

**BLACK RIVER AREA DEVELOPMENT
CORPORATION**

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

April 30, 2025

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 combined 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, 2025, 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.

In our opinion, the combined financial statements present fairly, in all material respects, the combined financial position of Black River Area Development Corporation as of April 30, 2025, 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 combined 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 combined financial Statements

Management is responsible for the preparation and fair presentation of the combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined 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 combined financial statements are available to be issued.

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Auditor's Responsibilities for the Audit of the combined financial Statements

Our objectives are to obtain reasonable assurance about whether the combined 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 combined 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 combined 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 combined 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 combined 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 combined 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 combined 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 combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined 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 combined 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 combined 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 combined 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 combined 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 28, 2025, 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 28, 2025

BLACK RIVER AREA DEVELOPMENT CORPORATION

Combined Statement of Financial Position

April 30, 2025

<u>Assets</u>	
Current assets	
Cash and certificates of deposit - Note 7	\$ 2,045,712
Grants receivable - Note 2	1,060,075
Other assets and prepaid expenses	210,433
Total current assets	<u>3,316,220</u>
Assets limited as to use - Note 9	
Security deposits	11,633
Operating and replacement reserves	148,938
Total assets limited as to use	<u>160,571</u>
Land, buildings and equipment, at cost	
Land	354,931
Buildings	7,439,015
Equipment and furniture	1,842,657
	<u>9,636,603</u>
Less accumulated depreciation and amortization	<u>(4,180,498)</u>
Total land, buildings and equipment, net	<u>5,456,105</u>
Other noncurrent assets	
Other noncurrent assets, net of accumulated amortization - Note 10	29,228
Building and land - held for sale	310,000
Operating lease right-of-use assets - Note 14	260,200
Total other noncurrent assets	<u>599,428</u>
Total assets	<u>\$ 9,532,324</u>
<u>Liabilities and Net Assets</u>	
Current liabilities	
Current portion of long-term debt - Note 6	\$ 23,391
Current operating lease liability - Note 14	202,490
Accounts payable	601,986
Accrued expenses	608,427
Contract obligations - Note 5	395,690
Total current liabilities	<u>1,831,984</u>
Noncurrent liabilities	
Operating lease liability, less current portion - Note 14	57,710
Long-term debt, net of current portion - Note 6	573,628
Total noncurrent liabilities	<u>631,338</u>
Total liabilities	<u>2,463,322</u>
Net assets	
Controlling interests	4,403,900
Noncontrolling interests	2,665,102
Total net assets without donor restrictions	<u>7,069,002</u>
Total liabilities and net assets	<u>\$ 9,532,324</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, 2025

	<u>Without Donor Restrictions</u>
Revenues	
Federal grants and fees	\$ 10,746,468
State revenue	662,980
Interest income	11,102
Program income, management fees and rent	236,040
Medicaid revenue	79,258
Local resource income	101,608
In-kind contributions	3,126,780
Total revenues	<u>14,964,236</u>
Expenses	
Salaries	5,655,251
Fringe benefits	1,029,576
Travel and transportation	143,046
Office and food supplies	1,181,818
Occupancy	317,942
Communication	136,015
Purchased services	284,432
Maintenance and small equipment	333,059
Depreciation and amortization expense	538,405
Other	482,206
Interest expense	15,409
Energy, housing and weatherizing assistance	1,739,292
Insurance	292,169
In-kind expenses	3,126,780
Dues and fees	5,208
Client costs	12,149
Total expenses	<u>15,292,757</u>
(Loss) on disposal of assets	<u>(775)</u>
Change in net assets	(329,296)
Net assets, beginning of year	<u>7,398,298</u>
Net assets, end of year	<u><u>\$ 7,069,002</u></u>
Reconciliation of net assets:	
Controlling interest:	
Beginning of year	\$ 4,503,266
Change in net assets	(99,366)
End of year	<u>4,403,900</u>
Noncontrolling interest:	
Beginning of year	2,895,032
Change in net assets	(229,930)
End of year	<u>2,665,102</u>
Net assets, end of year	<u><u>\$ 7,069,002</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, 2025

	Program Services for:						Total Program Services	Administrative & Supporting Services	Total
	Children	Energy Conservation	Housing	Senior Citizens	Transportation				
Expenses:									
Salaries	\$ 4,400,151	\$ 295,279	\$ 86,878	\$ 204,850	\$ 224,944	\$ 5,212,102	\$ 443,149	\$ 5,655,251	
Fringe benefits	818,619	43,177	17,615	27,447	42,084	948,942	80,634	1,029,576	
Travel and transportation	70,410	6,507	2,502	20,527	32,741	132,687	10,359	143,046	
Office and food supplies	940,224	22,367	14,138	168,154	12,966	1,157,849	23,969	1,181,818	
Occupancy	274,721	2,195	6,691	14,815	6,691	305,113	12,829	317,942	
Communication	100,002	7,773	-	5,102	8,549	121,426	14,569	136,015	
Indirect cost	415,209	29,893	-	20,902	22,673	488,677	(488,677)	-	
Purchased services	100,587	109,547	6,088	1,952	2,258	220,432	64,000	284,432	
Maintenance and small equipment	228,123	17,886	42,038	8,980	21,764	318,791	14,268	333,059	
Depreciation and amortization	362,056	71	138,896	566	15,690	517,281	21,124	538,405	
Other	384,893	8,710	13,146	4,320	1,882	412,951	69,255	482,206	
Interest expense	-	-	15,409	-	-	15,409	-	15,409	
Energy, housing and weatherizing assistance	-	1,413,185	326,107	-	-	1,739,292	-	1,739,292	
Insurance	120,632	7,511	83,184	24,071	28,613	264,011	28,158	292,169	
In-kind expenses	3,005,172	-	-	-	121,608	3,126,780	-	3,126,780	
Dues and fees	-	-	5,208	-	-	5,208	-	5,208	
Client costs	-	-	-	-	-	-	12,149	12,149	
Total expenses	\$ 11,220,801	\$ 1,964,101	\$ 757,900	\$ 501,686	\$ 542,463	\$ 14,986,951	\$ 305,806	\$ 15,292,757	

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, 2025

Cash flows from operating activities:	
Change in net assets	\$ (329,296)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	538,405
Net changes in:	
Grants receivable	(228,523)
Prepaid expenses and other assets	700
Accounts payable	298,174
Accrued expenses	89,740
Contract obligations	44,908
Net cash provided by operating activities	<u>414,108</u>
Cash flows from investing activities:	
Purchase of land, buildings and equipment	(116,051)
Assets limited as to use	(3,368)
Net cash (used in) investing activities	<u>(119,419)</u>
Cash flows from financing activities:	
Principal payments on long-term borrowing	(17,871)
Net cash (used in) financing activities	<u>(17,871)</u>
Net increase in cash and cash equivalents	276,818
Cash and cash equivalents, beginning of year	<u>1,768,894</u>
Cash and cash equivalents, end of year	<u><u>\$ 2,045,712</u></u>
<u>Supplemental information</u>	
Interest paid	\$ 20,281

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, 2025

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, 2025, was as follows:

Children's programs	73.4%
Energy Conservation	12.9%
Housing programs	5.0%
Aging programs	3.3%
Transportation programs	3.5%
Administrative and general	1.9%

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, 2025

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 limited as to use.

