NWA EDD
Northwest Arkansas Economic Development District

Northwest Arkansas
Economic Development District, Inc.

Financial Statements
and
Supplementary Information
December 31, 2024

(With Independent Auditor's Report Thereon)

Northwest Arkansas
Economic Development District, Inc.

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LANDMARK
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Northwest Arkansas Economic Development District, Inc.
Harrison, Arkansas

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Northwest Arkansas Economic Development District, Inc.** (the District) (a not-for-profit), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the District as of December 31, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District 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.

Responsibility of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for one year after the date that the financial statements are issued.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District'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.

Board of Directors
Northwest Arkansas Economic Development District, Inc.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information listed on pages 20 – 25, including the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information listed on pages 20 – 25 is fairly stated, in all material respects, in relation to the financial statements as a whole.

The supplementary information listed on page 26 is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion on it or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 16, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Landmark PLC

Rogers, Arkansas
July 16, 2025

Financial Statements

Northwest Arkansas Economic Development District, Inc.

Statement of Financial Position
December 31, 2024

ASSETS		
Current Assets		
Cash and cash equivalents	$ 969,588	
Certificates of deposit	2,185,981	
Receivables	421,749	
Prepaid expenses	82,622	
Total Current Assets		$ 3,659,940
Investments		98,458
Property and Equipment, Net		2,510,303
TOTAL ASSETS		$ 6,268,701
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	$ 44,507	
Accrued expenses	164,204	
Due to other agencies	503,806	
Agency obligation	134,600	
Current portion of finance lease obligations	9,956	
Total Current Liabilities		$ 857,073
Long-Term Liability		
Finance lease obligations, net of current portion		6,546
Net Assets		
Without donor restrictions	5,405,082	
Total Net Assets		5,405,082
TOTAL LIABILITIES AND NET ASSETS		$ 6,268,701

Northwest Arkansas Economic Development District, Inc.

Statement of Activities
Year ended December 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Federal funds	$ 1,370,088	$ 1,088,431	$ 2,458,519
Federal funds - contributed nonfinancial assets	222,452	-	222,452
State funds	195,780	-	195,780
Program income	560,563	-	560,563
Local funds	252,187	-	252,187
Other revenues	682,300	-	682,300
Interest income	119,049	-	119,049
Contributed nonfinancial assets	27,814	-	27,814
Gain on sale of property and equipment	31,409	-	31,409
Net assets released from donor restrictions:			
Purpose restrictions met	1,088,431	(1,088,431)	-
TOTAL REVENUE AND SUPPORT	4,550,073	-	4,550,073
EXPENSES			
Program services	4,251,265	-	4,251,265
Management and general	335,458	-	335,458
TOTAL EXPENSES	4,586,723	-	4,586,723
CHANGE IN NET ASSETS	(36,650)	-	(36,650)
NET ASSETS, BEGINNING OF YEAR	5,441,732	-	5,441,732
NET ASSETS, END OF YEAR	$ 5,405,082	$ -	$ 5,405,082

See accompanying notes to financial statements.

Northwest Arkansas Economic Development District, Inc.

