

**OAHE CHILD DEVELOPMENT  
CENTER, INC.**

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT  
WITH SUPPLEMENTARY INFORMATION**

**MARCH 31, 2022**

**OAHE CHILD DEVELOPMENT  
CENTER, INC.**

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*Wahlenberg  
Ritzman & Co., LLC*  
*certified public accountants*

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Oahe Child Development Center, Inc.  
Pierre, South Dakota

**Report on the Audit of the Financial Statements**

***Opinion***

We have audited the accompanying financial statements of Oahe Child Development Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of March 31, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Oahe Child Development Center, Inc. as of March 31, 2022, 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.

***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United State of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Oahe Child Development Center, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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## ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Oahe Child Development Center, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Oahe Child Development Center, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significance accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Oahe Child Development Center, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

## **Report on Summarized Comparative Information**

We have previously audited Oahe Child Development Center, Inc's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 11, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

## **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of program activity 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* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and also 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 August 18, 2022, on our consideration of Oahe Child Development Center, Inc.'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 Oahe Child Development Center, Inc.'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 Oahe Child Development Center, Inc.'s internal control over financial reporting and compliance.

Yankton, South Dakota  
August 18, 2022

**OAHE CHILD DEVELOPMENT CENTER, INC**

STATEMENT OF FINANCIAL POSITION  
MARCH 31, 2022  
WITH COMPARATIVE TOTALS FOR MARCH 31, 2021

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 202,191	\$ 82,262
Grants receivable:		
U.S. Department of Health and Human Services	431,496	179,654
State - Department of Education	15,465	14,138
Prepaid expenses	<u>5,456</u>	<u>11,323</u>
Total current assets	<u>654,608</u>	<u>287,377</u>
<b>PROPERTY AND EQUIPMENT</b>		
Land	150,000	150,000
Buildings	2,290,554	2,290,554
Furniture and equipment	659,566	654,484
Less: accumulated depreciation	<u>(1,384,594)</u>	<u>(1,279,224)</u>
Net property and equipment	<u>1,715,526</u>	<u>1,815,814</u>
<b>OTHER ASSETS</b>		
Cash - designated leave accrual	<u>39,935</u>	<u>37,057</u>
Total other assets	<u>39,935</u>	<u>37,057</u>
<b>TOTAL ASSETS</b>	<u>\$ 2,410,069</u>	<u>\$ 2,140,248</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 289,556	\$ 103,120
Accrued payroll	63,992	54,371
Accrued expenses	51,821	46,315
Contracts payable	<u>56,867</u>	<u>54,658</u>
Total current liabilities	<u>462,236</u>	<u>258,464</u>
<b>NET ASSETS</b>		
Net assets without donor restrictions:		
Designated		
Leave accrual	39,935	37,057
Undesignated	<u>1,907,898</u>	<u>1,844,727</u>
Total net assets without donor restrictions	<u>1,947,833</u>	<u>1,881,784</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 2,410,069</u>	<u>\$ 2,140,248</u>

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

**OAHE CHILD DEVELOPMENT CENTER, INC**

STATEMENT OF ACTIVITIES  
 YEAR ENDED MARCH 31, 2022  
 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MARCH 31, 2021

	<u>2022</u>	<u>2021</u>
	<u>Without Donor Restrictions</u>	<u>Total</u>
<b>REVENUE</b>		
Federal grant revenue	\$ 2,871,813	\$ 2,816,610
State grant revenue	38,150	17,340
Contributions	287,987	19,398
In-kind contributions	11,330	188,611
Interest earned	16	33
Gain on sale of equipment	-	11,126
Total revenue	<u>3,209,296</u>	<u>3,053,118</u>
<b>EXPENSES</b>		
Program Activities:		
Head Start	1,880,762	1,841,693
Early Head Start	561,758	550,030
Cares Act Funding	253,496	152,333
CANS	113,495	79,730
Auxiliary assistance	31,380	21,403
Total program activities	<u>2,840,891</u>	<u>2,645,189</u>
Support Services:		
Management and general	302,356	276,943
Total support services	<u>302,356</u>	<u>276,943</u>
Total expenses	<u>3,143,247</u>	<u>2,922,132</u>
Change in Net Assets	66,049	130,986
Net Assets - Beginning of Year	<u>1,881,784</u>	<u>1,750,798</u>
Net Assets - End of Year	<u>\$ 1,947,833</u>	<u>\$ 1,881,784</u>

