

SOMEPLACE SAFE

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

Years Ended September 30, 2020 and 2019

SOMEPLACE SAFE

DIRECTORS AND MANAGEMENT

Kendall Churchill	Chairperson
Heather Brandborg	Vice Chairperson
Elizabeth Tanner	Secretary
Lindsey Kalina	Treasurer
Sarah Estep-Larson	Director
Rilee Moulton	Director
Rhoda Smith	Director
Kyra Ladd	Director
Jina Marlow	Director
Elizabeth Spilde	Director
Sheila Korby	Executive Director

TABLE OF CONTENTS

INDEPENDENT AUDITOR’S REPORT	1
FINANCIAL STATEMENTS	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses.....	5
Statements of Cash Flows	7
Notes to the Financial Statements	8
SUPPLEMENTARY INFORMATION	
Schedules of Program Services Expenses	17
FEDERAL AWARDS INFORMATION AND OTHER REPORTS	
Schedule of Expenditures of Federal Awards	19
Notes to the Schedule of Expenditures of Federal Awards	20
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>	21
Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	23
Schedule of Current Year Findings and Questioned Costs.....	25
Summary Schedule of Prior Year Audit Findings.....	27
Corrective Action Plan	28



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Someplace Safe
Fergus Falls, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of Someplace Safe (a nonprofit organization), which comprise the statements of financial position as of September 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years 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 audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements 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 on the previous page present fairly, in all material respects, the financial position of the Organization as of September 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of program services expenses on pages 16-17 is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, on page 18 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2020, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's 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 the Organization's internal control over financial reporting and compliance.



Amery, Wisconsin
December 15, 2020

SOMEPLACE SAFE
STATEMENTS OF FINANCIAL POSITION
September 30, 2020 and 2019

ASSETS		
	2020	2019
CURRENT ASSETS		
Cash and cash equivalents	\$ 923,141	\$ 652,279
Grants receivable	159,330	129,238
Other receivable	750	6,609
Unconditional promises to give	22,500	22,500
Inventories	18,724	-
Prepaid expenses	12,455	12,455
Total Current Assets	1,136,900	823,081
PROPERTY AND EQUIPMENT		
Property and equipment	517,493	508,093
Accumulated depreciation	(238,192)	(218,127)
Property and Equipment, Net	279,301	289,966
OTHER ASSETS		
Security deposits	5,600	5,600
Goodwill, net	5,560	6,950
Other Assets, Net	11,160	12,550
TOTAL ASSETS	\$ 1,427,361	\$ 1,125,597
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 29,089	\$ 22,873
Accrued expenses and other liabilities	89,057	68,579
Current portion of long-term debt	39,661	-
Total Current Liabilities	157,807	91,452
LONG-TERM DEBT	25,639	-
Total Liabilities	183,446	91,452
NET ASSETS		
Without donor restrictions	1,156,760	1,018,929
With donor restrictions	87,155	15,216
Total Net Assets	1,243,915	1,034,145
TOTAL LIABILITIES AND NET ASSETS	\$ 1,427,361	\$ 1,125,597

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

SOMEPLACE SAFE
STATEMENTS OF ACTIVITIES
For the Years Ended September 30, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT						
Contributions and grants						
State financial assistance	\$ 536,129	\$ -	\$ 536,129	\$ 545,991	\$ -	\$ 545,991
Federal financial assistance	1,096,506	-	1,096,506	917,573	-	917,573
United Way services	66,278	-	66,278	64,976	-	64,976
Other grants and contracts	88,057	81,065	169,122	36,482	-	36,482
Fundraising events	82,382	-	82,382	83,218	15,216	98,434
In-kind contributions	99,936	-	99,936	17,206	-	17,206
All other contributions	276,219	-	276,219	222,206	-	222,206
Thrift store sales	362,917	-	362,917	435,236	-	435,236
Program service revenue (fines and PTC fees)	112,629	-	112,629	129,590	-	129,590
Interest	2,068	-	2,068	2,146	-	2,146
Other revenue	10,406	-	10,406	7,496	-	7,496
Assets released from restrictions	9,126	(9,126)	-	-	-	-
Total Revenues, Gains, and Other Support	2,742,653	71,939	2,814,592	2,462,120	15,216	2,477,336
EXPENSES						
Program services	2,179,314	-	2,179,314	2,041,697	-	2,041,697
Support services						
General and administrative	282,565	-	282,565	256,894	-	256,894
Fundraising	142,943	-	142,943	166,476	-	166,476
Total Expenses	2,604,822	-	2,604,822	2,465,067	-	2,465,067
CHANGE IN NET ASSETS	137,831	71,939	209,770	(2,947)	15,216	12,269
NET ASSETS, BEGINNING OF YEAR	1,018,929	15,216	1,034,145	1,021,876	-	1,021,876
NET ASSETS, END OF YEAR	\$ 1,156,760	\$ 87,155	\$ 1,243,915	\$ 1,018,929	\$ 15,216	\$ 1,034,145

