

SESDAC, INC.
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT
JUNE 30, 2018 AND 2017

QUAM, BERGLIN & POST, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

**SESDAC, INC
BOARD OF DIRECTORS AND OFFICIALS
JUNE 30, 2018**

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SESDAC, INC.

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QUAM, BERGLIN & POST, P.C.

CERTIFIED PUBLIC ACCOUNTANTS
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
SESDAC, Inc.
Vermillion, South Dakota

Report on the Financial Statements

We have audited the accompanying financial statements of SESDAC, Inc., (a nonprofit organization), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 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 misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity'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 SESDAC, Inc. as of June 30, 2018 and 2017, 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.

Report on Summarized Comparative Information

We have previously audited SESDAC, Inc.'s 2017 financial statements, and our report dated September 28, 2017, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information listed in the Table of Contents is presented for the 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 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 taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated September 24, 2018, on our consideration of SESDAC 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 the entity's internal control over financial reporting and compliance.

Quam, Berglin & Post P.C.

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

September 24, 2018

SESDAC, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30,

	<u>2018</u>	<u>2017</u>
ASSETS		
<u>Current Assets</u>		
Cash and Cash Equivalents	\$ 1,602,563.55	\$ 1,436,450.44
Investments	80,673.77	80,205.84
Due from Governments	388,685.50	379,341.40
Accounts Receivable- Net	19,874.30	16,682.16
Prepaid Expenses	28,541.06	25,548.56
Total Current Assets	<u>2,120,338.18</u>	<u>1,938,228.40</u>
<u>Property and Equipment</u>		
Land	119,319.27	119,319.27
Center and Residence	2,585,878.13	2,585,878.13
Furniture and Equipment	187,678.21	189,782.05
Vehicles	873,188.61	873,188.61
Total	<u>3,766,064.22</u>	<u>3,768,168.06</u>
Less: Accumulated Depreciation	<u>(2,541,144.85)</u>	<u>(2,399,078.80)</u>
Total Property and Equipment	<u>1,224,919.37</u>	<u>1,369,089.26</u>
<u>Other Assets</u>		
Restricted Cash	<u>200,927.75</u>	<u>172,579.72</u>
Total Other Assets	<u>200,927.75</u>	<u>172,579.72</u>
Total Assets	<u>\$ 3,546,185.30</u>	<u>\$ 3,479,897.38</u>
LIABILITIES AND NET ASSETS		
<u>Current Liabilities</u>		
Accounts Payable	\$ 69,133.58	\$ 66,662.64
Accrued Vacation Payable	110,844.20	121,663.92
Accrued Taxes and Payroll Payable	59,761.92	65,199.67
Accrued Interest Payable	2,409.01	2,598.46
Current Portion of Long-term Debt	34,075.17	31,049.91
Total Current Liabilities	<u>276,223.88</u>	<u>287,174.60</u>
<u>Long-term Liabilities</u>		
Mortgage Payables	1,311,811.57	1,341,873.98
Less: Current Portion	(30,914.52)	(28,792.69)
Vehicle/Equipment Loans Payable	6,356.99	2,678.15
Less: Current Portion	<u>(3,160.65)</u>	<u>(2,257.22)</u>
Total Long-term Liabilities	<u>1,284,093.39</u>	<u>1,313,502.22</u>
Total Liabilities	<u>1,560,317.27</u>	<u>1,600,676.82</u>
<u>Net Assets</u>		
Unrestricted	1,809,263.61	1,730,811.10
Restricted	<u>176,604.42</u>	<u>148,409.46</u>
Total Net Assets	<u>1,985,868.03</u>	<u>1,879,220.56</u>
Total Liabilities and Net Assets	<u>\$ 3,546,185.30</u>	<u>\$ 3,479,897.38</u>

