

**BLACK RIVER AREA DEVELOPMENT
CORPORATION**

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

April 30, 2024

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 of Black River Area Development Corporation (a nonprofit organization), which comprise the combined statement of financial position as of April 30, 2024, 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, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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 43 through 45, 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 21 through 25 and page 46, 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 the supplementary information as listed above are fairly stated, in all material respects, in relation to the financial statements as a whole.

Management is responsible for the other supplementary information on pages 26 through 42 as listed in the table of contents. Our opinion on the financial statements does not cover the other supplementary information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other supplementary information and consider whether a material inconsistency exists between the other supplementary information and the financial statements, or the other supplementary information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other supplementary information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 29, 2024, 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 29, 2024

BLACK RIVER AREA DEVELOPMENT CORPORATION

Combined Statement of Financial Position

April 30, 2024

<u>Assets</u>	
Current assets	
Cash and certificates of deposit - Note 7	\$ 1,768,894
Grants receivable - Note 2	831,552
Other assets and prepaid expenses	210,357
Total current assets	<u>2,810,803</u>
Assets limited as to use - Note 9	
Security deposits	11,802
Operating and replacement reserves	145,401
Total assets limited as to use	<u>157,203</u>
Land, buildings and equipment, at cost	
Land	354,931
Buildings	7,356,991
Equipment and furniture	1,877,520
	<u>9,589,442</u>
Less accumulated depreciation and amortization	<u>(3,714,483)</u>
Total land, buildings and equipment, net	<u>5,874,959</u>
Other noncurrent assets	
Other noncurrent assets, net of accumulated amortization - Note 10	33,504
Building and land - held for sale	310,000
Operating lease right-of-use assets - note 14	448,551
Total other noncurrent assets	<u>792,055</u>
Total assets	<u>\$ 9,635,020</u>
<u>Liabilities and Net Assets</u>	
Current liabilities	
Current portion of long-term debt - Note 6	\$ 17,797
Current operating lease right-of-use liability - Note 14	203,716
Accounts payable	303,812
Accrued expenses	518,687
Contract obligations - Note 5	350,782
Total current liabilities	<u>1,394,794</u>
Noncurrent liabilities	
Operating lease right-of-use liability, less current portion - Note 14	244,835
Long-term debt, net of current portion - Note 6	597,093
Total noncurrent liabilities	<u>841,928</u>
Total liabilities	<u>2,236,722</u>
Net assets	
Controlling interests	4,503,266
Noncontrolling interests	2,895,032
Total net assets without donor restrictions	<u>7,398,298</u>
Total liabilities and net assets	<u>\$ 9,635,020</u>

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, 2024

	<u>Without Donor Restrictions</u>
Revenues	
Federal grants and fees	\$ 10,320,993
State revenue	576,793
Interest income	9,481
Program income, management fees and rent	263,811
Medicaid revenue	75,210
Local resource income	710,257
In-kind contributions	2,900,140
Total revenues	<u>14,856,685</u>
Expenses	
Salaries	5,404,551
Fringe benefits	892,682
Travel and transportation	81,192
Office and food supplies	1,125,842
Occupancy	326,176
Communication	132,507
Purchased services	341,198
Maintenance and small equipment	362,095
Depreciation and amortization expense	508,389
Other	528,292
Interest expense	17,043
Energy, housing and weatherizing assistance	1,496,568
Insurance	213,197
In-kind expenses	2,900,140
Dues and fees	4,959
Client costs	33,087
Total expenses	<u>14,367,918</u>
(Loss) on disposal of assets	<u>(44,214)</u>
Change in net assets	444,553
Net assets, beginning of year	<u>6,953,745</u>
Net assets, end of year	<u><u>\$ 7,398,298</u></u>
Reconciliation of net assets:	
Controlling interest:	
Beginning of year	\$ 3,841,097
Change in net assets	662,169
End of year	<u>4,503,266</u>
Noncontrolling interest:	
Beginning of year	3,112,648
Change in net assets	(217,616)
End of year	<u>2,895,032</u>
Net assets, end of year	<u><u>\$ 7,398,298</u></u>

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, 2024

Expenses:	Program Services for:						Total	
	Children	Energy Conservation	Housing	Senior Citizens	Transportation	Total Program Services		Administrative & Supporting Services
Salaries	\$ 4,198,218	\$ 229,089	\$ 99,134	\$ 256,923	\$ 209,676	\$ 4,993,040	\$ 411,511	\$ 5,404,551
Fringe benefits	711,732	37,922	11,223	32,415	31,489	824,781	67,901	892,682
Travel and transportation	15,609	5,565	3,934	25,535	25,737	76,380	4,812	81,192
Office and food supplies	839,489	9,766	9,710	226,770	3,696	1,089,431	36,411	1,125,842
Occupancy	272,812	3,168	10,235	17,309	6,481	310,005	16,171	326,176
Communication	91,728	8,116	-	6,213	10,733	116,790	15,717	132,507
Indirect cost	395,406	22,914	-	25,496	20,660	464,476	(484,476)	-
Purchased services	198,724	45,355	4,292	1,136	2,749	252,256	88,942	341,198
Maintenance and small equipment	260,683	12,716	57,693	8,554	2,632	342,278	19,817	362,095
Depreciation and amortization	336,415	-	138,868	545	15,967	491,795	16,594	508,389
Other	422,147	3,187	15,371	3,723	1,557	445,985	82,307	528,292
Interest expense	-	-	17,043	-	-	17,043	-	17,043
Energy, housing and weatherizing assistance	-	1,120,001	376,567	-	-	1,496,568	-	1,496,568
Insurance	104,341	7,541	27,389	22,293	26,777	188,341	-	213,197
In-kind expenses	2,799,575	-	-	3,850	96,715	2,900,140	-	2,900,140
Dues and fees	-	-	4,959	-	-	4,959	-	4,959
Client costs	-	-	-	-	-	-	33,087	33,087
Total expenses	\$ 10,646,879	\$ 1,505,340	\$ 776,418	\$ 630,762	\$ 454,869	\$ 14,014,288	\$ 328,794	\$ 14,367,918

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

BLACK RIVER AREA DEVELOPMENT CORPORATION

Combined Statement of Cash Flows

For the Year Ended April 30, 2024

Cash flows from operating activities:	
Change in net assets	\$ 444,553
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	508,389
Noncash capital contributions	(638,601)
Loss on disposal of assets	44,214
Net changes in:	
Grants receivable	(28,553)
Prepaid expenses and other	31,177
Accounts payable	(194,293)
Accrued expenses	74,443
Contract obligations	(240,858)
Net cash provided by operating activities	<u>471</u>
Cash flows from investing activities:	
Purchase of land, buildings and equipment	(180,458)
Assets limited as to use	(70)
Proceeds from sale of assets	14,500
Net cash (used in) investing activities	<u>(166,028)</u>
Cash flows from financing activities:	
Principal payments on long-term borrowing	(17,441)
Net cash (used in) financing activities	<u>(17,441)</u>
Net decrease in cash and cash equivalents	(182,998)
Cash and cash equivalents, beginning of year	<u>1,951,892</u>
Cash and cash equivalents, end of year	<u><u>\$ 1,768,894</u></u>
<u>Supplemental information</u>	
Interest paid	\$ 17,043

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, 2024

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, 2024, was as follows:

Children's programs	74.1%
Energy Conservation	10.5%
Housing programs	5.4%
Aging programs	4.4%
Transportation programs	3.2%
Administrative and general	2.4%

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 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 0.01% of the Partnership.