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

SOMEPLACE SAFE
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended September 30, 2020

	SUPPORTING SERVICES			Total
	Program Services	General and Administrative	Fundraising	
Salaries	\$ 1,062,698	\$ 198,491	\$ 81,728	\$ 1,342,917
Payroll taxes and fringe benefits	258,928	45,929	18,558	323,415
Communications	47,187	9	2,146	49,342
Travel and meetings	39,597	-	1,413	41,010
Repairs and maintenance	36,500	120	-	36,620
Rent	162,401	-	4,830	167,231
Depreciation	13,270	6,795	-	20,065
Impairment of goodwill	1,390	-	-	1,390
Contracted services	43,031	24,784	1,841	69,656
Utilities	36,331	51	50	36,432
Insurance	15,673	-	424	16,097
Training	19,539	-	4,188	23,727
Printing and publications	6,718	-	5,107	11,825
Supplies	217,738	133	12,765	230,636
Postage	3,573	-	2,398	5,971
Food and meals	2,243	-	4,195	6,438
Advertising	8,682	-	2,610	11,292
Hotels	83,338	-	-	83,338
Technical support	12,465	-	38	12,503
Miscellaneous	14,702	4,918	652	20,272
Client emergency needs	93,310	1,335	-	94,645
TOTAL	<u>\$ 2,179,314</u>	<u>\$ 282,565</u>	<u>\$ 142,943</u>	<u>\$ 2,604,822</u>

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

SOMEPLACE SAFE
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended September 30, 2019

	SUPPORT SERVICES			Total
	Program Services	General and Administrative	Fundraising	
Salaries	\$ 1,085,717	\$ 178,891	\$ 90,719	\$ 1,355,327
Payroll taxes and fringe benefits	259,163	42,665	21,367	323,195
Communications	50,933	-	2,156	53,089
Travel and meetings	73,503	-	1,546	75,049
Programming and supplies	8,294	-	-	8,294
Repairs and maintenance	14,033	-	-	14,033
Rent	156,888	-	6,695	163,583
Depreciation	13,231	9,820	-	23,051
Impairment of goodwill	1,390	-	-	1,390
Contracted services	31,177	25,500	3,090	59,767
Utilities	37,138	-	11	37,149
Insurance	18,136	-	340	18,476
Training	40,120	-	1,890	42,010
Printing and publications	10,704	-	4,523	15,227
Supplies	93,300	-	23,948	117,248
Postage	3,736	-	635	4,371
Food and meals	5,101	-	5,912	11,013
Advertising	16,040	-	2,976	19,016
Hotels	38,924	-	-	38,924
Technical support	7,853	-	130	7,983
Miscellaneous	13,982	18	481	14,481
Client emergency needs	57,029	-	-	57,029
Program services	5,186	-	16	5,202
Support services	41	-	41	82
Advisory and task force committee	78	-	-	78
TOTAL	<u>\$ 2,041,697</u>	<u>\$ 256,894</u>	<u>\$ 166,476</u>	<u>\$ 2,465,067</u>

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

SOMEPLACE SAFE
STATEMENTS OF CASH FLOWS
For the Years Ended September 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 209,770	\$ 12,269
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	20,065	23,051
Impairment of goodwill	1,390	1,390
Net operating changes in		
Grants receivable	(30,092)	12,760
Other receivable	5,859	(6,302)
Prepaid expenses	-	552
Inventories	(18,724)	-
Accounts payable	6,216	(7,093)
Accrued expenses and other liabilities	20,478	(4,015)
Net Cash Provided by Operating Activities	<u>214,962</u>	<u>32,612</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(9,400)	(5,128)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term debt	<u>65,300</u>	<u>-</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	270,862	27,484
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>652,279</u>	<u>624,795</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 923,141</u></u>	<u><u>\$ 652,279</u></u>