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

**OAHE CHILD DEVELOPMENT CENTER, INC**

STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED MARCH 31, 2022  
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MARCH 31, 2021

	Program Activities					Support Services		2022 Total Expenses	2021 Total Expenses	
	Head Start	Early Head Start	Cares Act Funding	CANS	Auxiliary Assistance	Total Program Activities	Management and General			Total Support Services
Salaries	\$ 1,196,965	\$ 336,928	\$ 136,589	\$ -	\$ -	\$ 1,670,482	\$ 210,479	\$ 210,479	\$ 1,880,961	\$ 1,628,854
Retirement	158,981	45,305	-	-	-	204,286	30,344	30,344	234,630	164,794
Payroll taxes	92,204	21,566	15,297	-	-	129,067	22,566	22,566	151,633	130,980
Operating supplies	52,080	17,924	42,411	8,404	23,530	144,349	-	-	144,349	96,859
Occupancy	76,787	25,850	35,244	-	-	137,881	1,189	1,189	139,070	95,403
Food costs	2,054	638	-	104,788	1,834	109,314	-	-	109,314	82,810
Repairs and maintenance	67,168	22,443	6,584	303	-	96,498	1,908	1,908	98,406	56,461
Employee benefits	55,032	17,204	7,505	-	-	79,741	368	368	80,109	74,003
Insurance	20,732	6,910	-	-	-	27,642	11,323	11,323	38,965	36,417
Travel and training	23,290	13,746	-	-	-	37,036	458	458	37,494	34,611
Professional fees	13,562	11,487	-	-	-	25,049	11,122	11,122	36,171	43,656
Printing and publishing	7,711	1,755	7,630	-	-	17,096	-	-	17,096	9,856
Office supplies	10,493	2,628	2,236	-	-	15,357	1,479	1,479	16,836	15,345
Classroom	14,865	1,353	-	-	-	16,218	-	-	16,218	23,597
Telephone	7,310	4,795	-	-	-	12,105	375	375	12,480	14,544
In-kind expenses	8,844	2,486	-	-	-	11,330	-	-	11,330	188,611
Miscellaneous	-	-	-	-	6,016	6,016	-	-	6,016	1,440
Postage	2,056	685	-	-	-	2,741	207	207	2,948	2,363
Family services	1,796	548	-	-	-	2,344	-	-	2,344	1,587
Mental health	1,178	-	-	-	-	1,178	-	-	1,178	889
Medical	1,120	-	-	-	-	1,120	-	-	1,120	1,132
Parent activities	484	227	-	-	-	711	-	-	711	590
Hiring	400	-	-	-	-	400	-	-	400	267
One-time funds	-	-	-	-	-	-	-	-	-	87,546
Interest and fee expense	-	-	-	-	-	-	-	-	-	15,917
Vehicles	(2,840)	938	-	-	-	(1,902)	-	-	(1,902)	3,521
	<u>1,812,272</u>	<u>535,416</u>	<u>253,496</u>	<u>113,495</u>	<u>31,380</u>	<u>2,746,059</u>	<u>291,818</u>	<u>291,818</u>	<u>3,037,877</u>	<u>2,812,053</u>
Depreciation & amortization	<u>68,490</u>	<u>26,342</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>94,832</u>	<u>10,538</u>	<u>10,538</u>	<u>105,370</u>	<u>110,079</u>
	<u>\$ 1,880,762</u>	<u>\$ 561,758</u>	<u>\$ 253,496</u>	<u>\$ 113,495</u>	<u>\$ 31,380</u>	<u>\$ 2,840,891</u>	<u>\$ 302,356</u>	<u>\$ 302,356</u>	<u>\$ 3,143,247</u>	<u>\$ 2,922,132</u>

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



**OAHE CHILD DEVELOPMENT CENTER, INC**

STATEMENT OF CASH FLOWS  
YEAR ENDED MARCH 31, 2022  
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MARCH 31, 2021