Principles of Combination

The Organization holds a 0.01% 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, 2024

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

Basis of Presentation

The combined financial statements have been presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

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, 2024. Total interest cost for the year was \$17,043. 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, 2024, was \$508,389.

BLACK RIVER AREA DEVELOPMENT CORPORATION

Notes to Combined Financial Statements

April 30, 2024

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, 2024.

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 consist 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 Obligations

Contract obligations consist of grant funds unexpended at year end and refundable to the grantors.

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 to use by BRAD Black River Housing, LP partnership operating agreement.

Long-term Debt

At April 30, 2024, long-term debt consisted of principal amounts due to Arkansas Development Finance Authority and First National Bank of Izard County.

Net Assets

Net assets and revenue, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Net Assets Without Donor Restriction – Net assets whose use is limited by donor-imposed time and/or purpose restrictions.

Net Assets Without Donor Restrictions: Net assets not subject to donor-imposed stipulations.

BLACK RIVER AREA DEVELOPMENT CORPORATION

Notes to Combined Financial Statements

April 30, 2024

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

Net Assets (Cont.)

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 restrictions. 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 contributions were 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, current and noncurrent 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.

Revenue Recognition

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. 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 the passage of time, net assets with donor restrictions are reclassified to net assets without donor restrictions.

BLACK RIVER AREA DEVELOPMENT CORPORATION

Notes to Combined Financial Statements

April 30, 2024

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

Revenue Recognition

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 contract obligations.

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 Organization expects to be entitled in exchange for those goods or services. Amounts received in excess of recognized revenue are reflected as contract obligations. 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 combined 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 \$111,071 were recognized as revenue in the year ended April 30, 2024. Accounts receivable of \$73,069 related to management fees as of April 30, 2024, is included in other assets and prepaid expenses on the combined statement of financial position.

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 Organization's expectation that the period between the time the service is provided to the customer and the time the customer pays for the service will be one year or less.

BLACK RIVER AREA DEVELOPMENT CORPORATION

Notes to Combined Financial Statements

April 30, 2024

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

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 \$4,723 for the year ending April 30, 2024.

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 programs.

Use of Accounting Estimates

The preparation of combined financial statements in conformity with accounting principles generally accepted in the United States of America 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 expenses 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. Expenses and the related liabilities are recognized as the annual leave is earned and are computed using the regular pay rates in effect at the statement of financial position date.

BLACK RIVER AREA DEVELOPMENT CORPORATION

Notes to Combined Financial Statements

April 30, 2024

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

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

Accounting principles generally accepted in the United States of America 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, 2024.

Subsequent Events

Management has evaluated subsequent events through August 29, 2024, the date on which the financial statements were available to be issued. No events were noted which would require recognition or disclosure in the combined financial statements.

Note 2 – Contracts and Grants Receivable

Contracts and grants receivable consisted of the following as of April 30, 2024:

	<u>Amount</u>
Head Start Program	\$ 324,757
Child Care and Development Block Grant	16,387
Community Services Block Grant	69,487
Weatherization Program	95,149
LiHeap Program	127,042
Public Transit Program	48,874
Aging Program	47,701
Child and Adult Care Food Program	102,155
	<hr/>
	\$ 831,552

BLACK RIVER AREA DEVELOPMENT CORPORATION

Notes to Combined Financial Statements

April 30, 2024

Note 3 – Pension Plan

The Organization's retirement plan is a defined contribution plan covering all eligible employees of the Organization who are aged 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 \$235,734 is reflected as fringe benefits on the combined statement of activities for the year ending April 30, 2024. The total payroll was \$5,404,551 for the year ending April 30, 2024.

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.

BLACK RIVER AREA DEVELOPMENT CORPORATION

Notes to Combined Financial Statements

April 30, 2024

Note 4 – Commitments and Contingencies (Cont.)

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, 2024, the Organization had contract obligations under the following programs:

	<u>Amount</u>
Child Care and Development Block Grant - ARPA	\$ 200,174
Arkansas Better Chance Program	83,801
Low Income Home Energy Assistance Program	47,835
Child and Adult Care Food Program	4,873
Other grants	<u>14,099</u>
Total	<u>\$ 350,782</u>

Note 6 – Long-Term Debt

Notes payable were as follows at April 30, 2024:

<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.	\$ 381,692
First National Bank of Izard County , \$271,197 loan payable at 4.0% interest maturing April 17, 2034, secured by real property.	233,198
Total long-term debt	<u>614,890</u>
Less: current maturities	<u>(17,797)</u>
Long-term debt, net of current maturities	<u>\$ 597,093</u>

BLACK RIVER AREA DEVELOPMENT CORPORATION

Notes to Combined Financial Statements

April 30, 2024

Note 6 – Notes Payable (Cont.)

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, 2024, the maturities for the next five years are as follows:

	<u>Amount</u>
2025	\$ 17,797
2026	18,170
2027	18,554
2028	18,951
2029	19,360
Thereafter	<u>522,058</u>
	<u><u>\$ 614,890</u></u>

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, 2024, the Organization's cash deposits at financial institutions totaled \$1,979,307. Of this amount, \$1,345,286 was covered by FDIC insurance, \$634,021 was collateralized with securities held by the pledging financial institution's agent.

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.

Note 8 – Concentrations

The Organization is economically dependent upon grants and contracts with various federal and state agencies. Approximately 91% of the Organization's revenues, excluding 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, 2024, as follows:

	<u>Amount</u>
Security deposits	\$ 11,802
Operating reserves	90,000
Replacement reserves	<u>55,401</u>
Total assets limited as to use	<u><u>\$ 157,203</u></u>

BLACK RIVER AREA DEVELOPMENT CORPORATION

Notes to Combined Financial Statements

April 30, 2024

Note 10 – Other Noncurrent Assets

The Organization had other noncurrent assets under its BRAD Black River Housing, LP program at April 30, 2024, as follows:

	<u>Amount</u>
Syndication fees	\$ 20,000
Tax credit fees	44,158
Total	64,158
Less: Accumulated amortization	(30,654)
Other noncurrent assets, net of accumulated amortization	\$ 33,504

Amortization of \$4,278 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, 2023, through April 30, 2024. Some individual contracts and grants presented in the schedules of additional information have fiscal years that end on dates other than April 30, 2024.

