BROOKINGS AREA TRANSIT AUTHORITY

AUDITED FINANCIAL STATEMENTS

SEPTEMBER 30, 2025 AND 2024

BROOKINGS AREA TRANSIT AUTHORITY

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KMWF & Associates, PC
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Brookings Area Transit Authority
Brookings, South Dakota 57006

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Brookings Area Transit Authority (a nonprofit organization), which comprise the statements of financial position as of September 30, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years 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 Brookings Area Transit Authority as of September 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 Brookings Area Transit Authority 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.

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 Brookings Area Transit Authority'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 Brookings Area Transit Authority'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 Brookings Area Transit Authority'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying 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 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 expenditures of federal awards 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 June 22, 2026, on our consideration of Brookings Area Transit Authority'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 Brookings Area Transit Authority'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 Brookings Area Transit Authority's internal control over financial reporting and compliance.

KMWF + Associates, PC

Dell Rapids, South Dakota
June 22, 2026

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
Brookings Area Transit Authority
Brookings, South Dakota 57006

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 Brookings Area Transit Authority (a nonprofit organization), which comprise the statement of financial position as of September 30, 2025, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 22, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Brookings Area Transit Authority'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 Brookings Area Transit Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Brookings Area Transit Authority'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 the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2025-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Brookings Area Transit Authority'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*.

Brookings Area Transit Authority's Response to Findings

Government Auditing Standards require the auditor to perform limited procedures on Brookings Area Transit Authority's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Brookings Area Transit Authority's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

KMWF + Associates, PC

Dell Rapids, South Dakota
June 22, 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
Brookings Area Transit Authority
Brookings, South Dakota 57006

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Brookings Area Transit Authority'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 Brookings Area Transit Authority's major federal programs for the year ended September 30, 2025. Brookings Area Transit Authority'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, Brookings Area Transit Authority 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 September 30, 2025.

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 Award* (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 Brookings Area Transit Authority 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 for each major federal program. Our audit does not provide a legal determination of Brookings Area Transit Authority'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 Brookings Area Transit Authority'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 Brookings Area Transit Authority'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 judgment made by a reasonable user of the report on compliance about Brookings Area Transit Authority'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 judgment 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 Brookings Area Transit Authority'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 Brookings Area Transit Authority'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 Brookings Area Transit Authority'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.

KMWF + Associates, PC

Dell Rapids, South Dakota
June 22, 2026

BROOKINGS AREA TRANSIT AUTHORITY
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

PRIOR FEDERAL AUDIT FINDINGS:

The prior audit report contained no written audit findings.

PRIOR OTHER AUDIT FINDINGS:

Prior Finding Number 2024-001

A deficiency in controls exists due to the client personnel not being able to prepare the financial statements, including all notes. This has been a finding since September 30, 2016. This finding has not been corrected and is restated as finding number 2025-001.

BROOKINGS AREA TRANSIT AUTHORITY
SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

SUMMARY OF INDEPENDENT AUDITOR'S RESULTS:

Financial Statements

a. An unmodified opinion was issued on the financial statements.

b. Material weakness was disclosed by our audit of the financial statements and is reported as finding 2025-001.

c. Our audit did not disclose any noncompliance which was material to the financial statements.

Federal Awards

d. An unmodified opinion was issued on compliance with the requirements applicable to major programs.

e. Our audit did not disclose any audit findings that need to be disclosed in accordance with 2 CFR 200.516(a).

f. The federal awards tested as major programs were:

FALN(s) Number	Name of Federal Program
20.526	Buses and Bus Facilities Program

g. The dollar threshold used to distinguish between Type A and Type B federal award programs was $1,000,000.

h. Brookings Area Transit Authority did not qualify as a low-risk auditee.

BROOKINGS AREA TRANSIT AUTHORITY
SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Current Federal Audit Findings:

There are no written current federal compliance audit findings to report.

Current Other Audit Findings:

Internal Control – Related Findings – Material Weaknesses:

Finding No. 2025-001:

Criteria:
Statements on Auditing Standards require reporting of a material weakness if client personnel are not able to prepare the financial statements, including all notes.

Condition, Cause and Effect:
The Organization does not have a member of the staff with the background and ability to prepare and understand financial statements prepared in accordance with Generally Accepted Accounting Principles. This condition could result in errors that are not detected in a timely manner.

Recommendation:
Additional training of staff to enable the Organization to determine proper application of Generally Accepted Accounting Principles.