	<b>2022</b>	<b>2021</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 66,049	\$ 130,986
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	105,370	110,079
(Increase) decrease in assets:		
Grants receivable - U.S. Department of Health and Human Services	(251,842)	339,238
Grants receivable - State - Department of Education	(1,327)	(8,192)
Prepaid expenses	5,867	(11,323)
Increase (decrease) in liabilities:		
Accounts payable	186,436	(329,031)
Accrued payroll	9,621	13,977
Accrued expenses	5,506	6,316
Amount held for others	-	(5,068)
Contracts payable	2,209	7,904
Net cash provided by (used in) operating activities	127,889	254,886
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(5,082)	(90,906)
Transfers released from (made to) reserve account	-	43,598
Transfers (made to) leave account	(2,878)	(4,132)
Net cash provided by (used in) investing activities	(7,960)	(51,440)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of long-term debt	-	(159,939)
Change in cash	119,929	43,507
Cash, Beginning of year	82,262	38,755
Cash, End of year	\$ 202,191	\$ 82,262
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash paid for interest - notes payable	\$ -	\$ 7,553

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

## **OAHE CHILD DEVELOPMENT CENTER, INC.**

### **NOTES TO FINANCIAL STATEMENTS MARCH 31, 2022**

#### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **Nature of Business**

Oahe Child Development Center, Inc. (the Center), was organized as a South Dakota nonprofit corporation in 1972. The Center was formed to provide comprehensive health, educational, nutritional, social, and other services to economically disadvantaged pre-school children and their families. The Center is primarily supported through grants from federal and state governments. Approximately 86% of the Center's grant revenue is received from the Department of Health and Human Services' Head Start funds.

##### **Basis of Accounting**

The financial statements of the Center have been prepared on the accrual basis of accounting and in accordance with generally accepted accounting principles (GAAP) in the United States of America, following the recommendations of the Financial Accounting Standards Board (FASB).

The FASB requires the Center to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

##### **Comparative Financial Information**

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Center's financial statements for the year ended March 31, 2021, from which the summarized information was derived.

##### **Cash and Cash Equivalents**

For financial statement reporting purposes, the Center includes all cash accounts not subject to withdrawal restrictions or penalties, treasury bills, commercial paper and money market funds with a term to maturity of three months or less when purchased to be cash equivalents. Certificates of deposit, regardless of maturity, are not considered to be cash and cash equivalents.

**OAHE CHILD DEVELOPMENT CENTER, INC.**

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

**Property and Equipment**

Property and equipment are stated at cost, if purchased, or at fair value at the date of gift, if donated, less accumulated depreciation. Depreciation is provided for using the straight-line method over the estimated useful life of the asset which range from five to forty years. The Center considers items with a cost greater than \$5,000 and a useful life greater than one year to be property and equipment.

Property and equipment purchased with grant funds are owned by the Center while used in the Center for which they were purchased or in other future authorized programs. However, the various funding sources have a reversionary interest in the property and equipment purchased with grant funds. Its disposition, as well as the ownership of any proceeds therefrom, is subject to funding source regulations. The property and equipment purchased with grant funds are normally limited for use in specific programs operated by the Center.

**Accrued Leave**

Annual leave is accumulated by employees throughout the year. Employees may accumulate annual leave without limitation, provide that as of March 31 of each calendar year, the employee's maximum balance is not exceeded. The maximum balance is dependent upon length of service. Employees will not be given monetary compensation for accrued and unused annual leave time except in the case of termination. Upon termination, employees are entitled to receive compensation for up to five days of accrued annual leave if they have given thirty days of notice and are in good standing.

**Classification of 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:

*Net Assets Without Donor Restrictions* – Net assets that are free of donor- or grantor-imposed stipulations are included in net assets without donor restrictions and are available for operating purposes under the direction of the Board or invested in property and equipment.

**OAHE CHILD DEVELOPMENT CENTER, INC.**

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

**Classification of Net Assets, continued**

*Net Assets With Donor Restrictions* – Net assets subject to donor- or grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulated 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. Resources with restrictions that are fulfilled within the same fiscal year are reported as net assets without donor restrictions.

Currently, the Center does not have any net assets with donor restrictions.

**Grants and Contracts**

Support received under grants and contracts is recognized as revenue when the related expenses are incurred and is reported as an increase in net assets without donor restrictions if the restrictions are met in the same fiscal year the grants and contracts are received. Grants receivable includes amounts receivable under grants and contracts and represents amounts due for expenses incurred prior to year-end.