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 one year. 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 no interest cost for the year ended April 30, 2025. Total interest cost for the year was \$15,409. 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, 2025, was \$534,129. See Note 10 for other noncurrent assets amortization.

BLACK RIVER AREA DEVELOPMENT CORPORATION

Notes to Combined Financial Statements

April 30, 2025

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, 2025.

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, 2025, 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 With 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, 2025

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 reclassified from net assets with donor restrictions to net assets without donor restrictions. 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, 2025

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 \$123,044 were recognized as revenue in the year ended April 30, 2025. Accounts receivable of \$75,782 and \$73,069 related to management fees as of April 30, 2025 and 2024, respectively, are 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, 2025

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.

Functional Expense Allocation

Expenses are charged to programs based on direct expenses incurred. Any expense not directly chargeable is allocated among the programs and supporting services benefited.

Advertising

The Organization expenses advertising costs as incurred. Advertising expense was \$2,998 for the year ending April 30, 2025.

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, 2025

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 combined 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, 2025.

Subsequent Events

Management has evaluated subsequent events through August 28, 2025, the date on which the combined 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, 2025:

	<u>Amount</u>
Head Start Program	\$ 494,373
Community Services Block Grant	33,023
Weatherization Program	282,117
LiHeap Program	65,338
Public Transit Program	56,425
Aging Program	26,369
Child and Adult Care Food Program	102,430
	<u>\$ 1,060,075</u>

BLACK RIVER AREA DEVELOPMENT CORPORATION

Notes to Combined Financial Statements

April 30, 2025

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 \$266,221 is reflected as fringe benefits on the combined statement of activities for the year ending April 30, 2025. The total payroll was \$5,655,251 for the year ending April 30, 2025.

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, 2025

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, 2025, the Organization had contract obligations under the following programs:

	<u>Amount</u>
Child Care and Development Block Grant - ARPA	\$ 193,864
Child Care and Development Block Grant	25,016
Arkansas Better Chance Program	69,706
Low Income Home Energy Assistance Program	56,561
Child and Adult Care Food Program	4,873
Other grants	<u>45,670</u>
Total	<u>\$ 395,690</u>

Note 6 – Long-Term Debt

Notes payable were as follows at April 30, 2025:

<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.	\$ 370,213
First National Bank of Izard County , \$271,197 loan payable at 4.0% interest maturing April 17, 2034, secured by real property.	226,806
Total long-term debt	<u>597,019</u>
Less: current maturities	<u>(23,391)</u>
Long-term debt, net of current maturities	<u>\$ 573,628</u>

BLACK RIVER AREA DEVELOPMENT CORPORATION
Notes to Combined Financial Statements
April 30, 2025

Note 6 – Long-Term Debt

Based on the balances outstanding at April 30, 2025, the maturities for the next five years are as follows:

	<u>Amount</u>
2026	\$ 23,391
2027	23,881
2028	24,384
2029	24,902
2030	25,435
Thereafter	475,026
	\$ 597,019

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, 2025, the Organization's cash deposits at financial institutions totaled \$2,247,625. Of this amount, \$1,128,780 was covered by FDIC insurance, \$1,118,845 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 96% 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, 2025, as follows:

	<u>Amount</u>
Security deposits	\$ 11,633
Operating reserves	90,000
Replacement reserves	58,938
Total assets limited as to use	\$ 160,571

BLACK RIVER AREA DEVELOPMENT CORPORATION

Notes to Combined Financial Statements

April 30, 2025

Note 10 – Other Noncurrent Assets

The Organization had other noncurrent assets under its BRAD Black River Housing, LP program at April 30, 2025, as follows:

	<u>Amount</u>
Syndication fees	\$ 20,000
Tax credit fees	44,158
Total	<u>64,158</u>
Less: Accumulated amortization	<u>(34,930)</u>
Other noncurrent assets, net of accumulated amortization	<u><u>\$ 29,228</u></u>

Amortization of \$4,276 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, 2024, through April 30, 2025. Some individual contracts and grants presented in the schedules of additional information have fiscal years that end on dates other than April 30, 2025.

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, 2025

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	\$ 2,181,783
Grants receivable	1,060,075
Other receivables	210,433
Total financial assets	<u>3,452,291</u>
Less contractual or donor-imposed restrictions	
Security deposits	11,633
Operating and replacement reserves	148,938
Contract obligations	<u>371,190</u>
Financial resources available to meet cash needs for expenses within one year	<u>\$ 2,920,530</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	\$ 163,855
Volunteer service	1,832,099
Other	<u>1,130,826</u>
Total in-kind support	<u>\$ 3,126,780</u>

BLACK RIVER AREA DEVELOPMENT CORPORATION

Notes to Combined Financial Statements

April 30, 2025

Note 14 – Operating Leases

The Organization has operating leases of office space and equipment. The Organization has operating 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, 2025.

	<u>2025</u>
Operating Leases	
Operating lease right-of-use-assets	<u>\$ 260,200</u>
Current operating lease liability	\$ 202,490
Operating lease liability, less current portion	57,710
Total operating lease liabilities	<u>\$ 260,200</u>

Operating lease expense is included in occupancy and maintenance and small equipment expense on the combined statement of activities in the amount of \$223,513 for the year ended April 30, 2025.

The following summarizes the weighted average remaining lease term and discount rate as of April 30, 2025.

	<u>2025</u>
Operating Leases	
Cash paid for amounts included in measuring operating lease liabilities:	
Operating cash flows paid for operating leases	\$ (223,513)
Weighted average remaining lease term	1.5 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, 2025.