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

SOMEPLACE SAFE
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020 and 2019

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Someplace Safe is a non-profit 501(c)(3) organization that provides free and confidential advocacy services to victims and survivors of domestic violence, sexual violence, human trafficking, and other crimes through ten advocacy offices in nine counties and five parenting time centers. These services include a region-wide public education system, short-term emergency placement services, support services, legislative efforts, and fundraising to benefit victims of crime.

The following is a summary of significant accounting policies followed in the preparation of these financial statements:

Basis of Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors or grantors: net assets without donor restrictions and net assets with donor restrictions.

Measure of Operations

The statements of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities, as applicable. Operating activities consist of those items attributable to the Organization's ongoing program services and interest and dividends earned on investments. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates, and those differences could be material.

SOMEPLACE SAFE
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020 and 2019

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Instruments and Credit Risk

The Organization manages deposit concentration risk by placing cash and cash equivalents with financial institution believed to be creditworthy. At times, amounts on deposit may exceed insured limits. To date, the Organization has not experienced, nor does it anticipate, any losses with respect to such accounts. Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from governmental agencies and organizations supportive of the Organization's mission.

Cash and Cash Equivalents

The Organization considers 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.

Receivables and Credit Policies

Accounts receivable consist primarily of noninterest-bearing amounts due for reimbursement grants. The Organization determines the allowance for uncollectible accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectible. At September 30, 2020 and 2019, an evaluation of the aging and collectability of receivables indicated that no allowance was necessary.

Contributions Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. The Organization determines the allowance for uncollectible contributions receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Contributions receivable are written off when deemed uncollectible. At September 30, 2020 and 2019, an evaluation of the aging and collectability of receivables indicated that no allowance was necessary.

Inventories

Inventories consist of thrift store inventory and are stated at the fair market value.

SOMEPLACE SAFE
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020 and 2019

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible Assets

Goodwill resulted from the acquisition of the Organization's thrift store business in Alexandria, Minnesota, for an amount in excess of the fair value of the net assets acquired. The goodwill has an indefinite life, is tested for impairment on an annual basis, and is dependent on events and circumstances. The value of goodwill at September 30, 2020 and 2019 was \$5,560 and \$6,950, respectively. Impairment of goodwill was \$1,390 and \$1,390 for the years ended September 30, 2020 and 2019, respectively.

Property and Equipment

Property and equipment are stated at cost at the date of purchase or, for donated assets, at fair value at the date of donation, less accumulated depreciation. Depreciation and amortization are computed using the straight-line method over the lesser of the estimated useful lives of the assets ranging from three to thirty years, or in the case of capitalized leased assets or leasehold improvement, the lesser of the useful life of the asset or the lease term. The Organization's policy is to capitalize renewals and betterments acquired for greater than \$5,000 and expense normal repairs and maintenance as incurred. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities. The Organization's management periodically evaluates whether events or circumstances have occurred indicating that the carrying amount of long-lived assets may not be recoverable from the estimated future cash flows expected to result from their use and eventual disposition.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions

Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions

Net assets subject to donor (or certain grantor) imposed restrictions. Some donor restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where by the donor stipulates that resources be maintained in perpetuity. 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.

SOMEPLACE SAFE
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020 and 2019

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue and Revenue Recognition

The Organization recognizes revenue from services when the services are provided. Thrift store sales are recognized at the time of purchase. The Organization records special events revenue equal to the cost of direct benefits to donors, and contribution revenue for the difference. All goods and services are transferred at a point in time.

The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions. Federal and state contracts and grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses.

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to the Organization's program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. The Organization records donated professional services at the respective fair values of the services received on the date of contribution

Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include office expenses, contract services, advertising, utilities which are allocated on a full-time equivalent basis as allowed by the grantor, as well as salaries and payroll-related expenses, which are allocated on the basis of estimates of time and effort.

