



Financial Statements
September 30, 2018 and 2017
South Dakota Parent Connection, Inc.

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CPAs & BUSINESS ADVISORS

Independent Auditor's Report

To the Board of Directors
South Dakota Parent Connection, Inc.
Sioux Falls, South Dakota

Report on the Financial Statements

We have audited the accompanying financial statements of South Dakota Parent Connection, Inc. (a nonprofit organization) which comprise the statements of financial position as of September 30, 2018 and 2017 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. 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 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 South Dakota Parent Connection, Inc. as of September 30, 2018 and 2017, and the changes in its net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Eide Bailly LLP

Sioux Falls, South Dakota
December 19, 2018

South Dakota Parent Connection, Inc.
 Statements of Financial Position
 September 30, 2018 and 2017

	2018	2017
Assets		
Current Assets		
Cash	\$ 29,949	\$ 20,090
Certificates of deposit	10,497	10,354
Grants and contract receivable	45,916	55,052
Prepaid expenses	29,544	30,293
Total current assets	115,906	115,789
Property and Equipment, net	10,729	18,600
	\$ 126,635	\$ 134,389
 Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 7,624	\$ 10,814
Accrued expenses	28,128	23,339
Deferred revenue	-	862
Total current liabilities	35,752	35,015
 Net Assets		
Unrestricted	90,883	99,374
	\$ 126,635	\$ 134,389

South Dakota Parent Connection, Inc.
 Statements of Activities
 Years Ended September 30, 2018 and 2017

	2018	2017
Unrestricted Revenues and Other Support		
Grants and contracts	\$ 553,950	\$ 583,499
Donations	19,657	15,745
In-kind contributions	10,389	8,316
Income from caregiver filing systems and other	12,895	3,968
	596,891	611,528
Expenses		
Program services	594,045	642,265
Management and general	15,744	17,405
	609,789	659,670
Other Income		
Interest income	145	145
Other income	4,262	3,576
Total other income	4,407	3,721
Change in Net Assets	(8,491)	(44,421)
Net Assets, Beginning of Year	99,374	143,795
Net Assets, End of Year	\$ 90,883	\$ 99,374

South Dakota Parent Connection, Inc.
Statement of Functional Expenses - Year Ended September 30, 2018

State of South Dakota	Other	Total Program Services	Management and General	Total
\$ 45,837	\$ 8,517	\$ 269,073	\$ 9,771	\$ 278,844
7,690	750	39,740	1,987	41,727
353	26	1,908	58	1,966
<u>3,136</u>	<u>239</u>	<u>19,662</u>	<u>673</u>	<u>20,335</u>
57,016	9,532	330,383	12,489	342,872
4,765	-	18,428	-	18,428
3,726	10,964	32,631	1,124	33,755
3,322	557	8,675	364	9,039
7,218	2,772	38,103	-	38,103
123	40	918	-	918
5,666	1,437	32,895	-	32,895
34,949	2,102	74,077	275	74,352
1,616	1,084	12,294	800	13,094
1,070	298	6,435	-	6,435
709	191	4,523	-	4,523
410	111	2,373	-	2,373
11,281	453	14,782	317	15,099
-	-	2,000	-	2,000
-	-	-	-	-
478	4,661	7,657	375	8,032
<u>75,333</u>	<u>24,670</u>	<u>255,791</u>	<u>3,255</u>	<u>259,046</u>
-	7,871	7,871	-	7,871
<u>\$ 132,349</u>	<u>\$ 42,073</u>	<u>\$ 594,045</u>	<u>\$ 15,744</u>	<u>\$ 609,789</u>

South Dakota Parent Connection, Inc.
Statement of Functional Expenses - Year Ended September 30, 2017

Other	Total Program Services	Management and General	Total
\$ (2,178)	\$ 310,812	\$ 10,941	\$ 321,753
-	51,336	2,140	53,476
-	2,120	81	2,201
-	21,958	831	22,789
(2,178)	386,226	13,993	400,219
103	11,536	-	11,536
8,887	27,195	81	27,276
5,430	13,664	217	13,881
4,000	36,196	-	36,196
93	828	-	828
6,944	33,368	-	33,368
7,858	73,723	-	73,723
689	8,417	1,227	9,644
524	6,669	-	6,669
391	4,305	-	4,305
152	1,918	-	1,918
7,401	14,761	1,887	16,648
-	-	-	-
3,883	3,883	-	3,883
3,206	4,683	-	4,683
49,561	241,146	3,412	244,558
14,893	14,893	-	14,893
<u>\$ 62,276</u>	<u>\$ 642,265</u>	<u>\$ 17,405</u>	<u>\$ 659,670</u>

South Dakota Parent Connection, Inc.
 Statements of Cash Flows
 Years Ended September 30, 2018 and 2017

