



February 21, 2025

To the Board of Directors
Area Four Senior Citizens Planning Council, Inc.
Aberdeen, South Dakota

We have audited the financial statements of Area Four Senior Citizens Planning Council, Inc., (the Organization) as of and for the year ended June 30, 2024, and have issued our report thereon dated February 21, 2025. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit under Generally Accepted Auditing Standards and *Government Auditing Standards* and our Compliance Audit under the Uniform Guidance

As communicated in our letter dated October 28, 2024, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America and to express an opinion on whether the Area Four Senior Citizens Planning Council, Inc., complied with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Area Four Senior Citizens Planning Council, Inc.'s major federal programs. Our audit of the financial statements and major program compliance does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of Area Four Senior Citizens Planning Council, Inc., solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Our responsibility, as prescribed by professional standards as it relates to the audit of Area Four Senior Citizens Planning Council, Inc.'s major federal program compliance, is to express an opinion on the compliance for each of Area Four Senior Citizens Planning Council, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. An audit of major program compliance includes consideration of the system of internal control over compliance with the types of compliance requirements referred to above as a basis for designing audit procedures that are appropriate in the circumstances 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, as a part of our major program compliance audit, we considered the system of internal control over compliance for these purposes and not to provide any assurance on the effectiveness of the Area Four Senior Citizens Planning Council, Inc.'s internal control over compliance.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our comments regarding internal controls during our audit in our 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* dated February 21, 2025. We have also provided our comments regarding compliance with the types of compliance requirements referred to above and internal controls over compliance during our audit in our Independent Auditor's Report on Compliance with Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance dated February 21, 2025.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and other firms utilized in the engagement, if applicable, have complied with all relevant ethical requirements regarding independence.

Significant Risks Identified

As stated in our auditor's report, professional standards require us to design our audit to provide reasonable assurance that the financial statements are free of material misstatement whether caused by fraud or error. In designing our audit procedures, professional standards require us to evaluate the financial statements and assess the risk that a material misstatement could occur. Areas that are potentially more susceptible to misstatements, and thereby require special audit considerations, are designated as "significant risks." We have identified the following as significant risks:

- Segregation of Duties Including Misappropriation of Cash – We identified a lack of segregation of duties as a significant risk because the Organization has limited staff and is unable to properly segregate duties across various functions. In many situations, one person prepares financial information with no formal review process in place, which could result in manipulating of financial statements and data.
- Management Override of Controls Including Using Manual Journal Entries to Misstate Financial Results – Professional standards require auditors to address the possibility of management overriding controls. Accordingly, we identified as a significant risk that management of the Organization may have the ability to override controls that the Organization has implemented. Management may override the Organization's controls in order to modify the financial records with the intent of manipulating the consolidated financial statements to overstate the Organization's financial performance or with the intent of concealing fraudulent transactions.
- Revenue Recognition – We identified revenue recognition as a significant risk due to financial and operational incentives from donors for the Organization to overstate revenues.
- Accounts Payable, Accrued Payroll, and Accounts Receivable – We identified cut-off and completeness related to recording accounts payable, prepaid expenses and accounts receivable as a significant risk due to the potential for material adjustments to those accounts at year-end.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by Area Four Senior Citizens Planning Council, Inc., is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2024. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions, and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Accounting Estimates and Related Disclosures

Accounting estimates and related disclosures are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments. No such sensitive accounting estimate were identified.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. There were no financial statement disclosures that we consider to be particularly sensitive or involve significant judgment.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit.

The attached schedule summarizes the misstatements that we identified as a result of our audit procedures were brought to the attention of, and corrected by, management.

The following summarizes uncorrected financial statement misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Overstatement of revenue and understatement of beginning net assets without donor restrictions due to supporter card revenue that should have been reported in fiscal year 2023 - \$23,684

The effect of these uncorrected misstatements, including the effect of the reversal of prior year uncorrected misstatements as of and for the year ended June 30, 2024, is an overstatement of net income of \$23,684 and an understatement of beginning net assets without donor restrictions of \$23,684. The impact on ending net assets without donor restrictions is zero.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Circumstances that Affect the Form and Content of the Auditor's Report

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report. We did not identify any circumstances that affect the form and content of the auditor's report.