Statement of Functional Expenses
Year ended December 31, 2024

	Program Services				Management and General	Total
	NATS	WIOA	Other	Total Programs		
Advertising	$ 15,543	$ 452	$ 294	$ 16,289	$ 191	$ 16,480
Building rent	6,884	40,883	2,222	49,989	-	49,989
Communications	29,948	11,000	7,236	48,184	3,431	51,615
Contracted services	8,204	300	-	8,504	-	8,504
Credit loss	-	-	2,965	2,965	-	2,965
Depreciation	340,150	11,612	31,402	383,164	1,267	384,431
In-kind expenses	27,814	-	-	27,814	-	27,814
Insurance and bonding	140,443	-	30,350	170,793	-	170,793
Interest	-	1,226	207	1,433	-	1,433
Maintenance and repairs	33,095	9,110	41,297	83,502	882	84,384
Materials and supplies	84,231	3,790	17,826	105,847	67,155	173,002
Meetings and conferences	-	1,501	4,744	6,245	-	6,245
Memberships / subscriptions / professional activity	33,594	3,407	14,524	51,525	730	52,255
Miscellaneous and administrative expenses	333,225	4,150	31,462	368,837	-	368,837
Participant expenses	-	85,270	-	85,270	-	85,270
Personnel costs / fringe benefits	1,095,408	721,648	551,907	2,368,963	202,072	2,571,035
Printing and reproduction	-	4,306	775	5,081	1,927	7,008
Professional fees	3,098	19,282	57,586	79,966	45,000	124,966
Program supplies	38,864	-	-	38,864	-	38,864
Property taxes	-	-	5,052	5,052	-	5,052
Support services	-	73,869	-	73,869	-	73,869
Training	2,899	72,182	10,665	85,746	5,756	91,502
Transportation	140,105	1,025	5,354	146,484	4,831	151,315
Travel	-	4,907	138	5,045	2,216	7,261
Utilities	13,726	168	17,940	31,834	-	31,834
	$ 2,347,231	$ 1,070,088	$ 833,946	$ 4,251,265	$ 335,458	$ 4,586,723

See accompanying notes to financial statements.

Northwest Arkansas Economic Development District, Inc.

Statement of Cash Flows
Year ended December 31, 2024

CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets		$ (36,650)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	$ 384,431	
Noncash contribution of vehicles	(222,452)	
Net realized and unrealized gain on investments	(41,704)	
(Gain) on sale of property and equipment	(31,409)	
Change in:		
Receivables	236,487	
Prepaid expenses	13,383	
Accounts payable	(28,605)	
Accrued expenses	(10,961)	
Agency obligation	134,600	
Total adjustments		433,770
Net Cash From Operating Activities		397,120
CASH FLOWS FROM INVESTING ACTIVITIES		
Change in certificates of deposit	(253,501)	
Proceeds from sale of property and equipment	40,400	
Purchase of property and equipment	(133,233)	
Net Cash (Used For) Investing Activities		(346,334)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on finance lease obligations	(5,622)	
Net Cash (Used For) Financing Activities		(5,622)
NET CHANGE IN CASH		45,164
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		924,424
CASH AND CASH EQUIVALENTS, END OF YEAR		$ 969,588

See accompanying notes to financial statements.

NOTE 1: NATURE OF BUSINESS

Northwest Arkansas Economic Development District, Inc. (the District) is a not-for-profit organization incorporated under the laws of the State of Arkansas. The District's mission and principal activities are to operate development programs for low-income, elderly and other economically disadvantaged residents in Baxter, Benton, Boone, Carroll, Madison, Marion, Newton, Searcy and Washington Counties of Northwest Arkansas. The District accomplishes its goals through the following programs:

North Arkansas Transportation Service (NATS) – NATS is operated by the District. NATS is available to provide local transportation for persons needing wheel chair equipped vehicles, as well as transportation for the general public in Boone and Baxter counties and the surrounding areas.

Workforce Innovation and Opportunity Act (WIOA) – The District participates in the U.S. Department of Labor's Employment and Training Administration. The District directs adults, youth, dislocated workers and workforce professionals to training and employment services.

Economic Development Act (EDA) – The District established and maintains a comprehensive economic development strategy process, which includes an economic development plan and procedures for monitoring its implementation. The District coordinates economic development planning with other economic development entities such as chambers of commerce, business associations, local and state government economic development departments and EDA-funded entities. The District also provides staff support to develop and monitor projects that will increase economic opportunities within the District, as well as topics such as industrial parks, land use regulations, bond elections, district committees, economic development programs, business development and local governments.

Grant Administration (GA) – The District is contracted to administer various grant funds received by surrounding counties and cities from the Arkansas Economic Development Commission for improvements to infrastructure systems.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The District's policy is to prepare its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenues are recognized in the period in which they are earned. Expenses are recognized in the period in which they are incurred.