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

BLACK RIVER AREA DEVELOPMENT CORPORATION

Notes to Combined Financial Statements

April 30, 2024

Note 12 – Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets as of the statement of financial position date reduced by amounts not available for general use within one year of the statement of financial position date due to contractual or donor-imposed restrictions.

	<u>Amount</u>
Cash and cash equivalents and assets limited to use	\$ 1,768,894
Grants receivable, collected in less than one year	831,552
Other receivables, collected in less than one year	210,357
Total financial assets	<u>2,810,803</u>
Less contractual or donor-imposed restrictions	
Security deposits	11,802
Operating and replacement reserves	145,401
Contract obligations	<u>350,782</u>
Financial resources available to meet cash needs for expenses within one year	<u>\$ 2,302,818</u>

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. Accounting principles generally accepted in the United States of America 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	\$ 158,050
Volunteer service	1,666,215
Other	<u>1,075,875</u>
Total in-kind support	<u>\$ 2,900,140</u>

Note 14 – Noncash Contributions

The Organization received two large noncash contributions during the year ended April 30, 2024. The first contribution included a building and vacant land in Corning, Arkansas that is valued at \$310,000. The Organization expects to sell this property and has presented this as "building and land – held for sale" in other non-current assets on the combined statement of financial position. In addition, Randolph County, Arkansas purchased the Organization a new roof for the Organization's headquarters that cost \$328,601. This is a fixed asset that will continue to be used and has been recorded with "Buildings" on the combined statement of financial position. In total, \$638,601 of noncash contributions were recorded and presented with "local resource income" on the combined statement of activities for the year ended April 30, 2024.

BLACK RIVER AREA DEVELOPMENT CORPORATION

Notes to Combined Financial Statements

April 30, 2024

Note 15 – 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 statement of financial position which include amounts for operating leases as of April 30, 2024.

	<u>2024</u>
Operating Leases	
Operating lease right-of-use-assets	\$ <u>448,551</u>
Current operating lease right-of-use liability	\$ 203,716
Operating lease right-of-use liability, less current portion	<u>244,835</u>
Total operating lease liabilities	\$ <u>448,551</u>

Operating lease expense is included in occupancy and maintenance and small equipment expense on the combined statement of activities in the amount of \$229,023 for the year ended April 30, 2024.

The following summarizes the weighted average remaining lease term and discount rate as of April 30, 2024.

	<u>2024</u>
Operating Leases	
Cash paid for amounts included in measuring operating lease liabilities:	
Operating cash flows from operating leases	\$ (229,023)
Weighted average remaining lease term	1.9 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, 2024.

	<u>Amount</u>
2025	\$ 226,978
2026	192,619
2027	69,472
2028	7,464
2029	<u>3,780</u>
Total Lease Payments	500,313
Less: Interest	<u>(51,762)</u>
Present value of lease liabilities	\$ <u>448,551</u>

SUPPLEMENTAL SCHEDULES

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

For the Year Ended April 30, 2024

Program Services for:

	Children	Energy Conservation	Housing	Senior Citizens	Transportation	Total Program Services	Administrative & Supporting Services	Total
Revenues:								
Federal grant revenue	\$ 7,200,189	\$ 1,501,434	\$ 585,226	\$ 432,516	\$ 314,386	\$ 10,033,751	\$ 287,242	\$ 10,320,993
State revenue	461,534	-	-	96,187	19,072	576,793	-	576,793
Interest income	2,050	11	229	165	2,046	4,501	4,980	9,481
Program income, management fees and rent	-	-	85,224	20,586	13,170	118,980	144,831	263,811
Medicaid revenue	-	-	-	75,210	-	75,210	-	75,210
Local resource income	-	-	21,661	16,673	-	38,334	671,923	710,257
In-kind contributions	2,799,575	-	-	3,850	96,715	2,900,140	-	2,900,140
Total revenues	10,463,348	1,501,445	692,340	645,187	445,389	13,747,709	1,108,976	14,856,685
Expenses:								
Salaries	4,198,218	229,089	99,134	256,923	209,676	4,993,040	411,511	5,404,551
Fringe benefits	711,732	37,922	11,223	32,415	31,489	824,781	67,901	892,682
Travel and transportation	15,609	5,565	3,934	25,535	25,737	76,380	4,812	81,192
Office and food supplies	839,489	9,766	9,710	226,770	3,696	1,089,431	36,411	1,125,842
Occupancy	272,812	3,168	10,235	17,309	6,481	310,005	16,171	326,176
Communication	91,728	8,116	-	6,213	10,733	116,790	15,717	132,507
Indirect cost	395,406	22,914	-	25,496	20,660	464,476	(464,476)	-
Purchased services	198,724	45,355	4,292	1,136	2,749	252,256	88,942	341,198
Maintenance and small equipment	260,683	12,716	57,693	8,554	2,632	342,278	19,817	362,095
Depreciation and amortization	336,415	-	138,868	545	15,967	491,795	16,594	508,389
Other	422,147	3,187	15,371	3,723	1,557	445,985	82,307	528,292
Interest expense	-	-	17,043	-	-	17,043	-	17,043
Energy, housing and weatherizing assistance	-	1,120,001	376,567	-	-	1,496,568	-	1,496,568
Insurance	104,341	7,541	27,389	22,293	26,777	188,341	24,856	213,197
In-kind expenses	2,799,575	-	-	3,850	96,715	2,900,140	-	2,900,140
Dues and fees	-	-	4,959	-	-	4,959	-	4,959
Client costs	-	-	-	-	-	-	33,087	33,087
Total expenses	10,646,879	1,505,340	776,418	630,762	454,869	14,014,268	353,650	14,367,918
Gain (loss) on disposal of assets	(48,266)	1,500	-	-	-	(46,766)	2,552	(44,214)
Change in net assets	\$ (231,797)	\$ (2,395)	\$ (84,078)	\$ 14,425	\$ (9,480)	\$ (313,325)	\$ 757,878	\$ 444,553

BLACK RIVER AREA DEVELOPMENT CORPORATION
Combining Schedule of Revenues and Expenses – Children
For the Year Ended April 30, 2024