Representations Requested from Management

We have requested certain written representations from management which are included in the management representation letter dated February 21, 2025.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with Area Four Senior Citizens Planning Council, Inc., we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating conditions affecting the entity, and operating plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as Area Four Senior Citizens Planning Council, Inc.'s auditors.

This report is intended solely for the information and use of the Board of Directors, and management of Area Four Senior Citizens Planning Council, Inc. and is not intended to be, and should not be, used by anyone other than these specified parties.



Aberdeen, South Dakota

| Account | Description | Debit | Credit |
|---|------------------------|--------------------------|--------------------------|
| Adjusting Journal Entries | | | |
| Adjusting Journal Entries JE # 1 | | | |
| To adjust site cash | | | |
| 10 105 100 | Site cash | 55,956.24 | |
| 10 1700 200 | PROJECT INCOME REVENUE | 84,087.78 | |
| 10 105 100 | Site cash | | 56,569.87 |
| 10 105 200 | Site Cash other | | 27,517.91 |
| 10 1700 200 | PROJECT INCOME REVENUE | | 55,956.24 |
| Total | | <u>140,044.02</u> | <u>140,044.02</u> |

| | | | |
|---|-------------------------|--------------------------|--------------------------|
| Adjusting Journal Entries JE # 2 | | | |
| To reclass revenues to the correct accounts | | | |
| 10 110 | ACCOUNTS RECEIVABLE | 337.76 | |
| 10 1310 100 | STATE GRANTS | 38.95 | |
| 10 1310 100 | STATE GRANTS | 5,130.33 | |
| 10 1310 200 | STATE GRANTS 200 | 4,963.83 | |
| 10 1320 100 | FEDERAL GRANTS | 29,071.87 | |
| 10 1330 100 | NSIP GRANTS | 16,649.32 | |
| 10 1340 897 | TITLE XIX GRANTS | 602.88 | |
| 10 1610 100 | ELIGIBLE PARTICIPANTS | 53,927.32 | |
| 10 1620 100 | INELIGIBLE PARTICIPANTS | 68,656.12 | |
| 10 1700 200 | PROJECT INCOME REVENUE | 205,842.00 | |
| 10 110 | ACCOUNTS RECEIVABLE | | 270.00 |
| 10 1310 200 | STATE GRANTS 200 | | 5,130.33 |
| 10 1320 200 | FEDERAL GRANTS 200 | | 29,071.87 |
| 10 1320 200 | FEDERAL GRANTS 200 | | 4,693.83 |
| 10 1330 100 | NSIP GRANTS | | 122,583.44 |
| 10 1610 100 | ELIGIBLE PARTICIPANTS | | 16,649.32 |
| 10 1625 100 | CONTRACTED INELIGIBLE | | 205,842.00 |
| 10 1700 200 | PROJECT INCOME REVENUE | | 14.00 |
| 10 1700 202 | STATE 522 MEALS SD DHS | | 926.64 |
| 10 1720 100 | OTHER REVENUE | | 38.95 |
| Total | | <u>385,220.38</u> | <u>385,220.38</u> |

| | | | |
|--|---|-------------------------|-------------------------|
| Adjusting Journal Entries JE # 3 | | | |
| To adjust accrued leave and retirement accounts. | | | |
| 10 0000 100 114 | Payroll Expenses:Wages | 8,126.94 | |
| 10 424 | Payroll Liabilities:RETIREMENT DEDUCTION | 19,628.81 | |
| 10 429 | Payroll Liabilities:Federal Taxes (941/943/944) | 4,890.65 | |
| 10 0000 100 121 | SOCIAL SECURITY | | 4,890.65 |
| 10 0000 100 125 | RETIREMENT | | 19,628.81 |
| 10 406 | LEAVE BENEFITS PAYABLE | | 8,126.94 |
| Total | | <u>32,646.40</u> | <u>32,646.40</u> |

Adjusting Journal Entries JE # 4

To adjust year-end inventory to reflect inventory summary roll-forward.