Cash and Cash Equivalents

For the purposes of the Statement of Cash Flows, the District considers all highly liquid investments with a maturity of three months or less to be cash equivalents. At December 31, 2024, cash equivalents totaled $222,536.

Certificates of Deposit

As of December 31, 2024, the District had a total of $2,185,981 invested in certificates of deposit that are set to mature in December 2025. These deposits are valued at original cost plus accrued interest.

Receivables

Receivables represent amounts due from the State of Arkansas, federal and state grants receivable, and fares for the transportation program. Determination of uncollectibility is made by management based on knowledge of individual accounts and consideration of such factors as current economic conditions. Credit extended is generally uncollateralized. Past-due status is based on contractual terms. Past-due accounts are not charged interest. Management has determined these receivables are fully collectible; therefore, no allowance for credit loss is considered necessary at December 31, 2024.

Investments

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 5 for discussion of fair value measurements.

Property and Equipment

Property and equipment purchased with nonfederal, state funds or contributions are recorded at cost and an asset will be considered a depreciable capital asset if its cost is more than $5,000 and if it has a useful life of more than two years. Property and equipment purchased with grant funds is owned by the District while used in the programs for which they were purchased. However, the various funding sources have a reversionary interest in the property and equipment purchased with grant funds. Their disposition, as well as ownership of any proceeds therefrom, is subject to funding source regulations. At December 31, 2024, the net book value of grant-funded property and equipment is approximately $1,706,000. Depreciation of property and equipment is computed on the straight-line method over estimated useful lives of the respective assets, which range from three to forty years.

Financial Accounting Standards Board (FASB) Codification Topic *Property, Plant and Equipment*, Section *Subsequent Measurement* requires that long-lived assets and certain identifiable intangibles held and used by an entity be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The application of this Topic has not materially affected the District's financial position, changes in net assets, or cash flows.

Income Taxes and Uncertain Tax Positions

The District qualifies as an organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar state statute and is not subject to tax at the entity level for federal and state income tax purposes. The District accounts for uncertain tax positions in accordance with the provisions of FASB Codification Topic *Income Taxes*. FASB Codification Topic *Income Taxes* clarifies the accounting for uncertainty in income taxes and requires the District to recognize in their financial statements the impact of a tax position taken or expected to be taken in a tax return, if that position is more likely than not to be sustained under audit, based on the technical merits of the position. Management has assessed the tax positions of the District and determined that no positions exist that require adjustment or disclosure under the provisions of FASB Codification Topic *Income Taxes.*

The District files informational *"Return of Organization Exempt from Income Tax"* (Form 990) in the U.S. federal jurisdiction.

Agency Obligation

The District received funds from a State Agency to be distributed to other organizations as directed by the State Agency. The District will recognize a fee for administering the grant at the time of the distribution. These funds are excluded from the District's Statement of Activities.

Revenue Recognition – Exchange Transactions

The District's transportation program has program service fee revenue such as transportation fares. Performance obligations are satisfied at a point in time, and revenue is recognized when the services are provided to customers and additional services are no longer required. The District determines the transaction price based on standard charges for the services provided. These program service fee revenues are included in "Program income" on the Statement of Activities.

The District collects administrative fees in connection with the administration and oversight of federal and state grants received. These fees are intended to cover costs associated with grant administration such as personnel, compliance, and other operational support. Administrative fees are recognized as revenue when earned in accordance with the terms included in the respective grant agreements. These administrative fee revenues are included in "Local Funds" on the Statement of Activities.

The District applies an approved indirect cost rate to certain grant-funded activities to recover overhead and administrative expenses that support the overall operations of the District. Indirect cost recovery is recognized as revenue in accordance with the applicable grant agreements and is based on actual direct costs incurred and submitted for reimbursement. These funds support general administrative functions, facilities, and other shared services necessary for the effective delivery of grant programs. These revenues are included in "Other Revenue" on the Statement of Activities.