	<u>Amount</u>
2026	\$ 188,098
2027	70,399
2028	11,115
2029	7,431
2030	3,651
Total Lease Payments	<u>280,694</u>
Less: Interest	(20,494)
Present value of lease liabilities	<u>\$ 260,200</u>

SUPPLEMENTAL SCHEDULES

BLACK RIVER AREA DEVELOPMENT CORPORATION
Combined Statement of Functional Revenues and Expenses
For the Year Ended April 30, 2025

Program Services for:

	<u>Children</u>	<u>Energy Conservation</u>	<u>Housing</u>	<u>Senior Citizens</u>	<u>Transportation</u>	<u>Total Program Services</u>	<u>Administrative & Supporting Services</u>	<u>Total</u>
Revenues:								
Federal grant revenue	\$ 7,491,030	\$ 1,968,749	\$ 502,987	\$ 268,187	\$ 279,957	\$ 10,510,910	\$ 235,558	\$ 10,746,468
State revenue	458,230	-	-	107,246	97,504	662,980	-	662,980
Interest income	2,359	8	227	117	606	3,317	7,785	11,102
Program income, management fees and rent	-	-	103,565	29,656	23,244	156,465	79,575	236,040
Medicaid revenue	-	-	-	79,258	-	79,258	-	79,258
Local resource income	851	-	49,025	27,819	-	77,695	23,913	101,608
In-kind contributions	3,005,172	-	-	-	121,608	3,126,780	-	3,126,780
Total revenues	<u>10,957,642</u>	<u>1,968,757</u>	<u>655,804</u>	<u>512,283</u>	<u>522,919</u>	<u>14,617,405</u>	<u>346,831</u>	<u>14,964,236</u>
Expenses:								
Salaries	4,400,151	295,279	86,878	204,850	224,944	5,212,102	443,149	5,655,251
Fringe benefits	818,619	43,177	17,615	27,447	42,084	948,942	80,634	1,029,576
Travel and transportation	70,410	6,507	2,502	20,527	32,741	132,687	10,359	143,046
Office and food supplies	940,224	22,367	14,138	168,154	12,966	1,157,849	23,969	1,181,818
Occupancy	274,721	2,195	6,691	14,815	6,691	305,113	12,829	317,942
Communication	100,002	7,773	-	5,102	8,549	121,426	14,589	136,015
Indirect cost	415,209	29,893	-	20,902	22,673	488,677	(488,677)	-
Purchased services	100,587	109,547	6,088	1,952	2,258	220,432	64,000	284,432
Maintenance and small equipment	228,123	17,886	42,038	8,980	21,764	318,791	14,268	333,059
Depreciation and amortization	362,058	71	138,896	566	15,690	517,281	21,124	538,405
Other	384,893	8,710	13,146	4,320	1,882	412,951	69,255	482,206
Interest expense	-	-	15,409	-	-	15,409	-	15,409
Energy, housing and weatherizing assistance	-	1,413,185	326,107	-	-	1,739,292	-	1,739,292
Insurance	120,632	7,511	83,184	24,071	28,613	264,011	28,158	292,169
In-kind expenses	3,005,172	-	-	-	121,608	3,126,780	-	3,126,780
Dues and fees	-	-	5,208	-	-	5,208	-	5,208
Client costs	-	-	-	-	-	-	-	-
Total expenses	<u>11,220,801</u>	<u>1,984,101</u>	<u>757,900</u>	<u>501,686</u>	<u>542,463</u>	<u>14,986,951</u>	<u>305,806</u>	<u>15,292,757</u>
(Loss) on disposal of assets	-	-	(775)	-	-	(775)	-	(775)
Change in net assets	<u>\$ (263,159)</u>	<u>\$ 4,656</u>	<u>\$ (102,871)</u>	<u>\$ 10,597</u>	<u>\$ (19,544)</u>	<u>\$ (370,321)</u>	<u>\$ 41,025</u>	<u>\$ (329,296)</u>

See independent auditor's report

BLACK RIVER AREA DEVELOPMENT CORPORATION
Combining Schedule of Revenues and Expenses – Children
For the Year Ended April 30, 2025

	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	\$ 1,676,375	\$ 1,887,533	\$ 2,256,221	\$ -	\$ -	\$ 530,124	\$ -	\$ -	\$ -	\$ 1,134,467	\$ 19	\$ 6,291	\$ 7,491,030
Interest income	66	78	9	-	-	-	306	53	-	1,102	123	822	2,369
State revenue	-	-	-	-	-	-	326,753	-	131,477	-	-	-	458,230
In-kind contributions	877,304	730,357	565,900	-	-	-	831,581	-	-	-	-	-	3,005,172
Program income	-	-	-	-	-	-	-	-	-	-	-	-	-
Local resource income	-	-	-	-	-	-	-	848	-	-	-	-	851
Total revenues	2,553,745	2,617,998	2,822,130	-	-	530,124	1,155,640	901	131,477	1,135,572	142	6,913	10,957,642
Expenses:													
Salaries	868,695	1,158,149	1,227,426	-	-	127,327	213,005	-	76,683	707,866	-	-	4,400,151
Fringe benefits	165,891	209,987	237,437	-	-	23,406	36,280	-	12,564	133,074	-	-	818,619
Travel and transportation	16,255	21,363	27,511	-	-	89	1,153	-	118	3,921	-	-	70,410
Office and food supplies	216,244	94,454	200,734	-	-	357,795	14,470	149	14,591	41,306	-	479	940,224
Occupancy	43,688	43,364	133,525	-	-	-	11,912	-	5,775	36,457	-	-	274,721
Communication	20,129	20,863	30,144	-	-	-	8,620	-	2,549	17,697	-	-	100,002
Indirect cost	90,062	117,027	123,666	-	-	12,858	-	-	-	71,596	-	-	415,308
Purchased services	16,121	31,960	38,111	-	-	902	4,722	-	231	5,631	-	2,909	100,587
Maintenance and small equipment	56,947	48,890	57,002	-	-	6,257	13,344	-	6,539	37,978	-	1,166	228,123
Depreciation and amortization	61,473	29,084	107,342	48,654	5,273	-	377	-	603	31,595	265	77,362	362,058
Other	102,430	109,024	110,326	-	-	421	11,988	8	5,511	43,429	20	1,736	384,993
Insurance	24,651	30,458	34,048	-	-	1,069	8,251	-	1,808	20,347	-	-	120,632
In-kind expenses	877,304	730,357	565,900	-	-	-	831,581	-	-	-	-	-	3,005,172
Total expenses	2,579,890	2,646,020	2,893,172	48,654	5,273	530,124	1,155,663	157	126,972	1,150,898	305	83,652	11,220,801
Change in net assets	\$ (26,145)	\$ (28,022)	\$ (71,042)	\$ (48,654)	\$ (5,273)	\$ -	\$ 2,957	\$ 744	\$ 4,505	\$ (15,327)	\$ (163)	\$ (76,739)	\$ (263,159)