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

SESDAC, INC.
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30,

	2018			2017
	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL	TOTAL
REVENUE AND OTHER SUPPORT				
Fee Revenue				
Administration and Support	\$ 51,099.46	\$	\$ 51,099.46	\$ 50,205.44
DDD Program Services	3,638,136.93		3,638,136.93	3,662,970.23
USDA, HUD and Housing Services	171,486.75	48,660.00	220,146.75	224,766.38
USDA, HUD, Food Services	24,722.25	48,660.00	73,382.25	74,922.13
Other DHS Program Services	732,371.73		732,371.73	641,244.35
VPT/FS Other Services	69,003.16		69,003.16	46,977.52
Total Fee Revenue	<u>4,686,820.28</u>	<u>97,320.00</u>	<u>4,784,140.28</u>	<u>4,701,086.05</u>
Grant Revenue				
Federal:				
DHS Grants	<u>20,087.26</u>		<u>20,087.26</u>	<u>22,790.87</u>
Non DHS Services:				
Transportation Grants	197,897.69		197,897.69	268,195.14
RTAP Grants	799.00		799.00	571.16
Vehicle Grants	68,402.55		68,402.55	90,991.51
Total Non DHS Services:	<u>267,099.24</u>		<u>267,099.24</u>	<u>359,757.81</u>
Total Grant Revenue	<u>287,186.50</u>		<u>287,186.50</u>	<u>382,548.68</u>
Contributions				
DDD Program Services	10,284.71		10,284.71	10,381.83
Non DHS Services	<u>15,653.00</u>		<u>15,653.00</u>	<u>14,500.00</u>
Total Contributions	<u>25,937.71</u>		<u>25,937.71</u>	<u>24,881.83</u>
Other Income				
Administration & Support	1,072.50		1,072.50	13,633.38
DDD Program Services	307,123.92		307,123.92	62,565.18
Other DHS Program Services	1,089.55		1,089.55	905.66
USDA, HUD and Housing Services	25,998.75	128,200.20	154,198.95	157,581.29
Food Services	19,432.00		19,432.00	105,363.53
Non DHS Services	70,399.23		70,399.23	75,091.44
Total Other Income	<u>425,115.95</u>	<u>128,200.20</u>	<u>553,316.15</u>	<u>415,140.48</u>
Total Revenue and Other Support	<u>5,425,060.44</u>	<u>225,520.20</u>	<u>5,650,580.64</u>	<u>5,523,657.04</u>
Net Assets added to or released from Restrictions	<u>197,325.24</u>	<u>(197,325.24)</u>		
EXPENSES				
Program Services	5,167,467.67		5,167,467.67	5,084,731.64
Supporting Services:				
Management and General	<u>376,465.50</u>		<u>376,465.50</u>	<u>514,128.69</u>
Total Expenses	<u>5,543,933.17</u>		<u>5,543,933.17</u>	<u>5,598,860.33</u>
INCREASE (DECREASE) IN NET ASSETS	78,452.51	28,194.96	106,647.47	(75,203.29)
NET ASSETS AT BEGINNING OF YEAR	<u>1,730,811.10</u>	<u>148,409.46</u>	<u>1,879,220.56</u>	<u>1,954,423.85</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,809,263.61</u>	<u>\$ 176,604.42</u>	<u>\$ 1,985,868.03</u>	<u>\$ 1,879,220.56</u>

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

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SESDAC INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018
(With Comparative Totals for 2017)

EXPENSES	Non-Allowable costs Adjustments	General & Admin & Support (00 & 01)	Long Term Services & Support (02)	Residential Services (03)	Food Services (04)	USDA/HUD Housing Services (05)
1000 PERSONNEL SERVICES:	(17)	(00 & 01)	(02)	(03)	(04)	(05)
1010 Administrative Salaries	\$	\$ 248,516.38	\$	\$	\$	\$
1020 Professional/Program Staff		882.10	6,095.66	1,417,206.87		
1040 Clerical/Support Salaries		4,825.73		164,433.77		36,597.76
TOTAL PERSONNEL SERVICES		254,224.21	6,095.66	1,581,640.64		36,597.76
1100 PERSONNEL BENEFITS AND TAXES:						
1110 Retirement Plans		6,318.13		10,337.34		
1120 Insurance Benefits		12,973.41		544,612.67		
1130 Other Benefits						
1130 Employee Medical				344.00		
1130 Drug Testing		35.00		2,285.78		
1130 Background Checks						
1130 Staff Appreciation	4,063.64	140.90		3,380.04		
1130 Other Benefits	272.76	2,230.55		(6,975.90)		
1140 FICA Taxes		13,626.04	4,609.05	140,397.28		2,650.01
1150 Unemployment Insurance		669.52	191.22	6,066.23		98.52
1160 Worker's Compensation Insurance		1,173.98	77.00	19,576.65		
1170 Professional Liability Insurance		6,056.62	17.70	5,542.34		
TOTAL PERSONNEL BENEFITS AND TAXES	4,336.40	43,224.15	4,894.97	725,566.43		2,748.53
1200 PROFESSIONAL FEES & SERVICES:						
1210 Accounting/Computer Service		4,483.92		17,660.75		
1210 Legal and Auditing Services		8,200.00				1,350.00
1210 Advertising/Public Relations		3,157.69		7,402.19		
1210 Dues/Memberships/Subs./Ref. Materials		1,660.72		4,083.06		
1210 Registration Fees	305.38	2,409.78		981.28		
1220 Habilitation/Rehabilitation						
TOTAL PROFESSIONAL FEES & SERVICES	305.38	19,912.11		30,127.28		1,350.00
1237 MEDICAL SERVICES & FEES:						
1237 Physician/Nursing Service						
TOTAL MEDICAL SERVICES & FEES						
1290 CONTRACTUAL & PROFESSIONAL SERVICES:						
1290 Training/Presentation Fees		182.29		3,126.41		
1290 Management Fees						15,283.14
1290 Payroll Time Attend Fees		2,238.06	320.13	17,574.80		
1290 Other Professional Services		7,790.89		15,857.38		
TOTAL CONTRACTUAL & PROFESSIONAL SERVICES		10,211.24	320.13	36,558.59		15,283.14
TOTAL PROFESSIONAL FEES & CONTRACT SERVICES	305.38	30,123.35	320.13	66,685.87		16,633.14
1300 TRAVEL/TRANSPORTATION:						
1390 Rental/Mileage		1,393.14		123.25		
1390 Vehicle Repair/Maint.		208.16		7,423.86		
1390 Insurance		247.34		11,751.24		
1390 Lodging & Meals	54.23	1,866.48		1,215.85		
1390 Coordinated Transp.				8,096.54		
1390 Vehicle Gas/Oil		437.68		10,155.77		1,816.39
1390 Other Transp Fees						
TOTAL TRAVEL/TRANSPORTATION	54.23	4,152.80		38,766.51		1,816.39
1400 SUPPLIES:						
1490 Office Supplies		946.92		3,195.72		309.61
1490 Program/Instructional Sp		144.47		1,647.26	3,680.98	
1490 Medical Supplies/Drugs				22,146.86		
1440 Food -Coffe/Pop/Water		3,531.77				
1440 Food -Commodities						
1440 Food -Dietary Supplements						
1440 Food -Food					114,917.60	
1490 Postage & Shipping		197.90		1,978.03		
TOTAL SUPPLIES		4,821.06		28,967.87	118,598.58	309.61

