition of revenues and expenses in the accounts and their reporting in the financial statements. Revenue is recognized when it is earned and expenses are recognized when the related liability is incurred.

Financial Statement Presentation

The Organization has 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 \$3,000. 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). Therefore, no provision for income taxes has been made in these financial statements.

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. The inventories held by the organization include food supplies in their nutrition programs.

Advertising

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

Revenue Recognition

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

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 US Departments of Energy and Health and Human Services. Assistance is provided to twenty-two counties in South Dakota. During the period October 1, 2020 to September 30, 2021, 146 people were served, 42 homes were weatherized, and 9 furnaces were replaced. Additionally, 179 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 with grants from the Department of Health and Human Services. 20 communities are benefited by this program and 851 people were served during the fiscal year. During the year, the total number of congregate meals served was 83,198 as well as 63,074 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 Department of Transportation and Health and Human Services help fund the program. During the fiscal year, this program provided services to 1,388 unduplicated persons and covered a total of 430,793 miles for a total of 55,593 rides.

I – Care: The MidAmerican Energy Company matches 50 cents for every dollar donated by its customers for emergency heating assistance for the needy. A total of 1 households (1 individual) were assisted by this program during the fiscal year.

Other Programs: With grants from the Dept. of Health and Human Services, ROCS also offers the following programs:

Basic Needs (CSBG, Emergency Food and Shelter and Local Funds): Offering a one-time only assistance for temporary shelter, rental and utility assistance to individuals and families who lack a fixed, regular and adequate nighttime residence. In the Fiscal Year, assistance was provided to 1,571 individuals in 570 households. Food pantry assistance was provided to 9,631 individuals in 1,955 households.

CSBG CARES – ROCS was allocated CARES funds to provide emergency assistance related to the COVID-19 pandemic. Funds were available for basic needs, internet or cell phones, vehicle registration or insurance, education needs. Services provided to 33 households and 107 individuals.

School Supply Program: This program offers assistance to children of low income families with school supplies. During the fiscal year, 667 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. 59 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 80 people in 53 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, assistance was provided to 40 households and 104 individuals.

Commodity Supplemental Food Program: For low-income and elderly individuals. 85 boxes were delivered by the ROCS office and ROCS Dining Services programs.

Volunteer Income Tax program: Free tax preparation provided to qualified households. During the fiscal year, 320 clients were served.

Homeless Prevention & Rapid ReHousing: For low income individuals who are experiencing homelessness or on the verge of being evicted from their homes. 8 individuals were served during this fiscal year.

NOTE 4 - LEASES:

Rural Office of Community Services, Inc. leases offices at Wagner, Mitchell, Lake Andes, Chamberlain, Winner, Yankton, and Madison, South Dakota on a contractual basis. The total lease payments for the fiscal year ended September 30, 2021 on these facilities amounted to \$73,920. The required lease payments for these facilities for the fiscal year ending September 30, 2022 will be \$75,360.

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, 2021 totaled \$34,498.45.

NOTE 6 - CHANGES IN CAPITAL ASSETS:

A summary of changes in capital assets for the year ended September 30, 2021 is as follows:

	Balance October 1, <u>2020</u>	<u>Additions</u>	<u>Deletions</u>	Balance September 30, <u>2021</u>
Buildings	\$ 377,818.00	\$	\$	\$ 377,818.00
Equipment and Vehicles	<u>2,489,781.70</u>	<u>181,108.21</u>	<u>(82,840.50)</u>	<u>2,588,049.41</u>
Total	<u>2,867,599.70</u>	<u>181,108.21</u>	<u>(82,840.50)</u>	<u>2,965,867.41</u>
Accumulated Depreciation	<u>(2,582,398.98)</u>	<u>(70,222.93)</u>	<u>82,840.50</u>	<u>(2,569,781.41)</u>
Total Capital Assets, Net	<u>\$ 285,200.72</u>	<u>\$ 110,885.28</u>	<u>\$</u>	<u>\$ 396,086.00</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, 2021, the organization had a total of \$777,565.46 in uninsured deposits held at Commercial State Bank of Wagner, SD.