See independent auditor's report

BLACK RIVER AREA DEVELOPMENT CORPORATION
Combining Schedule of Revenues and Expenses – Energy Conservation
For the Year Ended April 30, 2025

	<u>Program Services for Energy Conservation</u>		<u>Total</u>
	<u>Weatherization</u>	<u>Home Energy Assistance</u>	
Revenues:			
Federal grant revenue	\$ 1,153,891	\$ 814,858	\$ 1,968,749
Interest income	-	8	8
Total revenues	<u>1,153,891</u>	<u>814,866</u>	<u>1,968,757</u>
Expenses:			
Salaries	181,267	114,012	295,279
Fringe benefits	26,206	16,971	43,177
Travel and transportation	6,146	361	6,507
Office and food supplies	11,689	10,678	22,367
Occupancy	2,195	-	2,195
Communication	5,894	1,879	7,773
Indirect cost	18,378	11,515	29,893
Purchased services	109,547	-	109,547
Maintenance and small equipment	7,788	10,098	17,886
Depreciation and amortization	71	-	71
Other	1,991	6,719	8,710
Energy, housing and weatherizing assistance	770,560	642,625	1,413,185
Insurance	7,511	-	7,511
Total expenses	<u>1,149,243</u>	<u>814,858</u>	<u>1,964,101</u>
Change in net assets	<u>\$ 4,648</u>	<u>\$ 8</u>	<u>\$ 4,656</u>

See independent auditor's report

BLACK RIVER AREA DEVELOPMENT CORPORATION
Combining Schedule of Revenues and Expenses – Housing
For the Year Ended April 30, 2025

	<u>Program Services for Housing</u>		
	<u>HUD</u> <u>Section 8</u>	<u>BRAD Black River</u> <u>Housing LP</u>	<u>Total</u>
Revenues:			
Federal grant revenue	\$ 502,987	\$ -	\$ 502,987
Other rent income	-	103,565	103,565
Local resource income	47,707	1,318	49,025
(Loss) on disposal of assets	(775)	-	(775)
Interest income	227	-	227
Total revenues	<u>550,146</u>	<u>104,883</u>	<u>655,029</u>
Expenses:			
Salaries	51,614	35,264	86,878
Fringe benefits	17,615	-	17,615
Travel and transportation	1,765	737	2,502
Office and food supplies	12,810	1,328	14,138
Occupancy	809	5,882	6,691
Purchased services	-	6,088	6,088
Maintenance and small equipment	-	42,038	42,038
Depreciation and amortization	30	138,866	138,896
Other	11,512	1,634	13,146
Interest expense	-	15,409	15,409
Energy, housing and weatherizing assistance	326,107	-	326,107
Insurance	825	82,359	83,184
Dues and fees	-	5,208	5,208
Total expenses	<u>423,087</u>	<u>334,813</u>	<u>757,900</u>
Change in net assets	<u>\$ 127,059</u>	<u>\$ (229,930)</u>	<u>\$ (102,871)</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, 2025

	<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	\$ -	\$ -	\$ 235,558	\$ 235,558
Interest income	6,979	282	524	7,785
Program income, management fees and rent	79,575	-	-	79,575
Local resource income	23,913	-	-	23,913
Total revenues	<u>110,467</u>	<u>282</u>	<u>236,082</u>	<u>346,831</u>
Expenses:				
Salaries	325,125	-	118,024	443,149
Fringe benefits	58,090	-	22,544	80,634
Travel and transportation	8,183	-	2,176	10,359
Office and food supplies	19,584	-	4,385	23,969
Occupancy	7,806	-	5,023	12,829
Communication	10,172	-	4,417	14,589
Indirect cost	(488,677)	-	-	(488,677)
Purchased services	62,526	-	1,474	64,000
Maintenance and small equipment	6,953	-	7,315	14,268
Depreciation and amortization	13,745	-	7,379	21,124
Other	20,266	1,293	47,696	69,255
Insurance	20,502	-	7,656	28,158
Client costs	1,784	-	10,365	12,149
Total expenses	<u>66,059</u>	<u>1,293</u>	<u>238,454</u>	<u>305,806</u>
Change in net assets	<u>\$ 44,408</u>	<u>\$ (1,011)</u>	<u>\$ (2,372)</u>	<u>\$ 41,025</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 # 06HP000483-03-01
For the Grant Year Ended August 31, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Grant revenue receipts, current year	\$ 2,123,527	\$ 2,123,527	\$ -
In-kind revenue	474,506	484,934	10,428
Interest Income	-	12	12
Total revenues	<u>2,598,033</u>	<u>2,608,473</u>	<u>10,440</u>
Expenses			
Personnel	1,343,783	1,123,401	220,382
Fringe benefits	199,160	196,502	2,658
Travel	18,393	77,865	(59,472)
Supplies	94,500	211,286	(116,786)
Contractual	7,250	6,789	461
Indirect cost	129,003	113,419	15,584
Other	331,438	394,264	(62,826)
In-kind expenses	474,506	484,934	(10,428)
Total expenses	<u>2,598,033</u>	<u>2,608,461</u>	<u>(10,428)</u>
Change in net assets	<u>\$ -</u>	<u>\$ 12</u>	<u>\$ 12</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 # 06CH011470-05-02
For the Grant Year Ended April 30, 2025

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Revenues:			
Grant revenue receipts, current year	\$ 3,579,851	\$ 3,579,851	\$ -
In-kind revenue	894,963	1,607,691	712,728
Interest income	-	144	144
Total revenues	<u>4,474,814</u>	<u>5,187,686</u>	<u>712,872</u>
Expenses:			
Personnel	2,179,676	2,050,380	129,296
Fringe benefits	419,576	378,651	40,925
Travel	19,903	169,380	(149,477)
Equipment	25,038	25,038	-
Supplies	185,900	328,363	(142,463)
Contractual	18,533	4,174	14,359
Indirect cost	220,149	207,089	13,060
Other	511,076	416,776	94,300
In-kind expenses	894,963	1,607,691	(712,728)
Total expenses	<u>4,474,814</u>	<u>5,187,542</u>	<u>(712,728)</u>
Change in net assets	<u>\$ -</u>	<u>\$ 144</u>	<u>\$ 144</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, 2025