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

PROGRAM SERVICES

Medical Equipment & Drugs (06)	Nursing Services (07)	Segregated Day & Educ. Services (10)	Supported Employment (11)	VPT (14)	Family Support (15,16,18 & 19)	Private Pay (20)	2018 Total	2017 Total
\$	\$	\$	\$	\$	\$	\$	\$	\$
	130,461.90	421,698.82	70,091.59		185,350.62		248,516.38	295,839.58
	7,325.38	23,537.85	6,700.84	238,114.55			2,231,787.56	2,414,094.78
	137,787.28	445,236.67	76,792.43	238,114.55	185,350.62		481,535.88	486,055.61
							2,961,839.82	3,195,989.97
	4,018.80	8,701.67	2,272.32	2,948.75	5,447.66		40,044.67	42,196.54
	40,678.50	51,036.55	32,022.68	33,602.69	44,725.67		759,652.17	548,366.45
	1.75	795.97	17.50	826.90		35.00	344.00	359.94
							3,997.90	3,367.45
	104.22	356.84	72.29				85.32	85.32
	(528.51)	(535.47)	(382.98)	272.11	(627.24)		8,117.93	9,946.78
	9,674.84	8,446.64	5,963.17	17,877.06	12,617.92		(8,274.68)	4,704.24
	217.41	203.82	148.84	854.43	282.01		215,862.01	245,688.84
	1,799.08	9,148.07	1,611.51	6,646.71	2,243.04		8,732.00	12,651.11
	730.70	1,900.16	351.57	847.35	660.80		42,276.04	37,464.07
	56,696.79	80,054.25	42,076.90	63,876.00	65,349.86	35.00	16,107.24	16,611.09
							1,088,859.28	921,441.83
	950.26	1,485.87	971.75	144.00			25,696.55	23,400.73
							9,550.00	14,640.52
	234.01	588.86	1,996.45	2,608.11			15,987.31	18,173.50
	201.70	239.72	217.92	767.00	368.00		7,538.12	17,726.28
	75.09	60.72	311.02	541.25	78.00		4,762.52	6,249.79
		547.50					547.50	598.50
	1,461.06	2,922.67	3,497.14	4,060.36	446.00		64,082.00	80,789.32
	5,115.00						5,115.00	5,235.00
	5,115.00						5,115.00	5,235.00
	176.05	169.63	154.20				3,808.58	2,296.94
				2,000.04	33,868.28		51,151.46	50,257.44
	834.87	989.27	935.96	2,063.70	1,377.75		26,334.54	23,501.52
	641.77	939.00	655.34	15,595.00			41,479.38	69,343.04
	1,652.69	2,097.90	1,745.50	19,658.74	35,246.03		122,773.96	145,398.94
	8,228.75	5,020.57	5,242.64	23,719.10	35,692.03		191,970.96	231,423.26
	2.94	3.33	169.26		12,213.43		13,905.35	14,675.00
	2,078.21	2,706.50	881.45	30,086.97		392.03	43,777.18	62,405.29
	2,637.75	1,322.96	1,242.94	7,762.90			24,965.13	23,040.38
	163.54	148.49	194.25	331.00	1,230.82		5,204.66	5,338.21
		28,925.37	8,964.27				45,986.18	24,754.10
	2,857.69	3,325.95	639.70	35,513.25		403.15	55,149.58	50,718.15
								33.00
	7,740.13	36,432.60	12,091.87	73,694.12	13,444.25	795.18	188,988.08	180,964.13
	150.85	196.16	160.22	922.68	2,483.21		8,365.37	9,418.04
	56.79	839.81	43.19	212.00		24.00	6,648.50	5,879.61
2,115.10	24.16	3.44					24,289.56	23,821.28
							3,531.77	4,051.44
								4,910.45
2,511.69							2,511.69	4,276.60
							114,917.60	109,622.15
	94.82		161.00	42.44	1,930.03		4,404.22	5,340.22
4,626.79	326.62	1,039.41	364.41	1,177.12	4,413.24	24.00	164,668.71	167,319.79