Corrective Action Plan:
Travis Bortnem, Executive Director, is the contact person responsible for the corrective action plan for this comment. The Organization has prepared a response to the finding which is on page 26.

Brookings Area Transit Authority
Statements of Financial Position
September 30, 2025 and 2024

ASSETS

	2025	2024
Current Assets		
Cash and Cash Equivalents	$ 1,390,800	$ 1,305,623
Grants Receivable	16,732	463,935
Accounts Receivable	23,627	84,771
Prepaid Expenses	36,705	18,410
Total Current Assets	1,467,864	1,872,739
Property and Equipment		
Construction in Progress	62,946	923,237
Land	60,000	85,000
Bus Barn	2,572,239	2,029,415
Equipment-Buses	2,542,461	1,777,888
Equipment-Fixtures	244,653	244,653
Accumulated Depreciation	(1,770,533)	(1,677,074)
Total Property and Equipment	3,711,766	3,383,119
TOTAL ASSETS	$ 5,179,630	$ 5,255,859

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts Payable	$ 18,205	$ 531,767
Accrued Salaries	59,589	53,886
Accrued Vacation	45,101	42,941
Payroll Liabilities	10,833	7,372
Total Current Liabilities	133,728	635,966
Net Assets		
Without Donor Restrictions	4,686,702	4,406,441
With Donor Restrictions	359,200	213,452
Total Net Assets	5,045,902	4,619,893
TOTAL LIABILITIES AND NET ASSETS	$ 5,179,630	$ 5,255,859

See accompanying notes to financial statements.

Brookings Area Transit Authority
Statement of Activities
Year Ended September 30, 2025

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Income			
Bus Fares Income	$ 290,768	$ -	$ 290,768
Contract Income	214,398	-	214,398
Grant Income	2,170,974	-	2,170,974
Local & State Income	337,628	-	337,628
Donations Income	2,400	-	2,400
Bus Advertising	69,204	-	69,204
Miscellaneous Income	13,014	-	13,014
Interest Income	1,840	-	1,840
Program Fees	174,144	-	174,144
Sale of Assets	64,593	152,935	217,528
Total Income	3,338,963	152,935	3,491,898
Expenses			
Program Expenses	2,533,925	7,187	2,541,112
Management and General Expenses	524,777	-	524,777
Total Expenses	3,058,702	7,187	3,065,889
Change in Net Assets	280,261	145,748	426,009
Net Assets, beginning of year	4,406,441	213,452	4,619,893
Net Assets, end of year	$ 4,686,702	$ 359,200	$ 5,045,902

See accompanying notes to financial statements.

Brookings Area Transit Authority
Statement of Activities
Year Ended September 30, 2024

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Income			
Bus Fares Income	$ 296,770	$ -	$ 296,770
Contract Income	199,196	-	199,196
Grant Income	3,283,145	-	3,283,145
Local & State Income	374,751	-	374,751
Donations Income	9,630	-	9,630
Bus Advertising	68,552	-	68,552
Insurance Proceeds	9,150	-	9,150
Miscellaneous Income	15,730	-	15,730
Interest Income	7,390	-	7,390
Program Fees	198,259	-	198,259
Sale of Assets	24,054	-	24,054
Total Income	4,486,627	-	4,486,627
Expenses			
Program Expenses	1,934,466	9,583	1,944,049
Management and General Expenses	478,852	-	478,852
Total Expenses	2,413,318	9,583	2,422,901
Change in Net Assets	2,073,309	(9,583)	2,063,726
Net Assets, beginning of year	2,333,132	223,035	2,556,167
Net Assets, end of year	$ 4,406,441	$ 213,452	$ 4,619,893

See accompanying notes to financial statements.

Brookings Area Transit Authority
Statement of Functional Expenses
Year Ended September 30, 2025

	Program Services	Supporting Services: Management and Administration	Supporting Services: Fundraising	Total
Compensation	917,225	342,350	-	$ 1,259,575
Payroll Taxes & Employee Benefits	221,929	82,834	-	304,763
Total Payroll Costs	1,139,154	425,184	-	1,564,338
Advertising	4,761	1,625	-	6,386
Bank Charges	-	5,853	-	5,853
Depreciation	378,036	-	-	378,036
Drug Testing	2,044	763	-	2,807
Dues	-	4,610	-	4,610
Employee Travel	-	3,039	-	3,039
Fuel	158,907	-	-	158,907
Insurance & Bond	89,576	-	-	89,576
Maintenance	106,048	-	-	106,048
Miscellaneous	23,710	1,205	-	24,915
Office Supplies	13,086	2,058	-	15,144
Postage & Delivery	-	412	-	412
Professional Fees	-	22,970	-	22,970
Program Expenses	30,898	-	-	30,898
Transfer of Building to Municipality	578,809	-	-	578,809
Telephone	-	24,475	-	24,475
Utilities	-	26,580	-	26,580
Workman's Comp Insurance	16,083	6,003	-	22,086
Total Functional Expenses	$ 2,541,112	$ 524,777	$ -	$ 3,065,889

See accompanying notes to financial statements.