	<u>CSBG-23-02-C</u>		<u>CSBG-24-02DIS</u>	
	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>
Revenues:				
Grant revenue receipts, current year	\$ 89,467	\$ 89,467	\$ 40,536	\$ 40,536
Total revenues	<u>89,467</u>	<u>89,467</u>	<u>40,536</u>	<u>40,536</u>
Expenses:				
Salaries	47,078	47,078	-	-
Fringe benefits	5,222	5,222	-	-
Supplies	2,500	2,500	-	-
Contractual	21,464	21,464	40,536	40,536
Other expenses	4,751	4,751	-	-
Other/client services	8,452	8,452	-	-
Total expenses	<u>89,467</u>	<u>89,467</u>	<u>40,536</u>	<u>40,536</u>
Change in net assets	<u>-</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>

	<u>CSBG-24-02</u>	
	<u>Budget</u>	<u>Actual</u>
Revenues:		
Grant revenue receipts, current year	\$ 234,291	\$ 157,430
Total revenues	<u>234,291</u>	<u>157,430</u>
Expenses:		
Salaries	133,588	82,742
Fringe benefits	29,911	17,400
Travel	1,983	1,983
Supplies	5,000	3,393
Other expenses	48,809	40,522
Direct client cost	15,000	11,390
Total expenses	<u>234,291</u>	<u>157,430</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, 2025

Meals Served (USDA) *				
	<u>Breakfasts</u>	<u>Lunches</u>	<u>Snacks</u>	<u>Total</u>
January	6,259	6,270	5,925	18,454
February	5,466	5,475	4,949	15,890
March	5,792	5,821	5,462	17,075
April	7,739	7,718	7,386	22,843
May	6,881	6,888	6,575	20,344
June	2,505	2,523	2,401	7,429
July	2,682	2,695	2,570	7,947
August	4,702	4,706	4,510	13,918
September	7,336	7,276	6,952	21,564
October	7,049	7,080	6,761	20,890
November	5,455	5,452	5,132	16,039
December	5,222	5,245	4,874	15,341
	67,088	67,149	63,497	197,734

	<u>Free</u>	<u>Reduced</u>	<u>Paid</u>	<u>Total</u>
January	391	28	12	431
February	391	28	12	431
March	396	27	12	435
April	392	27	12	431
May	407	20	6	433
June	184	-	-	184
July	184	-	-	184
August	394	26	11	431
September	403	20	6	429
October	399	26	8	433
November	397	26	8	431
December	400	26	8	434
	4,338	254	95	4,687

* Represents meals served through the Head Start, Early Head Start, Pre-K and ABC Preschool programs for the year ended April 30, 2025.

See independent auditor's report

BLACK RIVER AREA DEVELOPMENT CORPORATION

Analysis of Indirect Cost

For the Year Ended April 30, 2025

<u>Program</u>	<u>Salaries*</u>	<u>Rate</u>	<u>Allowable Allocation</u>	<u>Amount Paid or Accrued</u>
Head Start	\$ 891,698	10.10%	\$ 90,061	\$ 90,062
Early Head Start	1,158,682	10.10%	117,027	117,027
Early Head Start expansion	1,224,423	10.10%	123,667	123,666
USDA	127,327	10.10%	12,860	12,858
Senior citizens	206,949	10.10%	20,902	20,902
Public transportation	224,475	10.10%	22,672	22,672
Weatherization	181,959	10.10%	18,378	18,378
Home Energy Assistance Program	114,012	10.10%	11,515	11,515
ABC	290,347	10.10%	29,325	-
Pre-K	709,040	10.10%	71,613	71,597
Salaries subject to indirect cost rate	<u>5,128,912</u>		<u>\$ 518,020</u>	<u>\$ 488,677</u>
Accrued comp adjustment (a)	(1,097)			
Housing	86,878			
Administrative and supportive	<u>440,558</u>			
Total salaries	<u><u>\$ 5,655,251</u></u>			
Indirect cost pool:				
Salaries	325,125			
Fringe benefits	58,090			
Purchased services	62,526			
Maintenance and small equipment	7,802			
Office and food supplies	5,871			
Depreciation expense	18,520			
Other	<u>56,441</u>			
	<u><u>\$ 534,375</u></u>			

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

See independent auditor's report

BLACK RIVER AREA DEVELOPMENT CORPORATION
Statement of Revenues and Expenses

Budget and Actual – Aging Program

For the Two Months Ended June 30, 2024, and Ten Months Ended April 30, 2025

	12 Months	2 Month	Variance	12 Months	10 Months	Variance	12 Months	12 Months
	Ended 6/30/24	Ended 6/30/24		Ended 6/30/25	Ended 4/30/25		Ended 6/30/25	
	<u>Budget</u>	<u>Actual</u>	Favorable (Unfavorable)	<u>Budget</u>	<u>Actual</u>	Favorable (Unfavorable)	<u>Budget</u>	<u>Actual</u>
Revenues								
Social services block grant	\$ 45,827	\$ 6,259	\$ 39,568	\$ 29,965	\$ 29,241	\$ 724	\$	\$ 35,500
Federal title III:								
Title III B	47,222	16,880	30,342	54,802	31,657	23,145		48,537
Title III C-1	76,755	17,940	58,815	72,414	44,088	28,326		62,028
Title III C-2	150,916	39,772	111,144	71,965	60,660	11,305		100,432
Title III D	-	-	-	5,704	265	5,439		265
ARP	99,247	2	99,246	-	-	-		2
State cigarette tax	30,408	1,568	28,840	30,408	30,403	5		31,971
State senior center	51,753	732	51,021	102,179	74,543	27,636		75,275
Nutrition services incentive program	37,803	6,301	31,503	18,147	15,123	3,024		21,424
ARChoices	83,484	11,528	71,956	86,637	67,730	18,907		79,258
Client contributions	13,210	2,500	10,710	14,343	11,469	2,874		13,969
Fundraising income	152,307	-	152,307	49,784	7,733	42,051		7,733
Program income	22,208	3,146	19,062	22,208	18,777	3,431		21,923
Other grants	-	-	-	20,000	13,850	6,150		13,850
Interest income	-	20	(20)	-	97	(97)		117
Total revenues	<u>\$ 811,140</u>	<u>\$ 106,647</u>	<u>\$ 704,493</u>	<u>\$ 578,556</u>	<u>\$ 405,636</u>	<u>\$ 172,920</u>	<u>\$</u>	<u>\$ 512,283</u>