Advertising

The Organization expenses advertising costs as they are incurred.

SOMEPLACE SAFE
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020 and 2019

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Tax Status

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and similar state provisions, though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Organization has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

Subsequent Events Consideration

Management has evaluated subsequent events through December 15, 2020, the date on which the financial statements were available to be issued. Management has determined that there were no material events that would require recognition or disclosure in the Organization's financial statements through this date.

Change in Accounting Principles

In June 2018, FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The Organization has implemented the provisions of ASU 2018-08 applicable to both contributions received and to contributions made in the accompanying financial statements under a modified prospective basis. Accordingly, there is no effect on net assets in connection with the implementation of ASU 2018-08.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statement to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

SOMEPLACE SAFE
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020 and 2019

NOTE 2 – AVAILABILITY AND LIQUIDITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statement of financial position consists of the following at September 30:

Financial assets at year end	2020	2019
Cash and cash equivalents	\$ 923,141	\$ 652,279
Receivables	182,580	158,347
Total Financial Assets	1,105,721	810,626
Less amounts not available to be used within one year		
Net assets with donor restrictions	87,155	15,216
Less net assets with purpose restrictions to be met in less than a year	(61,065)	-
	<u>26,090</u>	<u>15,216</u>
FINANCIAL ASSETS AVAILABLE TO MEET GENERAL EXPENDITURES OVER THE NEXT TWELVE MONTHS	<u>\$1,079,631</u>	<u>\$ 795,410</u>

As part of the Organization’s liquidity management, it has a policy to structure its financial assets to be available as its general expenses, liabilities, and other obligations become due. As part of its liquidity plan, excess cash is invested in short-term investments, including savings accounts.

NOTE 3 – PROPERTY AND EQUIPMENT

Cost of property and equipment as of September 30 consists of the following:

	2020	2019
Land, land improvements, and buildings	\$ 415,707	\$ 406,307
Equipment	101,786	101,786
TOTAL	<u>\$ 517,493</u>	<u>\$ 508,093</u>

Depreciation expense on property and equipment was \$20,065 and \$23,051 for the years ended September 30, 2020 and 2019, respectively.

SOMEPLACE SAFE
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020 and 2019

NOTE 4 – LONG-TERM DEBT

Long-term indebtedness as of September 30 is as follows:

	<u>2020</u>	<u>2019</u>
1% PPP note payable - Bremer Bank, payable monthly including interest starting in November 2020, due April 2022	<u>\$ 65,300</u>	<u>\$ -</u>

In response to the coronavirus (COVID-19) outbreak in 2020, the U.S. Federal Government enacted the Coronavirus Aid, Relief, and Economic Security Act that, among other economic stimulus measures, established the Paycheck Protection Program (PPP) to provide small business loans. In April 2020, the Organization obtained a PPP loan for \$65,300, which is included in the Organization's long-term debt at September 30, 2020. The note matures in April 2022 and bears interest at a fixed annual rate of 1%, with the first six months of interest deferred. The Organization believes it used all of the proceeds from the note for qualifying expenses and has received notice that the PPP loan was forgiven in October 2020. The Organization will recognize a gain on forgiveness of the loan upon notice of forgiveness.

Principal amounts due on long-term debt are as follows: 2021 \$39,661 and 2022 \$25,639.

NOTE 5 –NET ASSETS

Net assets with donor restrictions are as follows for the years ended September 30:

	<u>2020</u>	<u>2019</u>
Specific purpose		
Thrift store remodel	\$ 6,090	\$ 15,216
Perham location operations	20,000	-
Passage of time		
General operations	<u>61,065</u>	<u>-</u>
TOTAL	<u>\$ 87,155</u>	<u>\$ 15,216</u>

Net assets without donor restrictions for the years ended September 30 are as follows:

	<u>2020</u>	<u>2019</u>
UNDESIGNATED	<u>\$1,156,760</u>	<u>\$1,018,929</u>

SOMEPLACE SAFE
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020 and 2019

NOTE 6 – LEASES

The Organization rents office and retail space under non-cancelable operating leases. During the years ended September 30, 2020 and 2019, rental expenses for the lease amounted to \$167,231 and \$163,582, respectively, Future minimum non-cancelable lease payments for the next five years are as follows: 2021 \$31,920; 2022 \$21,960; 2023 \$21,960 and 2024 \$14,640.