Revenue Recognition - Contributions

Gifts of cash and other assets are recorded as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated asset. Contributions are presented as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the Statement of Activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as increases in net assets without restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

Gifts of land, buildings, and equipment are presented as support and revenue without restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized with donor restrictions. The District reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Contributed services which increase non-financial assets such as property or inventory, as well as services contributed by individuals with specialized skills which would have otherwise been purchased, are reported as unrestricted support. Other contributed services that enhance the District's programs but are not so essential that they would otherwise be purchased, are not recorded as support for financial statement purposes.

The majority of the District's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the District has incurred expenditures in compliance with specific contract or grant provisions.

Functional Allocation of Expenses

The District allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification. Any expenditure not directly chargeable is allocated to programs based on ratios as determined by management. The District allocated indirect costs based on allocation methods submitted in its approved budget to its oversight agencies for the year ended December 31, 2024.

Use of Estimates

The preparation of 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 financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Advertising

The District follows the policy of charging the costs of advertising to expense as incurred. Total advertising expense was $43,680 for the year ended December 31, 2024, which is included in "advertising" and "in-kind expenses" on the accompanying Statement of Functional Expenses.

Adoption of Accounting Pronouncements

In June 2016, the FASB issued guidance (FASB ASC 326) which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. The most significant change in FASB ASC 326 is a shift from the incurred loss model to the expected loss model. Under FASB ASC 326, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the District that are subject to the guidance in FASB ASC 326 are receivables.

The District adopted FASB ASC 326 effective January 1, 2024. The impact of the adoption was not considered material to the financial statements and primarily resulted in new/enhanced disclosures only.

NOTE 3: FINANCIAL INSTRUMENTS WITH RISK OF ACCOUNTING LOSS

The District uses financial institutions in which it maintains cash balances, which at times may exceed federally insured limits or are uncollateralized. The District has not experienced any losses in such accounts, and management believes it is not exposed to significant credit risk related to cash. At December 31, 2024, the District had no uninsured/uncollateralized cash balances.

NOTE 4: RECEIVABLES

Receivables consist of the following:

	December 31, 2024	January 1, 2024
Federal and state receivables	$ 260,979	$ 444,233
Program receivables	160,770	214,003
	$ 421,749	$ 658,236

NOTE 5: INVESTMENTS AND FAIR VALUE MEASUREMENT

At December 31, 2024, the District had investments in the amount of $98,458 with a cost basis of $58,849 that consisted of common stock.

FASB Codification Topic *Fair Value Measurements and Disclosures* established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). If the inputs used to measure the investments fall within different levels of the hierarchy, the categorization is based on the lowest level of input that is significant to the fair value measurement of the investment. The three levels of the fair value hierarchy under FASB Codification Topic *Fair Value Measurements and Disclosures* are as follows:

Level 1 - These are investments where values are based on unadjusted quoted prices for identical assets in an active market that the District has the ability to access.

Level 2 - These are investments where values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the investments.

Level 3 - These are investments where values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect assumptions of management about assumptions market participants would use in pricing the investments.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2024.

Common Stock: Valued at fair market value based on quoted prices in the market the District has the ability to access.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the District believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

At December 31, 2024, the District's investments were all considered to be Level 1. The District did not have any investments that were considered to be Level 2 or Level 3.

Northwest Arkansas Economic Development District, Inc.

Notes to Financial Statements
December 31, 2024

NOTE 6: PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2024:

Land	$ 293,405
Buildings	939,326
Vehicles	3,310,323
Equipment	1,019,334
	5,562,388
Less accumulated depreciation	3,052,085
	$ 2,510,303

NOTE 7: CONTRIBUTED NONFINANCIAL ASSETS

During the year ended December 31, 2024, contributed nonfinancial assets recognized within the Statement of Activities included the following:

