

**OAHE CHILD DEVELOPMENT
CENTER, INC.**

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

MARCH 31, 2026

**OAHE CHILD DEVELOPMENT
CENTER, INC.**

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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. (the Center)(a nonprofit organization), which comprise the statement of financial position as of March 31, 2026, 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 the Center as of March 31, 2026, 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 States 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 the Center 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 opinion.

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.

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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 the Center'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 judgment 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 judgment 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 the Center's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center'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 the Center's 2025 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 15, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2025, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of program activity – regulatory basis is presented for purposes of additional analysis and is not a required part of the financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is also 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 schedule of program activity – regulatory basis and the schedule of expenditures of federal awards are 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 10, 2026, on our consideration of the Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Center's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control over financial reporting and compliance.

Uhlenberg Ritzman + Co., LLC

Yankton, South Dakota
August 10, 2026

OAHE CHILD DEVELOPMENT CENTER, INC

STATEMENT OF FINANCIAL POSITION
MARCH 31, 2026
WITH SUMMARIZED COMPARATIVE TOTALS FOR MARCH 31, 2025

	<u>2026</u>	<u>2025</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 266,767	\$ 215,017
Grants receivable:		
U.S. Department of Health and Human Services	327,735	434,607
State - Department of Education	15,833	16,227
Prepaid expenses	<u>2,848</u>	<u>6,244</u>
Total current assets	<u>613,183</u>	<u>672,095</u>
PROPERTY AND EQUIPMENT		
Land	150,000	150,000
Buildings	2,290,554	2,290,554
Leased buildings	289,414	289,414
Furniture and equipment	829,293	745,923
Less: accumulated depreciation	(1,753,480)	(1,661,096)
Less: accumulated amortization	<u>(211,815)</u>	<u>(152,465)</u>
Net property and equipment	<u>1,593,966</u>	<u>1,662,330</u>
OTHER ASSETS		
Cash - designated leave accrual	<u>50,021</u>	<u>51,098</u>
Total other assets	<u>50,021</u>	<u>51,098</u>
TOTAL ASSETS	<u><u>\$ 2,257,170</u></u>	<u><u>\$ 2,385,523</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 262,219	\$ 280,158
Credit card payable	2,049	-
Accrued payroll	96,626	89,910
Accrued expenses	64,828	64,245
Contracts payable	68,737	69,791
Current portion of long-term leases payable	<u>61,768</u>	<u>59,350</u>
Total current liabilities	<u>556,227</u>	<u>563,454</u>
LONG-TERM LIABILITIES		
Leases payable, less current maturities	<u>15,831</u>	<u>77,599</u>
Total long-term liabilities	<u>15,831</u>	<u>77,599</u>
NET ASSETS		
Net assets without donor restrictions:		
Board designated:		
Leave accrual	50,021	51,098
Undesignated	<u>1,635,091</u>	<u>1,693,372</u>
Total net assets without donor restrictions	<u>1,685,112</u>	<u>1,744,470</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 2,257,170</u></u>	<u><u>\$ 2,385,523</u></u>

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

OAHE CHILD DEVELOPMENT CENTER, INC

STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2026
WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED MARCH 31, 2025

	<u>2026</u>	<u>2025</u>
	<u>Without Donor Restrictions</u>	<u>Total</u>
REVENUE		
Federal grant revenue	\$ 3,110,141	\$ 3,133,210
Contributions	33,995	36,489
Contributed nonfinancial assets	38,657	18,045
Interest earned	427	501
Insurance proceeds	5,693	-
Total revenue	<u>3,188,913</u>	<u>3,188,245</u>
EXPENSES		
Program Activities:		
Head Start	2,101,456	2,123,600
Early Head Start	629,751	622,495
CANS	126,967	130,341
Auxiliary assistance	9,588	15,101
Total program activities	<u>2,867,762</u>	<u>2,891,537</u>
Support Services:		
Management and general	380,509	361,321
Total support services	<u>380,509</u>	<u>361,321</u>
Total expenses	<u>3,248,271</u>	<u>3,252,858</u>
Change in Net Assets	(59,358)	(64,613)
Net Assets - Beginning of Year	<u>1,744,470</u>	<u>1,809,083</u>
Net Assets - End of Year	<u>\$ 1,685,112</u>	<u>\$ 1,744,470</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, 2026
WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED MARCH 31, 2025