**In-Kind Contributions**

The Center has recorded in-kind contributions for space, supplies, and professional services in the statement of activities in accordance with generally accepted accounting principles (GAAP). GAAP requires that only contributions of services received that create or enhance a nonfinancial asset or require specialized skill by the individual possessing those skills and would typically need to be purchased if not provided by donation be recorded. The requirements of GAAP are different than the in-kind requirements of the Center's grant awards. The Center received contributions of nonprofessional volunteers and consultants during the year with a value of \$1,079,314 for its Head Start and Early Head Start programs, which are not recorded in the statement of activities.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**OAHE CHILD DEVELOPMENT CENTER, INC.**

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

**Federal Income Taxes**

Oahe Child Development Center, Inc. is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Consequently, no provision for federal income tax has been included in the financial statements.

**Fundraising Activity**

The Center does not maintain a formal fundraising or solicitation department. The Executive Director does compile data and applications necessary to renew and obtain program revenues. The Center does not track costs associated with this activity but believes the time and cost for this activity represents a very small percentage of the Executive Director's time. Accordingly, fundraising expense is not segregated and presented in the financial statements unless specifically required by and reported under grantor guidelines.

**Functional Allocation of Expenses**

The costs of program services and supporting activities have been summarized on a functional basis in the statements of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program services and supporting activities benefited.

2. LIQUIDITY AND AVAILABILITY

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

Cash	\$ 202,191
Grants receivable	<u>446,961</u>
	<u>\$ 649,152</u>

**OAHE CHILD DEVELOPMENT CENTER, INC.**

**NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2022**

**3. CONCENTRATION OF CREDIT RISK**

Custodial credit risk is the risk that in the event of bank failure, the Center's deposits may not be returned to it. The Center maintains cash balances at one financial institution. Accounts at this institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of March 31, 2022, the Center had no uninsured cash balances.

**4. CASH – LEAVE ACCRUAL**

The Center has established an account designated to be used to pay employees' accrued leave. The account had a balance of \$39,935 as of March 31, 2022. The Center's accrued leave liability was \$39,935 as of March 31, 2022.

**5. OPERATING LEASES**

The Center leases classroom space to operate and administer its programs. These leases have various monthly payments and expiration dates. Leases for its different locations are as follows:

The classroom located in Murdo, South Dakota is under a five-year operating lease agreement with the Jones County School District. The agreement is for the period of August 1, 2020 through July 31, 2025 and calls for no monthly lease payments for the term of the agreement.

The classrooms located on Irwin Street in Pierre, South Dakota are under a five-year operating lease expiring April 30, 2024. The current base monthly rent is \$3,150.

The storage and office space located on Irwin Street in Pierre, South Dakota are under a five-year operating lease expiring April 30, 2024. The current base monthly rent is \$1,962.

**OAHE CHILD DEVELOPMENT CENTER, INC.**

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2022

5. OPERATING LEASES, continued

The following are the future minimum payments on existing operating leases:

Year Ending March 31,	
2023	\$ 61,348
2024	61,348
2025	<u>5,112</u>
	<u>\$ 127,808</u>

Rental expense for the classrooms, storage, and office space was \$63,556 for the year ended March 31, 2022.

6. CONCENTRATION OF REVENUE SOURCES

Approximately 86% of the Center's revenue is derived from grants from the US Department of Health and Human Services. The current level of the Center's operations and program services may be impacted, or segments discontinued, if the funding is not renewed.

7. RISK MANAGEMENT

The Center is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. During the period ended March 31, 2022, the Center managed its risks as follows:

**Liability Insurance**

The Center purchases liability insurance for risks related to torts, theft, or damage to property; and errors and omissions of directors and officers from a commercial insurance carrier. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

**Worker's Compensation**

The Center purchases liability insurance for worker's compensation from a commercial insurance carrier. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

**OAHE CHILD DEVELOPMENT CENTER, INC.**

**NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2022**

7. RISK MANAGEMENT, continued

**Unemployment Benefits**

The Center provides coverage for unemployment benefits by paying into the Unemployment Compensation Fund established by state law and managed by the State of South Dakota.

8. RETIREMENT PLAN

The Center maintains a Simplified Employee Pension plan following the model IRS form. To qualify for participation, an employee must be 21 years old and have completed one year of service. Employer contributions are discretionary. The employer contribution for the year ended March 31, 2022 was \$234,630.