	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	\$ 1,854,166	\$ 1,914,567	\$ -	\$ -	\$ 522,440	\$ -	\$ -	\$ -	\$ -	\$ 1,062,774	\$ 35,654	\$ 165,841	\$ 7,200,189
Interest income	80	32	12	-	-	261	37	-	-	794	181	653	2,050
State revenue	-	-	-	-	-	349,536	-	-	111,998	-	-	-	461,534
In-kind contributions	822,981	618,298	503,106	-	-	855,190	-	-	-	-	-	-	2,799,575
Program income	-	-	-	-	-	-	-	-	-	-	-	-	-
Gain/(Loss) on disposal of assets	(38,532)	(13,723)	-	-	-	7,000	-	-	-	(3,011)	-	-	(48,266)
Total revenues	2,429,256	2,458,793	2,417,685	-	522,440	1,211,987	37	111,998	1,060,557	35,835	166,494	10,415,082	
Expenses:													
Salaries	875,849	1,145,518	1,065,434	-	169,686	222,695	-	58,030	661,006	-	-	-	4,198,218
Fringe benefits	147,038	199,618	178,295	-	30,361	35,027	-	9,220	112,173	-	-	-	711,732
Travel and transportation	2,089	4,644	1,924	-	484	484	-	82	6,386	-	-	-	15,609
Office and food supplies	175,382	132,522	99,969	-	295,627	23,428	102	18,909	88,914	4,636	-	-	839,489
Occupancy	43,654	43,079	130,655	-	-	12,686	-	5,720	37,046	(28)	-	-	272,812
Communication	18,007	18,895	29,029	-	-	7,741	-	2,377	15,679	-	-	-	91,728
Indirect cost	88,277	115,225	105,783	-	17,085	2,468	-	53	66,515	-	-	-	395,406
Purchased services	24,495	16,478	102,476	-	1,547	7,356	-	1,814	16,399	16,094	-	-	198,724
Contract cost	-	-	-	-	-	-	-	-	-	-	-	-	-
Maintenance and small equipment	58,702	39,647	49,071	-	6,487	10,393	-	8,427	37,457	-	-	50,499	260,683
Depreciation and amortization	62,535	29,015	106,052	49,355	-	325	-	201	28,570	285	-	54,804	336,415
Other	141,738	116,673	95,963	-	938	21,120	(165)	6,301	39,430	33	-	116	422,147
Insurance	21,099	26,516	29,935	-	709	7,050	-	1,543	17,489	-	-	-	104,341
In-kind expenses	822,981	618,298	503,106	-	-	855,190	-	-	-	-	-	-	2,799,575
Total expenses	2,481,846	2,506,128	2,487,682	49,355	522,440	1,205,963	(63)	112,677	1,127,064	21,020	117,484	10,646,879	
Change in net assets	\$ (52,590)	\$ (47,335)	\$ (80,007)	\$ (49,355)	\$ -	\$ 6,024	\$ 100	\$ (679)	\$ (66,507)	\$ 14,815	\$ 49,010	\$ (231,797)	

BLACK RIVER AREA DEVELOPMENT CORPORATION
Combining Schedule of Revenues and Expenses – Energy Conservation
For the Year Ended April 30, 2024

	<u>Program Services for Energy Conservation</u>		<u>Total</u>
	<u>Weatherization</u>	<u>Home Energy Assistance</u>	
Revenues:			
Federal grant revenue	\$ 690,526	\$ 810,908	\$ 1,501,434
Interest income	-	11	11
Gain/(Loss) on disposal of assets	1,500	-	1,500
Total revenues	<u>692,026</u>	<u>810,919</u>	<u>1,502,945</u>
Expenses:			
Salaries	153,962	75,127	229,089
Fringe benefits	28,442	9,480	37,922
Travel and transportation	5,092	473	5,565
Office and food supplies	2,232	7,534	9,766
Occupancy	3,168	-	3,168
Communication	5,957	2,159	8,116
Indirect cost	15,326	7,588	22,914
Purchased services	45,355	-	45,355
Maintenance and small equipment	3,570	9,146	12,716
Other	1,712	1,475	3,187
Energy, housing and weatherizing assistance	422,075	697,926	1,120,001
Insurance	7,541	-	7,541
Total expenses	<u>694,432</u>	<u>810,908</u>	<u>1,505,340</u>
Change in net assets	<u>\$ (2,406)</u>	<u>\$ 11</u>	<u>\$ (2,395)</u>

See independent auditor's report

BLACK RIVER AREA DEVELOPMENT CORPORATION
Combining Schedule of Revenues and Expenses – Housing
For the Year Ended April 30, 2024

	Program Services for Housing			<u>Total</u>
	<u>HUD Section 8</u>	<u>TBRA</u>	<u>BRAD Black River Housing LP</u>	
Revenues:				
Federal grant revenue	\$ 585,226	\$ -	\$ -	\$ 585,226
Other rent income	-	-	85,224	85,224
Local resource income	19,982	-	1,679	21,661
Interest income	229	-	-	229
Total revenues	<u>605,437</u>	<u>-</u>	<u>86,903</u>	<u>692,340</u>
Expenses:				
Salaries	56,951	-	42,183	99,134
Fringe benefits	11,223	-	-	11,223
Travel and transportation	3,605	-	329	3,934
Office and food supplies	8,127	850	733	9,710
Occupancy	1,947	-	8,288	10,235
Purchased services	-	-	4,292	4,292
Maintenance and small equipment	-	-	57,693	57,693
Depreciation and amortization	326	-	138,542	138,868
Other	12,303	-	3,068	15,371
Interest expense	-	-	17,043	17,043
Energy, housing and weatherizing assistance	376,567	-	-	376,567
Insurance	-	-	27,389	27,389
Dues and fees	-	-	4,959	4,959
Total expenses	<u>471,049</u>	<u>850</u>	<u>304,519</u>	<u>776,418</u>
Change in net assets	<u>\$ 134,388</u>	<u>\$ (850)</u>	<u>\$ (217,616)</u>	<u>\$ (84,078)</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, 2024

	<u>Administrative and Supporting Services</u>			<u>Total</u>
	<u>General and Indirect</u>	<u>Payroll Fund</u>	<u>Community Services Block Grant</u>	
Revenues:				
Federal grant revenue	\$ -	\$ -	\$ 287,242	\$ 287,242
Interest income	4,114	259	607	4,980
Program income, management fees and rent	139,020	-	5,811	144,831
Local resource income	671,923	-	-	671,923
Gain/(Loss) on disposal of assets	6,000	-	(3,448)	2,552
Total revenues	<u>821,057</u>	<u>259</u>	<u>290,212</u>	<u>1,111,528</u>
Expenses:				
Salaries	284,119	-	127,392	411,511
Fringe benefits	46,110	-	21,791	67,901
Travel and transportation	4,000	-	812	4,812
Office and food supplies	29,624	93	6,694	36,411
Occupancy	9,574	-	6,597	16,171
Communication	10,931	-	4,786	15,717
Indirect cost	(464,476)	-	-	(464,476)
Purchased services	88,185	-	757	88,942
Maintenance and small equipment	8,273	-	11,544	19,817
Depreciation and amortization	5,911	-	10,683	16,594
Other	26,627	986	54,694	82,307
Insurance	18,016	-	6,840	24,856
Client costs	-	-	33,087	33,087
Total expenses	<u>66,894</u>	<u>1,079</u>	<u>285,677</u>	<u>353,650</u>
Change in net assets	<u>\$ 754,163</u>	<u>\$ (820)</u>	<u>\$ 4,535</u>	<u>\$ 757,878</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 # 06HP000483-02-01
For the Grant Year Ended April 30, 2024