	Program Activities					Support Services		2026	2025
	Head Start	Early Head Start	CANS	Auxiliary Assistance	Total Program Activities	Management and General	Total Support Services	Total Expenses	Total Expenses
Salaries	\$ 1,420,971	\$ 360,032	\$ -	\$ -	\$ 1,781,003	\$ 266,951	\$ 266,951	\$ 2,047,954	\$ 1,990,074
Retirement	191,708	81,214	-	-	272,922	40,622	40,622	313,544	329,789
Payroll taxes	108,689	25,964	-	-	134,653	28,467	28,467	163,120	157,276
Food costs	5,082	1,635	126,967	153	133,837	-	-	133,837	137,619
Operating supplies	47,065	18,675	-	9,429	75,169	-	-	75,169	98,655
Employee benefits	43,982	15,568	-	-	59,550	392	392	59,942	75,398
Travel and training	19,615	13,565	-	-	33,180	416	416	33,596	58,564
Occupancy	11,289	25,121	-	-	36,410	920	920	37,330	46,464
Insurance	26,601	8,867	-	6	35,474	11,741	11,741	47,215	42,456
Professional fees	19,417	6,473	-	-	25,890	13,801	13,801	39,691	39,157
Repairs and maintenance	26,454	10,750	-	-	37,204	897	897	38,101	32,390
Classroom	21,059	2,587	-	-	23,646	-	-	23,646	19,828
Contributed nonfinancial assets	29,521	9,137	-	-	38,658	-	-	38,658	18,045
Telephone	8,925	2,975	-	-	11,900	368	368	12,268	12,762
Office supplies	5,853	1,951	-	-	7,804	588	588	8,392	10,059
Interest expense - Irwin lease	3,298	1,099	-	-	4,397	-	-	4,397	6,721
Printing and publishing	4,462	1,406	-	-	5,868	-	-	5,868	5,798
Family services	1,677	948	-	-	2,625	-	-	2,625	5,126
Vehicles	312	1,520	-	-	1,832	-	-	1,832	3,973
Equipment	58	19	-	-	77	-	-	77	3,153
Postage	1,709	570	-	-	2,279	172	172	2,451	2,489
Mental health	1,459	486	-	-	1,945	-	-	1,945	2,193
Hiring	2,623	874	-	-	3,497	-	-	3,497	1,548
Parent activities	752	310	-	-	1,062	-	-	1,062	912
Miscellaneous	-	-	-	-	-	-	-	-	910
Medical	249	72	-	-	321	-	-	321	14
	2,002,830	591,818	126,967	9,588	2,731,203	365,335	365,335	3,096,538	3,101,373
Depreciation & amortization	98,626	37,933	-	-	136,559	15,174	15,174	151,733	151,485
	<u>\$ 2,101,456</u>	<u>\$ 629,751</u>	<u>\$ 126,967</u>	<u>\$ 9,588</u>	<u>\$ 2,867,762</u>	<u>\$ 380,509</u>	<u>\$ 380,509</u>	<u>\$ 3,248,271</u>	<u>\$ 3,252,858</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, 2026
WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED MARCH 31, 2025

	<u>2026</u>	<u>2025</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (59,358)	\$ (64,613)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	151,733	151,485
(Increase) decrease in assets:		
Grants receivable - U.S. Department of Health and Human Services	106,872	103,504
Grants receivable - State - Department of Education	394	(712)
Prepaid expenses	3,396	565
Increase (decrease) in liabilities:		
Accounts payable	(17,938)	(112,504)
Credit card payable	2,049	-
Accrued payroll	6,716	9,232
Accrued expenses	583	7,666
Contracts payable	<u>(1,054)</u>	<u>2,967</u>
Net cash provided by (used in) operating activities	<u>193,393</u>	<u>97,590</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(83,370)	(7,956)
Payments received from (transfers made to) leave account	<u>1,077</u>	<u>(5,304)</u>
Net cash provided by (used in) investing activities	<u>(82,293)</u>	<u>(13,260)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on leases payable	<u>(59,350)</u>	<u>(57,027)</u>
Net cash provided by (used in) financing activities	<u>(59,350)</u>	<u>(57,027)</u>
Change in cash	51,750	27,303
Cash, Beginning of year	<u>215,017</u>	<u>187,714</u>
Cash, End of year	<u>\$ 266,767</u>	<u>\$ 215,017</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest - lease payable	<u>\$ 4,397</u>	<u>\$ 6,721</u>

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

OAHE CHILD DEVELOPMENT CENTER, INC.