EXPENSES (continued)	Non-Allowable costs <u>Adjustments</u> (17)	Admin & Support <u>Support</u> (01)	Long Term Services & Support <u>& Support</u> (02)	Residential Services <u>Services</u> (03)	Food Services <u>Services</u> (04)	USDA/HUD Housing Services <u>Services</u> (05)
1500 OCCUPANCY:						
1510 Rent of Space						49,260.00
1520 Utilities						
1520 Gas		178.66		899.45		6,304.05
1520 Electrical		1,331.95		7,240.66		24,019.02
1520 Sewer & Water		328.06		1,386.10		18,404.63
1520 Garbage		49.28		409.70		3,409.46
1520 Cable		46.96		759.58		7,501.22
1520 Telephone		1,903.55		8,500.45		5,380.08
1520 Internet		105.07		1,797.21		5,762.04
1590 Mortgage Interest		1,816.54		7,149.82		18,517.49
1590 Insurance & Taxes		1,282.52		3,581.27		11,423.99
1590 Occupancy Supplies		423.20		1,744.64		24,266.08
1590 Materials Maint Repairs		254.98		916.01		11,234.42
1590 Snow Removal		330.26		1,659.81		7,820.00
1590 HVAC		130.55		656.08		1,264.00
1590 Janitorial		1,984.02		7,794.88		
1590 Other Contract Maint Svs		1,122.73		7,237.38		40,154.13
TOTAL OCCUPANCY		<u>11,288.33</u>		<u>51,733.04</u>		<u>234,720.61</u>
EQUIPMENT:						
1600 Equipment						
1600 Office Equip		4,552.92		3,277.36		
1600 Furn & Furnishing Equip		84.97		1,181.52		2,859.34
1600 Food Service Equip				9.99	1,790.51	3,152.72
1600 Bldg & Grounds Equip		92.61		291.64		2,500.43
1600 Medical & Dental Equip						
1600 Other Equip						
1600 Rentals/Operating Leases		4,815.72		864.54		1,315.99
1600 Repairs/Maintenance		93.99		1,261.28		2,896.25
TOTAL EQUIPMENT		<u>9,640.21</u>		<u>6,886.33</u>	<u>1,790.51</u>	<u>12,724.73</u>
DEPRECIATION:						
1700 Building		3,279.24		17,173.44		37,517.92
1720 Equipment		5,326.25				
1720 Furnishings/Equip		1,408.44		1,624.32		
1720 Vehicles		3,150.00		6,699.00		
1720 Grant/Non-Allowable						
TOTAL DEPRECIATION		<u>13,163.93</u>		<u>25,496.76</u>		<u>37,517.92</u>
MISCELLANEOUS:						
1890 Person Supported Special Needs				295.00		
1890 Recreation				6,010.27		
1860 Bad Debt	15.00					
1890 Other	1,106.45	10.00		44.59		
TOTAL MISCELLANEOUS	<u>1,121.45</u>	<u>10.00</u>		<u>6,349.86</u>		
FAMILY SUPPORT:						
1890 FS State-Assist to Families						
1890 Nutritional Supp						
1890 Child Care						
1890 Enviro Assessibility						
1890 Vehicle Mods						
1890 Trave/Mileage						
1890 Training/Education						
1890 Equip/Supplies						
1890 Medical/Dental/Nutr						
1890 Housing Assist/Utilities						
1890 Recreation						
1890 Companion Care						
1890 Other						
1890 LifeQuest TimeCards						
1890 Counseling						
1890 FS Wavier-Assist to Families						
1890 Nutritional Supp						
1890 Respite Care						
1890 Enviro Assessibility						
1890 Vehicle Mods						
1890 Equip/Supplies						
1890 Housing Assist/Utilities						
1890 Companion Care						
1890 Personal Care						
TOTAL FAMILY SUPPORT						
TOTAL EXPENSES	<u>\$ 5,817.46</u>	<u>\$ 370,648.04</u>	<u>\$ 11,310.76</u>	<u>\$ 2,532,093.31</u>	<u>\$ 120,389.09</u>	<u>\$ 343,068.69</u>

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

PROGRAM SERVICES

<u>Medical Equipment & Drugs</u> (06)	<u>Nursing Services</u> (07)	<u>Segregated Day & Educ. Services</u> (10)	<u>Supported Employment</u> (11)	<u>VPT</u> (14)	<u>Family Support</u> (15, 16, 18 & 19)	<u>Private Pay</u> (20)	<u>2018 Total</u>	<u>2017 Total</u>
					8,040.00		57,300.00	66,540.00
	115.51	617.99	114.83	1,364.85			9,595.34	8,417.24
	869.48	4,680.88	864.46	2,155.70			41,162.15	41,419.03
	181.10	957.15	173.13	690.68			22,120.85	22,136.33
	32.10	172.99	31.91	198.00			4,303.44	4,005.00
	36.80	43.73	39.72	895.65			9,323.66	9,412.78
	1,323.11	1,552.94	200.18	3,906.12	3,680.80		26,447.23	23,666.51
	82.24	97.74	88.86	840.00	480.00		9,253.16	9,240.84
	938.93	5,268.92	893.04				34,584.74	36,799.43
	485.53	2,767.79	443.20	1,436.05	906.59		22,326.94	21,925.10
	197.59	1,066.28	196.06	358.36			28,252.21	33,915.67
	112.93	775.58	112.18	257.64			13,663.74	35,689.93
	213.43	1,141.40	212.10	1,165.00			12,542.00	7,780.20
	84.36	451.18	83.83	312.00			2,982.00	9,815.70
	979.48	5,596.31	925.31				17,280.00	17,280.00
	758.07	3,680.68	679.20	2,630.77			56,262.96	79,825.32
	6,410.66	28,871.56	5,058.01	16,210.82	13,107.39		367,400.42	427,869.08
	118.49	188.34	224.99	2,208.90	345.98		10,916.98	17,022.95
	7.07	38.83	7.01	125.63	39.78		4,344.15	8,722.14
							4,953.22	3,662.29
2,257.66	32.12	151.65	28.32	182.37			3,279.14	2,774.14
				15,234.00			2,257.66	874.68
							15,234.00	193.13
	17.47	92.32	16.96				7,123.00	4,491.63
423.16	43.48	391.67	43.19	74.50			5,227.52	18,724.24
2,680.82	218.63	862.81	320.47	17,825.40	385.76		53,335.67	56,465.20
	2,092.08	11,521.44	2,078.52				73,682.64	73,996.08
				1,225.56			5,326.25	9,193.44
	6,680.04	3,789.96	3,150.00	8,154.12			4,258.32	7,712.52
				37,518.72			31,623.12	36,903.89
	8,772.12	15,311.40	5,228.52	46,898.40			37,518.72	29,378.69
							152,389.05	157,184.62
		132.12					295.00	237.23
							6,142.39	810.07
							15.00	82.21
							1,161.04	683.06
		132.12					7,613.43	1,812.57
					1,252.32		1,252.32	647.79
					1,826.00		1,826.00	722.50
					424.59		424.59	2,437.61
					3,466.98		3,466.98	1,932.03
					13,811.13		13,811.13	11,749.65
					3,736.34		3,736.34	6,134.63
					12,146.40		12,146.40	10,943.72
					5,493.36		5,493.36	4,996.23
					9,648.84		9,648.84	6,173.15
					55,455.17		55,455.17	54,629.25
					255.00		255.00	
					6,673.48		6,673.48	3,290.06
					2,892.85		2,892.85	2,967.70
					1,236.37		1,236.37	526.90
					2,210.82		2,210.82	4,559.24
					11,237.70		11,237.70	8,285.43
					22,168.69		22,168.69	10,122.20
					76,203.61		76,203.61	
					122,509.92		122,509.92	122,948.29
					14,218.18		14,218.18	4,843.50
								480.00
					366,867.75		366,867.75	258,389.88
<u>\$ 7,307.61</u>	<u>\$ 226,180.98</u>	<u>\$ 612,961.39</u>	<u>\$ 147,175.25</u>	<u>\$ 481,515.51</u>	<u>\$ 684,610.90</u>	<u>\$ 854.18</u>	<u>\$ 5,543,933.17</u>	<u>\$ 5,598,860.33</u>