(Continued)

See independent auditor's report

BLACK RIVER AREA DEVELOPMENT CORPORATION

Statement of Revenues and Expenses

Budget and Actual – Aging Program

For the Two Months Ended June 30, 2024 and Ten Months Ended April 30, 2025

	12 Months	2 Month	Variance	12 Months	10 Months	Variance	12 Months
	Ended 6/30/24	Ended 6/30/24		Ended 6/30/25	Ended 4/30/25		Ended 4/30/25
	<u>Budget</u>	<u>Actual</u>	Favorable (Unfavorable)	<u>Budget</u>	<u>Actual</u>	Favorable (Unfavorable)	<u>Actual</u>
Expenses							
Personnel	\$ 283,138	\$ 41,340	\$ 241,798	\$ 210,798	\$ 163,510	\$ 47,288	\$ 204,850
Fringe benefits	37,340	5,983	31,357	31,974	21,465	10,509	27,447
Travel	4,000	-	4,000	1,000	15	985	15
Occupancy	28,000	4,037	23,963	18,000	19,534	(1,534)	23,571
Supplies	95,770	8,259	87,511	52,000	25,985	26,015	34,244
Food	233,665	17,494	216,171	200,118	127,563	72,555	145,057
Communication	18,100	971	17,129	6,900	4,131	2,769	5,102
Insurance-general	11,000	1,809	9,191	5,000	3,536	1,464	5,345
Insurance-vehicle	25,000	7,326	17,674	23,000	14,653	8,347	21,979
Vehicle maintenance	36,155	2,793	33,362	7,000	6,571	429	9,365
Other maintenance	-	-	-	-	224	(224)	224
Depreciation and amortization	-	91	(91)	-	475	(475)	566
Tags, license, fees	375	28	347	375	127	248	155
Professional fees	500	1,084	(584)	350	868	(518)	1,952
Miscellaneous	9,500	123	9,377	750	789	(39)	912
Indirect cost	28,597	4,175	24,422	21,291	16,726	4,565	20,902
In-kind expense	-	-	-	-	-	-	-
Total expenses	811,140	95,513	715,627	578,556	406,173	172,383	501,686
Excess (deficiency) of revenues over expenses	\$ -	\$ 11,134	\$ (11,134)	\$ -	\$ 2,822	\$ (2,822)	\$ 13,955

BLACK RIVER AREA DEVELOPMENT CORPORATION
Statement of Revenues and Expenses
Budget and Actual – Aging Program – Budgetary Basis
Grant Year Ended June 30, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Revenues			
Social services block grant	\$ 45,827	\$ 45,827	\$ -
Federal title III:			
Title III B	47,222	35,526	(11,696)
Title III C-1	76,755	76,755	-
Title III C-2	150,916	150,916	-
FFR C-2			
ARP	99,247	99,247	-
State cigarette tax	30,408	30,408	-
State senior center	51,753	51,753	-
Nutrition services incentive program	37,803	37,803	-
ARChoices	83,484	72,732	(10,752)
In God we trust	-	1,366	1,366
Client contributions	13,210	14,393	1,183
Fundraising income	152,307	956	(151,351)
Program income	22,208	19,290	(2,918)
In kind revenue	-	3,850	3,850
Other grants	-	2,000	2,000
Interest income	-	143	143
Total revenues	<u>811,140</u>	<u>642,965</u>	<u>(168,175)</u>
Expenses			
Personnel	283,138	255,850	27,288
Fringe benefits	37,340	33,794	3,546
Travel	4,000	960	3,040
Occupancy	28,000	24,962	3,038
Supplies	95,770	54,475	41,295
Food	233,665	175,879	57,786
Communication	18,100	6,587	11,513
Insurance-general	11,000	4,974	6,026
Insurance-vehicle	25,000	21,005	3,995
Vehicle maintenance	36,155	11,823	24,332
Tags, license, fees	375	187	188
Professional fees	500	1,164	(664)
Miscellaneous	9,500	1,415	8,085
Indirect cost	28,597	26,054	2,543
In kind expense	-	3,850	(3,850)
Total expenses	<u>811,140</u>	<u>622,980</u>	<u>188,160</u>
Change in net assets	<u>\$ -</u>	<u>\$ 19,985</u>	<u>\$ 19,985</u>

See independent auditor's report

BLACK RIVER AREA DEVELOPMENT CORPORATION

Units of Service Provided – Aging

Grant Period Ended June 30, 2024

	<u>Title III</u>	<u>ARP</u>	<u>SSBG</u>	<u>SSCC</u>	<u>Cigarette Tax</u>	<u>State Senior Center</u>	<u>Client Contributions and Program Income</u>
Transportation	1,998	1,725	-	-	570	246	76
Socialization	6,513	4,601	-	-	-	2,529	33
Congregate meals	10,234	4,123	-	-	-	2,181	1,167
Home delivered meals	18,865	5,090	5,728	99	3,231	3,230	648

BLACK RIVER AREA DEVELOPMENT CORPORATION
Combining Schedule of Revenues by Service – Aging
Grant Period Ended June 30, 2024

Revenues	<u>Transportation</u>	<u>Socialization</u>	<u>Congregate Meals</u>	<u>Home- Delivered Meals</u>	<u>Totals</u>
Title III	\$ 15,984	\$ 19,542	\$ 76,755	\$ 150,916	\$ 263,197
SSBG	-	-	-	45,827	45,827
NSIP	-	-	12,384	25,419	37,803
ARP	13,803	13,803	30,920	40,721	99,247
State senior citizen funds	1,966	7,587	16,358	25,842	51,753
AR Choices	-	-	-	72,732	72,732
Fundraising income	-	-	-	956	956
Program income	-	-	-	19,290	19,290
Client contributions	460	-	8,750	5,183	14,393
Cigarette tax funds	4,561	-	-	25,847	30,408
In God We Trust	-	-	-	1,366	1,366
Other revenue	-	-	-	2,000	2,000
In kind revenue	-	-	3,850	-	3,850
Interest income	-	-	-	143	143
Total revenues	\$ 36,774	\$ 40,932	\$ 149,017	\$ 416,242	\$ 642,965