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2026

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 94% 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.

Summarized 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, 2025, 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, 2026

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 \$10,000 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.

Leased Asset

Leased assets are recorded at the discounted present value of the underlying lease payable. All acquisitions of leased assets valued in excess of \$10,000 are capitalized. Amortization is provided using the discounted present value over the life of the lease payable.

Lease Payable

The Center recognizes a lease liability and an intangible right-to-use lease asset (leased asset) in the financial statements. The Center recognizes lease liabilities with an initial, individual value of \$10,000.

At the commencement of a lease, the Center initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the leased asset is amortized on a discounted present value over the life of the lease payable.

Key estimates and judgments related to leases include how the Center determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

OAHE CHILD DEVELOPMENT CENTER, INC.

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2026

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Lease Payable, continued

- The Center uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Center generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the non-cancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option prices that the Center is reasonably certain to exercise.

The Center monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Accrued Leave

Annual leave is accumulated by employees throughout the year. Employees may accumulate annual leave without limitation, provided 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, 2026

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.

Revenue Recognition

Contributions, including promises to give, are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions. A contribution contains a donor or grantor condition when there is (1) an explicit identification of a barrier that must be overcome before the revenue can be earned and (2) an implicit right of return of assets transferred or a right of release of a donor or grantor's obligation to transfer assets promises, if the condition is not met.

Conditional contributions are recognized when the barriers to entitlement are overcome. Unconditional contributions are recognized as revenue when received.

Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award. Grant awards that are contributions are recognized as revenue when conditions in the award are satisfied. Unconditional awards are recognized as revenue when the award is received. Amounts received in which conditions have not been met are reported as refundable advance liability.

Grant awards that are exchange transactions are those in which the resource provider or grantor received a commensurate value in exchange for goods or services transferred. Revenue is recognized when control of the promised goods or services is transferred to the grantor in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Amounts received in excess of recognized revenue are reflected as unearned revenue.

OAHE CHILD DEVELOPMENT CENTER, INC.

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2026

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Contributed Nonfinancial Assets

The Center has recorded contributed nonfinancial assets for space, supplies, and professional services in the statement of activities in accordance with 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 \$883,184 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.

Advertising

The Center expenses advertising costs as they are incurred.

Federal Income Taxes

The Center 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.

OAHE CHILD DEVELOPMENT CENTER, INC.

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2026

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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	\$	266,767
Grants receivable		<u>343,568</u>
	\$	<u><u>610,335</u></u>

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, 2026, the Center had an uninsured cash balance of \$27,363.

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 \$50,021 as of March 31, 2026.

OAHE CHILD DEVELOPMENT CENTER, INC.

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2026

5. LEASE PAYABLE

Lease payable consists of the following:

Classroom Space Lease, 4% discount rate, due in monthly installments of \$5,312, final maturity June 2027	\$ 77,599
Less: current portion	<u>(61,768)</u>
	<u>\$ 15,831</u>

Maturity of the lease payable is as follows:

March 31,	Total
2027	\$61,768
2028	<u>15,831</u>
	<u>\$77,599</u>

6. CONCENTRATION OF REVENUE SOURCES

Approximately 94% 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, 2026, 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.

OAHE CHILD DEVELOPMENT CENTER, INC.

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2026**

7. RISK MANAGEMENT, continued

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.

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, 2026, was \$313,544.