SESDAC, INC.
STATEMENT OF CASH FLOWS
JUNE 30,

	<u>2018</u>	<u>2017</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ 106,647.47	\$ (75,203.29)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	152,389.05	157,184.62
(Increase) decrease in operating assets		
Accounts Receivable	(12,536.24)	51,513.15
Prepaid Insurance	(2,992.50)	(16,885.84)
Increase (decrease) in operating liabilities:		
Accounts Payable and Accrued Expenses	<u>(13,975.98)</u>	<u>(80,351.32)</u>
Net cash provided by operating activities	<u>229,531.80</u>	<u>36,257.32</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES:</u>		
Principal Payments on Loans	<u>(34,602.73)</u>	<u>(32,825.99)</u>
Net cash provided by financing activities	<u>(34,602.73)</u>	<u>(32,825.99)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Change in Investments	(467.93)	(386.39)
Purchase of capital assets	<u> </u>	<u>(90,932.00)</u>
Net cash provided by financing activities	<u>(467.93)</u>	<u>(91,318.39)</u>
Net increase in cash and cash equivalents	194,461.14	(87,887.06)
Cash and cash equivalents:		
Beginning of year	<u>1,609,030.16</u>	<u>1,696,917.22</u>
End of year	<u>\$ 1,803,491.30</u>	<u>\$ 1,609,030.16</u>
<u>SUPPLEMENTAL CASH FLOW INFORMATION</u>		
Interest paid during the year	\$ 34,774.19	\$ 37,135.34
Value of USDA donated commodities received		4,910.45
Donated vehicles from the Department of Transportation		54,345.60

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

SESDAC, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Note 1 - Summary of Significant Accounting Policies

Organization

Mission Statement: *Building Community Resources to Create a Person-Centered Life.*

Vision Statement: *All people are valued community members.*

SESDAC, Inc., operates a program to provide nursing, daytime supports, supported employment and integrated and segregated residential services needed for self-sufficiency in the community for people with intellectual and developmental disabilities. SESDAC, Inc. also operates the Vermillion Public Transit System. The organization's area of operation encompasses Southeast South Dakota.

Third Party Reimbursements

SESDAC, Inc. receives reimbursement for services provided to people with intellectual and developmental disabilities from the South Dakota Department of Human Services through various programs. The organization is dependent upon this funding for maintaining its various operations.

Basis of Accounting

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

Financial Statement Presentation:

SESDAC, Inc. follows the recommendations of the Financial Accounting Standards Board Accounting Standards Codification (ASC) 958-205, "Presentation of Financial Statements" (formerly SFAS No. 117). Under ASC 958-205, the organization is required to report information regarding its financial position and activities according to two classes of net assets: unrestricted net assets and temporarily restricted net assets.

Unrestricted Net Assets: Those that are currently available for use in the normal operations of the organization under the direction of the Board of Directors. Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets: Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

In addition, the organization is required to present a statement of cash flows.

Net assets of the restricted classes are created only by donor-imposed restrictions on their use. All other assets, including board designated or appropriated amounts are legally unrestricted and are reported as unrestricted net assets.

SESDAC, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Comparative Data: The financial statements include certain June 30, 2017 comparative information. With respect to the statement of financial position, the statement of activities, and the statement of cash flows, such prior information is not presented by net asset class and, in the statement of functional expenses, the June 30, 2017 expenses by object are presented in total rather than by functional category. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended June 30, 2017 from which the summarized information was derived.

