FINANCING OZARK RURAL GROWTH AND ECONOMY, INC.

AUDITED FINANCIAL STATEMENTS

SEPTEMBER 30, 2022
(WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR 2021)

PRZYBYSZ & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

FINANCING OZARKS RURAL GROWTH AND ECONOMY, INC.

SEPTEMBER 30, 2022
(WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR 2021)

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PRZYBYSZ & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

To the Board of Directors
Financing Ozarks Rural Growth and Economy
A/K/A FORGE, Inc.
Huntsville, Arkansas

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Financing Ozarks Rural Growth and Economy (also known as FORGE, Inc.), a nonprofit organization, which comprise the statement of financial position as of September 30, 2022, 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 financial statements referred to above present fairly, in all material respects, the financial position of Financing Ozarks Rural Growth and Economy as of September 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

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Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Financing Ozarks Rural Growth and Economy's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Financing Ozarks Rural Growth and Economy'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 Financing Ozarks Rural Growth and Economy'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.

Report on Summarized Comparative Information

We have previously audited Financing Ozarks Rural Growth and Economy's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 23, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated March 13, 2023 on our consideration of the Financing Ozarks Rural Growth and Economy'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 Financing Ozarks Rural Growth and Economy'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 Financing Ozarks Rural Growth and Economy's internal control over financial reporting and compliance.

Przybysz & Associates

Przybysz & Associates, CPAs, P.C.
Fort Smith, Arkansas
March 13, 2023

FINANCIAL STATEMENTS

FINANCING OZARKS RURAL GROWTH AND ECONOMY, INC.

STATEMENTS OF FINANCIAL POSITION

AS OF SEPTEMBER 30,	2022	2021
Assets		
Current assets		
Cash and cash equivalents	$ 1,677,235	$ 630,776
Grants receivable	395,404	473,519
Interest receivable	34,354	26,905
Current portion of loans receivable	1,416,799	1,198,924
Prepaid expenses	14,655	12,495
Total current assets	3,538,447	2,342,619
Long Term Assets		
Property and equipment, net	227,648	234,076
Loans receivable, net	4,901,706	4,324,939
Restricted cash	2,397,123	3,113,723
Total Long Term Assets	7,526,477	7,672,738
Total Assets	$ 11,064,924	$ 10,015,357
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	$ 6,861	$ 1,893
Accrued payroll and related withholdings	42,460	39,531
Accrued interest	6,947	10,959
Deferred revenue	745,279	66,918
Notes payable, due within one year	648,196	1,337,331
Total Current Liabilities	1,449,743	1,456,632
Long Term Liabilities		
Notes payable	4,151,037	3,446,523
Investor deposits	1,053,735	1,039,315
Total Long Term Liabilities	5,204,772	4,485,838
Total Liabilities	6,654,515	5,942,470
Net Assets		
Without donor restrictions	3,889,332	3,287,997
With donor restrictions	521,077	784,890
Total Net Assets	4,410,409	4,072,887
Total Liabilities and Net Assets	$ 11,064,924	$ 10,015,357

See accompanying notes to financial statements.

FINANCING OZARKS RURAL GROWTH AND ECONOMY, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2022 WITH COMPARATIVE TOTALS FOR 2021

	Without donor restrictions	With donor restrictions	Total 2022	Total 2021
Support and Program Revenue				
Federal grants	$ 897,577	$ -	$ 897,577	$ 1,688,726
Paycheck Protection Program Loan forgiveness	-	-	-	73,912
Other grants	432,000	214,000	646,000	90,000
Net assets released from restrictions	477,813	(477,813)	-	-
Total Support	1,807,390	(263,813)	1,543,577	1,852,638
Program Revenue				
Interest income on loans	360,827	-	360,827	367,816
Interest income on bank deposits	2,817	-	2,817	1,659
Loan filing and closing fees	40,431	-	40,431	15,015
Other	18,245	-	18,245	9,627
Total Program Revenue	422,320	-	422,320	394,117
Total Support and Program Revenue	2,229,710	(263,813)	1,965,897	2,246,755
Expenses				
Program services	1,376,033	-	1,376,033	887,766
Management and general	207,925	-	207,925	187,755
Fundraising	44,417	-	44,417	34,699
Total Expenses	1,628,375	-	1,628,375	1,110,220
Change in Net Assets	601,335	(263,813)	337,522	1,136,535
Net Assets, Beginning of Year	3,287,997	784,890	4,072,887	2,936,352
Net Assets, End of Year	$ 3,889,332	$ 521,077	$ 4,410,409	$ 4,072,887

See accompanying notes to financial statements.