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	\$ 90,349.29
Transportation	<u>105,632.05</u>
Total	<u>\$ 195,981.34</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.	\$ 18,061.69
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.	14,152.78
Note payable to Commercial State Bank, including interest at 2.15%. Annual payments beginning 5/6/21 with an ending maturity date of 5/6/2027.	44,509.28

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 20,670.12	\$ 2,171.04	\$ 22,841.16
2023	21,528.99	1,312.17	22,841.16
2024	12,902.91	631.65	13,534.56
2025	7,963.38	386.46	8,349.84
2026	8,136.28	213.56	8,349.84
Thereafter	<u>5,522.07</u>	<u>44.49</u>	<u>5,566.56</u>
Totals	<u>\$ 76,723.75</u>	<u>\$ 4,759.37</u>	<u>\$ 81,483.12</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 April 25, 2022, the date the financial statements were available to be issued.

NOTE 12 – AVAILABLE RESOURCES AND LIQUIDITY

The organization strives to maintain liquid financial assets sufficient to cover 120 days of general expenditures. Financial assets in excess of daily cash requirements are invested in certificates of deposit, money market funds and other short-term investments.

The following table reflects the organization's financial assets as of September 30, 2021, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual restrictions or internal board designations. In the event the need arises to utilize the board-designated funds for liquidity purposes, the reserves could be

drawn upon through board resolution. As of September 30, 2021, all financial assets were available to meet cash needs for general expenditures within one year.

2021

Financial assets available to meet cash needs for general expenditures within one year

\$ 975,541

**RURAL OFFICES OF COMMUNITY SERVICES, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

<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		\$ 32,971.85
Emergency Food Assistance Program (TEFAP)	10.569		<u>775.80</u>
Total U.S. Department of Agriculture			<u>33,747.65</u>
U.S. Department of Transportation:			
Pass-Through S.D. Department of Transportation			
Federal Transit - Formula Grants for Rural Areas	20.509	811631	473,066.24
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	811739	<u>419,186.52</u>
Total U.S. Department of Transportation			<u>892,252.76</u>
U. S. Department of Energy:			
Pass-Through the S.D. Department of Social Services:			
Weatherization Assistance for Low-Income Persons	81.042	19SC082603	527,343.12
Weatherization Assistance for Low-Income Persons	81.042	20SC082603	<u>149,766.54</u>
Total U.S. Department of Energy			<u>677,109.66</u>
U. S. Department of Health and Human Services:			
Pass-Through the S.D. Department of Social Services - Aging Cluster:			
Special Programs for the Aging - Title III, Part C Nutrition Services	93.045	19SC193071 20SC193071	303,484.91 <u>113,925.33</u>
Total Nutrition Services			<u>417,410.24</u>
Nutrition Services Incentive Program	93.053	19SC193071 20SC193071	71,544.13 <u>40,583.23</u>
Total Nutrition Services Incentive Program			<u>112,127.36</u>
Total Aging Cluster (Note 3)			<u>529,537.60</u>
Pass-Through the S.D. Department of Social Services:			
Low-Income Home Energy Assistance	93.568	19SC082608	216,804.00
Low-Income Home Energy Assistance	93.568	20SC082608	<u>14,521.43</u>
Total Low income Energy Assistance			<u>231,325.43</u>
Community Services Block Grant	93.569	20SC082611	646,000.08
Community Services Block Grant	93.569	21SC082630	115,952.61
OCS-CARES	93.569	COVID	9,591.86
COVID CSBG	93.569	20SC082626	<u>127,495.38</u>
Total Community Services Block Grant			<u>899,039.93</u>

**RURAL OFFICES OF COMMUNITY SERVICES, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Pass Through North Dakota Community Action Program:			
Community Services Block Grant - Discretionary Awards	93.570	90ET0461-02-01	<u>30,356.33</u>
Total U.S. Department of Health and Human Services			<u>1,690,259.29</u>
Department of Homeland Security:			
Direct Federal Funding:			
Emergency Food and Shelter National Board Program	97.024	Phase 35	<u>35,928.00</u>
Total for Department of Homeland Security			<u>35,928.00</u>
Department of Housing and Urban Development:			
Pass Through South Dakota Housing Development Authority:			
Emergency Solutions Grant	14.231	E18DC46000106	14,663.23
Housing Opportunity Fund	14.257	2017-419	<u>12,582.70</u>
Total for Department of Housing and Urban Development			<u>27,245.93</u>
Department of Treasury:			
Pass Through South Dakota Housing Development Authority:			
South Dakota Housing Development Authority/Emergency Rental Assistance #1 and #2 Grants (Note 3)	21.019/ 21.023	CRF/ERA1/ERA2	<u>2,235,388.40</u>
Total for Department of Treasury			<u>2,235,388.40</u>
GRAND TOTAL			<u>\$ 5,591,931.69</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, 2021. 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, 2021

