

**BLACK RIVER AREA DEVELOPMENT
CORPORATION**

**Independent Auditor's Report
and Combined Financial Statements**

April 30, 2023

BLACK RIVER AREA DEVELOPMENT CORPORATION

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Black River Area Development Corporation
Pocahontas, Arkansas

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying combined financial statements (the financial statements) of Black River Area Development Corporation (a nonprofit organization) which comprise the combined statement of financial position as of April 30, 2023, and the related combined 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 Black River Area Development Corporation as of April 30, 2023, 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 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 Black River Area Development Corporation 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.

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 Black River Area Development Corporation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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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 Black River Area Development Corporation'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 Black River Area Development Corporation'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 listed in the table of contents on pages 44 through 46, 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. The accompanying supplementary information, as listed in the table of contents on pages 22 through 27 and page 48 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 and statements and schedules as listed above is fairly stated, in all material respects, in relation to the financial statements as a whole.

We were engaged for the purpose of forming an opinion on the basic financial statements as a whole. The additional supplementary statements and schedules on pages 28 through 44 as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has not been subjected to auditing procedures applied in the audit of the financial statements. We do not express an opinion on these statements and schedules.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 30, 2023, on our consideration of Black River Area Development Corporation'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 Black River Area Development Corporation'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 Black River Area Development Corporation's internal control over financial reporting and compliance.

Welch, Couch & Company, PA
Welch, Couch & Company, PA
Certified Public Accountants

Batesville, Arkansas
August 30, 2023

BLACK RIVER AREA DEVELOPMENT CORPORATION

Combined Statement of Financial Position

April 30, 2023

Assets

Current assets

Cash and certificates of deposit - Note 7	\$ 1,951,892
Grants receivable - Note 2	802,999
Other assets and prepaid expenses	238,215
Total current assets	2,993,106

Assets limited as to use - Note 9

Security deposits	10,223
Operating and replacement reserves	146,910
Total assets limited as to use	157,133

Land, buildings and equipment, at cost

Land	354,931
Buildings	7,060,014
Equipment and furniture	2,055,240
	9,470,185
Less accumulated depreciation and amortization	(3,538,141)
Total land, buildings and equipment, net	5,932,044

Other non-current assets

Other non-current assets, net of accumulated amortization - Note 10	37,782
Operating lease right-of-use assets - note 14	625,440
Total other non-current assets	663,222

Total assets

\$ 9,745,505

Liabilities and Net Assets

Current liabilities

Current portion of long-term debt - Note 6	\$ 17,435
Current operating lease right-of-use liability - Note 14	201,420
Accounts payable	498,105
Accrued expenses	444,244
Contract obligations - Note 5	591,640
Total current liabilities	1,752,844

Long-term debt, net of current portion - Note 6

614,896

Noncurrent liabilities

Operating lease right-of-use liability, less current portion - Note 14	424,020
Total noncurrent liabilities	424,020

Total liabilities

2,791,760

Net assets

Controlling interests	3,841,097
Noncontrolling interests	3,112,648
Total net assets without donor restrictions	6,953,745

Total liabilities and net assets

\$ 9,745,505

The notes to combined financial statements are an integral part of this statement.

BLACK RIVER AREA DEVELOPMENT CORPORATION
Combined Statement of Activities
For the Year Ended April 30, 2023

	<u>Without Donor Restrictions</u>
Revenues	
Federal grants and fees	\$ 10,790,902
State revenue	611,933
Interest income	10,162
Program income, management fees and rent	177,029
Medicaid revenue	77,282
Local resource income	58,205
In-kind contributions	2,889,337
Total revenues and transfers	14,614,850
Expenses	
Salaries	5,171,344
Fringe benefits	812,978
Travel and transportation	104,468
Office and food supplies	1,340,825
Occupancy	341,632
Communication	128,869
Purchased services	415,247
Contract cost	72,155
Maintenance and small equipment	499,676
Depreciation and amortization expense	359,879
Other	459,001
Interest expense	19,060
Energy, housing and weatherizing assistance	1,602,411
Insurance	215,167
In-kind expenses	2,889,337
Dues and fees	4,666
Client costs	39,868
Total expenses	14,476,583
(Loss) on disposal of assets	(31,887)
Change in net assets	106,380
Net assets, beginning of year	6,847,365
Net assets, end of year	\$ 6,953,745
Reconciliation of net assets:	
Controlling interest:	
Beginning of year	\$ 3,526,557
Change in net assets	314,540
End of year	3,841,097
Noncontrolling interest:	
Beginning of year	3,320,808
Change in net assets	(208,160)
End of year	3,112,648
Net assets, end of year	\$ 6,953,745

The notes to combined financial statements are an integral part of this statement.

BLACK RIVER AREA DEVELOPMENT CORPORATION

Combined Statement of Functional Expenses

For the Year Ended April 30, 2023

	Program Services for:						Total
	<u>Children</u>	<u>Energy Conservation</u>	<u>Housing</u>	<u>Senior Citizens</u>	<u>Transportation</u>	<u>Administrative & Supporting Services</u>	
Expenses:							
Salaries	4,037,134	213,232	69,080	222,498	143,055	4,684,999	5,171,344
Fringe benefits	645,897	37,172	11,440	24,934	19,082	738,525	812,978
Travel and transportation	30,098	7,517	1,784	24,048	35,527	98,974	104,468
Office and food supplies	1,077,350	10,080	934	220,869	2,511	1,311,744	1,340,825
Occupancy	272,298	2,639	8,952	17,163	5,656	306,708	341,632
Communication	90,552	6,055	264	7,697	7,951	112,519	128,869
Indirect cost	362,455	20,479	-	21,319	13,717	417,970	-
Purchased services	290,755	30,058	11,109	2,005	8,523	342,450	72,797
Contract cost	72,155	-	-	-	-	72,155	72,155
Maintenance and small equipment	380,014	21,033	33,378	24,817	4,012	463,254	499,676
Depreciation and amortization	189,455	3,204	138,253	545	16,548	348,005	359,879
Other	371,139	1,189	32,104	2,718	1,771	408,921	459,001
Interest expense	-	-	19,060	-	-	19,060	19,060
Energy, housing and weatherizing assistance	-	1,264,344	338,067	-	-	1,602,411	1,602,411
Insurance	92,846	8,609	30,317	22,725	40,850	195,347	215,167
In-kind expenses	2,809,643	-	-	-	79,694	2,889,337	2,889,337
Dues and fees	-	-	4,666	-	-	4,666	4,666
Client costs	-	-	-	-	-	-	39,868
Total expenses	<u>10,721,791</u>	<u>1,625,611</u>	<u>699,408</u>	<u>591,338</u>	<u>378,897</u>	<u>14,017,045</u>	<u>14,476,583</u>

BLACK RIVER AREA DEVELOPMENT CORPORATION
Combined Statement of Cash Flows
For the Year Ended April 30, 2023

Cash flows from operating activities:	
Change in net assets	\$ 106,380
Adjustments to reconcile change in net assets to net cash (used in) operating activities:	
Depreciation and amortization	359,879
Loss on disposal of assets	31,887
Net changes in:	
Grants receivable	533,604
Prepaid expenses and other	(33,750)
Accounts payable	(210,265)
Accrued expenses	58,132
Contract obligations	(303,032)
Net cash provided by operating activities	<u>542,835</u>
Cash flows from investing activities:	
Purchase of land, buildings and equipment	(488,296)
Assets limited as to use	5,435
Proceeds from sale of assets	24,918
Net cash (used in) investing activities	<u>(457,943)</u>
Cash flows from financing activities:	
Principal payments on long-term borrowing	(16,937)
Net cash (used in) financing activities	<u>(16,937)</u>
Net increase in cash and cash equivalents	67,955
Cash and cash equivalents, beginning of year	<u>1,883,937</u>
Cash and cash equivalents, end of year	<u><u>\$ 1,951,892</u></u>
<u>Supplemental information</u>	
Interest paid	\$ 19,060

The notes to combined financial statements are an integral part of this statement.

BLACK RIVER AREA DEVELOPMENT CORPORATION

Notes to Combined Financial Statements

April 30, 2023

Note 1 – Organization and Summary of Significant Accounting Policies

Organization and Nature of Activities

Black River Area Development Corporation's (the Organization) financial support comes primarily from federal and state awards. These awards are used to serve the public primarily in Clay, Randolph, and Lawrence Counties in northern Arkansas. Principal programs include Head Start and other children's programs, public transportation, housing assistance, weatherization of homes, and support for senior citizens centers and home-delivered meals (Aging Cluster) – substantially all for lower-income persons within this geographic region. With the exception of programs in the Aging Cluster, contributions of cash and non-cash items received from individuals and organizations are used by the Organization to meet federal and state matching requirements for the grants it receives. Client contributions from Aging Cluster programs cannot be used as match and must be used for expanding services in the current contract period.

The relative significance of its programs in terms of total expenditures for the year ended April 30, 2023 was as follows:

Children's programs	74.1%
Energy Conservation	11.2%
Housing programs	4.8%
Aging programs	4.1%
Transportation programs	2.6%
Administrative and general	3.2%

The Board of Directors (Board) governs all activities related to social programs within the jurisdiction of the Organization. The Board has assigned the administrative duties to a staff headed by an Executive Director, who is authorized to enter into contract agreements with government agencies and other parties on its behalf.

BRAD Black River Housing, LP (the Partnership) was formed on or about October 14, 2014 for the purpose of developing a 32-unit affordable housing project in Pocahontas, Arkansas. The construction phase of the project was completed on or about March 8, 2017 and it now participates in the Low-Income Housing Tax Credit program described in Section 42 of the Internal Revenue Code. Because the Organization is the managing general partner and controls the Partnership as defined by accounting principles generally accepted in the United States of America, the Partnership is combined in these financial statements. The Organization directly owns .01% of the Partnership.

Principles of Combination

The Organization holds a .01% general partnership interest in an Arkansas limited partnership that is included in the combined financial statements. All material intercompany balances and transactions have been eliminated.