Property and Equipment

Items are capitalized if over \$5,000 and have a useful life of greater than one year. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets as follows:

	<u>Capitalization Threshold</u>	<u>Estimated Useful Life</u>
Land	All	N/A
Improvements	5,000.00	10-50 yrs
Buildings	5,000.00	25 yrs
Machinery and Equipment	5,000.00	5-12 yrs
Food Service Equipment	5,000.00	12 yrs
Vehicles	5,000.00	7 yrs

Income Taxes

SESDAC, Inc., is a nonprofit corporation exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). The organization is also exempt from property taxes.

Functional Allocation of Expenses

The costs of providing various programs and supporting services have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses.

Cash and Cash Equivalents

For purposes of the Statement of Financial Position and the Statement of Cash Flows, the organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Use of Estimates

The organization prepares its financial statements on the accrual basis of accounting. 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 amounts could differ from those estimates.

Advertising

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

**SESDAC, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

Note 2 – Temporarily Restricted Net Assets

Net assets were released from restrictions as follows:

	<u>2018</u>	<u>2017</u>
Purpose of restriction accomplished:		
Expenses incurred to satisfy donor restrictions	<u>\$ 197,325.24</u>	<u>\$ 228,869.89</u>

Note 3 - Concentrations of Cash

The organization maintains cash balances at several financial institutions. Accounts at each banking institution are insured by the Federal Deposit Insurance Corporation up to \$250,000 per account category in addition to fully insuring the non-interest bearing deposit balances. All of SESDAC's bank balances except \$875,243.14 are fully insured.

Cash investments of the organization held by a brokerage company are covered by the Securities Investor Protection Corporation (SIPC) to a limit of \$500,000.00. In the event of loss, the brokerage firm carries separate insurance protection called Excess of SIPC protection. However, both SIPC and Excess of SIPC protection are not equivalent to FDIC insurance coverage.

Note 4 - Restricted Cash

The restricted cash at June 30, 2018 consists of the following:

Replacement Reserve - HUD

In accordance with the provisions of the mortgage, the replacement reserve is funded monthly and is held in a separate account to be used for the replacement of property. Withdrawals require advance approval from HUD. \$ 55,281.49

Residual Receipts Reserve - HUD

Surplus Cash of the Section 8 project is deposited to a separate account at the end of each fiscal year. Withdrawals from this account must be authorized by HUD prior to disbursement. 2,515.31

Replacement Reserve for Debt - Rural Development

In accordance with the provisions of the mortgage, this reserve account is funded monthly. 24,323.33

Reserve for Replacement - Rural Development

In accordance with the provisions of the mortgage, this reserve account is funded monthly and is held in a separate account to be used for the replacement of property. Withdrawals require advance approval from Rural Development. 105,780.65

Reserve for Replacement - Monroe House

In accordance with the provisions of the mortgage, the replacement reserve is funded monthly and is held in a separate account to be used for the replacement of property. Withdrawals require advance approval from SDHDA. 13,026.97

Total \$ 200,927.75

SESDAC, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Note 5 – Long-Term Debt Payable

Mortgage payables at June 30, 2018 are as follows:

	Total	Current Portion
Activity Center at 1314 E. Cherry Mortgage Payable to Rural Development at 4.25% interest. Monthly payment \$1,959. Secured real estate. Matures in May 2045.	\$ 374,642.31	\$ 7,735.22
HUD Mortgage-601 Elm and 21 Walnut Mortgage Payable to HUD, 9 1/4%, monthly payments of \$2,799.73 secured by residence, matures October 2024	160,570.93	19,559.39
Rural Development Mortgage, secured by residences at 317 W. Clark and 320 W. Cedar, Variable interest at 2.325 to 2.468. Monthly payments of \$644.33, Matures July 2036	254,697.33	3,619.91
South Dakota Housing Development Authority loan granted under the Neighborhood Stabilization Housing Project, in September, 2010, Payment is deferred unless the property is sold during the Period of Affordability which is a minimum of twenty years from the project completion date. The project was completed in May, 2011. The annual rate of interest is 0%.	521,901.00	
Capital Lease for the purchase of Canon Copier. Monthly payments of \$228.31 for 36 months ending by 10/01/2020	5,936.06	2,739.72
Capital Lease for the purchase of Canon Copier. Monthly payments of \$140.31 for 36 months ending by 10/10/18	420.93	420.93
Total	\$ 1,318,168.56	\$ 34,075.17

Maturities of long-term debt over the next five years are as follows:

Year Ended June 30,	Amount
2019	\$ 30,914.52
2020	33,196.96
2021	35,677.15
2022	38,373.27
2023	41,305.35

SESDAC, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Note 6 - Lease Arrangements

The organization leases equipment and vehicles under various operating lease agreements, which continue through the year 2018. Rent expenses for these leases during the current year totaled \$7,123.

The organization also maintains several rental apartments for the use of their clients. The rental expense for these apartments during the year ended June 30, 2018 was \$57,300.