	Revenue Recognized	Utilization in Programs/ Activities	Donor Restrictions	Valuation Techniques and Inputs
Advertising	$ 27,200	NATS	No associated donor restrictions	The District estimated the faiv value on the basis of current rates for similar advertising services
Supplies	614	NATS	No associated donor restrictions	The District estimated the fair value on the basis of estimates of wholesale values that would be received for selling similar products in the United States
Vehicles	222,452	NATS	State has reversionary interest. See Note 2	The District estimated the fair value on the basis of the value provided by the grantor

NOTE 8: NET ASSETS RELEASED FROM DONOR RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors. Net assets released from donor restrictions are as follows:

Purpose restrictions met:	
Workforce Innovation and Opportunity Act	$ 1,088,431

NOTE 9: NONCASH INVESTING AND FINANCING ACTIVITIES

The District had capital expenditures for property and equipment during the year ended December 31, 2024 as follows:

Purchase price	$ 355,685
Noncash donations received for vehicles	(222,452)
Cash paid	$ 133,233

NOTE 10: CONCENTRATION OF CREDIT RISK AND FUNDING ARRANGEMENT

The majority of the District’s support is derived from federal and state awards administered through contracts with the State of Arkansas or through an intermediary agency. For the year ended December 31, 2024, this support represented approximately 63% of the District’s total revenue and support. The federal and state contracts are subject to change at any time without prior notice given to the contract providers. The loss of these contracts would have an adverse effect on the District’s ability to continue in existence.

Other receivables are due primarily from program services and other funding sources. The District is confident that all other receivables will be collected.

NOTE 11: EMPLOYEE BENEFIT PLAN

The District has adopted a 401(k) pension plan (the “Plan”). All full-time employees of the District are eligible for participation in the Plan on the first day of the month following 90 days of service. Each employee may contribute up to the maximum allowed by the Internal Revenue Service. All contributions made by a participant of the Plan are 100% vested at all times. The District matches the employee contribution percentage up to an amount equal to 7% of the employee’s base monthly salary. Vesting, as it applies to the District’s contribution for each employee, is 25% for each year of service. The District contributed $89,370 to the Plan during the year ended December 31, 2024, which is included in “Personnel costs / fringe benefits” on the Statement of Functional Expenses.

NOTE 12: COMMITMENTS AND CONTINGENCIES

In the normal course of operations, the District receives grant funds from various federal and state agencies. The grant programs are subject to audit by the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. The District believes any liability for reimbursement, which may arise as a result of audits of grant funds, would not be material.

In light of the current political climate, there is uncertainty surrounding the availability and continuity of federal funding. This uncertainty arises from potential changes in government policies, budget allocations, and legislative actions that may impact the funding streams for various programs and initiatives. Given the evolving nature of the political environment, it is challenging to predict the extent and timing of any changes to federal funding, if any. Management is continuing to monitor these developments and evaluating their potential impacts.

Based upon an examination by the Arkansas Division of Legislative Audit for the period January 1, 2005 through December 31, 2014, the District did not expend certain restricted funds for their restrictive purposes; therefore, during 2014, the District recognized certain estimated liabilities of approximately $1 million due to various state and local agencies. During the year ended December 31, 2019, the District was released from $533,401 of the amount due to other agencies. During the year ended December 31, 2024, the District's management evaluated and concluded the remaining balance should continue to be presented as a liability on the Statement of Financial Position. Management will reassess the liability in 2024. The balance due to other agencies as of December 31, 2024 was $503,806.

NOTE 13: LIQUIDITY AND AVAILABILITY OF RESOURCES

The District's financial assets available within one year of the Statement of Financial Position date for general expenditure are as follows:

Financial assets at year end:	
Cash and cash equivalents	$ 969,588
Certificates of deposit	2,185,981
Receivables	421,749
Total financial assets available within one year	3,577,318
Due to other agencies	(503,806)
Agency obligation	(134,600)
Financial assets available to meet cash needs for general expenditures within one year	$ 2,938,912

As part of the District's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The District manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

NOTE 14: PRIOR PERIOD RESTATEMENT

During the year ended December 31, 2024, the District completed a reassessment of cash and investment balances resulting in a restatement of the Statement of Financial Position as of December 31, 2023 as follows:

Cash and cash equivalents	$ (1,989,234)
Certificates of deposit	1,932,480
Investments	56,754

NOTE 15: SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 16, 2025, the date that the financial statements were available to be issued.