9. SUBSEQUENT EVENTS

Events occurring after March 31, 2022 were evaluated by management through August 18, 2022, the date which the financial statements were available to be issued, to ensure that any subsequent events that met the criteria for recognition and/or disclosure in these financial statements have been included. There were no significant subsequent events needing disclosure.



SUPPLEMENTARY INFORMATION

**OAHE CHILD DEVELOPMENT CENTER, INC**

SCHEDULE OF PROGRAM ACTIVITY - REGULATORY BASIS  
YEAR ENDED MARCH 31, 2022

	<b>DOA</b>	<b>Department of Health and Human Services</b>					<b>Total Programs</b>
	<b>10.558</b>	<b>93.600</b>					
	<b>Child &amp; Adult Care Food Program</b>	<b>Cares Act Funding</b>	<b>Head Start</b>	<b>Head Start Training and Tech. Assist.</b>	<b>Early Head Start</b>	<b>Early Head Start Training and Tech. Assist.</b>	
<b>REVENUE</b>							
Grant revenue	\$ 113,496	\$ 133,782	\$ 1,993,584	\$ 19,037	\$ 607,519	\$ 13,145	\$ 2,880,563
In-kind contributions	-	-	8,844	-	2,486	-	11,330
<b>Total Revenue</b>	<u>113,496</u>	<u>133,782</u>	<u>2,002,428</u>	<u>19,037</u>	<u>610,005</u>	<u>13,145</u>	<u>2,891,893</u>
<b>EXPENSES</b>							
Salaries	-	65,179	1,344,160	-	400,213	-	1,809,552
In-kind expenses	-	-	8,844	-	2,486	-	11,330
Retirement	-	-	180,206	-	54,424	-	234,630
Payroll taxes	-	5,377	108,001	-	28,336	-	141,714
Occupancy	-	10,079	77,679	-	26,147	-	113,905
Food costs	113,496	-	2,054	-	638	-	116,188
Employee benefits	-	858	57,128	-	17,943	-	75,929
Operating supplies	-	28,879	52,080	-	17,925	-	98,884
Repairs and maintenance	-	6,584	68,599	-	22,920	-	98,103
Insurance	-	-	27,373	-	9,125	-	36,498
Travel and training	-	-	4,471	19,037	842	13,145	37,495
Technology services	-	4,795	10,375	-	10,424	-	25,594
Classroom	-	96	17,193	-	2,103	-	19,392
Professional fees	-	-	11,530	-	3,842	-	15,372
Office supplies	-	4,286	11,602	-	2,998	-	18,886
Telephone	-	19	7,591	-	4,889	-	12,499
Printing and publishing	-	7,630	5,382	-	1,005	-	14,017
Postage	-	-	2,211	-	737	-	2,948
Vehicles	-	-	971	-	2,208	-	3,179
Family services	-	-	1,795	-	548	-	2,343
Medical	-	-	1,120	-	-	-	1,120
Mental health	-	-	1,179	-	25	-	1,204
Parent activities	-	-	484	-	227	-	711
Hiring	-	-	400	-	-	-	400
<b>Total Expenses</b>	<u>113,496</u>	<u>133,782</u>	<u>2,002,428</u>	<u>19,037</u>	<u>610,005</u>	<u>13,145</u>	<u>2,891,893</u>
<b>Change in Net Assets</b>	-	-	-	-	-	-	-
Net Assets - Beginning of Year	-	-	-	-	-	-	-
<b>NET ASSETS - End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Independent Auditor's Report

**OAHE CHILD DEVELOPMENT CENTER, INC.**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED MARCH 31, 2022

<u>Federal Grantor/Pass-Through Grantor Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Award Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Disbursements/ Expenditures</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				
<b>Head Start Cluster:</b>				
Direct Funding:				
Head Start - Center Based/Home Based	93.600	08CH01143001		\$ 1,993,584
Head Start - Training and Technical Assistance	93.600	08CH01143001		19,037
Early Head Start - Home Based	93.600	08CH01143001		607,519
Early Head Start - Training and Technical Assistance	93.600	08CH01143001		13,145
COVID-19 - Head Start	93.600	08CH01143001C3		26,754
COVID-19 - Head Start	93.600	08HE0004840100		55,378
Head Start - ARP	93.600	08HE000484-01-01		<u>51,650</u>
<b>Total Head Start Cluster:</b>				<u>2,767,067</u>
<b>Total U.S. Department of Health and Human Services</b>				<u>2,767,067</u>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
Passed through the S.D. Department of Education:				
Child and Adult Care Food Program	10.558		2020G-CACFP3240100	104,746
Child and Adult Care Food Program - COVID - 19	10.558		2020G-CACFP3240100	<u>8,750</u>
<b>Total U.S. Department of Agriculture</b>				<u>113,496</u>
<b>Total Federal Awards</b>				<u>\$ 2,880,563</u>