Brookings Area Transit Authority
Statement of Functional Expenses
Year Ended September 30, 2024

	Program Services	Supporting Services: Management and Administration	Supporting Services: Fundraising	Total
Compensation	$ 868,916	$ 302,671	$ -	$ 1,171,587
Payroll Taxes & Employee Benefits	206,904	72,071	-	$ 278,975
Total Payroll Costs	1,075,820	374,742	-	1,450,562
Advertising	7,486	1,872	-	9,358
Bank Charges	-	5,213	-	5,213
Depreciation	307,148	-	-	307,148
Drug Testing	2,325	810	-	3,135
Dues	-	2,942	-	2,942
Employee Travel	-	5,335	-	5,335
Fuel	167,010	-	-	167,010
Insurance & Bond	64,172	-	-	64,172
Interest	8,553	-	-	8,553
Maintenance	104,661	-	-	104,661
Miscellaneous	11,834	7,977	-	19,811
Office Supplies	21,200	2,078	-	23,278
Postage & Delivery	-	305	-	305
Professional Fees	-	20,590	-	20,590
Program Expenses	60,284	-	-	60,284
Reimbursement	94,876	-	-	94,876
Telephone	-	23,799	-	23,799
Utilities	-	26,682	-	26,682
Workman's Comp Insurance	18,680	6,507	-	25,187
Total Functional Expenses	$ 1,944,049	$ 478,852	$ -	$ 2,422,901

See accompanying notes to financial statements.

Brookings Area Transit Authority
Statements of Cash Flows
Year Ended September 30, 2025 and 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 426,009	$ 2,063,726
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	378,036	307,148
Transfer of Building to Municipality	578,809	-
(Gain) Loss on Sale of Assets	(217,528)	(24,054)
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	61,144	(41,598)
(Increase) decrease in grants receivable	447,203	(290,652)
(Increase) decrease in prepaid expenses	(18,295)	-
Increase (decrease) in accounts payable	(513,562)	517,849
Increase (decrease) in accrued salaries	5,703	12,128
Increase (decrease) in accrued vacation	2,160	9,391
Increase (decrease) in payroll liabilities	3,492	2,943
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	1,153,171	2,556,881
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of fixed assets	524,032	138,726
Purchase of fixed assets	(1,592,026)	(2,956,358)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(1,067,994)	(2,817,632)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on debt	-	(450,000)
Proceeds received from issuance of debt	-	450,000
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	-	-
NET CHANGE IN CASH AND CASH EQUIVALENTS	85,177	(260,751)
BEGINNING CASH AND CASH EQUIVALENTS	1,305,623	1,566,374
ENDING CASH AND CASH EQUIVALENTS	$ 1,390,800	$ 1,305,623
SUPPLEMENTAL INFORMATION:		
Cash paid for interest	$ -	$ 8,553

See accompanying notes to financial statements.

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Brookings Area Transit Authority was established April 9, 1990 to provide public transportation activities and operations for all citizens of the Brookings area of South Dakota. In 2014, Brookings Area Transit Authority assumed operations of Freeman Community Transit. In 2021, Brookings Area Transit Authority assumed operations of Dell Rapids Community Transit. In 2025, Brookings Area Transit Authority transferred the Dell Rapids building to the City of Dell Rapids and entered into an agency management agreement in which Brookings Area Transit Authority performs services for a fee.

Funding sources include monies from Brookings County, City of Brookings, Brookings Area United Way, Federal and State Grants, bus fees, and private donations.

The Brookings Area Transit Authority is governed by a seven-person Board of Directors

Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements

The Brookings Area Transit Authority uses the accrual basis of accounting. Under the accrual basis of accounting revenues are recognized when they are earned, and expenses are recognized when they are incurred.

Basis of Presentation

The Organization has presented its financial statements in accordance with generally accepted accounting principles for not-for-profit organizations. Under this guidance, the Organization is required 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. In addition, the Organization is required to present a statement of cash flows.