BLACK RIVER AREA DEVELOPMENT CORPORATION

Notes to Combined Financial Statements

April 30, 2023

Note 1 – Organization and Summary of Significant Accounting Policies (Cont.)

Basis of Accounting

The Organization recognizes revenues and expenses under the accrual method of accounting.

Cash and Cash Equivalents

Cash and cash equivalents include cash and certificates of deposit with an original maturity of three months or less excluding amounts restricted.

Accounts and Grants Receivable

The Organization's accounts receivable are due from reimbursable grants and from fee-for-service contracts. Substantially all accounts receivable from fee-for-service contracts are billed to third-party payors by the Organization and are stated at estimated net realizable value. Allowances are based on the specific circumstances of the account. All grants are due from federal and state agencies and are considered fully collectible.

Land, Buildings and Equipment

Land, buildings and equipment are recorded at historical cost as acquired. Assets acquired with federal or state grants are considered owned by the Organization, however, federal or state funding sources may retain an equitable interest in the property purchased with grant monies as well as the right to determine the use of any proceeds from the sale of these assets. Amortization of real property acquired under capital lease is included in depreciation and amortization expense in the combined financial statements.

Depreciation and amortization are provided on the straight-line basis over the estimated useful lives of the assets as follows:

Buildings and improvements	15-40 years
Furniture and equipment	5-10 years

It is the Organization's policy to capitalize items having an acquisition cost of \$5,000 or more and a useful life of more than two years. Interest costs on borrowed funds during the period of construction of property is capitalized as a component of the cost of acquiring those assets. The Organization capitalized \$0 in interest cost for the year ended April 30, 2023. Total interest cost for the year was \$19,060. Donations of property are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Depreciation and amortization expense for the year ended April 30, 2023 was \$359,879.

BLACK RIVER AREA DEVELOPMENT CORPORATION

Notes to Combined Financial Statements

April 30, 2023

Note 1 – Organization and Summary of Significant Accounting Policies (Cont.)

Accounting for the Impairment of Long-Lived Assets

The Organization reviews the carrying value of long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amounts of any asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount that the carrying amount of the assets exceeds the fair value of the assets. Based upon management's assessment of existing assets, no impairment loss needs to be recognized during the year ended April 30, 2023.

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses.

Accounts Payable and Accrued Expenses

Accounts payable consists of various trade accounts which are generally payable within thirty (30) days. Accrued expenses consist primarily of accrued wages and other accrued payroll related expenses.

Contract Obligation

Contract obligation consists of grant funds unexpended at year end and refundable to grantor.

Security deposits

Security deposits represent funds received from tenants for BRAD Black River Housing, LP affordable housing.

Operating and replacement reserves

Operating and replacement reserves consist of funds limited as to use by BRAD Black River Housing, LP partnership operating agreement.

Long-term debt

At April 30, 2023, long-term debt consisted of principal amounts due to Arkansas Development Finance Authority and First National Bank of IZARD County.

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting. The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restriction.

BLACK RIVER AREA DEVELOPMENT CORPORATION

Notes to Combined Financial Statements

April 30, 2023

Note 1 – Organization and Summary of Significant Accounting Policies (Cont.)

Basis of Presentation (Cont.)

Net Assets Without Donor Restriction – Net assets that are not subject to or are no longer subject to donor-imposed stipulations.

Net Assets With Donor Restriction – Net assets whose use is limited by donor-imposed time and/or purpose restrictions.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restriction. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on the net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. The Organization has adopted a policy to classify donor restricted contributions as without donor restrictions to the extent that donor restrictions were met in the year the contribution was received.

Leases

The Organization leases office space and office equipment. The determination of whether an arrangement is a lease is made at the lease's inception. Under ASC 842, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

Operating leases are included in operating lease right-of-use ("ROU") assets, other current liabilities, and operating lease liabilities in the combined statement of financial position.

ROU assets represent our right to use an underlying asset for the lease term, and lease liabilities represent our obligation to make lease payments. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Organization uses the implicit rate when it is readily determinable. Since most of the Organization's leases do not provide an implicit rate, to determine the present value of lease payments, management uses the Organization's incremental borrowing rate based on the information available at lease commencement. Operating lease ROU assets also includes any lease payments made and excludes any lease incentives. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Organization's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise the option.

BLACK RIVER AREA DEVELOPMENT CORPORATION

Notes to Combined Financial Statements

April 30, 2023

Note 1 – Organization and Summary of Significant Accounting Policies (Cont.)

Revenue Recognition

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, un-conditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires because the contributed resources are spent in accordance with the donor's instructions or because of passage of time, net assets with donor restrictions are reclassified to net assets without donor restriction.

Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award.

A. Grant Awards That Are Contributions

Grants that qualify as contributions are recorded as invoiced to the funding sources in accordance with the terms of the award and ASC Topic 605. Revenue is recognized in the accounting period when the related expenses are incurred. Amounts received or receivable in excess of expenses are reflected as a refundable advance liability.

B. Grant Awards That Are Exchange Transactions

Exchange transactions are reimbursed based on a predetermined rate for services performed in accordance with the terms of the award and ASC Topic 606. Revenue is recognized when control of the promised goods or services is transferred to the customer (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 a contract liability. The Organization has no grant awards that are exchange transactions.

Revenue from Contracts with Customers

The Organization recognized revenue from exchange transactions from contracts with customers for management fees. The Organization recognizes revenue in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU 2014-09 and ASC 606), Revenue from Contracts with Customers. This standard applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition with a focus on the transfer of control of promised goods or services to a customer. The following exchange transactions were reported in the consolidated statements of activities:

Management fees – The organization has contracts to provide property management to various HUD projects in the local area. Property management fees are recognized, over time, as the performance obligation is satisfied. The Organization believes that this method provides a faithful depiction of the transfer of service over the term of the performance obligation. The pricing in the contract is determined by multiplying monthly gross rental received by the project by a fixed percentage. The transaction price does not include any price concessions. The organization determined that there were no services provided without a contract in place and, therefore, has no expected adjustment to receivable or revenue. Total management fees of \$67,729 were recognized as revenue in year ended April 30, 2023. Accounts receivable of \$60,932 related to management fees as of April 30, 2023, is included in other assets and prepaid expenses on the combined statement of financial position.

BLACK RIVER AREA DEVELOPMENT CORPORATION

Notes to Combined Financial Statements

April 30, 2023

Note 1 – Organization and Summary of Significant Accounting Policies (Cont.)

Revenue from Contracts with Customers (Cont.)

The Organization has elected the practical expedient allowed under FASB ASC 606-10-32-18 and does not adjust the promised amount of consideration from customers for the effects of a significant financing component, due to the Organizations expectation that the period between the time the service is provided to the customer and the time the customer pays for the services will be one year or less.

Rental Income

Rental Income represents income received from tenants for use of affordable housing property owned by BRAD Black River Housing, LP. All leases between the partnership and the tenants of the property are operating leases and excluded from ASC 606. Rental income is recognized in the period in which it is earned.

Donated Services and Facilities

Contributions of donated services that create or enhance nonfinancial assets, or which require specialized skills that would typically need to be purchased if not provided by donation and are provided by individuals possessing those skills, are recorded at their fair values in the period received.

The Organization may receive the contributed use of certain facilities and equipment from government units or other nonprofit organizations. The value of the use of such facilities and equipment are used to meet matching requirements of federal and state grants and are included as in-kind revenues and expenses on the combined statement of activities.

Expense Allocation

The costs of providing various programs have been summarized on a functional basis in the combined statement of activities. Accordingly, certain costs have been allocated among the supporting services benefited.

Advertising

The organization expenses advertising costs as incurred. Advertising expense was \$1,421 for the year ending April 30, 2023.

Non-Federal Revenue In-Kind

In-kind donations are recognized as applied to program activities. In-kind donations are personal services, building space and equipment donated for the benefit of a program. In-kind donations may be used by the provider agencies to match federal grant funds in several provider agency programs, but particularly in the Head Start, ABC and Public Transit.

BLACK RIVER AREA DEVELOPMENT CORPORATION

Notes to Combined Financial Statements

April 30, 2023

Note 1 – Organization and Summary of Significant Accounting Policies (Cont.)

Use of Accounting Estimates

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

Compensated Absences

The Organization's employees earn personal time off (PTO) at varying rates depending on years of service for traditional vacation, sick leave or holidays. Those who terminate with proper notice are eligible to be paid for the personal time accrued to their account. All employees terminated for cause, or resigning without proper notice will not receive payment for accrued personal time off hours.

Income Taxes

The Organization has been recognized as exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of state law. It is subject to federal income tax on any unrelated business taxable income. Management annually reviews its tax position and has determined that there are no material uncertain tax positions that require recognition in the financial statements. The income or loss from the Partnership is reported by the partners on their income tax returns. The past three years remain open to review by Federal and State taxing authorities.

Risk Management

The Organization is exposed to various risks of loss from torts, theft of, damage to, and destruction of assets, business interruption; errors and omissions; employee injuries and illnesses; natural disaster; and employee health, dental, and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters.

Guarantees

Generally accepted accounting principles require a liability to be recorded for the fair value of the stand ready obligation associated with guarantees issued after December 31, 2002. Guarantees issued between entities under common control are excluded. No liabilities have been recorded as of April 30, 2023.

Subsequent Events

Management has evaluated subsequent events through August 30, 2023, the date which the financial statements were available to be issued.