FINANCING OZARKS RURAL GROWTH AND ECONOMY, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED SEPTEMBER 30, 2022 WITH COMPARATIVE TOTALS FOR 2021

	Program Service	Management & General	Fund Raising	2022 Total	2021 Total
Salaries and Wages	$ 526,450	$ 107,018	$ 31,241	$ 664,709	$ 388,698
Fringe Benefits	92,543	18,812	5,492	116,847	78,108
Payroll Taxes	37,933	7,711	2,251	47,895	29,329
Repair & Maintenance	-	3,672	-	3,672	1,882
Telephone	2,557	520	152	3,229	3,267
Utilities	2,597	528	154	3,279	2,684
Advertising and Promotion	76,771	13,507	-	90,278	14,848
Accounting Fees	-	27,305	-	27,305	31,987
Bank and Credit Card Fees	-	1,828	-	1,828	4,255
Computer Expenses	24,219	4,923	1,437	30,579	21,075
Contract Labor	357,977	-	-	357,977	322,567
Dues and Fees	1,894	300	-	2,194	1,840
Grant	100,000	-	-	100,000	5,000
Insurance	7,062	3,180	419	10,661	21,477
Interest Expense	62,556	-	-	62,556	84,410
Loan Loss Expense	28,154	-	-	28,154	68,278
Loan Program Expenses	12,673	-	-	12,673	5,111
Meals and Food	1,277	4,225	-	5,502	243
Office Expense	18,551	3,771	1,101	23,423	6,030
Other	-	1,153	-	1,153	5,393
Other Professional Fees	-	60	-	60	2,000
Printing and Reproduction	4,994	1,015	296	6,305	1,148
Property Taxes	-	1,109	-	1,109	1,008
Rent	4,215	3,761	1,572	9,548	355
Travel and Meetings	8,519	2,492	-	11,011	700
Depreciation	5,091	1,035	302	6,428	8,632
Total Expenses	$ 1,376,033	$ 207,925	$ 44,417	$ 1,628,375	$ 1,110,325

See accompanying notes to the financial statements.

FINANCING OZARKS RURAL GROWTH AND ECONOMY, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED SEPTEMBER 30,	2022	2021
Cash Flows from Operating Activities:		
Change in net assets	$ 337,522	$ 1,136,535
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation	6,428	8,632
Provision for loan losses	52,991	53,783
Paycheck Protection Program loan forgiveness	-	(73,912)
Investor interest reinvested	17,614	18,566
(Increase)/Decrease in:		
Grants receivable	78,115	173,246
Interest receivable	(7,449)	(9,879)
Prepaid expenses	(2,160)	(2,786)
Accounts payable	4,968	1,280
Accrued expenses	(1,083)	5,363
Deferred revenue	678,361	66,918
Net Cash Provided By Operating Activities	1,165,307	1,377,746
Cash Flows from Investing Activities:		
Issuance of loans receivable	(3,025,565)	(1,215,900)
Collections of loans receivable	2,177,932	1,674,356
Net Cash Provided (Used) In Investing Activities	(847,633)	458,456
Cash Flows from Financing Activities:		
Borrowings from loans payable	657,150	350,000
Notes payable principal payments	(641,771)	(636,908)
Deposits made by investors	20,000	51,000
Deposits returned to investors	(23,194)	(42,580)
Net Cash Provided (Used) By Financing Activities	12,185	(278,488)
Net Increase In Cash, Cash Equivalents, and Restricted Cash	329,859	1,557,714
Cash and Cash Equivalents, and Restricted Cash, Beginning of Year	3,744,499	2,186,785
Cash, Cash Equivalents and Restricted Cash, End of Year	$ 4,074,358	$ 3,744,499
Reconciliation to the Statement of Financial Position		
Cash and cash equivalents	$ 1,677,235	630,776
Restricted cash	2,397,123	3,113,723
Total Cash, Cash Equivalents and Restricted Cash	$ 4,074,358	3,744,499
Supplemental disclosure of cash flow information		
Cash paid for interest	$ 66,568	$ 82,035
Supplemental disclosure of non-cash investing and financing activities:		
Paycheck Protection Program loan forgiveness	$ -	$ 73,912

See accompanying notes to financial statements.

Nature of Activities

Financing Ozarks Rural Growth and Economy, Inc. (FORGE or the Organization) was organized to provide loans, technical assistance, and education to members and potential members of the Organization who operate small businesses and agricultural enterprises. The Organization is an intermediary lender under the U.S. Small Business Administration (SBA) Micro Loan Program. FORGE's geographical lending regions under the Micro Loan Program include the state of Arkansas, three counties in Northeast Oklahoma, fifteen counties in Southwest Missouri and twelve parishes in Northern Louisiana. The Organization is also certified as a Community Development Financial Institution by the Community Development Financial Institutions Fund (CDFI) of the U.S. Department of the Treasury. The Organization's target market area under the CDFI program includes much of Arkansas, Southwest Missouri, and Northeast Oklahoma.

Loan funding is primarily provided by loans from the U.S. Small Business Administration, loans from various nonprofit organizations and foundations, and interest bearing deposits from members of the Organization. Grant funds are provided by the U.S. Treasury CDFI program, the U.S. Department of Agriculture Rural Business Enterprise Grant Program (USDA RBEG), technical Assistance Grants funded by the U.S. Small Business Administration, and other nonprofit organizations and foundations.

1. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with U.S. Generally Accepted Accounting Principles (GAAP) whereby revenues are recognized as earned and expenses are recognized as obligations are incurred.

Prior Year Summarized Comparative Information

The financial statements include certain prior year summarized comparative totals. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended September 30, 2021, from which the summarized totals were derived.

In addition, certain accounts have been reclassified to conform with the current year's presentation. Net assets and changes in net assets are unchanged due to these reclassifications.