NOTE 7 – DONATED MATERIALS AND FACILITIES

During the years ended September 30, 2020 and 2019, the Organization received the following non-cash donations that have been reflected in the financial statements as in-kind revenue:

	<u>2020</u>	<u>2019</u>
Supplies for victims	\$ 99,036	\$ 7,500
Office rent	900	3,600
Space rental - venues for fundraising	-	6,106
TOTAL	<u>\$ 99,936</u>	<u>\$ 17,206</u>

Amounts have been recognized as revenue and expenses in the accompanying financial statements for the fair market value of the donated facilities and supplies.

NOTE 8 – RETIREMENT PLAN

The Organization sponsors a defined contribution plan (the Plan) covering all employees at least 18 years old, with at least one month of service. The Organization, in its sole discretion, may make a profit sharing contribution to eligible employee accounts. For the years ended September 30, 2020 and 2019, no profit sharing contributions were made.

NOTE 9 – ECONOMIC DEPENDENCY

Approximately 58 percent of the Organization’s revenues are from grants with state and federal agencies. These grants are paid primarily by the state including federal pass-through monies. The Organization’s operations and funding are subject to the administrative directives, rules, and regulations of federal and state agencies. Such administrative directives, rules, and regulations are subject to change by acts of Congress or state agencies. Such changes may occur with little notice or inadequate funding to pay for the related costs, including the administrative burden to comply with a change.

SOMEPLACE SAFE
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020 and 2019

NOTE 10 – COVID-19

The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on the Organization's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on the Organization, employees, and vendors all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the Organization's financial condition or results of operations is uncertain.

SUPPLEMENTARY INFORMATION

SOMEPLACE SAFE
SCHEDULE OF PROGRAM SERVICES EXPENSES
Year Ended September 30, 2020

	Otter Tail Outreach	Grant Outreach	Wilkin Outreach	Traverse Outreach	Pope Outreach	Stevens Outreach	Big Stone Outreach	Douglas Outreach	Wadena Outreach	Crime Victim Services	Parenting Time Center	SH Supportive Services	SH Regional Navigator	Development	Thrift Stores	Other Program Services	Total
Salaries	\$ 126,987	\$ 45,285	\$ 42,493	\$ 23,711	\$ 42,214	\$ 43,857	\$ 23,609	\$ 145,964	\$ 79,494	\$ 43,865	\$ 131,699	\$ 55,833	\$ 68,882	\$ 1,479	\$ 187,326	\$ -	\$ 1,062,698
Payroll taxes and fringe benefits	39,167	16,478	11,261	5,492	10,924	9,975	5,481	40,028	24,364	13,239	19,638	17,080	13,942	-	31,859	-	258,928
Communications	6,724	2,321	1,783	2,309	2,628	2,040	1,096	6,631	1,827	1,782	8,191	1,197	1,202	2,146	5,310	-	47,187
Travel and meetings	3,163	1,675	1,169	1,694	1,290	1,302	1,676	1,366	1,934	4,000	972	11,993	5,908	278	1,177	-	39,597
Repairs and maintenance	285	-	-	-	-	20	-	-	1,421	-	27,562	140	-	-	7,072	-	36,500
Rent	15,168	2,313	4,422	2,531	13,942	222	3,979	20,558	5,667	435	11,056	125	1,550	640	79,793	-	162,401
Depreciation	-	-	-	-	-	-	-	-	-	-	13,270	-	-	-	-	-	13,270
Impairment of goodwill	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,390	-	1,390
Contracted services	5,288	1,264	1,280	2,585	1,280	1,280	724	5,069	2,652	1,326	5,646	2,433	2,171	1,421	8,612	-	43,031
Utilities and Security	3,515	207	427	215	242	1,471	202	340	3,080	26	5,721	570	421	50	19,844	-	36,331
Insurance	2,188	485	547	337	547	547	337	1,752	886	760	2,065	516	516	424	3,766	-	15,673
Training	2,210	341	336	174	561	336	249	1,414	1,626	578	4,366	227	2,046	4,188	887	-	19,539
Printing and publications	148	15	19	10	254	19	10	423	135	120	138	240	279	4,781	127	-	6,718
Supplies	30,343	13,737	15,601	13,288	14,404	15,726	13,640	25,607	19,571	5,310	27,261	1,689	2,849	4,569	14,143	-	217,738
Postage	460	221	198	28	89	142	51	466	175	92	283	65	29	881	393	-	3,573
Food and meals	248	60	24	14	61	165	24	230	80	43	312	469	296	87	130	-	2,243
Advertising	2,359	195	203	233	337	292	490	852	980	399	831	267	170	196	878	-	8,682
Hotels	2,666	-	-	-	-	-	-	9,766	529	-	-	-	-	-	-	70,377	83,338
Technical support	404	71	76	63	76	76	63	5,255	149	195	5,312	73	73	38	541	-	12,465
Miscellaneous	1,157	117	149	92	431	225	210	470	390	320	1,674	280	192	652	8,343	-	14,702
Client emergency needs	3,294	53	853	103	803	53	588	4,471	663	2,003	3	17,906	3	-	6	62,508	93,310
TOTAL	\$ 245,774	\$ 84,838	\$ 80,841	\$ 52,879	\$ 90,083	\$ 77,748	\$ 52,429	\$ 270,662	\$ 145,623	\$ 74,493	\$ 266,000	\$ 111,103	\$ 100,529	\$ 21,830	\$ 371,597	\$ 132,885	\$ 2,179,314