BLACK RIVER AREA DEVELOPMENT CORPORATION
Notes to Combined Financial Statements
April 30, 2023

Note 2 – Contracts and Grants Receivable

Contracts and grants receivable consisted of the following as of April 30, 2023:

	<u>Amount</u>
Head Start Program	\$ 374,793
Child Care and Development Block Grant	14,660
Community Services Block Grant	60,412
Weatherization Program	34,238
LiHeap Program	123,645
Public Transit Program	53,163
Aging Program	43,523
Child and Adult Care Food Program	98,565
	\$ 802,999

Note 3 – Pension Plan

The Plan is a defined contribution plan covering all eligible employees of the Organization who are age eighteen or older. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). Each year, participants may contribute at least 1% but no more than 100% of their compensation, as defined in the Plan, for that year, subject to certain limitations. Participants may also contribute amounts representing distributions from other qualified defined benefit or contribution plans. Participants direct the investment of their contributions into various investment options offered by the Plan. The Plan currently offers various mutual funds and an interest accumulation account. The Organization contributes the lesser of 200% of a participant's contributions during the Plan year or 6% of their compensation received during the Plan year. Additional profit-sharing amounts may be contributed at the option of the Organization's Board of Directors. Contributions are subject to certain limitations. Participants are immediately vested in their contributions plus actual earnings thereon. Vesting in the Organization's contribution portion of their accounts is based on years of continuous service.

The following vesting occurs:

After 1 year	20%
After 2 years	40%
After 3 years	60%
After 4 years	80%
After 5 years	100%

Total pension expense of \$213,912 is reflected as fringe benefits on the combined statement of activities for 2023. The total payroll was \$5,171,344 for 2023.

BLACK RIVER AREA DEVELOPMENT CORPORATION

Notes to Combined Financial Statements

April 30, 2023

Note 4 – Commitments and Contingencies

Operating Deficits Guarantee

The Organization is committed to fund future operating deficits, if any, of BRAD Black River Housing, LP for the compliance period of the project, which is 15 years. A required payment under the guarantee would result in a cash transfer to BRAD Black River Housing, LP in the form of operating deficit loans repayable to the Organization from the cash flows of the project at 4.00%. To date, the Organization has not experienced any calls on this guarantee.

Tax Benefit Guarantees

The Organization has made certain guarantees to the investors of BRAD Black River Housing, LP as to the tax credits to be derived from the project. The guarantee covers the compliance period of 15 years after initial lease-up. If the tax credits realized are less than the amount stipulated in the partnership agreement, the Organization could be required to fund the shortfall. To date, the Organization has not experienced any calls on this guarantee.

Equity Repurchase Guarantee

The Organization has made certain performance guarantees to repurchase the equity interests of the limited partners of BRAD Black River Housing, LP in the event that the project is not completed in accordance with the agreement or fails to qualify for the eligible tax credits. To date, the Organization has not experienced any calls on this guarantee.

No liability has been recorded in connection with the operating deficit, tax benefit or equity repurchase guarantees since these guarantees are to an entity controlled by the Organization.

Disallowance of Costs

The programs administered by the Organization are subject to audit and monitoring by federal and state agencies as well as independent auditors. Failure to administer programs in accordance with the provisions of grant agreements could result in disallowance of costs and recoupment of amounts paid by grantors.

Note 5 – Contract Obligations

Advances from federal and state awarding agencies and other contracts received prior to year-end for which the related expenses have not been incurred are recorded as contract obligations. At April 30, 2023, the Organization had contract obligations under the following programs:

	<u>Amount</u>
Child Care and Development Block Grant - ARPA	\$ 403,459
Arkansas Better Chance Program	104,243
Low Income Home Energy Assistance Program	42,660
Other grants	41,278
	<hr/>
Total	<u>\$ 591,640</u>

BLACK RIVER AREA DEVELOPMENT CORPORATION
Notes to Combined Financial Statements
April 30, 2023

Note 6 – Notes Payable

Notes payable were as follows at April 30, 2023:

<u>BRAD Black River Housing, LP</u>	<u>Amount</u>
Arkansas Development Finance Authority , \$450,000 mortgage note repayable at 1.00% interest, monthly payments of \$1,270, maturing December 1, 2050, secured by real property.	\$ 393,057
First National Bank of Izard County , \$271,197 loan payable at 4.0% interest maturing April 17, 2034, secured by real property.	239,274
Total notes payable	632,331
Less: current maturities	(17,435)
Notes payable, net of current maturities	\$ 614,896

Principal payments for the next five years are subject to change as the remaining balances are drawn. Based on the balances outstanding at April 30, 2023, the maturities for the next five years are as follows:

	<u>Amount</u>
2024	17,435
2025	17,797
2026	18,170
2027	18,554
2028	18,951
Thereafter	541,424
	\$ 632,331

Note 7 – Credit Risk

It is the Organization's policy to maintain all funds in accounts insured by the Federal Depository Insurance Corporation. At April 30, 2023, the Organization's cash deposits at financial institutions totaled \$2,159,418. Of this amount, \$1,040,011 was covered by FDIC insurance, \$1,103,586 was collateralized with securities held by the pledging financial institution's agent, and \$15,821 was uninsured and uncollateralized.

Due to higher cash flows at certain times during the year, the Organization's risks for uninsured and uncollateralized deposits could be higher or lower than at year end.

BLACK RIVER AREA DEVELOPMENT CORPORATION

Notes to Combined Financial Statements

April 30, 2023

Note 8 – Concentrations

The Organization is economically dependent upon grants and contracts with various federal and state agencies. Approximately 98% of the Organization's revenues, including in-kind resources, were provided through such grants and contracts. Furthermore, the Organization's activities are primarily limited to a three-county geographic area in northern Arkansas. The Weatherization Program covers a fourteen-county area.

Note 9 – Assets Limited as to Use

The Organization had assets limited as to use under the BRAD Black River Housing, LP agreements at April 30, 2023 as follows:

	<u>Amount</u>
Security deposits	\$ 10,223
Operating reserves	90,000
Replacement reserves	<u>56,910</u>
Total assets limited as to use	<u>\$ 157,133</u>

Note 10 – Other Noncurrent Assets

The Organization had other noncurrent assets under its BRAD Black River Housing, LP program at April 30, 2023 as follows:

	<u>Amount</u>
Syndication fees	\$ 20,000
Tax credit fees	<u>44,158</u>
Total	64,158
Less: Accumulated amortization	<u>(26,376)</u>
Other noncurrent assets, net of accumulated amortization	<u>\$ 37,782</u>

Amortization of \$4,277 is included in depreciation and amortization in the combined statement of activities.

Note 11 – Accounting Periods

The fiscal year of Black River Area Development Corporation presented in the combined financial statements was May 1, 2022 through April 30, 2023. Some individual contracts and grants presented in the schedules of additional information have fiscal years that end on dates other than April 30, 2023.

BLACK RIVER AREA DEVELOPMENT CORPORATION

Notes to Combined Financial Statements

April 30, 2023

Note 11 – Accounting Periods (Cont.)

Such contracts and grants along with their respective ending dates are listed as follows:

<u>Grants</u>	<u>Contract Period Ending Date</u>
Community Services Block Grant	September 30
Weatherization Assistance Program	June 30
Head Start Program/Early Head Start	April 30
Head Start Program/Early Head Start	August 31
Low Income Home Energy Assistance Program	September 30
Child and Adult Care Food Program	September 30
Public Transit	September 30
Senior Citizens Program	June 30
Arkansas Better Chance	June 30
Public Housing Voucher Program / Section 8	June 30
BRAD Black River Housing	December 31

Note 12 – 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 within one year of the balance sheet date due to contractual or donor-imposed restrictions.

	<u>Amount</u>
Cash and cash equivalents and restricted cash	\$ 1,951,892
Grants receivable, collected in less than one year	802,999
Other receivables, collected in less than one year	238,215
Total financial assets	<u>2,993,106</u>
Less contractual or donor-imposed restrictions	
Security deposits	10,223
Operating and replacement reserves	146,910
Contract obligations	<u>591,640</u>
Financial assets available to meet cash needs for expenditures within one year	<u><u>\$ 2,244,333</u></u>

BLACK RIVER AREA DEVELOPMENT CORPORATION

Notes to Combined Financial Statements

April 30, 2023

Note 13 – In-Kind Support

The Organization records various types of in-kind support, including services, supplies and use of facilities for its Head Start, ABC, and Public Transit programs. Generally accepted accounting principles requires recognition of professional services received if those services (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions and the corresponding expenses of the use of building space and in-kind support are recognized at fair value when received.

The amount of the in-kind support is as follows:

	<u>Amount</u>
Building rentals	\$ 151,824
Volunteer service	1,742,686
Other	<u>994,827</u>
Total in-kind support	<u><u>\$ 2,889,337</u></u>

Note 14 – Operating Leases

The Organization has operating leases of office space and equipment. The Organization's lease terms of 1 year to 5 years, some of which include options to extend the leases, and some of which include options to terminate the leases within 1 year. Only lease options that the Organization believes are reasonably certain to be exercised are included in the measurement of the lease assets and liabilities. The base rent for renewals may be negotiated at the time the renewal option is exercised. The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The following summarizes the line items in the balance sheets which include amounts for operating leases as of April 30, 2023.

	<u>2023</u>
Operating Leases	
Operating lease right-of-use-assets	<u>\$ 625,440</u>
Other current liabilities	201,420
Operating lease liabilities	424,020
Total operating lease liabilities	<u><u>\$ 625,440</u></u>

BLACK RIVER AREA DEVELOPMENT CORPORATION

Notes to Combined Financial Statements

April 30, 2023

Note 14 – Operating Leases (Cont.)

The following summarizes the weighted average remaining lease term and discount rate as of April 30, 2023.

	<u>2022</u>
Operating Leases	
Weighted average remaining lease term	8 years
Weighted average discount rate	7%

Following is a schedule by year of future minimum lease payments under operating leases that have initial or remaining terms in excess of one year as of April 30, 2023.