Revenue Recognition

The Organization recognizes revenue from reimbursed fees in accordance with FASB ASC 606 Revenue from Contracts with Customers, which provides a principle-based framework for recognizing revenue for exchange transactions. This guidance is based on the principle that revenue from contracts with customers should be recognized when an entity satisfies its obligation(s) under a contract.

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and right of return – are not recognized until the conditions on which they depend have been met.

- Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

- Donated materials and equipment are recorded as contributions at their estimated fair values at date of receipt. No amounts are recorded for donated volunteer services as no objective basis is available to measure the value of such service.

Accounts Receivable

Accounts receivable are presented net of an allowance for credit losses. The accounts receivable for this audit period consist of amounts due from customers of the Brookings Area Transit Authority. The credit risk associated with this activity is immaterial in nature. Therefore, the allowance for credit losses is set at zero.

Grants Receivable

The grant receivables for 2025 and 2024 consist of amounts due from pass through federal grants from the State of South Dakota for reimbursement of September 2025 and 2024 administrative and operational expenses and repairs and maintenance, and the United Way.

Income Tax Status

The Organization is a not-for-profit organization, which is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue code. In addition, the Organization has been classified as an organization other than private foundation under Section 509(a)(2). Accordingly, no provision for income taxes has been reflected in the financial statements.

Uncertain Tax Positions

The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization's Federal Exempt Organization Income Tax Returns (Form 990) for 2023, 2024, and 2025 are subject to examination by the IRS, generally for three years after they were filed.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization recognizes as cash, currency on hand and demand deposits with banks or other financial institutions. It also includes other accounts that have general characteristics of demand deposits in that the customer may deposit or withdraw funds at any time without prior notice or penalty such as certificates of deposit, which do not have penalties or terms with them, which effectively restrict withdrawal of funds, money market accounts and repurchase agreements.

The Organization recognizes as cash equivalents, short-term, highly liquid investments that (a) are readily convertible to known amounts of cash and (b) are so near to their maturity that they present an insignificant risk of changes in value because of changes in interest rates.

Fair Value of Financial Instruments

The carrying amount of cash, accounts receivable and grants receivable approximate fair values because of the short maturities of those instruments.

Concentrations of Risk

Concentration of credit risk include work in a regional geographic area and the specialized service of this Organization.

The Brookings Area Transit Authority holds cash balances at financial institutions in South Dakota. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation (FDIC insured) up to $250,000. The Organization has not experienced any loss in such accounts. As of September 30, 2025, the bank balance of the accounts was $1,390,448 with $1,138,074 being uninsured or uncollateralized. The carrying amount of these deposits as of September 30, 2025, was $1,390,800.

Concentrations of Contributions

The revenues for this audit period are generated through grants from the U.S. Department of Transportation and the State of South Dakota and from contributions and fares. Approximately 85.3% and 88.7% of 2025 and 2024 income respectively was generated by grants, fares and contributions as follows:

	2025	2024
Grants	65.0%	73.2%
Fares and Contracts	15.1%	11.1%
Program Fees	5.2%	4.4%

Contributed Services

During the year ended September 30, 2025 the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as contributed services.

Inventory

The inventory of supplies is not recorded in the financial statements due to its immaterial nature. The cost of inventories is recorded as expenditures/expenses when purchased rather than when consumed.

Property, Equipment and Depreciation

It is the Organization's policy to capitalize all property and equipment with a useful life greater than one year, and an initial acquisition cost $2,500 or more. Donations of property and equipment are recorded as contributions and are stated at fair market value at date of receipt. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in income for the period. The cost of maintenance and repairs is charged to expense as incurred; significant renewals and betterments are capitalized.

Depreciation is computed by the straight-line method based on the estimated service lives of the various assets as follows:

Buildings	15-39 Years
Buses	5-7 Years
Equipment	3-7 Years

Accumulated Unpaid Leave

Full-Time
Full-time employees are entitled to accumulate paid vacations based on years of continuous service calculated from their anniversary date of employment,

Complete Years of Continuous Service	Days of Paid Vacation
0 - 1 Year	10 workdays
1 - 5 Years	15 workdays
6 - 10 Years	20 workdays
11+ Years	25 workdays

A maximum of 240 hours of annual leave may be accrued. Annual leave will begin to accrue at the beginning of employment, however, annual leave may not be used until employed for six months.

A full-time employee who voluntarily terminates and gives two-week notice will be compensated for annual leave earned but not yet taken.