	<u>Weather-</u>	<u>Trans-</u>	<u>Community</u>	<u>Emergency</u>	<u>Corporate</u>	<u>Total</u>				
	<u>ization</u>	<u>portation</u>	<u>Service</u>	<u>Food and</u>	<u>Account</u>	<u>Total</u>				
	<u>\$</u>	<u>\$</u>	<u>Block</u>	<u>Shelter</u>	<u>Account</u>	<u>Total</u>				
	<u>\$</u>	<u>\$</u>	<u>Grants</u>	<u>Nutrition</u>	<u>\$</u>	<u>\$</u>				
ASSETS										
<u>Current Assets</u>										
Cash	78,914.48		97,656.92	48,011.36	104,605.96	376,737.46				
Receivables:										
Due from grantors	149,766.54	49,342.30	233,697.57	105,988.80		538,795.21				
Prepaid expenses	6,213.22	9,001.64	16,053.11	9,432.02		40,699.99				
Inventory	10,411.78			8,896.95		19,308.73				
Total Current Assets	<u>245,306.02</u>	<u>58,343.94</u>	<u>347,407.60</u>	<u>171,866.51</u>	<u>104,605.96</u>	<u>975,541.39</u>				
<u>Buildings</u>		377,818.00				377,818.00				
Equipment and Vehicles	521,186.18	1,774,030.28	37,482.95	247,835.03	7,512.97	2,588,049.41				
(Less) Accumulated Depreciation	(466,062.64)	(1,826,323.83)	(37,227.86)	(232,654.11)	(7,512.97)	(2,569,781.41)				
Net Property and Equipment	<u>55,125.54</u>	<u>325,524.45</u>	<u>255.09</u>	<u>15,180.92</u>		<u>396,086.00</u>				
Total Assets	<u>300,431.56</u>	<u>383,868.39</u>	<u>347,662.69</u>	<u>187,047.43</u>	<u>104,605.96</u>	<u>1,371,627.39</u>				
LIABILITIES										
<u>Current Liabilities</u>										
Accounts payable		14,934.36				14,934.36				
Accrued expenses	22,056.80	71,198.85	16,998.29	57,887.72		168,141.66				
Total Current Liabilities	<u>22,056.80</u>	<u>86,133.21</u>	<u>16,998.29</u>	<u>57,887.72</u>		<u>183,076.02</u>				
<u>Long Term Liabilities</u>										
Notes Payable	62,570.97			14,152.78		76,723.75				
Accrued Leave Payable	25,747.69		21,778.25	49,452.95		149,822.33				
Total Long Term Liabilities	<u>88,318.66</u>	<u>52,843.44</u>	<u>21,778.25</u>	<u>63,605.73</u>		<u>226,546.08</u>				
Total Liabilities	<u>110,375.46</u>	<u>138,976.65</u>	<u>38,776.54</u>	<u>121,493.45</u>		<u>409,622.10</u>				
NET ASSETS	<u>\$ 190,056.10</u>	<u>\$ 244,891.74</u>	<u>\$ 308,886.15</u>	<u>\$ 65,553.98</u>	<u>\$ 104,605.96</u>	<u>\$ 962,005.29</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, 2021