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BLACK RIVER AREA DEVELOPMENT CORPORATION
Schedule of Revenues –
Budget and Actual – Aging Transportation
Grant Period Ended June 30, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Revenues			
Title III	\$ 16,055	\$ 15,984	\$ (71)
ARP	13,803	13,803	-
Cigarette tax	4,561	4,561	-
State senior center	1,966	1,966	-
Client contributions	<u>14,098</u>	<u>460</u>	<u>(13,638)</u>
Total revenues	<u><u>\$ 50,483</u></u>	<u><u>\$ 36,774</u></u>	<u><u>\$ (13,709)</u></u>

See independent auditor's report

BLACK RIVER AREA DEVELOPMENT CORPORATION
Schedule of Revenues –
Budget and Actual – Aging Socialization
Grant Period Ended June 30, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Revenues			
Title III grant revenue	\$ 31,167	\$ 19,542	\$ (11,625)
ARP	13,803	13,803	-
State senior center	7,587	7,587	-
Client contributions	<u>16,072</u>	<u>-</u>	<u>(16,072)</u>
Total revenues	<u><u>\$ 68,629</u></u>	<u><u>\$ 40,932</u></u>	<u><u>\$ (27,697)</u></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, 2024

Revenues	<u>Budget</u>	<u>Actual</u>	Variance - Favorable <u>(Unfavorable)</u>
Title III grant revenue	\$ 76,755	\$ 76,755	\$ -
ARP	30,920	30,920	-
NSIP grant revenue	11,649	12,384	735
State senior citizens funding	16,358	16,358	-
Fundraising	56,963	-	(56,963)
In-kind revenue	-	3,850	3,850
Client contributions	7,920	8,750	830
Total revenues	<u>\$ 200,565</u>	<u>\$ 149,017</u>	<u>\$ (51,548)</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, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Revenues			
Social Services Block Grant	\$ 45,827	\$ 45,827	\$ -
Title III grant revenue	150,916	150,916	-
NSIP grant revenue	26,154	25,419	(735)
ARP	40,721	40,721	-
AR Choices	83,484	72,732	(10,752)
State cigarette tax	25,847	25,847	-
Program income	22,208	19,290	(2,918)
Fundraising Income	65,820	956	(64,864)
Client contributions	4,644	5,183	539
State senior citizen funding	25,842	25,842	-
In God we trust	-	1,366	1,366
Other revenue	-	2,000	2,000
Interest income	-	143	143
	<u> </u>	<u> </u>	<u> </u>
Total revenues	\$ 491,463	\$ 416,242	\$ (75,221)

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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, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Revenues			
Grant revenue	\$ 666,064	\$ 344,501	\$ (321,563)
Local matching revenue	102,709	152,440	49,731
Program income	18,000	16,509	(1,491)
Total revenues	<u>786,773</u>	<u>513,450</u>	<u>(273,323)</u>
Expenses			
Administrative expenses (A-716)			
Personnel and fringe benefits	76,300	75,427	873
In-kind salaries and fringe	35,000	29,081	5,919
Indirect cost	6,173	6,223	(50)
Purchase of services	5,150	3,334	1,816
Communication	3,600	1,423	2,177
In-kind communication	9,000	9,000	-
Building cost	9,000	1,066	7,934
Travel	5,500	1,459	4,041
Supplies	3,100	3,342	(242)
Dues, taxes, fees and trainings	5,650	1,904	3,746
Insurance	40,850	28,844	12,006
Total administrative expenses (A-718)	<u>199,323</u>	<u>161,105</u>	<u>38,218</u>
Operating expenses (O-718)			
Personnel and fringe benefit	179,860	138,737	41,123
Indirect cost	15,149	11,130	4,019
Fuel & oil	28,500	15,946	12,554
Communication	8,000	4,881	3,119
Building costs	12,500	5,238	7,262
Vehicle maintenance	22,550	2,160	20,390
Dues, taxes, fees etc.	1,000	267	733
Total operating expenses	<u>267,559</u>	<u>178,359</u>	<u>89,200</u>
Operating expenses (O-716)			
Salaries & fringe	179,860	36,710	143,150
In-kind salaries & fringe	10,250	79,478	(69,228)
Indirect cost	15,149	4,405	10,744
Fuel & oil	28,500	6,754	21,746
Communication	12,732	2,165	10,567
Building costs	12,500	3,148	9,352
In-kind building costs	750	3,000	(2,250)
Vehicle maintenance	22,550	2,818	19,732
Dues, taxes, fees etc.	1,000	10	990
Total operating expenses	<u>283,291</u>	<u>138,488</u>	<u>144,803</u>

(Cont.)

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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, 2024

Preventative Maintenance (P-718)			
Preventative Maintenance	<u>6,000</u>	<u>4,064</u>	<u>1,936</u>
Total Preventative Maintenance	<u>6,000</u>	<u>4,064</u>	<u>1,936</u>
Capital Grant (J3499)			
Shop equipment	1,500	1,072	428
ADP hardware	4,000	4,306	(306)
Surveillance/security	24,100	17,407	6,693
Miscellaneous	<u>1,000</u>	<u>942</u>	<u>58</u>
Total capital	<u>30,600</u>	<u>23,727</u>	<u>6,873</u>
Total expenses	<u>786,773</u>	<u>505,742</u>	<u>281,031</u>
Change in net assets	<u>\$ -</u>	<u>\$ 7,708</u>	<u>\$ 7,708</u>

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BLACK RIVER AREA DEVELOPMENT CORPORATION

Statement of Revenues and Expenses –

Budget and Actual – Home Energy Assistance Program 2403ARL1EA/2024-AEO-02

Budgetary Basis

Grant Year Ended September 30, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Revenues			
Grant revenue receipts, current year	\$ 802,751	\$ 581,618	(221,133)
Interest income	-	6	6
Total revenues	<u>802,751</u>	<u>581,624</u>	<u>(221,127)</u>
Expenses			
Personnel	33,801	15,965	17,836
Fringe benefits	8,740	2,391	6,349
Office space	4,450	1,400	3,050
Outreach and communication	400	-	400
Information technology	10,500	11,297	(797)
Supplies	3,800	1,732	2,068
Travel	150	116	34
Indirect cost	7,544	5,849	1,695
Regular assistance	394,655	215,924	178,731
Regular program support	25,229	20,341	4,888
Crisis intervention	288,972	286,235	2,737
Crisis program support	24,510	20,367	4,143
Total expenses	<u>802,751</u>	<u>581,618</u>	<u>221,133</u>
Change in net assets	<u>\$ -</u>	<u>\$ 6</u>	<u>\$ 6</u>
Applications paid			
Summer regular		970	
Summer crisis intervention		504	
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, 2025