Financial Statement Presentation

Net assets of the Organization and changes therein are classified an reported as follows:

Net assets without donor restrictions - net assets that are not subject to or are no longer subject to donor-imposed stipulations.

1. Summary of Significant Accounting Policies (continued)

Financial Statement Presentation (continued)

Net assets with donor restrictions - these net assets result from contributions or grant awards of cash or other assets that are received with donor stipulations that limit the use of the donated assets, either temporarily or permanently, until the donor restriction expires either with the passage of time or by action of the Organization.

Revenues are reported as increases in net assets without donor restriction unless use of the related assets is limited by donor-imposed stipulations. 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 purposes has been fulfilled and/or the passage of time has elapsed) are reported as reclassifications between the applicable classes of net assets. The Organization has adopted a policy to classify donor restricted contributions as without donor restrictions to the extent that donor restrictions were met in the year the contribution was received.

Financial Instruments

The Organization's financial instruments include cash and cash equivalents, grants and interest receivable and accounts payable. The Organization's estimate of the fair value of all financial instruments does not differ materially from the aggregate carrying value of its financial instruments recorded in the accompanying Statement of Financial Position. The carrying amount of these financial instruments approximate fair value because of the short maturity of these instruments. Other financial instruments held at year-end are loans receivable, which are stated at the unpaid principal balance, less an allowance for loan losses.

Cash Flows

For purposes of the Statement of Cash Flows, the Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents, including restricted cash.

Grants Receivable

Grants receivable consists of funds owed to the Organization from government awarding agencies and are stated at the amount the Organization expects to collect. It is management's assertion that these receivables are fully collectable, therefore, no allowance for doubtful account has been provided.

1. Summary of Significant Accounting Policies (continued)

Loans Receivable

Loans which FORGE has the intent and ability to hold for the foreseeable future are stated at the amount of unpaid principal, less an allowance for loan losses. The allowance for loan losses reflects management's and the Board of Directors' (the Board) judgement of possible loan losses inherent in the portfolio at the financial position date.

FORGE considers credit quality ratings such as credit scores and other financial factors specific to each borrower, in addition to securing loans with collateral and loan guarantees.

Due to loan administration policy and the requirements of certain funding sources, management maintains close contact with its borrowers and thereby has knowledge of borrowers and their financial condition. To determine the amount of the allowance for loan losses, management and the Board estimates the reserves needed for the entire portfolio, including loans analyzed individually and loans analyzed on a pooled basis. These evaluations take into consideration such factors as changes in the nature and volume of the loan portfolio, overall portfolio quality, review of specific problem loans, and current economic conditions and trends that may affect the borrowers' ability to pay. The allowance for loan losses is increased by provisions charged to expense and is reduced by loans charged off, net of recoveries. Amounts not expected to be collected are charged against the reserve for loan losses.

Interest income on loans receivable is calculated using the simple interest method applied to the daily outstanding principal balance. Origination costs and other loan costs are expensed as incurred.

When management determines a loan is uncollectible, the accrual of interest is discontinued and the loan is written off. Past due loan status is based on contractual terms adjusted for any payment extension permitted. For all U.S. Small Business Administration (SBA) loans, the loan must be written off at 120 days past due. Loans supported by other funding sources are written off at the determination of management and the Board.

Troubled Debt Restructuring (TDR)

The Organization seeks to assist customers that are experiencing financial difficulty by renegotiating loans within lending regulations and guidelines. The Organization makes loan modifications primarily utilizing internal renegotiating programs via direct customer contact, that manage customers' debt exposure held only the Organization. Additionally, the Organization makes loan modifications with customers who have elected to work with external renegotiation agencies and these modifications provide solutions to customers' entire unsecured debt structures. During the years ended September 30, 2022 and 2021, there were no concessions granted to any borrowers that would constitute a TDR.

1. Summary of Significant Accounting Policies (continued)

Loans Receivable (continued)

Troubled Debt Restructuring (TDR) (continued)

Once modified in a troubled debt restructuring, a loan is generally considered impaired until its contractual maturity. At the time of the restructuring, the loan is evaluated for an asset-specific allowance for credit losses. The Organization continues to specifically reevaluate the loan in subsequent periods, regardless of the borrower's performance under the modified terms. If a borrower subsequently defaults on the loan after it has been restructured, the Organization provides an allowance for credit losses for the amount of the loan that exceeds the value of the related collateral.

Prepaid Expenses

Payments made to vendors for services that will benefit future periods are recorded as prepaid expenses using the consumption method by recording a current asset for the prepaid amount at the time of purchase and reflecting the expense in the year which services are consumed.

Property and Equipment

Property and equipment is recorded at cost and is depreciated over the useful life of each asset. Expenditures for maintenance, repairs and renewals of relatively minor items are charged to expense as incurred. Annual depreciation is computed using the straight-line method with useful lives as follows:

Building	40 years
Equipment	3 - 10 years

Depreciation expense for the years ended September 30, 2022 and 2021 was $6,428 and $8,632, respectively.

It is the Organization's policy to capitalize all asset purchases greater than $1,500 while expensing all asset purchases under $1,500.