	Weather- ization	Trans- portation	Community Service Block Grant	Nutrition	Emergency Food and Shelter	Corporate Account	Total
Public Support and Revenue:							
Public support:							
Contributions	\$ 105,632.05		\$ 90,349.29				\$ 195,981.34
Revenue:							
Grants and contracts from governmental agencies	908,435.09	887,529.96	899,039.93	689,907.89	35,928.00	2,945,762.44	6,366,603.31
Other revenue:							
Interest income	25.19	28.81	22.89	27.90		125.91	230.70
Program service fees		433,182.40		894,745.24		7,165.72	1,335,093.36
Miscellaneous	1,300.00	415,581.35		11,552.79			428,434.14
Total Revenue	909,760.28	1,736,322.52	899,062.82	1,596,233.82	35,928.00	2,953,054.07	8,130,361.51
Total Public Support and Revenue	909,760.28	1,841,954.57	899,062.82	1,686,583.11	35,928.00	2,953,054.07	8,326,342.85
Expenses:							
Program services:							
Weatherization	674,339.34						674,339.34
Transportation		1,983,783.18					1,983,783.18
Nutrition				1,725,720.34			1,725,720.34
Special Projects Expenses			223,744.09			2,320,081.26	2,558,541.05
Total Program Services	674,339.34	1,983,783.18	223,744.09	1,725,720.34	14,715.70	2,320,081.26	6,942,383.91
Supporting Services:							
Management and general			466,919.05			577,387.29	1,044,306.34
Total Operating Expenses before Depreciation	674,339.34	1,983,783.18	690,663.14	1,725,720.34	14,715.70	2,897,468.55	7,986,690.25
Depreciation	14,673.24	48,081.57	628.00	6,840.12			70,222.93
Total Operating Expenses after Depreciation	689,012.58	2,031,864.75	691,291.14	1,732,560.46	14,715.70	2,897,468.55	8,056,913.18
Changes in Net Assets	220,747.70	(189,910.18)	207,771.68	(45,977.35)	21,212.30	55,585.52	269,429.67
Net Assets, Beginning of Year	(30,691.60)	434,801.92	101,114.47	111,531.33	26,799.06	49,020.44	692,575.62
Net Assets, End of Year	\$ 190,056.10	\$ 244,891.74	\$ 308,886.15	\$ 65,553.98	\$ 48,011.36	\$ 104,605.96	\$ 962,005.29

**RURAL OFFICE OF COMMUNITY SERVICES, INC.
SCHEDULE OF CONTRACTS ACTIVITIES -
NUTRITION PROGRAMS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	CONGREGATE	HOME- DELIVERED	<u>TOTAL</u>
Public Support and Revenue:			
Public support:			
Contributions	\$ 13,768.84	\$ 76,580.45	\$ 90,349.29
Revenue:			
Grants and contracts from governmental agencies	405,670.81	284,237.08	689,907.89
Other revenue:			
Interest income	5.98	21.92	27.90
Program service fees	380,796.08	525,501.95	906,298.03
Total Revenue	<u>786,472.87</u>	<u>809,760.95</u>	<u>1,596,233.82</u>
Total Public Support and Revenue	<u>800,241.71</u>	<u>886,341.40</u>	<u>1,686,583.11</u>
Expenses:			
Program services:			
Salaries and wages	550,472.89	224,770.73	775,243.62
Fringe benefits	98,598.42	25,041.82	123,640.24
Health Insurance	81,994.29	30,022.97	112,017.26
Contract Services	7,962.22	4,795.86	12,758.08
Professional Services	235.27	72.95	308.22
Maintenance	5,545.78	4,814.00	10,359.78
Travel	3,236.98	3,133.23	6,370.21
Space costs	5,055.67	3,196.37	8,252.04
Utilities	13,870.42	16,063.48	29,933.90
Supplies	39,337.39	27,633.92	66,971.31
Equipment	(2,585.68)	3,618.52	1,032.84
Training/Dues/Registration	811.58	236.44	1,048.02
Insurance	10,497.46	7,085.42	17,582.88
Printing and advertising	1,312.89	1,149.65	2,462.54
Telephone	6,108.61	4,320.56	10,429.17
Garbage	3,608.59	2,356.64	5,965.23
Postage	2,165.50	1,584.70	3,750.20
Meal Contracts	34,291.98	36,815.97	71,107.95
Meal Transport	2,215.93	10,257.97	12,473.90
Food	246,304.29	207,708.66	454,012.95
Total Operating Expenses Before Depreciation and Losses	1,111,040.48	614,679.86	1,725,720.34
Depreciation Expense	<u>6,840.12</u>	<u> </u>	<u>6,840.12</u>
Total Operating Expenses after Depreciation	<u>1,117,880.60</u>	<u>614,679.86</u>	<u>1,732,560.46</u>
Change in Net Assets	(317,638.89)	271,661.54	(45,977.35)
Carryover, Beginning of Year	<u>(1,233,101.38)</u>	<u>1,363,875.15</u>	<u>130,773.77</u>
Carryover, End of the Year	<u>\$ (1,550,740.27)</u>	<u>\$ 1,635,536.69</u>	<u>\$ 84,796.42</u>