Supplementary Information

Northwest Arkansas Economic Development District, Inc.

Schedule of Revenue, Support and Expenses – All Funds
Year ended December 31, 2024

	NATS	WIOA	EDA Grant	State ACT Funds	Indirect	Grant Administration	Other Grants	Elimination of Allocated Administrative Costs	Total
REVENUE AND SUPPORT									
Federal funds	$ 1,289,616	$ 1,088,431	70,000	$ -	$ -	$ -	232,924	$ -	$ 2,680,971
State funds	135,780	-	-	60,000	-	-	-	-	195,780
Program income	553,258	-	-	-	7,305	-	-	-	560,563
Local funds	8,613	-	-	-	74,000	169,574	-	-	252,187
Other revenues	12,223	-	-	-	549,569	139,028	-	(18,520)	682,300
Gain on sale of property and equipment	31,409	-	-	-	-	-	-	-	31,409
Interest income	103,794	-	-	-	13,154	2,101	-	-	119,049
Contributed nonfinancial assets	27,814	-	-	-	-	-	-	-	27,814
Total Revenue and Support	2,162,507	1,088,431	70,000	60,000	644,028	310,703	232,924	(18,520)	4,550,073
EXPENSES									
Advertising	15,543	452	-	-	294	191	-	-	16,480
Building rent	6,884	40,883	-	-	2,222	-	-	-	49,989
Credit loss	-	-	-	-	-	-	2,965	-	2,965
Communications	29,948	11,000	-	-	6,336	3,431	900	-	51,615
Contracted services	8,204	300	-	-	-	-	-	-	8,504
Depreciation	340,150	11,612	-	-	31,402	1,267	-	-	384,431
In-kind expenses	27,814	-	-	-	-	-	-	-	27,814
Insurance and bonding	140,443	-	-	875	29,475	-	-	-	170,793
Interest	-	1,226	-	-	207	-	-	-	1,433
Maintenance and repairs	33,095	9,110	-	-	40,647	882	650	-	84,384
Materials and supplies	84,231	3,790	-	2,290	5,545	67,155	9,991	-	173,002
Meetings and conferences	-	1,501	-	3,154	-	-	1,590	-	6,245
Memberships / subscriptions / professional activity	33,594	3,407	-	-	11,252	730	3,272	-	52,255
Miscellaneous and administrative expenses	333,225	22,532	-	-	25	138	31,437	(18,520)	368,837
Participant expenses	-	85,270	-	-	-	-	-	-	85,270
Personnel costs / fringe benefits	1,095,408	721,648	58,094	-	493,813	202,072	-	-	2,571,035
Printing and reproduction	-	4,306	-	27	748	1,927	-	-	7,008
Professional fees	3,098	19,282	-	4,877	52,709		45,000	-	124,966
Program supplies	38,864	-	-	-	-	-	-	-	38,864
Property taxes	-	-	-	-	5,052	-	-	-	5,052
Support services	-	73,869	-	-	-	-	-	-	73,869
Training	2,899	72,182	1,193	5,372	2,251	1,513	6,092	-	91,502
Transportation	140,105	1,025	-	242	4,274	4,831	838	-	151,315
Travel	-	4,907	-	-	138	2,216	-	-	7,261
Utilities	13,726	168	-	-	17,940	-	-	-	31,834
Total Expenses	2,347,231	1,088,470	59,287	16,837	704,330	286,353	102,735	(18,520)	4,586,723
EXCESS (DEFICIENCY) OF REVENUE AND SUPPORT OVER (UNDER) EXPENSES	$ (184,724)	$ (39)	$ 10,713	$ 43,163	$ (60,302)	$ 24,350	$ 130,189	$ -	$ (36,650)

See Independent Auditor's Report.