9. SUBSEQUENT EVENTS

Events occurring after March 31, 2026, were evaluated by management through August 10, 2026, 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, 2026

	DOA	Department of Health and Human Services					
	10.558	93.600					
	Child & Adult Care Food Program	Cares Act Funding	Head Start	Head Start Training and Tech. Assist.	Early Head Start	Early Head Start Training and Tech. Assist.	Total Programs
REVENUE							
Grant revenue	126,967	-	2,256,145	19,037	694,847	13,145	3,110,141
Contributed nonfinancial assets	-	-	29,521	-	9,137	-	38,658
Total Revenue	126,967	-	2,285,666	19,037	703,984	13,145	3,148,799
EXPENSES							
Salaries	-	-	1,606,745	-	441,209	-	2,047,954
Contributed nonfinancial assets	-	-	29,521	-	9,137	-	38,658
Retirement	-	-	219,547	-	93,997	-	313,544
Payroll taxes	-	-	128,616	-	34,504	-	163,120
Occupancy	-	-	59,790	-	41,288	-	101,078
Food costs	126,967	-	5,083	-	1,635	-	133,685
Employee benefits	-	-	51,544	-	18,131	-	69,675
Operating supplies	-	-	47,065	-	18,675	-	65,740
Repairs and maintenance	-	-	29,002	-	11,599	-	40,601
Playground	-	-	58	-	19	-	77
Insurance	-	-	28,107	-	9,369	-	37,476
Travel and training	-	-	896	19,037	518	13,145	33,596
Technology services	-	-	19,418	-	6,473	-	25,891
Classroom	-	-	23,949	-	3,469	-	27,418
Professional fees	-	-	10,351	-	3,450	-	13,801
Office supplies	-	-	6,291	-	2,097	-	8,388
Telephone	-	-	9,201	-	3,067	-	12,268
Printing and publishing	-	-	1,572	-	524	-	2,096
Postage	-	-	1,838	-	613	-	2,451
Vehicles	-	-	312	-	1,520	-	1,832
Family services	-	-	1,677	-	948	-	2,625
Medical	-	-	249	-	72	-	321
Mental health	-	-	1,459	-	486	-	1,945
Parent activities	-	-	752	-	310	-	1,062
Hiring	-	-	2,623	-	874	-	3,497
Total Expenses	126,967	-	2,285,666	19,037	703,984	13,145	3,148,799
Change in Net Assets	-	-	-	-	-	-	-
Net Assets - Beginning of Year	-	-	-	-	-	-	-
NET ASSETS - End of Year	-	-	-	-	-	-	-

See Independent Auditor's Report

OAHE CHILD DEVELOPMENT CENTER, INC.

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED MARCH 31, 2026**

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Assistance Listing Number	Award Number	Pass-Through Entity Identifying Number	Disbursements/ Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Head Start Cluster:				
Direct Funding:				
Head Start - Center Based/Home Based	93.600	08CH013107		\$ 2,256,145
Head Start - Training and Technical Assistance	93.600	08CH013107		19,037
Early Head Start - Home Based	93.600	08CH013107		694,847
Early Head Start - Training and Technical Assistance	93.600	08CH013107		<u>13,145</u>
Total Head Start Cluster:				<u>2,983,174</u>
Total U.S. Department of Health and Human Services				<u>2,983,174</u>
U.S. DEPARTMENT OF AGRICULTURE				
Passed through the S.D. Department of Education:				
Child and Adult Care Food Program	10.558		2026G-CACFP32401	<u>126,967</u>
Total U.S. Department of Agriculture				<u>126,967</u>
Total Federal Awards				<u>\$ 3,110,141</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, 2026. 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 Oahe Child Development Center, Inc. has not elected to use the de minimis cost rate.

See Independent Auditor's Report

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. (the Center) (a nonprofit organization), which comprise the statement of financial position as of March 31, 2026, 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 10, 2026.

Report on Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Center'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 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 the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wohlenberg Ritzman + Co., LLC

Yankton, South Dakota
August 10, 2026

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 (the Center) 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 the Center's major federal programs for the year ended March 31, 2026. The Center's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Center 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, 2026.

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 the Center 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 its major federal program. Our audit does not provide a legal determination of the Center'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, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Center'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 the Center'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 the Center'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 the Center'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 the Center'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 the Center'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.

Wohlenberg Ritzman + Co., LLC

Yankton, South Dakota
August 10, 2026

OAHE CHILD DEVELOPMENT CENTER, INC.

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED MARCH 31, 2026**

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, 2026**

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:

Assistance Listing Number

93.600

Name of Federal Program or Cluster

Head Start Cluster

Dollar Threshold used to distinguish between Type A and Type B Programs: \$1,000,000

Auditee qualified as low-risk auditee? X yes _____ no

OAHE CHILD DEVELOPMENT CENTER, INC.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED MARCH 31, 2026**

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.