Sick leave accrues at the rate of 3.69 hours per 80 hours worked. The maximum amount of sick leave an employee may accumulate is 360 hours. Unused sick leave will not be paid upon termination.

Part-Time
Part-time employees who work less than 40 hours per week.

Vacation
Part-time employees are not entitled to paid vacations.

Sick Leave
Benefits will be based on a formula of 4.61% x hours worked, not to accrue more than 100 hours. Unused sick leave will not be paid upon termination.

The accrued vacation leave balance as of September 30, 2025, and 2024 is $45,101 and $42,941 respectively.

Expenses by Nature and Function

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and benefits, which are allocated on the basis of estimates of time and effort.

Advertising Costs

The Organization expenses its advertising costs in the year they are incurred

NOTE 2 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statements of financial position date.

	2025	2024
Financial assets at year-end	$ 1,467,864	$ 1,872,739
Financial assets available to meet cash needs for general expenditures within one year	$ 1,467,864	$ 1,872,739

As part of the Organization's liquidity management, it structures its financial assets to be available as its general expenditure, liabilities and other obligations as they come due.

NOTE 3 - RESTRICTIONS ON NET ASSETS

The net assets with donor restrictions consist of the bus barn and land on which the bus barn is located that Brookings County is allowing the organization to use. The organization is responsible for upkeep and maintenance of the building during the period they use the building. During 2025, the building was sold and $359,200 of the sale proceeds have been restricted for capital asset purchases.

NOTE 4 – RETIREMENT PLAN

The Organization has a SIMPLE IRA plan available to all eligible employees. Employees may choose to participate by making elective salary deferral contributions up to $16,000 per year. The Organization matches employee salary deferrals up to 3% of the employee's compensation. Employer contributions for the years ended September 30, 2025 and 2024 were $17,734 and $15,336 respectively.

NOTE 5 – RISK MANAGEMENT

The Organization is exposed to various risks of loss related to torts; theft of, damage to and the destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year, the organization managed its risks as follows:

Employee Health Insurance - The organization purchases health insurance for its employees from a commercial insurance carrier.

Liability Insurance – The Organization purchases liability insurance for risk related to torts; theft and damage to vehicles and property.

Vehicle Insurance – The Organization purchases vehicle insurance for damage and liability related to the operations of the transit vehicles.

Workmen's Compensation – The Organization purchases liability insurance for workmen's compensation from a commercial carrier.

Unemployment Benefits – The Organization provides coverage from unemployment benefits by paying into the Unemployment Compensation Fund established by state law and managed by the State of South Dakota.

NOTE 6 – CONCENTRATIONS

The Organization is dependent on federal funding passed through the State of South Dakota. The loss of funding would have an adverse effect on the ability to continue operations. For the year ended September 30, 2025 and 2024, approximately 65.0% and 73.2% respectively of the total revenues were attributable to federal funding.

NOTE 7 - SUBSEQUENT EVENTS

Management has evaluated subsequent events to June 22, 2026 the date which the financial statements were available to be issued, and determined that there are no reportable events that have occurred.

BROOKINGS AREA TRANSIT AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Expenditures Amount FY 2025
US Department of Transportation:		811718	
Pass-Through the SD Department of Transportation:		812031, 812164	
Federal Transit Cluster:		812185, 812226	
Buses and Bus Facilities Program (Note 3)	20.526	812231, 812233	1,201,709
Total Federal Transit Cluster			1,201,709
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505	811944	30,151
Formula Grants for Rural Areas:			
Formula Grants for Rural Areas	20.509	812224, 812228	916,969
Total US Department of Transportation			2,148,829
US Department of Health and Human Services:			
Pass-Through the SD Department of Transportation:			
Special Programs for the Aging - Title III, Part B - Grants for the Supportive Services and Senior Centers	93.044	812224, 812228	22,145
Total US Department of Health and Human Services			22,145
Grand Total			$ 2,170,974

NOTE 1: The accompanying schedule of expenditures of federal awards includes the federal award activity of Brookings Area Transit Authority under programs of the federal government for the year ended September 30, 2025. The information in this schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

NOTE 2: Expenditures reported on the Schedule are reported on the modified 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 Organization has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 3: This represents a major federal financial assistance program.

CORRECTIVE ACTION PLAN

September 30, 2025

Brookings Area Transit Authority has considered the finding in regards to the Organization's ability to prepare financial statements in accordance with Generally Accepted Accounting Principles. Management will be responsible for performing reviews and reconciliations of financial information on a timely basis.

Executive Director