Future commitments under non-cancelable operating leases are as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2019	\$ 30,084.28
2020	<u>3,142.28</u>
Total	<u>\$ 33,226.56</u>

Note 7 – Employee Benefit Plans

The organization changed its employee retirement plan from a tax-sheltered annuity program qualified under Section 403(b) of the Internal Revenue Code to a 401K plan effective from July 1, 2007. All employees are eligible to participate in the plan after being employed for one year and after completing 1000 hours of service. The organization matches up to 3% of the gross salary of the employees. Employer contributions totaled \$40,556.68 and \$43,372.95 for the years ended June 30, 2018 and 2017 respectively.

Note 8 – Accrued Leave

All permanent, full-time employees are allowed annual leave with full pay. Depending on the years of service, the annual leave allowed varies from 4.62 to 7.62 hours bi-weekly to a maximum cap of 200 hours. Upon termination or retirement, employees will receive full pay for the accumulated leave, subject to the agency separation procedures and maximum accrual hours.

As of June 30, 2018, and 2017, the total liabilities for accrued leave were \$110,844.21 and \$121,663.92 respectively.

Note 9 – Subsequent Events

In preparing these financial statements, the SESDAC, Inc., has evaluated events and transactions for potential recognition or disclosure through September 19, 2018, the date the financial statements were available to be issued.

SESDAC INC.
SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES
FOR THE YEAR ENDED JUNE 30, 2018
(With Comparative Totals for 2017)

		----- Program Services -----								
		Admin & Support	DDD Program Services	USDA/HUD Housing Services	Food Services	Division of Rehab, Services	Other DHS Program Services	VPT/ Non DHS Services	2018 Total	2017 Total
2000	FEES									
2020	Home & Community Services	\$	\$ 3,394,169.89	\$	\$	\$	\$	\$	\$ 3,394,169.89	\$ 3,400,073.89
2020	HCBS Match		55,780.00						55,780.00	57,148.00
2020	LTSS General						20,390.33		20,390.33	
2020	Family Support Waiver						489,165.26		489,165.26	386,370.91
2045	Local School Districts									
2045	School-HCBS		54,772.10						54,772.10	61,378.11
2045	School-Day Services		89,543.25						89,543.25	64,528.50
2045	School-Job Coaching		7,965.75						7,965.75	9,477.00
2055	Private Pay		22,250.13						22,250.13	22,710.00
2070	HAP/Room & Board			220,146.75	73,382.25				293,529.00	299,688.51
2080	ENF Revenue		13,158.95						13,158.95	46,581.40
2080	Family Support State						172,175.37		172,175.37	154,802.89
2080	Voc. Rehab Svs					50,640.77			50,640.77	100,070.55
2080	CTS - Other		496.86						496.86	1,073.33
2090	Management Fees	51,099.46						19,500.00	70,599.46	69,705.44
2090	Transit Contracts							2,107.50	2,107.50	2,217.00
2090	Trans/SESDAC Matching Funds							45,986.18	45,986.18	24,754.10
2090	Jefferson Lines Ticket Sales							1,409.48	1,409.48	506.42
	TOTAL FEES	<u>51,099.46</u>	<u>3,638,136.93</u>	<u>220,146.75</u>	<u>73,382.25</u>	<u>50,640.77</u>	<u>681,730.96</u>	<u>69,003.16</u>	<u>4,784,140.28</u>	<u>4,701,086.05</u>
2100	GRANTS									
2110	Other Grants-For Contributed Capital									54,345.60
2120	Other Grants-For Non-Capital Contribution					20,087.26		25,347.18	45,434.44	68,717.29
2120	Section 5311 Transportation Grant							181,237.67	181,237.67	197,189.54
2120	Title III-B Transportation Grant							16,660.02	16,660.02	16,660.00
2120	RTAP Grant Reimbursements							799.00	799.00	571.16
2120	State, Pub & Spec Tr (DOT)							43,055.37	43,055.37	45,065.09
	TOTAL GRANTS					<u>20,087.26</u>		<u>267,099.24</u>	<u>287,186.50</u>	<u>382,548.68</u>
2200	CONTRIBUTIONS									
2220	Local Government		4,320.00					7,500.00	11,820.00	11,820.00
2220	Private Donations									2,000.00
2220	United Way							5,250.00	5,250.00	7,000.00
2220	Other Contributions		5,964.71					2,903.00	8,867.71	4,061.83
	TOTAL CONTRIBUTIONS		<u>10,284.71</u>					<u>15,653.00</u>	<u>25,937.71</u>	<u>24,881.83</u>
2300	OTHER INCOME									
2310	Value of Commodities									4,910.45
2310	Food Stamps				19,432.00				19,432.00	20,310.60
2310	National School Lunch (CANS)									80,142.48
2340	FMHA			60,181.00					60,181.00	58,449.00
2341	Section 8 Rental Assistance			67,836.00					67,836.00	67,345.00
2350	Vermillion Public Transit Fares							37,616.95	37,616.95	33,423.11
2350	VPT Fares Pd by Organizations							3,110.00	3,110.00	
2350	Department of Social Services- Transportation		15,118.44					16,784.78	31,903.22	34,915.25
2370	Interest Income		2,978.15	183.20					3,161.35	2,713.15
2390	Maintenance Income			25,998.75					25,998.75	31,597.50
2390	Advertising						600.00	600.00	600.00	1,522.89
2390	Pop Sales		3,428.70						3,428.70	3,768.20
2390	Sales/Disposal of Fixed Assets									600.00
2390	Other Income/Reimbursements	1,072.50	285,598.63				1,089.55	12,287.50	300,048.18	75,442.85
	TOTAL OTHER INCOME	<u>1,072.50</u>	<u>307,123.92</u>	<u>154,198.95</u>	<u>19,432.00</u>		<u>1,089.55</u>	<u>70,399.23</u>	<u>553,316.15</u>	<u>415,140.48</u>
	TOTAL REVENUES	<u>\$ 52,171.96</u>	<u>\$ 3,955,545.56</u>	<u>\$ 374,345.70</u>	<u>\$ 92,814.25</u>	<u>\$ 70,728.03</u>	<u>\$ 682,820.51</u>	<u>\$ 422,154.63</u>	<u>\$ 5,650,580.64</u>	<u>\$ 5,523,657.04</u>