SOMEPLACE SAFE
SCHEDULE OF PROGRAM SERVICES EXPENSES
Year Ended September 30, 2019

	Otter Tail Outreach	Grant Outreach	Wilkin Outreach	Traverse Outreach	Pope Outreach	Stevens Outreach	Big Stone Outreach	Douglas Outreach	Wadena Outreach	Crime Victim Services	Parenting Time Center	DHC Safe Harbors	Development	Thrift Stores	Other Program Services	Total
Salaries	\$ 154,736	\$ 45,066	\$ 39,478	\$ 20,725	\$ 36,704	\$ 30,976	\$ 21,216	\$ 149,121	\$ 36,233	\$ 67,841	\$ 158,918	\$ 47,177	\$ 22,759	\$ 191,948	\$ 62,819	\$ 1,085,717
Payroll taxes and fringe benefits	43,023	15,012	10,573	5,445	11,510	7,794	5,872	45,616	9,966	18,018	22,560	14,793	5,160	31,532	12,289	259,163
Communications	7,471	2,886	2,162	2,710	2,477	1,852	1,084	6,369	2,026	2,388	9,054	1,313	2,156	5,479	1,506	50,933
Travel and meetings	7,423	1,991	3,132	2,718	2,337	3,357	2,768	4,648	3,493	10,566	4,871	11,352	1,546	2,040	11,261	73,503
Programming and supplies	9	-	-	-	201	-	-	240	219	-	-	125	-	-	7,500	8,294
Repairs and maintenance	139	81	-	-	-	52	-	410	-	-	12,328	66	-	926	31	14,033
Rent	13,194	3,226	4,426	2,551	13,036	226	4,871	15,340	5,626	452	10,919	77	589	79,758	2,597	156,888
Depreciation	-	-	-	-	-	-	-	-	-	-	13,231	-	-	-	-	13,231
Impairment of goodwill	-	-	-	-	-	-	-	-	-	-	-	-	-	1,390	-	1,390
Contracted services	8,777	1,299	2,706	355	616	616	355	2,416	654	2,925	2,685	467	591	5,158	1,557	31,177
Utilities	4,132	200	187	211	232	1,488	194	311	2,582	43	5,056	417	11	21,470	604	37,138
Insurance	2,412	608	608	322	608	608	322	2,293	608	1,215	2,427	576	341	4,585	603	18,136
Training	4,631	2,589	875	1,095	1,562	1,817	522	4,995	2,807	5,364	4,491	686	1,890	3,609	3,187	40,120
Printing and publications	682	256	219	154	275	329	109	682	287	348	860	322	4,522	1,032	627	10,704
Supplies	10,982	3,128	3,147	1,833	2,172	5,287	2,246	14,741	2,814	2,775	26,197	1,674	2,755	11,543	2,006	93,300
Postage	333	105	93	43	130	159	48	769	252	122	468	54	635	478	47	3,736
Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Food and meals	440	369	56	105	81	114	101	647	185	520	1,047	132	322	190	792	5,101
Advertising	5,024	210	1,010	205	664	536	110	791	1,205	304	1,841	748	1,185	1,459	748	16,040
Hotels	123	-	-	-	-	93	-	-	-	-	-	-	-	-	38,708	38,924
Technical support	718	179	179	179	179	179	179	805	237	148	3,965	57	130	662	57	7,853
Miscellaneous	334	83	83	79	83	83	79	644	159	152	512	1,171	366	5,680	4,474	13,982
Client emergency needs	2,389	1,036	239	-	-	-	-	2,047	6,188	750	-	1,742	-	-	42,638	57,029
Program services	1,070	154	154	106	429	200	106	862	332	292	925	202	16	229	109	5,186
Support services	-	-	-	-	-	-	-	-	-	-	-	-	41	-	-	41
Advisory and task force committee	69	9	-	-	-	-	-	-	-	-	-	-	-	-	-	78
Fundraising	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL	\$ 268,111	\$ 78,487	\$ 69,327	\$ 38,836	\$ 73,296	\$ 55,766	\$ 40,182	\$ 253,747	\$ 75,873	\$ 114,223	\$ 282,355	\$ 83,151	\$ 45,015	\$ 369,168	\$ 194,160	\$ 2,041,697