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Revenues:			
Grant revenue receipts, current year	\$ 1,978,024	\$ 1,978,024	\$ -
In-kind revenue	481,275	524,439	43,164
Interest income	-	11	11
Total revenues	<u>2,459,299</u>	<u>2,502,474</u>	<u>43,175</u>
Expenses:			
Personnel	1,258,951	1,043,568	215,383
Fringe benefits	231,139	164,514	66,625
Travel	8,475	41,513	(33,038)
Supplies	57,000	159,990	(102,990)
Contractual	7,250	3,878	3,372
Indirect cost	105,501	100,186	5,315
Other	309,708	464,375	(154,667)
In-kind expenses	481,275	524,439	(43,164)
Total expenses	<u>2,459,299</u>	<u>2,502,463</u>	<u>(43,164)</u>
Change in net assets	<u>\$ -</u>	<u>\$ 11</u>	<u>\$ 11</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 # 06CH011470-04-02
For the Grant Year Ended April 30, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Grant revenue receipts, current year	\$ 3,498,913	\$ 3,498,913	\$ -
In-kind revenue	807,959	1,441,279	633,320
Interest income	-	112	112
Total revenues	<u>4,306,872</u>	<u>4,940,304</u>	<u>633,432</u>
Expenses:			
Personnel	2,209,861	2,014,871	194,990
Fringe benefits	404,008	346,656	57,352
Travel	16,062	43,975	(27,913)
Equipment	22,950	22,950	-
Supplies	166,678	311,869	(145,191)
Contractual	17,385	16,518	867
Indirect cost	212,050	203,502	8,548
Other	449,919	538,572	(88,653)
In-kind expenses	807,959	1,441,279	(633,320)
Total expenses	<u>4,306,872</u>	<u>4,940,192</u>	<u>(633,320)</u>
Change in net assets	<u>\$ -</u>	<u>\$ 112</u>	<u>\$ 112</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, 2024

	<u>CSBG-22-02-C</u>		<u>CSBG-23-02DIS</u>	
	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>
Revenues:				
Grant revenue receipts, current year	\$ 100,165	\$ 100,165	\$ 15,000	\$ 10,658
Total revenues	<u>100,165</u>	<u>100,165</u>	<u>15,000</u>	<u>10,658</u>
Expenses:				
Salaries	72,274	72,274	-	-
Fringe benefits	14,254	13,438	-	-
Other expenses	11,637	12,453	11,700	10,233
Other/client services	2,000	2,000	3,300	425
Total expenses	<u>100,165</u>	<u>100,165</u>	<u>15,000</u>	<u>10,658</u>
Change in net assets	<u>-</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
 <u>CSBG-23-02</u>				
	<u>Budget</u>	<u>Actual</u>		
Revenues:				
Grant revenue receipts, current year	\$ 232,889	\$ 143,422		
Total revenues	<u>232,889</u>	<u>143,422</u>		
Expenses:				
Salaries	116,809	56,853		
Fringe benefits	23,690	6,933		
Travel	826	782		
Equipment	18,733	18,733		
Supplies	5,000	4,253		
Other expenses	37,092	33,939		
Other/client services	30,739	21,929		
Total expenses	<u>232,889</u>	<u>143,422</u>		
Change in net assets	<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, 2024

Meals Served (USDA) *

	<u>Breakfasts</u>	<u>Lunches</u>	<u>Snacks</u>	<u>Total</u>
January	5,160	5,183	4,997	15,340
February	7,030	7,020	6,743	20,793
March	5,373	5,390	5,129	15,892
April	7,739	7,718	7,386	22,843
May	7,171	7,210	6,890	21,271
June	2,986	3,042	2,862	8,890
July	2,166	2,179	2,090	6,435
August	5,155	5,194	5,061	15,410
September	6,931	6,945	6,710	20,586
October	6,777	6,754	6,464	19,995
November	5,752	5,753	5,539	17,044
December	4,597	4,563	4,312	13,472
	<u>66,837</u>	<u>66,951</u>	<u>64,183</u>	<u>197,971</u>

	<u>Free</u>	<u>Reduced</u>	<u>Paid</u>	<u>Total</u>
January	400	24	7	431
February	404	20	6	430
March	407	20	6	433
April	407	20	6	433
May	407	17	7	431
June	184	-	-	184
July	200	-	-	200
August	405	16	9	430
September	394	20	10	424
October	405	20	10	435
November	400	22	10	432
December	402	25	9	436
	<u>4,415</u>	<u>204</u>	<u>80</u>	<u>4,699</u>

* Represents meals served through the Head Start, Early Head Start, Pre-K and ABC Preschool programs for the year ended April 30, 2024.

BLACK RIVER AREA DEVELOPMENT CORPORATION

Analysis of Indirect Cost

For the Year Ended April 30, 2024

<u>Program</u>	<u>Salaries*</u>	<u>Rate</u>	<u>Allowable Allocation</u>	<u>Amount Paid or Accrued</u>
Head Start	\$ 874,026	10.10%	\$ 88,277	\$ 88,277
Early Head Start	1,140,845	10.10%	115,225	115,225
Early Head Start Expansion	1,064,135	10.10%	107,478	105,782
USDA	169,686	10.10%	17,138	17,085
Senior Citizens	254,536	10.10%	25,708	25,496
Public Transportation	208,714	10.10%	21,080	20,661
Weatherization	152,913	10.10%	15,444	15,326
Home Energy Assistance Program	75,127	10.10%	7,588	7,588
ABC	279,339	10.10%	28,213	2,521
Pre-K	658,564	10.10%	66,515	66,515
Salaries subject to indirect cost rate	<u><u>4,877,885</u></u>		<u><u>\$ 492,666</u></u>	<u><u>\$ 464,476</u></u>
Accrued comp adjustment (a)	16,829			
Housing	99,134			
Administrative and supportive	<u>410,703</u>			
Total salaries	<u><u>\$ 5,404,551</u></u>			
Indirect cost pool:				
Salaries	284,119			
Fringe benefits	46,110			
Purchased services	88,185			
Maintenance and small equipment	8,273			
Office and food supplies	29,624			
Depreciation expense	5,911			
Other	<u>69,148</u>			
	<u><u>\$ 531,370</u></u>			