NOTE 1: BASIS OF PRESENTATION:

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Oahe Child Development Center, Inc. under programs of the federal government for the year ended March 31, 2022. The information in this Schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of Oahe Child Development Center, Inc., it is not intended to and does not present the financial position, changes in net position or cash flows of Oahe Child Development Center, Inc.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The Center has not elected to use the 10% de minimus cost rate.

*Wahlenberg  
Ritzman & Co., LLC*  
*certified public accountants*

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  
Oahe Child Development Center, Inc.  
Pierre, 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 Oahe Child Development Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of March 31, 2022, 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 August 18, 2022.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Oahe Child Development Center, Inc.'s internal control over financial reporting (internal control) as a basis for designing 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 Oahe Child Development Center, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Oahe Child Development Center, Inc.'s internal control.

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<b>Madison Office</b>	205 North Egan Avenue	PO Box 505	Madison, SD 57042	605.256.9165
<b>Yankton Office</b>	207 Douglas Avenue	PO Box 1018	Yankton, SD 57078	605.665.4401
<b>Sioux Falls Office</b>	507 West 10 <sup>th</sup> Street	PO Box 876	Sioux Falls, SD 57101	605.336.0372

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Member of: Private Companies Practice Section American Institute of CPAs, South Dakota Society of CPAs



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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 or significant deficiencies may exist that have not been identified.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Oahe Child Development Center, 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 statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of This Report**

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

Yankton, South Dakota  
August 18, 2022

*Wahlenberg  
Ritzman & Co., LLC*  
*certified public accountants*

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

To the Board of Directors  
Oahe Child Development Center, Inc.  
Pierre, South Dakota

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Oahe Child Development Center, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Oahe Child Development Center Inc.'s major federal programs for the year ended March 31, 2022. Oahe Child Development Center Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Oahe Child Development Center Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2022.

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### ***Basis for Opinion on Each Major Federal Program***

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Oahe Child Development Center Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance with each major federal program. Our audit does not provide a legal determination of Oahe Child Development Center Inc.'s compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statues, regulations, rules and provisions of contracts or grant agreements applicable to Oahe Child Development Center Inc.'s federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Oahe Child Development Center Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about Oahe Child Development Center Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Oahe Child Development Center Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of Oahe Child Development Center Inc.'s internal control over compliance relevant to the audit in order to design 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 Oahe Child Development Center Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Yankton, South Dakota  
August 18, 2022



**OAHE CHILD DEVELOPMENT CENTER, INC.**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED MARCH 31, 2022**

**SECTION II - FINDINGS - FINANCIAL STATEMENTS AUDIT**

There were no prior financial statement audit findings reported.

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

There were no prior federal award program findings reported.

**OAHE CHILD DEVELOPMENT CENTER, INC.**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED MARCH 31, 2022**

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ yes X no
- Significant deficiency(ies) identified? \_\_\_\_\_ yes X none reported

Noncompliance material to financial statements noted? \_\_\_\_\_ yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_ yes X no
- Significant deficiency(ies) identified? \_\_\_\_\_ yes X none reported

Type of auditor's report issued on compliance for major programs Unmodified

Audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? \_\_\_\_\_ yes X no

Identification of major programs:

CFDA Numbers

Name of Federal Program or Cluster

93.600

Head Start

Dollar Threshold used to distinguish between Type A and Type B Programs: \$750,000

Auditee qualified as low-risk auditee? X yes \_\_\_\_\_ no

**OAHE CHILD DEVELOPMENT CENTER, INC.**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED MARCH 31, 2022**

**SECTION II - FINDINGS - FINANCIAL STATEMENTS AUDIT**

There are no financial statement audit findings.

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

There are no major federal award program findings.