| | | | |
|----------------|-------------------------|-------------------------|-------------------------|
| 10 100 410 100 | NON-CONSUMABLE SUPPLIES | 18,173.92 | |
| 10 131 | PURCHASED FOOD | 38,024.06 | |
| 10 200 410 200 | NON-CONSUMABLE SUPPLIES | 18,173.93 | |
| 10 100 510 100 | FOOD PURCHASE | | 19,012.03 |
| 10 135 | CONSUMABLE SUPPLIES | | 36,347.85 |
| 10 200 510 200 | FOOD PURCHASE | | 19,012.03 |
| Total | | <u>74,371.91</u> | <u>74,371.91</u> |

Adjusting Journal Entries JE # 5

To record FY24 asset depreciation expense and agree to end of year reports.

| | | | |
|-----------------|------------------------------|------------------------|------------------------|
| 10 0000 998 885 | DEPRECIATION | 2,312.94 | |
| 10 400 103 | Office Expenditures | 783.98 | |
| 10 201 | PROP/EQUIP - CORPORATE OWNED | | 783.98 |
| 10 203 | CORPORATE ACCUM DEPRECIATION | | 2,312.94 |
| Total | | <u>3,096.92</u> | <u>3,096.92</u> |

Adjusting Journal Entries JE # 6

To true up ROU lease asset and lease liability for operating leases

| | | | |
|--------------|----------------------------|-------------------------|-------------------------|
| 10 206 | Right of Use Leased Assets | 24,060.47 | |
| 10 400 105 | SITE RENTAL | 373.43 | |
| 10 450 | Lease Liability | | 24,433.90 |
| Total | | <u>24,433.90</u> | <u>24,433.90</u> |

Adjusting Journal Entries JE # 7

To record new copier lease

| | | | |
|-----------------|-----------------------------------|------------------------|------------------------|
| 10 0000 998 886 | Amortization Expense | 778.61 | |
| 10 207 | Finance Lease Right of Use Assets | 3,956.86 | |
| 10 208 | Finance Lease Accum Amortization | | 778.61 |
| 10 400 105 | SITE RENTAL | | 730.73 |
| 10 451 | Finance Lease Liability | | 3,226.13 |
| Total | | <u>4,735.47</u> | <u>4,735.47</u> |

Adjusting Journal Entries JE # 8

To adjust unredeemed Meal Tickets to actual per listing

| | | | |
|--------------|-------------------------|-------------------------|-------------------------|
| 10 1700 200 | PROJECT INCOME REVENUE | 11,744.50 | |
| 10 407 | UNREDEEMED MEAL TICKETS | | 11,744.50 |
| Total | | <u>11,744.50</u> | <u>11,744.50</u> |

Adjusting Journal Entries JE # 9

To adjust accounts payable for June invoice paid in July

| | | | |
|----------------|-------------------------|------------------------|------------------------|
| 10 200 410 200 | NON-CONSUMABLE SUPPLIES | 6,704.48 | |
| 10 402 | ACCOUNTS PAYABLE | | 6,704.48 |
| Total | | <u>6,704.48</u> | <u>6,704.48</u> |

Adjusting Journal Entries JE # 10

to adjust payroll taxes (FICA) and Unemployment Insurance

| | | | |
|--------------|------------------------|-------------------------|-------------------------|
| 10 1700 200 | PROJECT INCOME REVENUE | 16,185.43 | |
| 10 400 201 | PAYROLL TAXES | | 16,185.43 |
| Total | | <u>16,185.43</u> | <u>16,185.43</u> |

Adjusting Journal Entries JE # 11

To reclassify insurance out of benefits.

| | | | |
|--------------|---------------------|------------------------|------------------------|
| 10 100 822 | LIABILITY INSURANCE | 9,783.00 | |
| 10 400 114 | Insurance | | 9,783.00 |
| Total | | <u>9,783.00</u> | <u>9,783.00</u> |

Total Adjusting Journal Entries**708,966.41** **708,966.41****Total All Journal Entries****708,966.41** **708,966.41**