	<u>Amount</u>
2024	\$ 228,708
2025	223,198
2026	188,839
2027	65,692
2028	3,684
Total Lease Payments	<u>710,121</u>
Less: Interest	<u>(84,681)</u>
Present value of lease liabilities	<u><u>\$ 625,440</u></u>

BLACK RIVER AREA DEVELOPMENT CORPORATION
Combined Statement of Functional Revenues and Expenses

For the Year Ended April 30, 2023

	Program Services for:							
	Children	Energy Conservation	Housing	Senior Citizens	Transportation	Total Program Services	Administrative & Supporting Services	Total
Revenues:								
Federal grant revenue	\$ 7,684,941	\$ 1,620,536	\$ 536,022	\$ 289,220	\$ 272,717	\$10,403,436	\$ 387,466	\$ 10,790,902
State revenue	338,573	-	-	215,072	58,288	611,933	-	611,933
Interest income	3,170	11	104	204	1,075	4,564	5,598	10,162
Program income, management fees and rent	500	-	63,272	21,071	15,936	100,779	76,250	177,029
Medicaid revenue	-	-	-	77,282	-	77,282	-	77,282
Local resource income	-	-	4,618	12,743	-	17,361	40,844	58,205
In-kind contributions	2,809,643	-	-	-	79,694	2,889,337	-	2,889,337
Total revenues	10,836,827	1,620,547	604,016	615,592	427,710	14,104,692	510,158	14,614,850
Expenses:								
Salaries	4,037,134	213,232	69,080	222,498	143,055	4,684,999	486,345	5,171,344
Fringe benefits	645,897	37,172	11,440	24,934	19,082	738,525	74,453	812,978
Travel and transportation	30,098	7,517	1,784	24,048	35,527	98,974	5,494	104,468
Office and food supplies	1,077,350	10,080	934	220,869	2,511	1,311,744	29,081	1,340,825
Occupancy	272,298	2,639	8,952	17,163	5,656	306,708	34,924	341,632
Communication	90,552	6,055	264	7,697	7,951	112,519	16,350	128,869
Indirect cost	362,455	20,479	-	21,319	13,717	417,970	(417,970)	-
Purchased services	290,755	30,058	11,109	2,005	8,523	342,450	72,797	415,247
Contract cost	72,155	-	-	-	-	72,155	-	72,155
Maintenance and small equipment	380,014	21,033	33,378	24,817	4,012	463,254	36,422	499,676
Depreciation and amortization	189,455	3,204	138,253	545	16,548	348,005	11,874	359,879
Other	371,139	1,189	32,104	2,718	1,771	408,921	50,080	459,001
Interest expense	-	-	19,060	-	-	19,060	-	19,060
Energy, housing and weatherizing assistance	-	1,264,344	338,067	-	-	1,602,411	-	1,602,411
Insurance	92,846	8,609	30,317	22,725	40,850	195,347	19,820	215,167
In-kind expenses	2,809,643	-	-	-	79,694	2,889,337	-	2,889,337
Dues and fees	-	-	4,666	-	-	4,666	-	4,666
Client costs	-	-	-	-	-	-	39,868	39,868
Total expenses	10,721,791	1,625,611	699,408	591,338	378,897	14,017,045	459,538	14,476,583
Gain (Loss) on disposal of assets	(31,887)	-	-	-	-	(31,887)	-	(31,887)
Change in net assets	\$ 83,149	\$ (5,064)	\$ (95,392)	\$ 24,254	\$ 48,813	\$ 55,760	\$ 50,620	\$ 106,380

See independent auditor's report

BLACK RIVER AREA DEVELOPMENT CORPORATION
Combining Schedule of Revenues and Expenses – Children
For the Year Ended April 30, 2023

	Head Start	Early Head Start	EHS Expansion & Enhancement	ARP Head Start	CRSSA Head Start	USDA	ABC	ABC Other	ABC Head Start	Pre-K	ARP Operational	ARP Quality	Total
Revenues:													
Federal grant revenue	\$ 1,597,239	\$ 1,785,766	\$ 2,092,197	\$ 400,854	\$ 20,175	\$ 467,670	\$ -	\$ -	\$ -	\$ 974,590	\$ 105,039	\$ 241,411	\$ 7,684,941
Interest income	77	14	9	-	-	-	257	36	-	1,156	249	1,372	3,170
State revenue	-	-	-	-	-	-	277,217	-	61,356	-	-	-	338,573
In-kind contributions	837,064	620,568	470,202	-	-	-	881,809	-	-	-	-	-	2,809,643
Program income	(17,698)	19,068	(34,069)	-	-	-	-	-	-	500	-	-	500
Loss on disposal of assets	-	-	-	-	-	-	-	-	-	812	-	-	(31,887)
Total revenues	2,418,682	2,425,416	2,528,339	400,854	20,175	467,670	1,159,283	36	61,356	977,058	105,288	242,783	10,804,940
Expenses:													
Salaries	799,700	1,030,735	1,018,005	166,299	-	148,896	160,562	-	23,603	591,827	48,415	49,092	4,037,134
Fringe benefits	132,775	174,367	158,802	19,291	-	22,096	24,956	-	5,388	94,660	7,457	6,105	645,897
Travel and transportation	7,215	9,611	8,538	-	-	177	650	-	23	3,528	356	-	30,098
Office and food supplies	213,341	173,135	224,975	11,392	-	268,131	26,245	644	4,167	134,904	11,030	9,386	1,077,350
Occupancy	43,630	42,324	130,709	-	-	-	12,315	-	5,216	34,480	3,624	-	272,298
Communication	17,912	19,358	28,223	-	-	-	7,318	-	2,050	14,186	1,505	-	90,552
Indirect cost	76,578	98,870	97,978	15,965	-	14,204	7,318	-	2,050	56,412	-	2,448	362,455
Purchased services	62,394	50,342	95,454	-	-	6,240	13,954	-	5,220	46,698	10,453	-	290,755
Contract cost	-	-	72,155	-	-	-	-	-	-	-	-	-	72,155
Maintenance and small equipment	71,336	70,600	59,512	18,145	2,600	6,672	16,301	-	6,108	48,370	16,432	63,938	380,014
Depreciation and amortization	39,885	19,884	68,240	41,757	5,273	-	628	-	198	8,957	95	4,538	189,455
Other	94,558	87,606	95,761	22,162	17,575	427	13,586	54	2,951	28,916	1,732	5,811	371,139
Insurance	22,024	23,465	21,616	-	-	827	4,184	-	1,870	15,871	2,989	-	92,846
In-kind expenses	837,064	620,568	470,202	-	-	-	881,809	-	-	-	-	-	2,809,643
Total expenses	2,418,412	2,420,865	2,550,170	295,011	25,448	467,670	1,162,508	698	56,794	1,078,809	104,088	141,318	10,721,791
Change in net assets	\$ (1,730)	\$ 4,551	\$ (21,831)	\$ 105,843	\$ (5,273)	\$ -	\$ (3,225)	\$ (662)	\$ 4,562	\$ (101,751)	\$ 1,200	\$ 101,465	\$ 83,149

See independent auditor's report

BLACK RIVER AREA DEVELOPMENT CORPORATION
Combining Schedule of Revenues and Expenses – Energy Conservation
For the Year Ended April 30, 2023

	Program Services for Energy Conservation		Total
	Weatherization	Home Energy Assistance	
Revenues:			
Federal grant revenue	\$ 630,324	\$ 990,212	\$ 1,620,536
Interest income	-	11	11
Total revenues and transfers	630,324	990,223	1,620,547
Expenses:			
Salaries	168,158	45,074	213,232
Fringe benefits	31,058	6,114	37,172
Travel and transportation	7,050	467	7,517
Office and food supplies	2,010	8,070	10,080
Occupancy	2,639	-	2,639
Communication	4,936	1,119	6,055
Indirect cost	16,152	4,327	20,479
Purchased services	28,176	1,882	30,058
Maintenance and small equipment	3,119	17,914	21,033
Depreciation and amortization	3,204	-	3,204
Other	1,189	-	1,189
Energy, housing and weatherizing assistance	359,099	905,245	1,264,344
Insurance	8,609	-	8,609
Total expenses	635,399	990,212	1,625,611
Change in net assets	\$ (5,075)	\$ 11	\$ (5,064)

See independent auditor's report

BLACK RIVER AREA DEVELOPMENT CORPORATION

Combining Schedule of Revenues and Expenses – Housing

For the Year Ended April 30, 2023

	Program Services for Housing				Total
	HUD Section 8	TBRA	BRAD Black River Housing LP		
Revenues:					
Federal grant revenue	\$ 522,107	\$ 13,915	\$ -	\$	536,022
Other rent income	-	-	63,272		63,272
Local resource income	-	-	4,618		4,618
Interest income	104	-	-		104
Total revenues	522,211	13,915	67,890		604,016
Expenses:					
Salaries	37,526	-	31,554		69,080
Fringe benefits	11,440	-	-		11,440
Travel and transportation	1,159	-	625		1,784
Office and food supplies	210	59	665		934
Occupancy	401	-	8,551		8,952
Communication	264	-	-		264
Indirect cost	-	-	-		-
Purchased services	6,909	-	4,200		11,109
Maintenance and small equipment	-	-	33,378		33,378
Depreciation and amortization	326	-	137,927		138,253
Other	26,429	78	5,597		32,104
Interest expense	-	-	19,060		19,060
Energy, housing and weatherizing assistance	325,417	12,650	-		338,067
Insurance	490	-	29,827		30,317
Dues and fees	-	-	4,666		4,666
Total expenses	410,571	12,787	276,050		699,408
Change in net assets	\$ 111,640	\$ 1,128	\$ (208,160)		\$ (95,392)

See independent auditor's report

BLACK RIVER AREA DEVELOPMENT CORPORATION
Combining Schedule of Revenues and Expenses –
Senior Citizens