Northwest Arkansas Economic Development District, Inc.

Schedule of Revenue, Support and Expenses – WIOA
Year ended December 31, 2024

	Youth	Adult	Dislocated Worker	WIOA Other	Total
REVENUE AND SUPPORT					
Federal funds	$ 320,640	$ 423,460	$ 302,833	$ 41,498	$ 1,088,431
Other revenues	-	-	-	-	-
Interest income	-	-	-	-	-
Total Revenue and Support	320,640	423,460	302,833	41,498	1,088,431
EXPENSES					
Advertising	131	155	163	3	452
Building rent	12,988	14,016	13,157	722	40,883
Communications	3,672	3,711	3,466	151	11,000
Contracted services	96	99	105	-	300
Depreciation	3,794	4,054	3,764	-	11,612
Interest	417	401	391	17	1,226
Maintenance and repairs	2,961	3,067	2,901	181	9,110
Materials and supplies	1,198	1,305	1,229	58	3,790
Meetings and conferences	502	516	483	-	1,501
Memberships / subscriptions / professional activity	1,104	1,150	1,115	38	3,407
Miscellaneous and administrative expenses	3,709	11,900	6,799	124	22,532
Participant expenses	40,613	22,784	-	21,873	85,270
Personnel costs / fringe benefits	225,925	245,784	232,286	17,653	721,648
Printing and reproduction	1,408	1,445	1,394	59	4,306
Professional fees	5,872	6,778	6,139	493	19,282
Support services	3,430	64,154	6,285	-	73,869
Training	10,850	40,117	21,215	-	72,182
Transportation	329	352	329	15	1,025
Travel	1,586	1,617	1,555	149	4,907
Utilities	55	55	57	1	168
Total Expenses	320,640	423,460	302,833	41,537	1,088,470
EXCESS (DEFICIENCY) OF REVENUE AND SUPPORT OVER (UNDER) EXPENSES	$ -	$ -	$ -	$ (39)	$ (39)

Northwest Arkansas Economic Development District, Inc.

Schedule of Expenditures of Federal Awards
Year ended December 31, 2024

Grantor/Pass-through Grantor/ Program Title	Federal Assistance Listing Number	Revenue	Expenditures
Major Programs			
U. S. Department of Transportation			
Passed through Arkansas State Highway Department			
Formula Grants for Rural Areas and Tribal			
Transit Program	20.509	$ 1,067,164	$ 1,067,164
Federal Transit Cluster			
Bus and Bus Facilities Discretionary Program	20.526	222,452	222,452
		1,289,616	1,289,616
Total Major Programs		1,289,616	1,289,616

See Independent Auditor's Report.

Northwest Arkansas Economic Development District, Inc.

Schedule of Expenditures of Federal Awards
Year ended December 31, 2024

Grantor/Pass-through Grantor/ Program Title	Federal Assistance Listing Number	Revenue	Expenditures
Nonmajor Programs			
U. S. Department of Labor			
Passed through Arkansas Department of Workforce			
WIOA Cluster			
Youth	17.259	320,640	320,640
Adult	17.258	423,460	423,460
Dislocated Worker	17.278	302,833	302,833
High-Concentration Youth	17.259	35,482	35,482
Regional Planning	17.258	3,479	3,479
Sector Partnership	17.259	2,537	2,537
		1,088,431	1,088,431
U. S. Department of Agriculture			
Direct Program			
Rural Busines Development Grant	10.351	50,000	50,000
U. S. Department of Commerce			
Direct Programs			
Title II, Section 203, Planning Assistance	11.302	70,000	70,000
Title II, Section 203, Planning Assistance, Phase II	11.302	108,122	108,122
		178,122	178,122
U. S. Department of Justice			
Direct Program			
Treatment Court Discretionary Grant Program	16.585	74,802	74,802
Total Nonmajor Programs		1,391,355	1,391,355
Total Federal Awards		$ 2,680,971	$ 2,680,971

See Independent Auditor's Report.

Northwest Arkansas Economic Development District, Inc.