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

BLACK RIVER AREA DEVELOPMENT CORPORATION
Statement of Revenues and Expenses

Budget and Actual – Aging Program

For the Two Months Ended June 30, 2023 and Ten Months Ended April 30, 2024

	12 Months	2 Month	12 Months		10 Months		12 Months	
	Ended 6/30/23	Ended 6/30/23	Ended 6/30/24	Ended 6/30/24	Ended 4/30/24	Actual	Variance Favorable (Unfavorable)	Actual
	Budget	Actual	Budget	Budget	Actual	(Unfavorable)	(Unfavorable)	Actual
Revenues								
Social services block grant	\$ 32,295	\$ 3,087	\$ 45,827	\$ 45,827	\$ 39,568	\$ 6,259	\$ 42,655	
Federal title III:								
Title III B	54,434	7,498	47,222	47,222	18,646	28,576	26,144	
Title III C-1	82,989	14,837	76,755	76,755	58,815	17,940	73,652	
Title III C-2	87,352	26,600	150,916	150,916	111,144	39,772	137,744	
ARP	69,690	15,529	99,247	99,247	99,246	1	114,775	
State cigarette tax	36,197	2,782	30,408	30,408	28,840	1,568	31,622	
State senior center	125,047	12,178	51,753	51,753	51,021	732	63,199	
Nutrition services incentive program	36,267	6,045	37,803	37,803	31,503	6,300	37,548	
ARChoices	56,261	14,006	83,484	83,484	61,204	22,280	75,210	
In God We Trust	-	-	-	-	1,366	(1,366)	1,366	
Client contributions	11,000	2,778	13,210	13,210	11,893	1,317	14,671	
Fundraising income	56,337	155	152,307	152,307	956	151,351	1,111	
Program income	2,500	3,331	22,208	22,208	16,144	6,064	19,475	
In-kind revenue	-	-	-	-	3,850	(3,850)	3,850	
Other grants	-	-	-	-	2,000	(2,000)	2,000	
Interest income	-	42	-	-	122	(122)	164	
Total revenues	\$ 650,369	\$ 108,868	\$ 811,140	\$ 811,140	\$ 536,318	\$ 274,822	\$ 645,186	

(Continued)

See independent auditor's report
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BLACK RIVER AREA DEVELOPMENT CORPORATION

Statement of Revenues and Expenses

Budget and Actual – Aging Program

For the Two Months Ended June 30, 2023 and Ten Months Ended April 30, 2024

	12 Months	2 Month	12 Months		10 Months		12 Months	
	Ended 6/30/23 <u>Budget</u>	Ended 6/30/23 <u>Actual</u>	Ended 6/30/23 Favorable (Unfavorable)	Ended 6/30/24 <u>Budget</u>	Ended 4/30/24 <u>Actual</u>	Ended 4/30/24 Favorable (Unfavorable)	Ended 4/30/24 <u>Actual</u>	Ended 4/30/24 <u>Actual</u>
Expenses								
Personnel	268,428	42,413	226,015	283,138	214,509	68,629	256,922	
Fringe benefits	36,085	4,604	31,481	37,340	27,811	9,529	32,415	
Travel	2,000	619	1,381	4,000	960	3,040	1,579	
Occupancy	18,000	4,971	13,029	28,000	18,349	9,651	23,320	
Supplies	58,240	12,994	45,246	95,770	46,420	49,350	59,414	
Food	196,084	22,459	173,625	233,665	158,385	75,280	180,844	
Communication	10,800	786	10,014	18,100	5,338	12,762	6,124	
Insurance-general	5,000	663	4,337	11,000	1,169	9,831	1,832	
Insurance-vehicle	16,463	6,782	9,681	25,000	13,679	11,321	20,461	
Vehicle maintenance	12,000	1,438	10,562	36,155	9,030	27,125	10,468	
Other maintenance	-	949	(949)	-	4,572	(4,572)	5,521	
Depreciation and amortization	-	91	(91)	-	454	(454)	545	
Tags, license, fees	250	28	222	375	159	216	187	
Professional fees	350	260	90	500	876	(376)	1,136	
Miscellaneous	900	75	825	9,500	572	8,928	647	
Indirect cost	25,769	3,618	22,151	28,597	21,879	6,718	25,497	
In-kind expense	-	-	-	-	3,850	(3,850)	3,850	
Total expenses	650,369	102,750	547,619	811,140	528,012	283,128	630,762	
Excess (deficiency) of revenues over expenses	\$ 6,118	\$ -	\$ (8,306)	\$ 8,306	\$ 14,424	\$ (8,306)	\$ 14,424	

BLACK RIVER AREA DEVELOPMENT CORPORATION
Statement of Revenues and Expenses
Budget and Actual – Aging Program – Budgetary Basis
Grant Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Revenues			
Social services block grant	\$ 32,295	\$ 32,295	\$ -
Federal title III:			
Title III B	54,434	33,070	(21,364)
Title III C-1	82,989	82,989	-
Title III C-2	87,352	87,352	-
FFR C-2	-	11,576	11,576
ARP	69,690	51,820	(17,870)
State cigarette tax	36,197	36,197	-
State senior center	125,047	113,472	(11,575)
Nutrition services incentive program	36,267	36,267	-
ARChoices	56,261	79,799	23,538
Client contributions	11,000	13,400	2,400
Fundraising income	56,337	317	(56,020)
Program income	2,500	21,124	18,624
Interest income	-	223	223
Total revenues	<u>650,369</u>	<u>599,901</u>	<u>(50,468)</u>
Expenses			
Personnel	268,428	228,082	40,346
Fringe benefits	36,085	25,752	10,333
Travel	2,000	1,608	392
Occupancy	18,000	22,700	(4,700)
Supplies	58,240	43,688	14,552
Food	196,084	165,207	30,877
Communication	10,800	6,438	4,362
Insurance-general	5,000	1,714	3,286
Insurance-vehicle	16,463	21,542	(5,079)
Vehicle maintenance	12,000	7,734	4,266
Other maintenance	-	6,048	(6,048)
Tags, license, fees	250	217	33
Professional fees	350	2,069	(1,719)
Miscellaneous	900	1,334	(434)
Indirect cost	25,769	21,886	3,883
Total expenses	<u>650,369</u>	<u>556,019</u>	<u>94,350</u>
Change in net assets	<u>\$ -</u>	<u>\$ 43,882</u>	<u>\$ 43,882</u>

See independent auditor's report

BLACK RIVER AREA DEVELOPMENT CORPORATION

Units of Service Provided – Aging

Grant Period Ended June 30, 2023

	<u>Title III</u>	<u>ARP IIIB</u>	<u>SSBG</u>	<u>Cigarette Tax</u>	<u>State Senior Center</u>	<u>USDA</u>	<u>Client Contributions and Program Income</u>
Transportation	1,492	616	-	2,243	39	-	74
Socialization	11,313	-	-	-	2,449	-	-
Congregate meals	11,065	2,232	-	-	4,054	18,522	1,171
Home delivered meals	10,919	3,846	4,037	2,562	9,738	31,696	594

BLACK RIVER AREA DEVELOPMENT CORPORATION
Combining Schedule of Revenues by Service – Aging
Grant Period Ended June 30, 2023