For the Year Ended April 30, 2023

	<u>Program Services for Senior Citizens</u>		
	<u>Aging</u>	<u>Special State Senior Center (RRF)</u>	<u>Total</u>
Revenues:			
Federal grant revenue	\$ 289,220	\$ -	\$ 289,220
State grant revenue	167,057	48,015	215,072
Interest income	204	-	204
Program income	21,071	-	21,071
Medicaid revenue	77,282	-	77,282
Local resource income	12,743	-	12,743
Total revenues	<u>567,577</u>	<u>48,015</u>	<u>615,592</u>
Expenses:			
Salaries	222,498	-	222,498
Fringe benefits	24,934	-	24,934
Travel and transportation	24,048	-	24,048
Office and food supplies	188,414	32,455	220,869
Occupancy	17,163	-	17,163
Communication	7,697	-	7,697
Indirect cost	21,319	-	21,319
Purchased services	2,005	-	2,005
Maintenance and small equipment	9,257	15,560	24,817
Depreciation and amortization	545	-	545
Other	2,718	-	2,718
Insurance	22,725	-	22,725
Total expenses	<u>543,323</u>	<u>48,015</u>	<u>591,338</u>
Change in net assets	<u>\$ 24,254</u>	<u>\$ -</u>	<u>\$ 24,254</u>

See independent auditor's report

BLACK RIVER AREA DEVELOPMENT CORPORATION
Combining Schedule of Revenues and Expenses –
Administrative and Supporting Services
For the Year Ended April 30, 2023

	Administrative and Supporting Services			
	General and Indirect	Payroll Fund	Community Services Block Grant	Total
Revenues:				
Federal grant revenue	\$ -	\$ -	\$ 387,466	\$ 387,466
Interest income	5,315	93	190	\$ 5,598
Program income, management fees and rent	66,181	-	10,069	\$ 76,250
Local resource income	40,844	-	-	\$ 40,844
Total revenues	112,340	93	397,725	510,158
Expenses:				
Salaries	265,882	-	220,463	486,345
Fringe benefits	44,103	-	30,350	74,453
Travel and transportation	2,278	-	3,216	5,494
Office and food supplies	25,677	70	3,334	29,081
Occupancy	28,380	-	6,544	34,924
Communication	9,951	-	6,399	16,350
Indirect cost	(425,726)	-	7,756	(417,970)
Purchased services	71,571	-	1,226	72,797
Maintenance and small equipment	6,512	-	29,910	36,422
Depreciation and amortization	4,400	-	7,474	11,874
Other	32,072	965	17,043	50,080
Insurance	12,215	-	7,605	19,820
Client costs	-	-	39,868	39,868
Total expenses	77,315	1,035	381,188	459,538
Change in net assets	\$ 35,025	\$ (942)	\$ 16,537	\$ 50,620

See independent auditor's report

**Statement of Revenues and Expenses –
Budget and Actual – Head Start – Non GAAP Budgetary Basis
Contract # 06HP000483-01-00
For the Grant Year Ended April 30, 2023**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Grant revenue receipts, current year	\$ 1,925,098	\$ 1,925,098	\$ -
In-kind revenue	-	394,492	394,492
Interest income	-	34	34
Total revenues	<u>1,925,098</u>	<u>2,319,624</u>	<u>394,526</u>
Expenses:			
Personnel	939,855	836,087	103,768
Fringe benefits	173,783	123,890	49,893
Out-of-area travel	10,975	6,146	4,829
Supplies	57,192	148,820	(91,628)
Contractual	467,009	451,272	15,737
Indirect cost	78,760	73,927	4,833
Other	197,524	284,955	(87,431)
In-kind expenses	-	394,492	(394,492)
Total expenses and transfers	<u>1,925,098</u>	<u>2,319,589</u>	<u>(394,491)</u>
Excess of revenues over expenses	<u>\$ -</u>	<u>\$ 35</u>	<u>\$ 35</u>

See independent auditor's report

BLACK RIVER AREA DEVELOPMENT CORPORATION
Statement of Revenues and Expenses –
Budget and Actual – Head Start – Non GAAP Budgetary Basis
Contract # 06CH011470-03-04
For the Grant Year Ended April 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Grant revenue receipts, current year	\$ 3,383,005	\$ 3,383,005	\$ -
In-kind revenue	823,994	1,457,633	633,639
Interest income	-	91	91
Total revenues and transfers	<u>4,206,999</u>	<u>4,840,729</u>	<u>633,730</u>
Expenses:			
Personnel	2,039,883	1,827,580	212,303
Fringe benefits	364,449	307,143	57,306
Out-of-area travel	16,062	9,812	6,250
Supplies	215,000	345,818	(130,818)
Contractual	15,017	5,640	9,377
Indirect cost	170,942	175,448	(4,506)
Other	561,652	711,564	(149,912)
In-kind expenses	823,994	1,457,633	(633,639)
Total expenses and transfers	<u>4,206,999</u>	<u>4,840,638</u>	<u>(633,639)</u>
Excess of revenues over expenses	<u>\$ -</u>	<u>\$ 91</u>	<u>\$ 91</u>

See independent auditor's report

BLACK RIVER AREA DEVELOPMENT CORPORATION
Statement of Revenues and Expenses – Budget and Actual
Community Services Block Grant – Budgetary Basis
For the Year Ended April 30, 2023

	<u>ADMCARES-20-02</u>		<u>CARES-21-02</u>	
	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>
Revenues:				
Grant revenue receipts, current year	\$ 10,000	\$ 10,000	\$ 303,676	\$ 303,676
Total revenues	<u>10,000</u>	<u>10,000</u>	<u>303,676</u>	<u>303,676</u>
Expenses:				
Salaries	-	-	172,816	171,677
Fringe benefits	-	-	22,511	21,504
Travel	-	-	-	-
Equipment	3,088	3,483	16,112	16,436
Supplies	-	-	4,917	4,976
Contractual	-	-	-	-
Other expenses	6,912	6,517	39,389	39,540
Other/client services	-	-	33,449	34,171
Indirect costs	-	-	14,482	15,372
Total expenses	<u>10,000</u>	<u>10,000</u>	<u>303,676</u>	<u>303,676</u>
Excess of revenues over expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
	<u>CSBG-21-02-C</u>		<u>CSBG-22-02</u>	
	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>
Revenues:				
Grant revenue receipts, current year	\$ 69,712	\$ 69,712	\$ 223,149	\$ 124,184
Total revenues	<u>69,712</u>	<u>69,712</u>	<u>223,149</u>	<u>124,184</u>
Expenses:				
Salaries	43,905	46,135	146,392	59,893
Fringe benefits	4,638	4,638	22,955	8,819
Travel	5,120	1,567	2,620	435
Equipment	-	-	-	-
Supplies	404	404	2,000	2,220
Contractual	-	-	-	-
Other expenses	10,811	11,134	32,182	35,959
Other/client services	4,834	4,834	17,000	16,858
Indirect costs	-	-	-	-
Total expenses	<u>69,712</u>	<u>68,712</u>	<u>223,149</u>	<u>124,184</u>
Excess of revenues over expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditor's report

BLACK RIVER AREA DEVELOPMENT CORPORATION
Statement of Revenues and Expenses – Budget and Actual
Community Services Block Grant – Budgetary Basis (Cont.)
For the Year Ended April 30, 2023

	<u>CARES DI-21-2</u>		<u>CSBGDI-21-2</u>	
	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>
Revenues:				
Grant revenue receipts, current year	\$ 21,805	\$ 21,805	\$ 22,207	\$ 22,207
Total revenues	<u>21,805</u>	<u>21,805</u>	<u>22,207</u>	<u>22,207</u>
Expenses:				
Equipment	9,926	9,503	22,207	22,207
Supplies	2,094	2,094	-	-
Other expenses	9,785	10,208	-	-
Total expenses	<u>21,805</u>	<u>21,805</u>	<u>22,207</u>	<u>22,207</u>
Excess of revenues over expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditor's report

BLACK RIVER AREA DEVELOPMENT CORPORATION
Units of Service Provided – Child Care Food Program
Year Ended April 30, 2023

Meals Served (USDA) *				
	<u>Breakfasts</u>	<u>Lunches</u>	<u>Snacks</u>	<u>Total</u>
January	6,034	5,999	5,695	17,728
February	5,865	5,822	5,556	17,243
March	6,314	6,345	5,987	18,646
April	6,802	6,807	6,454	20,063
May	6,342	6,390	5,986	18,718
June	2,381	2,389	2,165	6,935
July	1,826	1,825	1,683	5,334
August	4,883	4,874	4,628	14,385
September	7,307	7,353	7,001	21,661
October	6,026	6,034	5,784	17,844
November	5,543	5,554	5,242	16,339
December	4,003	3,999	3,775	11,777
	63,326	63,391	59,956	186,673

	<u>Free</u>	<u>Reduced</u>	<u>Paid</u>	<u>Total</u>
January	405	19	7	431
February	405	19	7	431
March	405	19	7	431
April	405	19	7	431
May	362	26	20	408
June	160	-	-	160
July	168	-	-	168
August	405	19	7	431
September	405	19	7	431
October	405	19	7	431
November	405	19	7	431
December	405	19	7	431
	4,335	197	83	4,615

* Represents meals served through the Head Start, Early Head Start, Pre-K and ABC Preschool programs for the year ended April 30, 2023.

See independent auditor's report

BLACK RIVER AREA DEVELOPMENT CORPORATION

Analysis of Indirect Cost

For the Year Ended April 30, 2023

<u>Program</u>	<u>Salaries*</u>	<u>Rate</u>	<u>Allowable Allocation</u>	<u>Amount Paid or Accrued</u>
Head Start	\$ 797,689	9.60%	\$ 76,578	\$ 76,578
Early Head Start	1,029,891	9.60%	98,870	98,870
Early Head Start Expansion	1,020,475	9.60%	97,966	97,978
USDA	148,896	9.60%	14,294	14,204
Senior Citizens	222,071	9.60%	21,319	21,319
Public Transportation	142,883	9.60%	13,717	13,717
Weatherization	168,250	9.60%	16,152	16,152
Home Energy Assistance Program	45,074	9.60%	4,327	4,327
CSBG Cares	80,792	9.60%	7,756	7,756
AR Fresh Start	166,299	9.60%	15,965	15,965
ABC	187,297	9.60%	17,981	-
ARPA Operational	48,415	9.60%	4,648	-
ARPA Quality	49,092	9.60%	4,713	2,448
Pre-K	587,622	9.60%	56,412	56,412
	<u>4,694,746</u>		<u>\$ 450,696</u>	<u>\$ 425,726</u>
Salaries subject to indirect cost rate				
Accrued comp adjustment (a)	3,140			
Housing	41,526			
Administrative and supportive	404,102			
	<u>448,768</u>			
Total salaries	<u>\$ 5,143,514</u>			
Indirect cost pool:				
Salaries	265,882			
Fringe benefits	30,711			
Purchased services	71,571			
Maintenance and small equipment	28,219			
Office and food supplies	25,677			
Depreciation expense	4,400			
Other	76,025			
	<u>502,485</u>			

* Salaries represent actual cash expenses of the program, not in-kind.