**FEDERAL AWARDS INFORMATION
AND OTHER REPORTS**

SOMEPLACE SAFE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2020

Federal Grantor Pass-through Grantor Grant Program Title	Pass-Through Grant Numbers	Federal CFDA Number	Expenditures	Passed Through to Subrecipients
United States Department of Justice				
Passed through Minnesota Department of Public Safety				
Crime Victim Services	A-CVS-2020-SOMEPLAC-033	16.575	\$ 1,087,678	\$ -
Facilities Improvement	A-FMR-2019-SOMEPLAC-016	16.575	8,828	-
TOTAL			<u>\$ 1,096,506</u>	<u>\$ -</u>

(The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.)

SOMEPLACE SAFE
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2020

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Someplace Safe for the year ended September 30, 2020. 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*. Because the schedule presents only a selected portion of the operations, it is not intended to, and does not, present the financial position, changes in net assets, 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 of the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 – INDIRECT COST RATE

The Organization has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.



**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
Someplace Safe
Fergus Falls, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Someplace Safe (a nonprofit organization), which comprise the statement of financial position as of September 30, 2020, 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 December 15, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization’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 effectiveness of the Organization’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization’s internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control that we consider to be a significant deficiency, described in the accompanying schedule of current year findings and questioned costs as item 2020-001.

Compliance and Other Matters


As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance 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 non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

Someplace Safe's Response to Findings

The Organization's response to the findings identified in our audit is described in the accompanying schedule of current year findings and questioned costs. The Organization's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



Amery, Wisconsin
December 15, 2020



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

Board of Directors
Someplace Safe
Fergus Falls, Minnesota

Report on Compliance for Each Major Federal Program

We have audited Someplace Safe’s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization’s major federal programs for the year ended September 30, 2020. The Organization’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of current year findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization’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 *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the 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 the Organization’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 the Organization’s compliance.

Opinion on Each Major Federal Program

In our opinion, the Organization 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, 2020.

Report on Internal Control Over Compliance

The Organization's management 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 the Organization'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 the Organization'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, non-compliance 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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material non-compliance 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.

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

Carlson SV JH

Amery, Wisconsin
December 15, 2020

SOMEPLACE SAFE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended September 30, 2020

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on whether the financial statements of the Organization were prepared in accordance with GAAP.
2. One significant deficiency disclosed during the audit of the financial statements is reported in Part 1 of this schedule. No material weaknesses are reported.
3. No instances of noncompliance material to the financial statements of the Organization, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. One significant deficiency in internal control over major federal award programs disclosed during the audit is reported in Part 2 of this schedule. No material weaknesses are reported.
5. The auditor's report on compliance for each major federal program for the Organization expresses an unmodified opinion on all major federal programs.
6. There are no audit findings that are required to be reported in accordance 2 CFR section 200.516(a).
7. The programs tested as major were: Crime Victim Services, CFDA number 16.575.
8. The threshold used for distinguishing between Type A and Type B programs was \$750,000.
9. The Organization was determined to be a low-risk auditee.