	2018	2017
Operating Activities		
Change in net assets	\$ (8,491)	\$ (44,421)
Adjustment to reconcile change in net assets to net cash provided from (used for) operating activities		
Depreciation	7,871	14,893
Interest income	(143)	(143)
Bad debt	-	3,883
Changes in assets and liabilities		
Grants and contracts receivable	9,136	41,196
Prepaid expenses	749	(18,059)
Accounts payable	(3,190)	2,036
Accrued expenses	4,789	(4,397)
Deferred revenue	(862)	862
Net Cash provided from (used for) from Operating Activities	9,859	(4,150)
Investing Activities		
Purchase of property and equipment	-	(2,317)
Net Cash used for Investing Activities	-	(2,317)
Net Change in Cash	9,859	(6,467)
Cash, Beginning of Year	20,090	26,557
Cash, End of Year	\$ 29,949	\$ 20,090

Note 1 - Principal Activity and Significant Accounting Policies

Principal Business Activity

South Dakota Parent Connection, Inc. (the Organization) is a nonprofit organization which operates to provide information, training and resources for families caring for children with disabilities.

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments with an original maturity of three months or less.

Grants and Contract Receivables

Receivables are uncollateralized obligations due under normal terms requiring payment within 30 days from the invoice date. The receivables are noninterest bearing. Payments on receivables are applied to the earliest unpaid invoice. Management determines the allowance for uncollectable accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectable. At September 30, 2018 and 2017, no allowance for uncollectible amounts was considered necessary.

Equipment

Equipment additions over \$500 are recorded at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets is three to five years. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any remaining gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

Net Assets

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

Unrestricted Net Assets – Net assets available for use in general operations.

Temporarily Restricted Net Assets – Net assets subject to donor restrictions that may or will be met by expenditures or actions of the Organization and/or the passage of time.

The Organization reports contributions as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. The Organization has no temporarily restricted net assets.

Permanently Restricted Net Assets – Net assets whose use is limited by donor-imposed restrictions that neither expire by the passage of time nor can be fulfilled or otherwise removed by action of the Organization. The Organization has no permanently restricted net assets.

Revenue and Revenue Recognition

Revenue is recognized when earned. Grants and contract payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively. Contributions are recognized when cash, securities or other assets, are received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Donated Services and In-Kind Contributions

The Organization recognizes contribution revenue for certain services received at the fair value of those services provided those services create or enhance non-financial assets or require specialized skills, which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Contributed goods are recorded at fair value at the date of donation.

Functional Allocation of Expenses

The costs of program and supporting services 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.

Income Taxes

The Organization is organized as a South Dakota nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Organization is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose. The Organization has determined it is not subject to unrelated business income tax for the year ended September 30, 2018 and 2017.

The Organization believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and those differences could be material.

Financial Instruments and Credit Risk

The Organization manages deposit concentration risk by placing cash and certificates of deposit with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits. To date, the Organization has not experienced losses in any of these accounts. Credit risk associated with accounts receivable is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from governmental agencies supportive of the Organization’s mission.

Subsequent Events

The Organization has evaluated subsequent events through December 19, 2018, the date which the financial statements were available to be issued.

Note 2 - Property and Equipment

Property and equipment is summarized as follows:

	2018	2017
Property and equipment	\$ 159,426	\$ 159,426
Accumulated depreciation	(148,697)	(140,826)
	\$ 10,729	\$ 18,600

Depreciation expense was \$7,871 and \$14,893 for the years ended September 30, 2018 and 2017, respectively.

Note 3 - Retirement Plan

The Organization offers a retirement plan that covers substantially all employees. Employees may contribute up to 15 percent of their pre-tax salary to the plan upon employment. The Organization matches up to 3 percent of the employee contribution. The Organization’s contributions were \$6,557 and \$8,052 for the years ended September 30, 2018 and 2017, respectively.

Note 4 - Rent Expense

The Organization entered into a three-year lease on January 11, 2016 for the Sioux Falls location with monthly lease payments of \$2,500 that expires on January 31, 2019.

The Organization entered into one-year sublease on July 1, 2018 for the Aberdeen location with monthly sublease payments of \$150 that expires on June 30, 2019.

Note 4 - Rent Expense (continued)

The Organization entered into a three-year lease on March 7, 2016 for the Rapid City location that expires on March 31, 2019. The monthly lease payment is \$287 in the first year and increases at a rate of three percent per year. This lease shall automatically be extended for additional one-year terms unless written notice of non-renewal is provided by either party at least 90 days prior to the expiration of the lease term.

Total rent expense was \$38,103 and \$36,196 for the years ended September 30, 2018 and 2017 respectively.

Minimum future lease payments for the operating leases for the year ending September 30, 2019 are \$13,176.

Note 5 - Donated Facility Rent and Materials

South Dakota Parent Connection, Inc. received donated vehicle leases included in instate travel program service expense of \$10,389 and \$8,316 during the years ended September 30, 2018 and 2017, respectively.

Note 6 - Support from Governmental Units

The Organization receives a substantial amount of its support from the federal government, the State of South Dakota and local governments in South Dakota. A significant reduction in the level of support, if this were to occur, would have a significant effect on the Organization's programs and activities. The Organization had receivables of \$45,916 and \$55,052 from governmental units as of September 30, 2018 and 2017, respectively.