Notes to Schedule of Expenditures of Federal Awards
Year ended December 31, 2024

NOTE A: BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Northwest Arkansas Economic Development District, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations ("CFR") Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE B: INDIRECT COST RATE

The District has not elected to use the 10% de minimis indirect cost rate as allowed in the Uniform Guidance, section 200.414.

Northwest Arkansas Economic Development District, Inc.

Schedule of Expenditures of State Awards
Year ended December 31, 2024

Program Title	Description	Revenue	Expenditures
Arkansas Department of Finance and Administration	Act 118	$ 60,000	$ 60,000
Arkansas Department of Transportation	Act 595	14,000	14,000
Arkansas Department of Transportation	Act 714	121,780	121,780
Total State Awards		$ 195,780	$ 195,780

See Independent Auditor's Report.

Northwest Arkansas Economic Development District, Inc.

Schedule of Units of Service (Unaudited)
Year ended December 31, 2024

	Participants Served
Workforce Innovation and Opportunity Act	
Youth	32
Adult	51
Dislocated Worker	12
	95

LANDMARK
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*

Board of Directors
Northwest Arkansas Economic Development District, Inc.
Harrison, Arkansas

We have audited 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, the financial statements of **Northwest Arkansas Economic Development District, Inc.** (the District), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated July 16, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Board of Directors
Northwest Arkansas Economic Development District, Inc.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance, and the result of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Landmark PLC

Rogers, Arkansas
July 16, 2025

LANDMARK
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

Board of Directors
Northwest Arkansas Economic Development District, Inc.
Harrison, Arkansas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited **Northwest Arkansas Economic Development District, Inc.'s** (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended December 31, 2024. The District'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, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District 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 the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District'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 GAAS, *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 the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *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 the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District'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.

Landmark PLC

Rogers, Arkansas
July 16, 2025

Northwest Arkansas Economic Development District, Inc.

Schedule of Findings and Questioned Costs
Year ended December 31, 2024

I. SUMMARY OF INDEPENDENT AUDITOR'S RESULTS

1. The opinion expressed in the independent auditor's report was:

   ☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

2. The independent auditor's report on internal control over financial reporting disclosed:

   Significant deficiency(ies)? ☐ Yes ☒ None reported
   Material weakness(es)? ☐ Yes ☒ No

3. Noncompliance considered material to the financial statements was disclosed by the audit? ☐ Yes ☒ No

4. The independent auditor's report on internal control over compliance with requirements that could have a direct and material effect on each major federal awards program disclosed:

   Significant deficiency(ies)? ☐ Yes ☒ None reported
   Material weakness(es)? ☐ Yes ☒ No

5. The opinion expressed in the independent auditor's report on compliance with requirements that could have a direct and material effect on each major federal awards program was:

   ☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

6. The audit disclosed findings required to be reported by the Uniform Guidance?
   ☐ Yes ☒ No

7. The District's major programs were:

Cluster/Program	Federal Assistance Listing Number
Formula Grants for Rural Areas and Tribal Transit Program	20.509
Federal Transit Cluster - Bus and Bus Facilities Discretionary Program	20.526

8. The threshold used to distinguish between Type A and Type B programs as those terms are defined in the Uniform Guidance was $750,000.

9. The District qualified as a low-risk auditee as that term is defined in the Uniform Guidance?
   ☐ Yes ☒ No

Northwest Arkansas Economic Development District, Inc.

Schedule of Findings and Questioned Costs
Year ended December 31, 2024

II. FINDINGS RELATING TO THE FINANCIAL STATEMENT AUDIT AS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED *GOVERNMENT AUDITING STANDARDS*

There were no audit findings for the year ended December 31, 2024.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

There were no audit findings or questioned costs for federal awards for the year ended December 31, 2024.

Northwest Arkansas Economic Development District, Inc.

Summary Schedule of Prior Year Audit Findings
Year ended December 31, 2024

There were no prior year audit findings for the year ended December 31, 2023.