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identification Number	Federal Expenditures
U.S. Department of Health and Human Services			
Direct Program: Head Start Cluster			
Head Start	93.600	06CH011470-05-02	\$ 3,563,908
Head Start	93.600	06HP000483-03-00	944,618
Head Start	93.600	06HP000483-04-00	1,311,603
Total Head Start Cluster			<u>5,820,129</u>
Passed-Through Arkansas Department of Human Services:			
CCDF Cluster			
Child Care and Development Block Grant	93.575	N/A	1,134,467
DCCECE - American Rescue Plan - Child Care Stabilization COVID-19	93.575	N/A	6,310
Total CCDF Cluster			<u>1,140,777</u>
Passed-Through East Arkansas Area Agency on Aging:			
Aging Cluster			
Special Programs for the Aging - Title III Part C - Nutrition Services	93.045	2324-02	57,712
Special Programs for the Aging - Title III Part C - Nutrition Services	93.045	2425-02	104,747
Special Programs for the Aging - Title III Part B - Socialization and Transportation	93.044	2324-02	16,880
Special Programs for the Aging - Title III Part B - Socialization and Transportation	93.044	2425-02	31,660
Special Programs for the Aging - Title III Part D - Disease Prevention and Health Promotion Services	93.043	2425-02	265
Nutrition Services Incentive Program	93.053	2324-02	6,301
Nutrition Services Incentive Program	93.053	2425-02	15,122
Total Aging Cluster			<u>232,687</u>
Passed-Through Arkansas Department of Environmental Quality:			
Low-Income Home Energy Assistance	93.568	2403ARLIEA/WAP/FY2024/AEO-02	355,799
Low-Income Home Energy Assistance	93.568	2503ARLIEA/WAP/FY2025/AEO-02	219,829
Low-Income Home Energy Assistance	93.568	2403ARLIEA/2024-AEO-02	556,600
Low-Income Home Energy Assistance	93.568	2503ARLIEA/2025-AEO-02	258,258
Total Low-Income Home Energy Assistance Program			<u>\$ 1,390,486</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, 2025

<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>
Passed-Through Arkansas Department of Human Services:			
Community Services Block Grant	93.569	CSBG-23-02-C	\$ 98,534
Community Services Block Grant	93.569	CSBG-24-02	84,166
Community Services Block Grant	93.569	CSBG-25-02	42,957
Community Services Block Grant	93.569	CSBG-24-02DIS	9,536
Community Services Block Grant	93.569	CSBG-25-02DIS	365
Total Community Services Block Grant			235,558
Passed-Through East Arkansas Area Agency on Aging:			
Social Services Block Grant	93.667	2324-02	6,259
Social Services Block Grant	93.667	2425-02	29,241
Total Social Services Block Grant			35,500
<u>U.S. Department of Agriculture</u>			
Passed-Through Arkansas Department of Human Services:			
Child and Adult Care Food Program	10.558	Q16	530,124
Total Child and Adult Care Food Program			530,124
<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	502,987
Total Housing Voucher Cluster			502,987
Passed-Through Arkansas Development Finance Authority:			
Home Investment Partnership Program	14.239	N/A	370,213
Total Home Investment Partnership Program			370,213
<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	58,790
Formula Grants for Rural Areas - Rural Area Program - COVID-19	20.509	AR-18-X038	44,622
Formula Grants for Rural Areas - Rural Area Program - COVID-19	20.509	AR-18-X037	45,120
Formula Grants for Rural Areas - Rural Area Program - COVID-19	20.509	AR-18-X043	5,072
Formula Grants for Rural Areas - Rural Area Program	20.509	AR-18-X036	107,372
Formula Grants for Rural Areas - Rural Area Program	20.509	AR-34-0049	18,981
Total Formula Grants for Rural Area - Rural Area Program			279,957
<u>U.S. Department of Energy</u>			
Passed-Through Arkansas Department of Economic Development:			
Weatherization Assistance for Low-Income Persons	81.042	DE-EE0009889/AEO02	218,361
Weatherization Assistance for Low-Income Persons	81.042	DE-EE009974	322,629
Weatherization Assistance for Low-Income Persons	81.042	DE-EE0009889/02	37,273
Total Weatherization Assistance for Low-Income Persons Program			578,263
Total expenditures of federal awards			\$ 11,116,681

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, 2025

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 combined 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, 2025, were as follows:

<u>Federal Assistance Listing Number</u>	<u>Program Name</u>	<u>Ending Balance of Previous Year Loans</u>	<u>Ending Balance of Loans For Year Ended April 30, 2025</u>
14.239	Home Investment Partnership Program	\$381,692	\$370,213

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, 2025

<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 Public Transit Trust Fund and HUA	N/A	\$ 97,504	\$ 97,504
East Arkansas Area Agency on Aging Cigarette tax	2122-02/2223-02	31,971	31,971
State senior center	2122-02/2223-02	75,275	75,275
Arkansas Department of Education Arkansas Better Chance	N/A	<u>458,230</u>	<u>458,230</u>
Total expenditures of State awards		<u>\$ 662,980</u>	<u>\$ 662,980</u>

Supplemental Disclosure:

Medicaid funding (ALN 93.778 Medical Assistance Program – Medicaid; Title XIX) received as pass-through from Arkansas Department of Human Services totaled \$79,258.

See independent auditor's report



Welch, Couch & Company, PA
Certified Public Accountants

Jeff D. Welch, CPA, JD | Rachel M. Pennywitt, CPA
M. Garrett McSpadden, CPA | Allen E. Brinkman, CPA

Members of American Institute of Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
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, 2025, 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 28, 2025.

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 combined 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 combined 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 28, 2025



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, 2025. 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, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal 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 28, 2025

BLACK RIVER AREA DEVELOPMENT CORPORATION
Schedule of Findings and Questioned Costs
Year Ended April 30, 2025

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 Findings and Questioned Costs
Year Ended April 30, 2025

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, 2025

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 Prior Year Findings and Questioned Costs
For the Year Ended April 30, 2025

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, 2025

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:	Amy Thomas
Contact person:	Amy Thomas
Audit cost:	\$42,000