Compensated Absences

Full-time employees earn vacation and sick pay in varying amounts based upon length of service with the Organization. Employees can carryforward a maximum of 24 unused sick and 24 unused vacation days from year to year. Upon termination from the Organization, employees are paid unused vacation. No unused accumulated sick pay is paid upon termination. The Organization has $32,609 and $29,359 of accrued compensated absences at September 30, 2022 and 2021, respectively.

1. Summary of Significant Accounting Policies (continued)

Deferred Revenue

The Organization recognizes contract revenue in the period the Organization meets the conditions for revenue recognition, namely as reimbursable program expenses are incurred. Deferred revenue relates to program receipts from government agencies in advance of program performance. The Organization has $745,249 and $66,918 of deferred revenue at September 30, 2022 and 2021, respectively.

Revenue Recognition

Conditional contributions and grants are those that contain a barrier that must be overcome before the Organization is entitled to the assets transferred and a right of return of assets transferred or a right of release of the donors obligation to transfer assets exists. Conditional contribution and grant revenue is recognized when all barriers have been overcome. All other contributions and grants 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, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Certain Federal agencies have awarded grants to support the Organization's program activities that are conditioned on incurring certain reimbursable expenditures. Revenues are recognized when the expenses have been incurred for the purposes specified in the contracts, i.e., when the barrier is met.

Contributions of Nonfinancial Assets

Contributions of nonfinancial assets and services are reflected in the financial statements at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset or service for a specific purpose. The Organization does not sell or monetize any of its donated nonfinancial assets and only uses the goods and/or services for its own program or supporting services.

Contributed services are recorded in the financial statements to the extent that (a) those services create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

The Organization did not receive any contributions of nonfinancial assets during the years ended September 30, 2022 and 2021, respectively.

FINANCING OZARKS RURAL GROWTH AND ECONOMY, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022 AND 2021

1. Summary of Significant Accounting Policies (continued)

Functional Allocation Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Directly identifiable expenses are charged to programs and supporting activities. Expenses related to more than one function are allocated to programs and supporting services. Expenses were allocated using a variety of methods including employee time and usage estimates.

Advertising

It is the policy of the Organization to expense advertising cost as they are incurred.

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 in the financial statements and notes to the financial statements. Actual results could differ from those estimates.

An estimate that is particularly susceptible to significant change in the near term relates to the determination of the allowance for loan losses. Management believes that the allowance for loan losses is adequate. Management uses available information to recognize losses on loans; however, future additions may be necessary based on changes in economic conditions or other factors.

Recently Issued Accounting Standards

The Organization adopted the following standards during the year:

In September 2020, the Financial Accounting Standards Board (FASB) issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU increases the transparency of contributed non-financial assets through enhancements to presentation and disclosure. The Organization adopted this ASU during the year and added the appropriate disclosures.

2. Federal Income Tax

The Organization's activities are generally exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision or liability for federal or state, current or deferred income taxes has been included in the accompanying financial statements. The Organization is not a private foundation. Management has determined that the Organization is not subject to unrelated business income tax. Management is not aware of any transactions that would impact the Organization's tax-exempt status.

2. Federal Income Tax (continued)

The Organization follows the guidance of the Accounting Standards Codification (ASC) 740, *Accounting for Income Taxes,* related to uncertainties in income taxes, which prescribes a threshold of more likely than not for recognition and derecognition of positions taken or expected to be taken in a tax return. For the years ended June 30, 2022 and 2021, management of the Organization is not aware of any material uncertain tax positions.

All tax exempt entities are subject to review and audit by federal, state and other applicable agencies. Such agencies may review the taxability of unrelated business income, or the qualification of the tax-exempt entity under the Internal Revenue Code and applicable state statues. For federal tax purposes, the tax returns remain open for possible examination for a period of three years after the respective filing deadlines of those returns.

3. Cash Deposits

The Organization maintains its operating bank accounts in several local financial institutions. The Federal Deposit Insurance Corporation (FDIC) insures accounts at each institution up to $250,000. The Organization's cash balances often exceed these insured limits. At September 30, 2022 and 2021, the Organization had uninsured deposits of $3,660,156 and $3,341,417, respectively. The Organization does not believe that there is any significant risk associated with the concentrations of credit nor has the Organization experienced any losses in such accounts.

4. Cash Restricted by Grant Terms and Loan Covenants

Restricted cash is primarily limited to making loan disbursements and to repay the related long-term debt. The balances also collateralize the related debt. Cash restricted to long-term uses and required to be maintained in separate bank accounts were as follows:

As of September 30,	**2022**	**2021**
Lending:		
SBA Microloan program loans	$ 575,688	$ 904,174
USDA Intermediary Relending program	396,190	333,228
Economic Development Administration revolving loan fund	148,337	123,404
Total Lending	1,120,215	1,360,806
Loan loss reserves:		
CDFI loan loss reserve	527,048	1,067,082
SBA Microloan related loan losses	524,304	462,312
Investor liquidity	225,556	223,523
Total loan loss reserves:	1,276,908	1,752,917
Total cash restricted for long-term uses	$ 2,397,123	$ 3,113,723

5. Loans Receivable

The Organization is an intermediary lender under the U.S. Small Business Administration (SBA) Microloan Program. All loans originated through the SBA Microloan Program must be loaned to small business enterprises and cannot exceed $50,000 or 84 month terms. The loans are secured with collateral in the form of equipment, mortgages, personal guarantees, and other sources deemed necessary by management. In addition, loans funded by sources other than the SBA are collateralized with similar assets from the customer such as equipment and personal property, mortgages, personal guarantees, and other sources deemed necessary by management. These loans have terms from three to fifteen years.