Revenues	<u>Transportation</u>	<u>Socialization</u>	<u>Congregate Meals</u>	<u>Home- Delivered Meals</u>	<u>Totals</u>
Title III	\$ 10,444	\$ 22,626	\$ 82,989	\$ 87,352	\$ 203,411
SSBG	-	-	-	32,295	32,295
NSIP	-	-	13,444	22,823	36,267
ARP	-	-	16,740	30,768	47,508
CARES - Title III	4,312	-	-	11,576	15,888
State Senior Citizen Funds	270	4,897	30,405	77,900	113,472
AR Choices	-	-	-	79,799	79,799
Fundraising income	15,699	-	-	317	16,016
Program income	-	-	-	21,124	21,124
Client Contributions	481	-	6,337	6,582	13,400
Cigarette Tax Funds	-	-	-	20,498	20,498
Interest income	-	-	-	223	223
Total revenues	\$ 31,206	\$ 27,523	\$ 149,915	\$ 391,256	\$ 599,900

See independent auditor's report

BLACK RIVER AREA DEVELOPMENT CORPORATION

Schedule of Revenues –

Budget and Actual – Aging Transportation

Grant Period Ended June 30, 2023

Revenues	<u>Budget</u>	<u>Actual</u>	Variance - Favorable <u>(Unfavorable)</u>
Title III	\$ 18,812	\$ 10,444	\$ (8,368)
ARP	10,115	4,312	(5,803)
Cigarette Tax	15,699	15,699	-
State senior center	270	270	-
Client contributions	25	481	456
Total revenues	\$ 44,921	\$ 31,206	\$ (13,715)

See independent auditor's report

BLACK RIVER AREA DEVELOPMENT CORPORATION

Schedule of Revenues –

Budget and Actual – Aging Socialization

Grant Period Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable <u>(Unfavorable)</u>
Revenues			
Title III grant revenue	\$ 35,622	\$ 22,626	\$ (12,996)
State Senior Center	4,897	4,897	-
Clint contributions	30	-	(30.00)
Total revenues	<u>\$ 40,549</u>	<u>\$ 27,523</u>	<u>\$ (13,026)</u>

See independent auditor's report

BLACK RIVER AREA DEVELOPMENT CORPORATION

Schedule of Revenues –

Budget and Actual – Aging Congregate Meals

Grant Period Ended June 30, 2023

Revenues	<u>Budget</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
Title III grant revenue	\$ 82,989	\$ 82,989	\$ -
ARP	23,830	16,740	(7,090)
NSIP grant revenue	13,530	13,444	(86)
State Senior Citizens funding	34,919	30,405	(4,514)
Fundraising	28,168	-	(28,168)
Client contributions	7,245	6,337	(908)
	<u> </u>	<u> </u>	<u> </u>
Total revenues	<u>\$ 190,681</u>	<u>\$ 149,915</u>	<u>\$ (40,766)</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, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Revenues			
Social Services Block Grant	\$ 32,295	\$ 32,295	\$ -
Title III grant revenue	87,352	87,352	-
NSIP grant revenue	22,737	22,823	86
ARP	35,745	30,768	(4,977)
RRF	-	11,576	11,576
AR Choices	56,261	79,799	23,538
State Cigarette Tax	20,498	20,498	-
Program income	2,500	21,124	18,624
Fundraising Income	28,169	317	(27,852)
Client contributions	3,700	6,582	2,882
State Senior Citizen funding	84,961	77,900	(7,061)
Interest income	-	223	223
	<hr/>	<hr/>	<hr/>
Total revenues	\$ 374,218	\$ 391,256	\$ 17,038
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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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, A-716, O-718 and P-718
Grant Year Ended September 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Revenues			
Grant revenue	\$ 443,748	\$ 257,245	\$ (186,503)
Local matching revenue	23,254	15,908	(7,346)
Program income	18,000	16,336	(1,664)
Total revenues	<u>485,002</u>	<u>289,489</u>	<u>(195,513)</u>
Expenses			
Administrative expenses (A-718)			
Personnel and fringe benefits	56,800	27,206	29,594
Indirect cost	4,493	2,518	1,975
Purchase of services	9,150	3,714	5,436
Communication	3,500	482	3,018
Building costs	9,500	350	9,150
Travel	5,500	225	5,275
Supplies	3,000	521	2,479
Dues, taxes, fees and trainings	5,650	1,108	4,542
Insurance	38,000	10,196	27,804
Total administrative expenses (A-718)	<u>135,593</u>	<u>46,320</u>	<u>89,273</u>
Administrative expenses (A-716)			
Personnel and fringe benefits	29,594	48,352	(18,758)
In-kind Salaries and fringe	22,500	3,657	18,843
Indirect cost	1,975	3,679	(1,704)
Purchase of services	5,436	2,028	3,408
Communication	3,018	835	2,183
In-kind Communication	4,500	5,250	(750)
Building cost	9,150	1,030	8,120
Travel	5,275	-	5,275
Supplies	2,479	1,517	962
Dues, taxes, fees and trainings	4,542	3,843	699
Insurance	27,804	9,347	18,457
Total administrative expenses (A-716)	<u>116,273</u>	<u>79,538</u>	<u>36,735</u>
Operating expenses (O-718)			
Personnel and fringe benefit	135,500	111,816	23,684
Indirect cost	11,136	9,709	1,427
Fuel & oil	28,500	19,450	9,050
Communication	7,500	5,933	1,567
Building costs	13,500	5,952	7,548
Vehicle maintenance	30,000	9,578	20,422
Dues, taxes, fees etc.	1,000	558	442
Total operating expenses	<u>227,136</u>	<u>162,996</u>	<u>64,140</u>
Preventative Maintenance (P-718)			
Preventative Maintenance	6,000	-	6,000
Total Preventative Maintenance	<u>6,000</u>	<u>-</u>	<u>6,000</u>
Total expenses	<u>485,002</u>	<u>288,854</u>	<u>196,148</u>
Change in net assets	<u>\$ -</u>	<u>\$ 635</u>	<u>\$ 635</u>

See independent auditor's report

BLACK RIVER AREA DEVELOPMENT CORPORATION

Statement of Revenues and Expenses –

Budget and Actual – Home Energy Assistance Program 2023ARL1EA/2023-AEO-02

Budgetary Basis

Grant Year Ended September 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Revenues			
Grant revenue receipts, current year	\$ 655,479	\$ 655,264	\$ (215)
Total revenues	<u>655,479</u>	<u>655,264</u>	<u>(215)</u>
Expenses			
Personnel	32,208	33,204	(996)
Fringe benefits	4,467	3,939	528
Office Space	1,600	2,200	(600)
Outreach and Communication	100	1,318	(1,218)
Information Technology	10,200	10,959	(759)
Travel	500	106	394
Indirect cost	8,766	6,115	2,651
Regular assistance	303,236	338,123	(34,887)
Regular program support	40,406	25,301	15,105
Crisis intervention	218,138	211,585	6,553
Crisis program support	<u>35,858</u>	<u>22,414</u>	<u>13,444</u>
Total expenses	<u>655,479</u>	<u>655,264</u>	<u>215</u>
Change in net assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Applications paid			
Summer regular		1,343	
Summer crisis intervention		428	
Winter regular		1,127	
Winter crisis intervention		724	