(1) FINDINGS – FINANCIAL STATEMENTS AUDIT

SIGNIFICANT DEFICIENCIES

2020-001. Inadequate Segregation of Duties

Condition: The Organization has a limited number of office personnel and, accordingly, does not have adequate separation of duties. An effective internal control structure provides an adequate segregation of duties so that no one individual handles a transaction from its inception to its completion.

Criteria: A fundamental concept in a good system of internal controls is the segregation of incompatible duties.

SOMEPLACE SAFE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended September 30, 2020

(1) FINDINGS – FINANCIAL STATEMENTS AUDIT (Continued)

2020-001. Inadequate Segregation of Duties (Continued)

Cause: Due to the relatively small size of the Organization's staff, the Organization is not able to attain ideal segregation of duties of separating the assignment of different people to authorize transactions, record transactions, and maintain custody of assets.

Effect: This control deficiency could result in a misstatement to the financial statements that would not be prevented or detected.

Recommendation: Although it may not be economically feasible for the Organization to attain an ideal segregation of duties environment, the Organization can periodically observe and evaluate its current structure so as to make improvements when considered necessary.

(2) FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL PROGRAMS AUDIT

SIGNIFICANT DEFICIENCIES

2020-001. Inadequate Segregation of Duties

See Part 1 above for information on this significant deficiency.

There are no questioned costs required to be reported.

SOMEPLACE SAFE
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
Year Ended September 30, 2020

STATUS OF PRIOR YEAR AUDIT FINDINGS

The prior year audit contained one finding.

2019-001. Inadequate Segregation of Duties

Condition: The Organization has a limited number of office personnel and, accordingly, does not have adequate separation of duties. An effective internal control structure provides an adequate segregation of duties so that no one individual handles a transaction from its inception to its completion.

Current status: This condition is noted again during the current year audit of the financial statements.

CORRECTIVE ACTION PLAN

December 15, 2020

To the United States Department of Justice:

Someplace Safe of Fergus Falls, Minnesota, respectfully submits the following corrective action plan for the fiscal year ended September 30, 2020.

Name and address of independent public accounting firm:

CarlsonSV LLP
2450 College Way
Fergus Falls, Minnesota 56537

Audit Period: October 1, 2019 to September 30, 2020

The findings from the September 30, 2020 schedule of current year audit findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule. Summary of Auditor's Results from the schedule does not include findings and is not addressed.

(1) FINDINGS – FINANCIAL STATEMENTS AUDIT

Significant Deficiencies

Item 2020-001. Inadequate Segregation of Duties

Recommendation – Although it may not be economically feasible for the Organization to attain an ideal segregation of duties environment, the Organization can periodically observe and evaluate its current structure so as to make improvements when considered necessary.

(1) **FINDINGS – FINANCIAL STATEMENTS AUDIT** (Continued)

Item 2020-001. Inadequate Segregation of Duties (Continued)

Action Planned – The Organization has determined the benefit of adequately segregating duties is less than the cost. Based on the assessment, the Organization is accepting the risk posed by the deficiency while also evaluating mitigating controls that will help reduce the risk of material misstatement of the financial statements. Management attempts to mitigate the associated risks by doing the following:

1. Identifies areas where the lack of segregation of duties exists and where there are higher risks of errors or fraud occurring.
2. Implements limited segregation to the extent possible to reduce risks without impairing efficiency.
3. Uses the knowledge that management and the Board of Directors have of operations by having them review certain accounting records and reports.
4. Monitors the effectiveness of the above actions and makes changes as considered appropriate.

(2) **FINDINGS – MAJOR FEDERAL AWARDS PROGRAMS AUDIT**

Department of Housing and Urban Development

Item 2020-001. Inadequate Segregation of Duties

See Part 1 above for information on this significant deficiency.

There are no questioned costs required to be reported.

If the United States Department of Justice has questions regarding this plan, please call 218-739-3486.

Respectfully submitted,

Sheila Korby
Executive Director