Loans receivable consisted of the following:

As of September 30,	2022	2021
Portfolio		
SBA Microloan program	$ 2,992,957	$ 2,720,101
Credit	1,562,675	1,565,747
USDA Rural Business Enterprise program	134,730	173,597
USDA Rural Business-Cooperative Service	12,211	38,382
USDA Intermediary Relending program	342,046	321,936
Economic Development Administration	147,522	124,571
Economic Development Administration - Cares	257,913	261,660
US Treasury CDFI Financial Assistance	851,497	311,382
Rapid Response grants	102,509	145,033
Total loans receivable	6,404,060	5,662,409
Less: loan loss reserve (credit portfolio)	85,555	138,546
Net Loans Receivable	$ 6,318,505	$ 5,523,863

Cash collections on the loans receivable based on loan terms are expected as follows:

September 30,	Principal
2023	$ 1,416,799
2024	1,255,618
2025	1,178,269
2026	936,960
2027	710,314
Thereafter	906,100
Total Loans Receivable	$ 6,404,060

5. Loans Receivable (continued)

The Organization is responsible for monitoring every borrower and loan, which entails among other things making periodic site visits as needed. Borrowers may be required in their loan documents to report periodically to staff and submit current and year-end financial statement documents. The Organization uses the loans receivable aging report to evaluate loan loss reserves. All loans that are past-due are evaluated based on the Organization's knowledge of borrower's current financial situation and suggested reserve percentages per SBA microloan and USDA lending guidance.

The following is a summary of the activity in the provision for loan losses account:

For the Year Ending September 30,	2022	2021
Balance, Beginning of Year	$ 138,546	$ 86,325
Proceeds from collateral and ADFA	82,852	141,469
Provision for loan losses	52,991	53,783
Direct write-downs	(188,834)	(143,031)
Balance, End of Year	$ 85,555	$ 138,546

The Organization has deemed five loans with recorded investment and unpaid principal balances of $106,537 as impaired as of September 30, 2022 There were six loans with recorded unpaid principal balances of $142,494 considered impaired as of September 30, 2021. All of the impaired loans are secured with property and equipment and/or guaranteed by the Arkansas Development Finance Authority (ADFA). The Organization recognized $3,023 and $7,638 of interest income during the years ended September 30, 2022 and 2021, respectively, on the impaired loans.

As of September 30,	2022	2021
Impaired loans without a valuation allowance	$ 106,537	$ 142,494
Impaired loans with a valuation allowance	-	-
Total impaired loans	$ 106,537	$ 142,494

FORGE participates in the Arkansas Capital Access Loan Program administered by the Arkansas Development Finance Authority (ADFA). A premium is paid to the program for each loan enrolled in the program (less than 100% of a loan may be enrolled in which case the premium is reduced accordingly). ADFA then matches the premium and deposits the premium and match in a separate bank account. The balance in the account is $138,252 and $73,385 at September 30, 2022 and 2021, respectively. These funds are available to FORGE to cover losses on loans enrolled in the program (up to the enrolled amount of the loan). Loan amounts enrolled in the program were approximately $4,361,182 and $3,739,545 at September 30, 2022 and 2021, respectively.

5. Loans Receivable (continued)

The following table shows the current and past due loans receivable balances:

	2022			2021		
As of September 30,	**Loans**		**Amount**	**Loans**		**Amount**
Greater than:						
30 days	10	$	281,292	10	$	276,446
60 days	15		344,312	8		292,254
90 days	24		581,808	13		320,524
Total past due	49		1,207,412	31		889,224
Current	261		5,196,648	311		4,773,185
Total loans receivable	310	$	6,404,060	342	$	5,662,409

The Organization had no loan modifications occurring during the years ended September 30, 2022 and 2021 or loans subject to troubled debt restructurings that defaulted in the preceding 12-month period.

Due to the nature of the loan portfolio (primarily borrowers who cannot obtain credit elsewhere), FORGE occasionally allows borrowers to skip one or more payments when they demonstrate a financial hardship. Management has evaluated these loan structures and determined that these payment deferments are not considered a troubled debt structuring.

6. Property and Equipment

Activity of property, plant and equipment consists of the following:

As of		October 1, 2021		Additions		Retirements		September 30, 2022
Land	$	55,000	$	-	$	-	$	55,000
Buildings and building improvements		197,196		-		-		197,196
Office furniture and equipment		30,610		-		-		30,610
Total Property and Equipment		282,806		-		-		282,806
Less: Accumulated depreciation		(48,730)		(6,428)		-		(55,158)
Net Property and Equipment	$	234,076	$	(6,428)	$	-	$	227,648

As of		October 1, 2020		Additions		Retirements		September 30, 2021
Land	$	55,000	$	-	$	-	$	55,000
Buildings and building improvements		197,196		-		-		197,196
Office furniture and equipment		30,610		-		-		30,610
Total Property and Equipment		282,806		-		-		282,806
Less: Accumulated depreciation		(40,098)		(8,632)		-		(48,730)
Net Property and Equipment	$	242,708	$	(8,632)	$	-	$	234,076