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BLACK RIVER AREA DEVELOPMENT CORPORATION

Schedule of Expenditures of Federal Awards

For the Year Ended April 30, 2024

<u>Federal Grantor/Pass-Through Grantor Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-Through Entity Identification Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Health and Human Services</u>			
Direct Program: <i>Head Start Cluster</i>			
Head Start	93.600	06CH011470-04-02	\$ 3,498,913
Head Start	93.600	06HP000483-02-00	699,197
Head Start	93.600	06HP000483-03-00	1,215,370
Total Head Start Cluster			<u>5,413,480</u>
Passed-Through Arkansas Department of Human Services:			
<i>CCDF Cluster</i>			
Child Care and Development Block Grant	93.575	N/A	1,062,774
DCCECE - American Rescue Plan - Child Care Stabilization COVID-19	93.575	N/A	201,495
Total CCDF Cluster			<u>1,264,269</u>
Passed-Through East Arkansas Area Agency on Aging:			
<i>Aging Cluster</i>			
Special Programs for the Aging - Title III Part C - Nutrition Services	93.045	2223-02	41,437
Special Programs for the Aging - Title III Part C - Nutrition Services	93.045	2324-02	169,959
Special Programs for the Aging - Title III Part C - Nutrition Services - COVID-19	93.045	2223-02	15,529
Special Programs for the Aging - Title III Part C - Nutrition Services - ARP-COVID -19	93.045	2324-02	71,643
Special Programs for the Aging - Title III Part B - Socialization and Transportation	93.044	2223-02	7,498
Special Programs for the Aging - Title III Part B - Socialization and Transportation	93.044	2324-02	18,646
Special Programs for the Aging - Title III Part B - Socialization and Transportation - ARP - COVID-19	93.044	2324-02	27,603
Nutrition Services Incentive Program	93.053	2223-02	6,045
Nutrition Services Incentive Program	93.053	2324-02	31,501
Total Aging Cluster			<u>389,861</u>
Passed-Through Arkansas Department of Environmental Quality:			
Low-Income Home Energy Assistance	93.568	2303ARLIHEA/2023-AEO-02	193,683
Low-Income Home Energy Assistance	93.568	2403ARLIEA/WAP/FY2024/AEO-02	174,388
Low-Income Home Energy Assistance	93.568	WAP/2303ARLIEA/2023ARLIEE/AEO-02	361,179
Low-Income Home Energy Assistance	93.568	2303ARLIEE/2023-AEO-02	371,047
Low-Income Home Energy Assistance	93.568	2403ARLIEA/2024-AEO-02	246,178
Total Low-Income Home Energy Assistance Program			<u>\$ 1,346,475</u>

(Continued)

See accompanying notes to schedule of expenditures of federal awards
and independent auditor's report.

BLACK RIVER AREA DEVELOPMENT CORPORATION
Schedule of Expenditures of Federal Awards (Cont.)
Year Ended April 30, 2024

Federal Grantor/Pass-Through Grantor <u>Program or Cluster Title</u>	Federal Assistance Listing <u>Number</u>	Pass-Through Entity Identification <u>Number</u>	Federal <u>Expenditures</u>
Passed-Through Arkansas Department of Human Services:			
Community Services Block Grant	93.569	CSBG-21-02-C	\$ 3,834
Community Services Block Grant	93.569	CSBG-22-02-C	2,347
Community Services Block Grant	93.569	CSBG-23-02-C	51,026
Community Services Block Grant	93.569	CSBG-23-02	96,571
Community Services Block Grant	93.569	CSBG-24-02	73,264
Community Services Block Grant	93.569	CSBG-23-02DIS	12,432
Community Services Block Grant	93.569	CSBG-24-02DIS	31,000
Community Services Block Grant	93.569	CSBGDI-21-2	16,769
Total Community Services Block Grant			287,243
Passed-Through East Arkansas Area Agency on Aging:			
Social Services Block Grant	93.667	2223-02	3,087
Social Services Block Grant	93.667	2324-02	39,568
Total Social Services Block Grant			42,655
<u>U.S. Department of Agriculture</u>			
Passed-Through Arkansas Department of Human Services:			
Child and Adult Care Food Program	10.558	Q16	522,440
Total Child and Adult Care Food Program			522,440
<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	585,226
Total Housing Voucher Cluster			585,226
Passed-Through Arkansas Development Finance Authority:			
Home Investment Partnership Program	14.239	N/A	381,692
Total Home Investment Partnership Program			381,692
<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-X036	139,942
Formula Grants for Rural Areas - Rural Area Program - COVID-19	20.509	AR-18-X038	174,444
Total Formula Grants for Rural Area - Rural Area Program			314,386
<u>U.S. Department of Energy</u>			
Passed-Through Arkansas Department of Economic Development:			
Weatherization Assistance for Low-Income Persons	81.042	DE-EE0009889/02	154,959
Total Weatherization Assistance for Low-Income Persons Program			154,959
Total expenditures of federal awards			\$ 10,702,686

See accompanying notes to schedule of expenditures of federal awards
and independent auditor's report.

BLACK RIVER AREA DEVELOPMENT CORPORATION
Notes to Schedule of Expenditures of Federal Awards
Year Ended April 30, 2024

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 cost 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, 2024, 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, 2024</u>
14.239	Home Investment Partnership Program	\$393,057	\$381,692

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.

Note 6 – Subrecipients

There were no Federal awards passed through to subrecipients.

BLACK RIVER AREA DEVELOPMENT CORPORATION
Schedule of Expenditures of State Awards
For the Year Ended April 30, 2024

<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	\$ 19,072	\$ 19,072
East Arkansas Area Agency on Aging Cigarette Tax	2122-02/2223-02	\$ 31,622	\$ 31,622
State Senior Center	2122-02/2223-02	63,199	63,199
In God We Trust Funds	2122-02/2223-02	1,366	1,366
Arkansas Department of Education Arkansas Better Chance	N/A	<u>\$ 461,534</u>	<u>\$ 461,534</u>
Total expenditures of State awards		<u><u>\$ 576,793</u></u>	<u><u>\$ 576,793</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 \$75,210.



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, 2024, 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 29, 2024.

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 or significant deficiencies may exist that were not 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 29, 2024



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, 2024. 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, 2024.

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
Welch, Couch & Company, PA
Certified Public Accountants

Batesville, Arkansas
August 29, 2024

BLACK RIVER AREA DEVELOPMENT CORPORATION
Schedule of Findings and Questioned Costs
Year Ended April 30, 2024

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>Assistance Listing 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 Assistance

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, 2024

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, 2024

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>Assistance Listing 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 Prior Year Findings and Questioned Costs
For the Year Ended April 30, 2024

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, 2024

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:	\$40,000