See independent auditor's report

BLACK RIVER AREA DEVELOPMENT CORPORATION
Statement of Revenues and Expenses

Budget and Actual – Aging Program

For the Two Months Ended June 30, 2022 and Ten Months Ended April 30, 2023

	<u>12 Months</u> Ended 6/30/22 <u>Budget</u>	<u>2 Month</u> Ended 6/30/22 <u>Actual</u>	<u>Variance</u> Favorable <u>(Unfavorable)</u>	<u>12 Months</u> Ended 6/30/23 <u>Budget</u>	<u>10 Months</u> Ended 4/30/23 <u>Actual</u>	<u>Variance</u> Favorable <u>(Unfavorable)</u>	<u>12 Months</u> Ended 4/30/23 <u>Actual</u>
Revenues							
Social services block grant	\$ 31,685	\$ 4,812	\$ 26,873	\$ 32,295	\$ 29,208	\$ 3,087	\$ 34,020
Federal title III:							
Title III B	31,918	3,714	28,204	54,434	25,572	28,862	29,286
Title III C-1	29,664	8,104	21,560	82,989	68,153	14,836	76,257
Title III C-1 Disaster	35,000	10,731	24,269	-	-	-	10,731
Title III C-2	81,173	-	81,173	87,352	60,752	26,600	60,752
Title III C-2 SSCC	20,097	-	20,097	-	-	-	-
Title III C-2 Supp HDC5	30,887	5,617	25,270	-	-	-	5,617
RRF Special Funds	-	-	-	-	11,576	(11,576)	11,576
ARP	12,600	-	12,600	69,690	36,291	33,399	36,291
State cigarette tax	38,401	12,827	25,574	36,197	33,415	2,782	46,242
State senior center	85,794	7,766	78,028	125,047	101,294	23,753	109,060
Nutrition services incentive program	36,267	6,045	30,222	36,267	30,223	6,044	36,268
ARChoices	61,945	11,669	50,276	56,261	65,793	(9,532)	77,462
Client contributions	76,714	2,122	74,592	11,000	10,621	379	12,743
Fundraising income	13,000	-	13,000	2,500	162	2,338	162
Program income	2,500	3,116	(616)	56,337	17,790	38,547	20,906
Interest income	-	24	(24)	-	180	(180)	204
Total revenues	<u>\$ 587,645</u>	<u>\$ 76,547</u>	<u>\$ 511,098</u>	<u>\$ 650,369</u>	<u>\$ 491,030</u>	<u>\$ 159,339</u>	<u>\$ 567,577</u>

(Continued)

See independent auditor's report

BLACK RIVER AREA DEVELOPMENT CORPORATION

Statement of Revenues and Expenses

Budget and Actual – Aging Program

For the Two Months Ended June 30, 2022 and Ten Months Ended April 30, 2023

	12 Months	2 Month	12 Months		10 Months	12 Months		12 Months
	Ended 6/30/22	Ended 6/30/22	Ended 6/30/23	Ended 6/30/23	Ended 4/30/23	Ended 6/30/23	Ended 4/30/23	
	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Budget</u>	<u>Actual</u>	<u>(Unfavorable)</u>	<u>(Unfavorable)</u>	<u>Actual</u>
			Variance			Favorable	Favorable	
			(Unfavorable)			(Unfavorable)	(Unfavorable)	
Expenses								
Personnel	234,603	36,402	198,201	268,428	186,096	82,332	82,332	222,498
Fringe benefits	28,837	3,786	25,051	36,085	21,148	14,937	14,937	24,934
Travel	3,500	347	3,153	2,000	1,229	771	771	1,576
Occupancy	14,750	4,043	10,707	18,000	16,780	1,220	1,220	20,823
Supplies	71,304	6,717	64,587	58,240	30,689	27,551	27,551	37,406
Food	175,141	23,740	151,401	196,084	142,748	53,336	53,336	166,488
Communication	7,300	1,781	5,519	10,800	5,652	5,148	5,148	7,433
Insurance-general	4,000	1,219	2,781	5,000	1,964	3,036	3,036	3,183
Insurance-vehicle	19,000	6,264	12,736	16,463	14,760	1,703	1,703	21,024
Vehicle maintenance	8,000	831	7,169	12,000	6,296	5,704	5,704	7,127
Other maintenance	-	498	(498)	-	5,099	(5,099)	(5,099)	5,597
Depreciation and amortization	-	95	(95)	-	450	(450)	(450)	545
Tags, license, fees	250	28	222	250	189	61	61	217
Professional fees	400	196	204	350	1,809	(1,459)	(1,459)	2,005
Miscellaneous	900	130	770	900	1,018	(118)	(118)	1,148
Indirect cost	19,660	3,051	16,609	25,769	18,268	7,501	7,501	21,319
Total expenses	<u>587,645</u>	<u>89,128</u>	<u>498,517</u>	<u>650,369</u>	<u>454,195</u>	<u>196,174</u>	<u>196,174</u>	<u>543,323</u>
Excess (deficiency) of revenues over expenses	\$ -	\$ (12,581)	\$ 12,581	\$ -	\$ 36,835	\$ (36,835)	\$ (36,835)	\$ 24,254

See independent auditor's report

BLACK RIVER AREA DEVELOPMENT CORPORATION
Statement of Revenues and Expenses
Budget and Actual – Aging Program – Budgetary Basis
Grant Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Revenues			
Social services block grant	\$ 31,685	\$ 31,685	\$ -
Federal title III:			
Title III B	31,918	20,192	(11,726)
Title III C-1	64,664	29,664	(35,000)
Title III C-1 Disaster	-	27,335	27,335
Title III C-2	81,173	65,926	(15,247)
Title III C-2 SSCC	20,097	20,097	-
Title III C-2 Supp HDC5	30,887	30,887	-
ARP	12,600	-	(12,600)
State cigarette tax	38,401	36,367	(2,034)
State senior center	85,794	59,484	(26,310)
Nutrition services incentive program	36,267	36,267	-
ARChoices	61,945	69,626	7,681
In God we trust	-	1,559	1,559
Client contributions	13,000	11,492	(1,508)
Fundraising income	76,714	-	(76,714)
Program income	2,500	12,453	9,953
Interest income	-	124	124
Total revenues	<u>587,645</u>	<u>453,158</u>	<u>(134,487)</u>
Expenses			
Personnel	234,603	210,968	23,635
Fringe benefits	28,837	22,756	6,081
Travel	500	2,321	(1,821)
Occupancy	14,750	21,092	(6,342)
Supplies	42,684	39,846	2,838
Food	212,761	142,546	70,215
Communication	5,300	7,111	(1,811)
Insurance-general	4,000	3,113	887
Insurance-vehicle	19,000	19,647	(647)
Vehicle maintenance	4,000	5,649	(1,649)
Other maintenance	-	5,805	(5,805)
Tags, license, fees	250	216	34
Professional fees	400	1,668	(1,268)
Miscellaneous	900	849	51
Indirect cost	19,660	17,640	2,020
Total expenses	<u>587,645</u>	<u>501,227</u>	<u>86,418</u>
Excess (deficiency) of revenues over expenses	<u>\$ -</u>	<u>\$ (48,069)</u>	<u>\$ (48,069)</u>

See independent auditor's report

BLACK RIVER AREA DEVELOPMENT CORPORATION

Units of Service Provided – Aging

Grant Period Ended June 30, 2022

	<u>Title III</u>	<u>Title III Disaster</u>	<u>SSBG</u>	<u>SSCC</u>	<u>HDC-5 Supp</u>	<u>Cigarette Tax</u>	<u>State Senior Center</u>	<u>USDA</u>	<u>Client Contributions and Program Income</u>
Transportation		-	-	-	-	2,221	44	-	28
Socialization	9,985	-	-	-	-	-	2,410	-	-
Congregate meals	4,564	-	-	-	-	-	3,378	8,617	675
Home delivered meals	9,418	3,905	4,526	2,871	5,214	3,292	4,634	34,068	1,010

See independent auditor's report

BLACK RIVER AREA DEVELOPMENT CORPORATION
Combining Schedule of Revenues by Service – Aging
Grant Period Ended June 30, 2022

	<u>Transportation</u>	<u>Socialization</u>	<u>Congregate Meals</u>	<u>Home- Delivered Meals</u>	<u>Totals</u>
Revenues					
Title III	\$ 222	\$ 19,970	\$ 29,664	\$ 65,926	\$ 115,782
Title III Disaster	-	-	-	27,335	27,335
SSBG	-	-	-	31,685	31,685
NSIP	-	-	7,339	28,928	36,267
Title III C2 SSCC	-	-	-	20,097	20,097
Title III C2 Supp HDC5	-	-	-	30,887	30,887
State Senior Citizen Funds	266	4,820	21,960	32,438	59,484
AR Choices	-	-	-	69,626	69,626
Fundraising income	13,326	-	-	-	13,326
Program income	-	-	-	12,453	12,453
Client Contributions	166	-	4,128	7,199	11,493
Cigarette Tax Funds	-	-	-	23,041	23,041
In God We Trust	-	-	-	1,559	1,559
Interest income	-	-	-	124	124
Total revenues	<u><u>\$ 13,980</u></u>	<u><u>\$ 24,790</u></u>	<u><u>\$ 63,091</u></u>	<u><u>\$ 351,298</u></u>	<u><u>\$ 453,159</u></u>