7. Long-Term Debt

Long-term debt consisted of:

As of September 30,	2022	2021
SBA note dated July 19, 2012 in the amount of $1,250,000, is payable beginning July 19, 2013 in monthly installments of $12,700 with an annual interest rate of 0% and any remaining balance due July 19, 2022. Interest has not been imputed on this loan due to the restrictions of the Microloan lending program, as provided by FASB ASC 835-30-15-3. The note is secured by loans receivable.	$ -	$ 127,001
SBA note dated June 8, 2015 allows for borrowings up to $900,000 and is payable beginning July 8, 2016 in monthly installments of $8,437. The interest rate is evaluated annually and ranges from 0% to 1.5% depending on the loan balance. The loan is due June 8, 2025. The note is secured by loans receivable.	277,179	377,482
SBA note dated September 12, 2016 allows for borrowings up to $1,500,000 and is payable beginning October 12, 2018 in monthly installments of $14,361. The interest rate is evaluated annually and ranges from 0% to 1.125% depending on the loan balance. The loan is due September 12, 2026. The note is secured by loans receivable.	689,342	861,678
USDA note under its Rural Microentrepreneur Assistance, Intermediary Relending Program dated December 13, 2011 for $181,193 is payable beginning December 13, 2015 in annual installments of $8,193 with an annual interest rate of 1% and any remaining balance due December 13, 2041. The note is secured by the loan fund.	154,492	154,492
Erich & Hannah Sachs Foundation note in the amount of $250,000 was renewed on December 31, 2019. The new terms call for semi-annual interest payments at 2.75% until maturity on December 31, 2024 when the principal balance and any unpaid interest is due. The note is unsecured.	250,000	250,000
Nazareth Literary & Benevolent Institution note in the amount of $200,000. The note was renewed on November 15, 2021 with additional borrowings of $25,000 and final maturity extended to December 2, 2026. Quarterly interest-only payments at 0.5% per annum are due until maturity when the principal balance and any unpaid interest is due.	225,000	200,000

7. Long-Term Debt (continued)

As of September 30,	2022	2021
Catholic Health Initiatives note updated November 15, 2017 for $100,000 matured on November 15, 2022. Annual principal payments payments of at least $2,000 plus interest at 2.0% are due with remaining unpaid principal and interest due upon maturity. The terms of the loan provide that all of the loan proceeds be used for the purpose of promoting and enhancing the quality of life and economic sustainability in the Ozark Region and for no other purpose. The note was unsecured and paid off on January 23, 2023.	92,000	94,000
Mercy Investment Services, Inc. note updated December 15, 2022 in the amount of $300,000 matures on December 15, 2027. Quarterly interest-only payments at 2.5% per annum are due until maturity when the principal balance and any unpaid interest is due. The note is unsecured.	300,000	300,000
Great Southern Bank note, dated April 4, 2016 in the amount of $200,000 has monthly payments of $1,843 including interest at 2.0%. The note is due April 4, 2026 and is unsecured.	76,336	95,009
USDA note under its Rural Micro Entrepreneur Assistance, Intermediary Relending Program dated April 21, 2016 allows for borrowings up to $349,484 with annual interest payments only commencing on May 20, 2017 through 2019 at 1% per annum. Monthly payments of principal and interest of $3,327 commence on May 20, 2020 and will continue until the note is due in April 2046. The note is secured by the loan fund.	68,759	68,759
The promissory note due to Arkansas Community Foundation, Inc. dated December 19, 2016 for $250,000 matures on December 31, 2026. Quarterly interest-only payments at 2% per annum are due until maturity when the principal balance and any unpaid interest is due.	250,000	250,000
The mortgage note due to Herbert Reeve Culver, III (trustee, a related party) dated March 17, 2017 for $150,000 matures on March 17, 2026. The note calls for monthly payments of $1,110 including interest at 4% and is secured by the property.	105,167	113,354

7. Long-Term Debt (continued)

As of September 30,	2022	2021
The note due to the SBA, dated May 13, 2019 for a total of $1,500,000 is payable beginning May 13, 2020 in monthly installments of $14,679 with an annual interest rate of 2.25% that matures May 13, 2029. Interest and principal payments commence on May 13, 2020. The note is secured by loans receivable.	1,129,195	1,292,079
This note due to Arkansas Community Fund - Anne Fund dated June 12, 2018, in the amount of $250,000. Quarterly interest-only payments at 2.0% per annum are due until final maturity which is a period of not less than ten years upon receipt of the funds. The note is secured by loans receivable.	250,000	250,000
The note due to the SBA, dated January 4, 2021 for a total of $782,150 is payable beginning January 4, 2022 in monthly installments of $7,242 with final maturity January 4, 2031. The interest rate is evaluated annually and ranges from 0.0% to 0.25% depending on the loan balance. The note is secured by loans receivable.	731,763	350,000
Arkansas Community Foundation note dated December 2, 2021 in the amount of $200,000. Quarterly interest-only payments at 2% per annum are due until final maturity on December 2, 2031, maturity when the principal balance and any unpaid interest is due. The loan is unsecured.	200,000	-
SBA note dated July 22, 2022 allowing for borrowings up to $2,500,000. Principal and interest payments commence July 22, 2023. No interest will accrue for the first year. After 12 months interest will accrue at either 1.875% or 0.625% and may be adjusted annually thereafter. Payments of $23,148 are due until final maturity on July 22, 2032. The note is secured by loans receivable. The Organization had not borrowed on this loan as of September 30, 2022.	-	-
Total debt	4,799,233	4,783,854
Less current maturities	648,196	1,337,331
Long-term debt	$ 4,151,037	$ 3,446,523

The Organization incurred interest expense totaling $42,565 and $52,313 during the years ended September 30, 2022 and 2021, respectively, related to these loans payable.