**RURAL OFFICE OF COMMUNITY SERVICES, INC.
SCHEDULE OF CONTRACTS ACTIVITIES
WEATHERIZATION PROGRAMS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	<u>DOE</u>	<u>LIEAP</u>		
	10/01/20 09/30/21	10/01/20 06/30/21	07/01/21 09/30/21	<u>TOTAL</u>
Revenue:				
Public Support		\$	\$	\$
Contracts and Grants from				
Governmental Agencies	\$ 527,343.12	\$ 14,521.43	\$ 366,570.54	\$ 908,435.09
Other Revenue:				
Interest Income	25.19			25.19
Miscellaneous	1,300.00			1,300.00
Total Revenue	<u>528,668.31</u>	<u>14,521.43</u>	<u>366,570.54</u>	<u>909,760.28</u>
Total Public Support and Revenue	<u>528,668.31</u>	<u>14,521.43</u>	<u>366,570.54</u>	<u>909,760.28</u>
Expenses:				
Program Services				
Salaries and wages	(9,666.73)	11,237.60	26,690.16	28,261.03
Fringe benefits	38,144.96	2,458.20	6,959.64	47,562.80
Health Insurance	21,367.68	901.10	3,133.55	25,402.33
Audit	6,000.00			6,000.00
Maintenance	3,587.27			3,587.27
Space costs	21,067.44			21,067.44
Travel	16,413.07			16,413.07
Registration/Training Fees	3,496.33			3,496.33
Supplies	23,562.37			23,562.37
Dues	481.98			481.98
Tools and equipment	13,155.03			13,155.03
Insurance	13,527.63			13,527.63
Printing and advertising	220.89			220.89
Telephone	3,892.52			3,892.52
Postage	1,843.47			1,843.47
Contract Labor	138,467.92	3,308.82	78,810.33	220,587.07
Material	122,226.11	7,176.85	115,875.15	245,278.11
Total expenses before depreciation expense and loss on disposal of capital assets	417,787.94	25,082.57	231,468.83	674,339.34
Depreciation Expense	14,673.24			14,673.24
Total Expenses	<u>432,461.18</u>	<u>25,082.57</u>	<u>231,468.83</u>	<u>689,012.58</u>
Change in Net Assets	96,207.13	(10,561.14)	135,101.71	220,747.70
Carryover contract, Beginning	51,517.71	(44,749.76)	(37,459.55)	(30,691.60)
Carryover End of the Year	<u>\$ 147,724.84</u>	<u>\$ (55,310.90)</u>	<u>\$ 97,642.16</u>	<u>\$ 190,056.10</u>

**RURAL OFFICE OF COMMUNITY SERVICES, INC.
SCHEDULE OF CONTRACTS ACTIVITIES -
TRANSPORTATION PROGRAMS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	<u>COMMUNITY TRANSIT</u>
Public Support and Revenue:	
Public support:	
Contributions	\$ 105,632.05
Revenue:	
Grants and contracts from governmental agencies	887,529.96
Other revenue:	
Interest income	28.81
Program service fees	848,763.75
Total Revenue	<u>1,736,322.52</u>
Total Public Support and Revenue	<u>1,841,954.57</u>
Expenses:	
Program services:	
Salaries and wages	1,287,130.86
Fringe benefits	323,989.69
Audit	1,000.00
Fuel	99,529.18
Dues	119.84
Maintenance	49,656.74
Space costs	13,771.96
Travel	15,362.89
Utilities	29,973.93
Supplies	19,390.08
Insurance	66,027.67
Printing and advertising	6,227.43
Telephone	15,130.06
Marketing	1,909.95
Consultant/Legal	212.50
Miscellaneous	54,350.40
Total expenses before depreciation expense and loss on disposal on capital assets	<u>1,983,783.18</u>
Depreciation Expense	48,081.57
Total Expenses	<u>2,031,864.75</u>
Change in Net Assets	(189,910.18)
Carryover, Beginning of Year	<u>434,801.92</u>
Carryover, End of Year	<u>\$ 244,891.74</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, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 25, 2022.

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

April 25, 2022

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, 2021. 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, 2021.

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

April 25, 2022

**RURAL OFFICE OF COMMUNITY SERVICES, INC.
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

PRIOR AUDIT FINDINGS:

There are no prior audit findings.

**RURAL OFFICE OF COMMUNITY SERVICES, INC.
SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

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:

CFDA #

U. S. Department of Health and Human Services:
 Special Program for the Aging - Title III,
 Part C- Nutrition Services
 Food Distribution

93.045
93.053

U.S. Department of Treasury:
 South Dakota Housing Development Rental
 Assistance #1 and #2

21.019
21.023

- 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, 2021**

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.