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BLACK RIVER AREA DEVELOPMENT CORPORATION

Schedule of Revenues –

Budget and Actual – Aging Transportation

Grant Period Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>(Unfavorable)</u>
Revenues			
Title III Cares	\$ 9,575	\$ 222	\$ (9,353)
Cigarette Tax	15,360	13,326	(2,034)
State senior center	266	266	-
Client contributions	29	166	137
Total revenues	<u>\$ 25,230</u>	<u>\$ 13,980</u>	<u>\$ (11,250)</u>

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BLACK RIVER AREA DEVELOPMENT CORPORATION
Schedule of Revenues –
Budget and Actual – Aging Socialization
Grant Period Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Revenues			
Title III grant revenue	\$ 22,343	\$ 19,970	\$ (2,373)
State Senior Center	4,820	4,820	-
	<u> </u>	<u> </u>	<u> </u>
Total revenues	<u><u>\$ 27,163</u></u>	<u><u>\$ 24,790</u></u>	<u><u>\$ (2,373)</u></u>

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BLACK RIVER AREA DEVELOPMENT CORPORATION
Schedule of Revenues –
Budget and Actual – Aging Congregate Meals
Grant Period Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Revenues			
Title III grant revenue	\$ 29,664	\$ 29,664	\$ -
NSIP grant revenue	6,349	7,339	990
State Senior Citizens funding	21,069	21,960	891
Fundraising	18,714	-	(18,714)
Client contributions	8,589	4,128.00	(4,461)
	<u>84,385</u>	<u>63,091</u>	<u>(21,294)</u>
Total revenues	<u>\$ 84,385</u>	<u>\$ 63,091</u>	<u>\$ (21,294)</u>

See independent auditor's report

BLACK RIVER AREA DEVELOPMENT CORPORATION
Schedule of Revenues –
Budget and Actual – Aging Home Delivered Meals
Grant Period Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Revenues			
Social Services Block Grant	\$ 31,685	\$ 31,685	\$ -
Title III grant revenue	116,173	65,926	(50,247)
Title III Disaster	-	27,335	27,335
NSIP grant revenue	29,918	28,928	(990)
ARP	12,600	-	(12,600)
Title III C2 Gov SSCC	20,097	20,097	-
Title III C2 Supp HDC5	30,887	30,887	-
AR Choices	61,945	69,626	7,681
State Cigarette Tax	23,041	23,041	-
Program income	2,500	12,453	9,953
Fundraising Income	58,000	-	(58,000)
Client contributions	4,382	7,199	2,817
State Senior Citizen funding	59,639	32,438	(27,201)
In God We Trust	-	1,559	1,559
Interest income	-	124	124
	<u> </u>	<u> </u>	<u> </u>
Total revenues	<u>\$ 450,867</u>	<u>\$ 351,298</u>	<u>\$ (99,569)</u>

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BLACK RIVER AREA DEVELOPMENT CORPORATION
Statement of Revenues and Expenses –
Budget and Actual – Public Transportation AR-18-X038
Budgetary Basis Projects A-718,O-718 and P-718
Grant Year Ended September 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Revenues			
Grant revenue	\$ 356,247	\$ 250,745	\$ (105,502)
Program income	18,000	13,618	(4,382)
Total revenues	<u>374,247</u>	<u>264,363</u>	<u>(109,884)</u>
Expenses			
Administrative expenses (A-718)			
Personnel and fringe benefits	62,523	57,509	5,014
Purchased services	9,400	5,313	4,087
Supplies	8,000	2,306	5,694
Communication	11,000	1,379	9,621
Building costs	9,500	1,919	7,581
Travel	5,500	359	5,141
Insurance	45,000	37,096	7,904
Indirect cost	4,401	4,358	43
Other	6,650	1,892	4,758
Total administrative expenses	<u>161,974</u>	<u>112,131</u>	<u>49,843</u>
Operating expenses (O-718)			
Personnel and fringe benefit	125,561	92,809	32,752
Fuel and oil	28,500	24,824	3,676
Vehicle maintenance	30,000	13,182	16,818
Communications	6,500	6,570	(70)
Building costs	10,500	5,904	4,596
Indirect cost	9,014	7,427	1,587
Other	1,000	318	682
Total operating expenses	<u>211,075</u>	<u>151,034</u>	<u>60,041</u>
Preventative Maintenance (P-718)			
Preventative Maintenance	1,198	1,198	-
Total Preventative Maintenance	<u>1,198</u>	<u>1,198</u>	<u>-</u>
Total expenses	<u>374,247</u>	<u>264,363</u>	<u>109,884</u>
Excess (deficiency) of revenues over expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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BLACK RIVER AREA DEVELOPMENT CORPORATION
Statement of Revenues and Expenses –
Budget and Actual – Home Energy Assistance Program Sub-Grant 002
Budgetary Basis
Grant Year Ended September 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Revenues			
Grant revenue receipts, current year	\$ 688,822	\$ 526,060	\$ (162,762)
Total revenues	<u>688,822</u>	<u>526,060</u>	<u>(162,762)</u>
Expenses			
Personnel	31,330.00	3,642	27,688
Fringe benefits	3,387.00	639	2,748
Communication	2,400.00	1,200	1,200
Supplies and other	4,991.00	9,634	(4,643)
Indirect cost	5,561	1,774	3,787
Regular assistance	445,054	442,128	2,926
Regular program support	23,609	-	23,609
Crisis intervention	148,881	67,281	81,600
Crisis program support	23,609	-	23,609
Total expenses	<u>688,822</u>	<u>526,298</u>	<u>162,524</u>
Excess (deficiency) of revenues over expenses	<u>\$ -</u>	<u>\$ (238)</u>	<u>\$ (238)</u>
Applications paid			
Summer regular		1,377	
Summer crisis intervention		285	
Winter regular		1,586	
Winter crisis intervention		542	

See independent auditor's report

BLACK RIVER AREA DEVELOPMENT CORPORATION

Schedule of Expenditures of Federal Awards

For the Year Ended April 30, 2023

Federal Grantor/Pass-Through Grantor <u>Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identification Number</u>	<u>Total Federal Expenditures</u>
<u>U.S. Department of Health and Human Services</u>			
Direct Program: Head Start Cluster			
Head Start	93.600	06CH011470-03-04	\$ 3,383,005
Head Start - ARP - COVID-19	93.600	06HE001269-01-01	400,854
Head Start - CRRSA - COVID-19	93.600	06HE001269-01-00	20,175
Head Start	93.600	06HP000483-01-00	663,110
Head Start	93.600	06HP000483-02-00	1,429,087
Total Head Start Cluster			<u>5,896,231</u>
Passed-Through Arkansas Department of Human Services:			
CCDF Cluster			
Child Care and Development Block Grant	93.575	N/A	\$ 974,590
DCCECE - American Rescue Plan - Child Care Stabilization COVID-19	93.575	N/A	346,450
Total CCDF Cluster			<u>1,321,040</u>
Passed-Through East Arkansas Area Agency on Aging:			
Aging Cluster			
Special Programs for the Aging - Title III Part C - Nutrition Services	93.045	2122-02	\$ 8,104
Special Programs for the Aging - Title III Part C - Nutrition Services	93.045	2223-02	128,905
Special Programs for the Aging - Title III Part C - Nutrition Services - COVID-19	93.045	2122-02	16,348
Special Programs for the Aging - Title III Part C - Nutrition Services - ARP-COVID -19	93.045	2122-02	31,979
Special Programs for the Aging - Title III Part B - Socialization and Transportation	93.044	2122-02	3,714
Special Programs for the Aging - Title III Part B - Socialization and Transportation	93.044	2223-02	25,572
Special Programs for the Aging - Title III Part B - Socialization and Transportation - ARP - COVID-19	93.044	2223-02	4,311
Nutrition Services Incentive Program	93.053	2122-02	6,045
Nutrition Services Incentive Program	93.053	2223-02	30,222
Total Aging Cluster			<u>255,200</u>
Passed-Through Arkansas Department of Environmental Quality:			
Low-Income Home Energy Assistance	93.568	WAP/LiHEAP/2303/ARLIEA/AEO 02	\$ 79,185
Low-Income Home Energy Assistance - ARP - COVID-19	93.568	2103ARE5C6/2021-AEO-02	156,197
Low-Income Home Energy Assistance - COVID-19	93.568	2203ARLIEA/2022-AEO-02	353,130
Low-Income Home Energy Assistance	93.568	WAP/LiHEAP/2003ARLIEA/AEO	351,229
Low-Income Home Energy Assistance	93.568	2303ARLIEA/2023-AEO-02	461,932
Low-Income Home Energy Assistance	93.568	2203ARLIEA/2022-AEO-02	18,953
Total Low-Income Home Energy Assistance Program			<u>1,420,626</u>

See accompanying notes to schedule of expenditures of federal awards.