7. Long-Term Debt (continued)

Debt is scheduled to mature as follows:

September 30,	Principal	Interest	Total
2023	$ 648,196	$ 50,029	$ 698,225
2024	559,000	45,388	604,388
2025	786,210	37,392	823,602
2026	454,063	33,005	487,068
2027	746,133	26,091	772,224
thereafter	1,605,631	46,209	1,651,840
Total	$ 4,799,233	$ 238,114	$ 5,037,347

8. Investor Deposits

Investor deposits are loans to the Organization from individuals and institutions that are used to fund notes receivable through the general "Credit Fund" portfolio. Investor deposits pay interest on a quarterly basis (rates vary) and are refundable on demand. The Organization paid $19,991 and $32,097 in interest expense on investor deposits during the years ended September 30, 2022 and 2021, respectively. Withdrawals may be delayed in the event that such withdrawals would reduce total investor deposits below the amount of loans outstanding in the portfolio. Under the terms of the agreements, FORGE pledges to make no additional loans through the Credit Fund portfolio if such loans will produce a total outstanding portfolio loan balance greater than 80% of the total investor deposit balance. While investor withdrawals may at times increase the total outstanding portfolio to more than 80% of deposits, agreement terms outline that no FORGE initiated action may create a greater than 80% ratio. To date, no individual or institution has lost any funds loaned to FORGE through this program.

9. Net Assets with Donor Restrictions

Net assets are restricted for the following purposes:

September 30,	2022	2021
Loans to rural business enterprises under the USDA:		
Rural Business Enterprise Grant program	$ 166,014	$ 127,676
Rural Business Development Grant program	85,787	60,291
EDA loans to rural businesses	148,337	596,923
KIVA Hub project	116,939	-
Southern Capital project	4,000	-
Total	$ 521,077	$ 784,890

10. Grant Revenue

U.S. Department of the Treasury, Community Development Financial Institutions Fund (CDFI) Rapid Response Program: FORGE has recognized grant revenues in the amount of $13,904 and $1,067,432 for the years ended September 30, 2022 and 2021, respectively. Grant proceeds are to support, prepare for, and respond to the economic impact of the COVID-19 pandemic.

U.S. Small Business Administration (SBA), Microloan Program: FORGE has recognized grant revenue in the amount of $883,673 and $621,644 for the years ended September 30, 2022 and 2021, respectively, in connection with the Microloan Program Technical Assistance Grant. Grant amounts are determined by the SBA based on loan production under the program and for technical assistance, education, and counseling of borrowers. Grant proceeds are paid quarterly based on reports submitted by the Organization.

Winthrop Rockefeller Foundation: During the year ended September 30, 2022 FORGE received grants totaling $510,000. $300,000 of the grant proceeds are to be used to build the capacity of FORGE to deploy affordable financial products in underserved Arkansas communities. The remaining $210,000 is to create a Central Arkansas KIVA hub that will provide support and capital to businesses in Central Arkansas, specifically for businesses started and run by Latin entrepreneurs.

Walmart Family Foundation: During the year ended September 30, 2022, FORGE received $92,000 to create Cureate courses, a program that will provide technical assistance and educational programming to help entrepreneurs in the food and/or beverage business.

11. Paycheck Protection Program Loan Revenue

On June 29, 2020, the Organization was granted a loan from a local bank in the amount of $73,912 pursuant to the Paycheck Protection Program under the CARES Act that was enacted March 27, 2020. Proceeds from the loan can only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations. Under the terms of the Paycheck Protection Program, certain amounts of the loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. The full $73,912 loan plus interest of $786 was forgiven on July 22, 2021 and recognized as revenue during the year ended September 30, 2021.

12. Concentrations

During the years ended September 30, 2022 and 2021, the Organization received approximately 90% and 91%, respectively, of its total support and revenue from two grantors. Any significant reduction in the level of support from these grants could negatively impact the Organization.

The maximum amount of loss due to credit risk from loans receivable is limited, as the bulk of the loan portfolio is collateralized by sufficient assets, such as property and equipment and ADFA insurance to provide a margin of safety between the loan balance and risk of credit loss.

13. Leases

The Organization leases office space under two separate month to month operating lease agreements. Total lease expense for the years ended September 30, 2022 and 2021 was $9,548 and $305, respectively.

14. Employee Benefit Plan

FORGE maintains a Simple IRA plan in which its employees are eligible to participate if they are at least eighteen years old and have been employed for at least one quarter of a calendar year. Employer contributions are discretionary. Employer matching contributions amounted to $25,292 and $14,837 for the years ended September 30, 2022 and 2021, respectively.