SESDAC, INC.
SUPPLEMENTAL INFORMATION
SCHEDULE OF CASH, RESTRICTED CASH AND ACCOUNTS RECEIVABLE
JUNE 30, 2018

	<u>Institution Name</u>	<u>Interest Rate</u>	<u>Reconciled Balance</u>
<u>CASH</u>			
<u>Cash</u>			
Petty Cash			\$ 200.00
<u>Checking Accounts</u>			
General	Cor Trust Bank	0.05%	290,132.01
Flex One Checking Account	Cor Trust Bank		98,833.42
HUD	Cor Trust Bank		9,429.55
Rural Development	Cor Trust Bank		11,546.60
SDHDA-Monroe House	Cor Trust Bank		142.84
Total Checking Accounts			<u>\$ 410,284.42</u>
<u>Money Market Accounts</u>			
Designated for:			
Future Cash Needs	First Bank & Trust	0.25%	\$ 211,605.29
Future Cash Needs	Edward D. Jones	0.01%	2,571.49
Capital Asset Replacement	First Dakota	0.30%	249,661.38
Capital Asset Replacement	Bank of the West	0.15%	728,440.97
Total Money Market Accounts			<u>\$ 1,192,279.13</u>
Total Cash and Cash Equivalents			<u>\$ 1,602,563.55</u>
<u>INVESTMENTS</u>			
Investment CDs	First Bank & Trust	0.45%	<u>\$ 80,673.77</u>
<u>RESTRICTED CASH</u>			
<u>Rural Development</u>			
Reserve for Replacement - Cherry St. USDA	Edward D. Jones	0.01%	\$ 24,323.33
Reserve for Replacement- USDA	Cor Trust Bank	0.10%	105,780.65
Reserve for Replacement - Monroe	Cor Trust Bank	0.10%	13,026.97
<u>Walnut Street Apartments</u>			
Residual Receipts	Cor Trust Bank	0.10%	2,515.31
Reserve for Replacement	Cor Trust Bank	0.10%	55,281.49
Total Restricted Cash			<u>\$ 200,927.75</u>
<u>ACCOUNTS RECEIVABLE</u>			
Accounts Receivable			<u>\$ 19,874.30</u>
Total Accounts Receivable			<u>\$ 19,874.30</u>
<u>DUE FROM GOVERNMENT</u>			
Title XIX/HCBS Receivable			378,726.55
Local School District Rec.			9,958.95
Total Due From Government			<u>\$ 388,685.50</u>

SESDAC, INC.
SUPPLEMENTAL INFORMATION
SCHEDULE OF PROPERTY AND EQUIPMENT
JUNE 30, 2018

PROPERTY AND EQUIPMENT

	<u>Cost</u>	<u>Accumulated Depreciation</u>
<u>Land</u>		
Center at 1314 E. Cherry	\$ 11,150.00	
Residence at 320 West Cedar	10,035.00	
Residence at 317 West Clark	11,500.00	
Residence at 21 Walnut	25,024.98	
Residence at 601 Elm	18,000.00	
Residence at 1700 Baylor-Monroe House	<u>43,609.29</u>	
Total	<u>119,319.27</u>	
<u>Buildings</u>		
Center at 1314 E. Cherry	1,147,504.02	\$ 646,822.37
Residence at 320 West Cedar	223,332.25	198,674.95
Residence at 317 West Clark	220,543.44	207,706.26
Residence at 21 Walnut	253,736.30	224,545.22
Residence at 601 Elm	218,861.12	202,330.95
Residence Monroe House	<u>521,901.00</u>	<u>156,570.16</u>
Total	<u>2,585,878.13</u>	<u>1,636,649.91</u>
<u>Equipment</u>		
Furniture and Fixtures	104,685.91	87,028.20
Food Service Equipment	2,274.00	2,274.00
Office Equipment	<u>80,718.30</u>	<u>70,134.03</u>
Total	<u>187,678.21</u>	<u>159,436.23</u>
<u>Vehicles</u>		
Vehicles	<u>873,188.61</u>	<u>745,058.71</u>
Total	<u>\$ 3,766,064.22</u>	<u>\$ 2,541,144.85</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

To the Board of Directors
SESDAC, Inc.
Vermillion, South Dakota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of SESDAC, Inc., which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 24, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered SESDAC 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 effectiveness of SESDAC Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of SESDAC 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 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 and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether SESDAC 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

This 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Quam, Berglin & Post P.C.

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

September 24, 2018

**SESDAC, INC.
SCHEDULE OF AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018**

PRIOR FEDERAL COMPLIANCE AUDIT FINDINGS:

None.

PRIOR OTHER AUDIT FINDINGS:

None.

CURRENT OTHER AUDIT FINDINGS:

None