(Continued)

BLACK RIVER AREA DEVELOPMENT CORPORATION
Schedule of Expenditures of Federal Awards (Cont.)
Year Ended April 30, 2023

Federal Grantor/Pass-Through Grantor <u>Program or Cluster Title</u>	Federal CFDA <u>Number</u>	Pass-Through Entity Identification <u>Number</u>	Total Federal <u>Expenditures</u>
Passed-Through Arkansas Department of Human Services:			
Community Services Block Grant	93.569	CSBG-21-02-C	\$ 54,876
Community Services Block Grant	93.569	CSBG-22-02-C	80,876
Community Services Block Grant	93.569	CSBG-22-02	58,939
Community Services Block Grant	93.569	CSBG-23-02	46,851
Community Services Block Grant	93.569	CSBG-23-02DIS	1,444
Community Services Block Grant - COVID-19	93.569	CARES-21-02	113,447
Community Services Block Grant - COVID-19	93.569	CARES-21-2	4,360
Community Services Block Grant - COVID-19	93.569	ADMCARES -20-02	10,000
Community Services Block Grant	93.569	CSBGDI-21-2	16,673
Total Community Services Block Grant			387,466
Passed-Through East Arkansas Area Agency on Aging:			
Social Services Block Grant	93.667	2122-02	\$ 4,812
Social Services Block Grant	93.667	2223-02	29,208
Total Social Services Block Grant			34,020
<u>U.S. Department of Agriculture</u>			
Passed-Through Arkansas Department of Human Services:			
Child and Adult Care Food Program	10.558	Q16	\$ 467,670
Total Child and Adult Care Food Program			467,670
<u>U.S. Department of Housing and Urban Development</u>			
Direct Program: <i>Housing Voucher Cluster</i>			
Section 8 Housing Choice Vouchers	14.871	AR247	\$ 425,632
Section 8 Housing Choice Vouchers - COVID-19	14.871	AR247	96,027
Total Housing Voucher Cluster			521,659
Passed-Through Arkansas Development Finance Authority:			
Home Investment Partnership Program	14.239	N/A	\$ 406,972
Total Home Investment Partnership Program			406,972
<u>U.S. Department of Transportation</u>			
Passed-Through Arkansas State Highway and Transportation Department:			
Formula Grants for Rural Areas - Rural Area Program - COVID-19	20.509	AR-18-X038	\$ 272,717
Total Formula Grants for Rural Area - Rural Area Program			272,717
<u>U.S. Department of Energy</u>			
Passed-Through Arkansas Department of Economic Development:			
Weatherization Assistance for Low-Income Persons	81.042	DE-EE0007906	\$ 24,889
Weatherization Assistance for Low-Income Persons	81.042	DE-EE0009889/02	175,021
Total Weatherization Assistance for Low-Income Persons Program			199,910
Total expenditures of federal awards			\$ 11,183,511

See accompanying notes to schedule of expenditures of federal awards.

BLACK RIVER AREA DEVELOPMENT CORPORATION
Notes to Schedule of Expenditures of Federal Awards
Year Ended April 30, 2023

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grants activity of Black River Area Development Corporation and is presented on the accrual basis of accounting. The information in the 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). Therefore, some amounts presented in the schedule may differ from amounts presented in or used in the preparation of the financial statements.

Note 2 – Summary of Significant Accounting Policies

- 1) 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.
- 2) Pass-through identifying numbers are presented when available.
- 3) The Organization is not eligible to use the 10% de minimis indirect costs rate as allowed under the Uniform Guidance and therefore, has elected not to use it.

Note 3 – Federal Loan Programs

The federal loan programs listed subsequently are administered by the Organization or its affiliates and the balances relating to the programs are included in the Organization's combined financial statements. Loans outstanding at the beginning of the year and loans made during the year with continuing compliance requirements are included in the federal expenditures presented in the Schedule. Those balances as of April 30, 2023 were as follows:

<u>Federal CFDA Number</u>	<u>Program Name</u>	<u>Ending Balance of Previous Year Loans</u>	<u>Ending Balance of Loans For Year Ended April 30, 2023</u>
14.239	Home Investment Partnership Program	\$404,309	\$393,057

Note 4 – Matching Requirements

Certain federal programs require that the Organization contribute non-federal funds (matching funds) to support the federal-funded programs. The Organization has complied with the matching requirements. The expenditures of non-federal matching funds are not included on the schedule.

Note 5 – Contingencies

In connection with various federal grant programs, the Organization is obligated to administer related programs and spend the funds in accordance with regulatory restrictions, and is subject to audit by grantor agencies and other auditors. In cases of noncompliance, the agencies involved may require the Organization to refund program funds.

BLACK RIVER AREA DEVELOPMENT CORPORATION

Schedule of Expenditures of State Awards

For the Year Ended April 30, 2023

<u>Program Grantor / Program Title</u>	<u>Pass-Through Entity Identification Number</u>	<u>State Revenues</u>	<u>State Expenditures</u>
Arkansas Highway and Transportation Department State Act 595 Funds	N/A	\$ 58,288	\$ 58,288
East Arkansas Area Agency on Aging Cigarette Tax	2122-02/2223-02	\$ 46,242	\$ 46,242
State Senior Center	2122-02/2223-02	109,060	109,060
Arkansas Department of Education Arkansas Better Chance	N/A	<u>\$ 338,573</u>	<u>\$ 338,573</u>
Total expenditures of State awards		<u><u>\$ 552,163</u></u>	<u><u>\$ 552,163</u></u>

Supplemental Disclosure:

Medicaid funding (CFDA 93.778 Medical Assistance Program – Medicaid; Title XIX) received as pass-through from Arkansas Department of Human Services totaled \$77,282.

See independent auditor's report



Welch, Couch & Company, PA Certified Public Accountants

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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
Black River Area Development Corporation
Pocahontas, Arkansas

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 combined financial statements of Black River Area Development Corporation (a nonprofit organization), which comprise the combined statement of financial position as of April 30, 2023, and the related combined statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the combined financial statements, and have issued our report thereon dated August 30, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the combined financial statements, we considered Black River Area Development Corporation's internal control over financial reporting (internal control) as 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 Black River Area Development Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 organization'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 may exist that have not been identified.

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Salem: PO Box 647 | Salem, AR 72576 | P: 870.895.3212 | F: 870.895.2998

West Plains: 1386 Bill Virdon Blvd. | West Plains, MO 65775 | P: 417.256.6624 | F: 417.256.1171

Little Rock: 1501 N. University, Suite 268 | Little Rock, AR 72207 | P: 501.468.0089 | F: 501.557.3929

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Black River Area Development Corporation's combined 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 combined 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.

Welch, Couch & Company, PA
Welch, Couch & Company, PA
Certified Public Accountants

Batesville, Arkansas
August 30, 2023



Welch, Couch & Company, PA Certified Public Accountants

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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
Black River Area Development Corporation
Pocahontas, Arkansas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Black River Area Development Corporation'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 Black River Area Development Corporation's major federal programs for the year ended April 30, 2023. Black River Area Development Corporation'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, Black River Area Development Corporation 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 April 30, 2023.

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 Black River Area Development Corporation 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 Black River Area Development Corporation'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 Black River Area Development Corporation's federal programs.

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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 Black River Area Development Corporation'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 Black River Area Development Corporation'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 Black River Area Development Corporation'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 Black River Area Development Corporation'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 Black River Area Development Corporation'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.

Welch, Couch & Company, PA
Certified Public Accountants

Batesville, Arkansas
August 30, 2023

BLACK RIVER AREA DEVELOPMENT CORPORATION
Schedule of Findings and Questioned Costs
Year Ended April 30, 2023

Section I – Summary of Audit Results

Financial Statements

Type of Auditors' Report:	Unmodified
Internal Control Over Financial Reporting:	
Material Weakness Identified	None Reported
Significant Deficiencies Identified that are not considered to be Material Weaknesses	None Reported
Non-Compliance material to Financial Statements noted:	None Reported

Federal Awards

Internal Control over Major Programs:	
Material Weakness Identified	None Reported
Significant Deficiencies Identified that are not considered to be Material Weaknesses	None Reported
Type of Auditor's Report issued on Compliance for Major Programs:	Unmodified
Findings required to be reported in accordance with 2 CFR 200.516(a):	None Reported

Identification of Major Programs:

<i>CFDA Number</i>	<i>Name of Federal Program or Cluster</i>
93.600	Head Start

Dollar Threshold Used to Distinguish Between Type A and Type B Programs:	\$750,000
Auditee Qualified as Low Risk Auditee:	Yes

BLACK RIVER AREA DEVELOPMENT CORPORATION
Schedule of Findings and Questioned Costs
Year Ended April 30, 2023

Section II – Financial Statement Findings

Significant Deficiencies

No matters reportable.

Material Weaknesses

No matters reportable.

Section III – Federal Award Findings and Questioned Costs

Significant Deficiencies

No matters reportable.

Material Weaknesses

No matters reportable.

BLACK RIVER AREA DEVELOPMENT CORPORATION
Schedule of Prior Year Findings and Questioned Costs
Year Ended April 30, 2023

Section I – Summary of Audit Results

Financial Statements

Type of Auditors' Report:	Unmodified
Internal Control Over Financial Reporting:	
Material Weakness Identified	None Reported
Significant Deficiencies Identified that are not considered to be Material Weaknesses	None Reported
Non-Compliance material to Financial Statements noted:	None Reported

Federal Awards

Internal Control over Major Programs:	
Material Weakness Identified	None Reported
Significant Deficiencies Identified that are not considered to be Material Weaknesses	None Reported
Type of Auditor's Report issued on Compliance for Major Programs:	Unmodified
Findings required to be reported in accordance with 2 CFR 200 516(a)	None Reported

Identification of Major Programs:

<i>CFDA Number</i>	<i>Name of Federal Program or Cluster</i>
93.600	Head Start
93.575	Child Care and Development Fund
93.568	Low Income Home Energy Assitance

Dollar Threshold Used to Distinguish Between Type A and Type B Programs:	\$750,000
Auditee Qualified as Low Risk Auditee:	Yes

BLACK RIVER AREA DEVELOPMENT CORPORATION
Schedule of Prior Year Findings and Questioned Costs
For the Year Ended April 30, 2023

Section II – Financial Statement Findings

Significant Deficiencies

No matters reportable.

Material Weaknesses

No matters reportable.

Section III – Federal Award Findings and Questioned Costs

Significant Deficiencies

No matters reportable.

Material Weaknesses

No matters reportable.

BLACK RIVER AREA DEVELOPMENT CORPORATION
Supplemental Data Sheet
For the Year Ended April 30, 2023

Entity's full name:	Black River Area Development Corporation
Entity's address:	1403 Hospital Drive Pocahontas, AR 72455
Entity's employer identification number:	71-0387337
Entity's phone number:	(870) 892-4547
Director:	Rhonda Ahrent
Contact person:	Rhonda Ahrent
Audit cost:	Available upon request