15. Related Party Transactions

The Organization has a note payable due to a current trustee and investor (see Note 8) for the purchase of the home office building. Payments to the related party for the years ended September 30, 2022 and 2021 amounted to principal payments of $8,187 and $9,297 and interest of $4,017 and $5,127, respectively.

16. Commitments and Contingencies

The Organization receives grants from various federal programs. These grants are subject to audit by the corresponding oversight agency. Based on historical experience and results of prior audits, the Organization's management believes that costs disallowed and claims remitted, if any, would not materially affect the financial position, changes in net assets, or cash flows of the Organization.

17. Liquidity and Availability of Financial Assets

The Organization manages liquidity and reserves by operating within a prudent range of financial responsibility, maintaining adequate liquidity to fund near-term operations and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be met. The following reflects the Organization's financial assets, reduced by amounts not available for general use within one year because of contractual or donor-imposed restrictions or internal designations.

17. Liquidity and Availability of Financial Assets (continued)

As of September 30,	2022	2021
Cash and cash equivalents	$ 1,677,235	$ 630,776
Restricted cash	2,397,123	3,113,723
Grants receivable	395,404	473,519
Interest receivable	34,354	26,905
Loans receivable	6,318,505	5,523,863
Total financial assets available	10,822,621	9,768,786
Contractual or donor imposed restrictions:		
SBA loans receivable reserved to pay SBA loan debt	(2,992,957)	(2,720,101)
Restricted cash for loans and loan losses	(2,397,123)	(3,113,723)
USDA /EDA loans receivable reserved for future lending	(894,422)	(920,146)
Kiva Hub project	(116,939)	-
Southern Capital Project	(4,000)	-
Grants restricted for loans	-	(215,500)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	$ 4,417,180	$ 2,799,316

18. Subsequent Events

The Organization has evaluated events and transactions for subsequent events and transactions that would impact the financial statements for the year ended September 30, 2022 through March 13, 2023, the date the financial statements were available to be issued. There were no subsequent events that require recognition or disclosure in the financial statements.

SUPPLEMENTAL INFORMATION

FINANCING OZARKS RURAL GROWTH AND ECONOMY, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

Department or Division/Pass-Through Agency/Program Title	Federal Assistance Listing Number	Federal Expenditures
U.S. Department of Agriculture		
Intermediary Relending Program		
Loans due to federal agency at beginning of fiscal year	10.767	$ 223,251
Total U.S. Department of Agriculture		223,251
U.S. Department of Commerce		
Economic Development Administration		
Economic Adjustment Assistance Revolving Loan Funds	11.307	553,853
Total U.S. Department of Commerce		553,853
U.S. Department of the Treasury		
Community Development Financial Institutions Rapid Response Fund	21.024	13,904
Total U.S. Department of Commerce		13,904
U.S. Small Business Administration		
Microloan Program		
Microloan Program Direct Loans		
Loans due to federal agency at beginning of year plus current year draws	59.046	3,440,391
Microloan Technical Assistance Program	59.046	883,673
Total U.S. Small Business Administration		4,324,064
Total Federal Assistance		$ 5,115,072

Note A - Basis of Presentation:

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of FORGE, Inc. under programs of the federal government for the year ended September 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of FORGE, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

Note B - Summary of Significant Accounting Policies:

1. This schedule of expenditures of federal awards includes the federal program activity of FORGE, Inc. and is presented 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. Intermediary Relending Program and Microloan Program Direct Loans are included in this schedule at the amount of any new loans plus the balance of the unpaid balance as of September 30, 2021, of the loans from prior years for which the Federal Government imposes continuing compliance requirements.

3. FORGE, Inc. has elected to use the 10 percent de minimus indirect cost rate under the Uniform Guidance.

4. The total outstanding loan balances as of September 30, 2022 for federal awards totaled $3,050,729.

See independent auditor's report

ADDITIONAL REQUIRED REPORTS

PRZYBYSZ & ASSOCIATES
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
Financing Ozarks Rural Growth and Economy
AKA FORGE, Inc.
Huntsville, 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 financial statements of Financing Ozarks Rural Growth and Economy (a nonprofit organization), which comprise the statement of financial position as of September 30, 2022, 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 March 13, 2023.

Report on Internal Control Over Financial Reporting

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

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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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Financing Ozarks Rural Growth and Economy'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 results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Przybysz & Associates

Przybysz & Associates, CPAs, P.C.
Fort Smith, Arkansas
March 13, 2023

PRZYBYSZ & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

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
Financing Ozarks Rural Growth and Economy
AKA FORGE, Inc.
Huntsville, Arkansas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Financing Ozarks Rural Growth and Economy'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 Financing Ozarks Rural Growth and Economy's major federal programs for the year ended September 30, 2022. Financing Ozarks Rural Growth and Economy'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, Financing Ozarks Rural Growth and Economy complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2022.

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 Financing Ozarks Rural Growth and Economy 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 Financing Ozarks Rural Growth and Economy's compliance with the compliance requirements referred to above.

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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 Financing Ozarks Rural Growth and Economy'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 Financing Ozarks Rural Growth and Economy'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 Financing Ozarks Rural Growth and Economy'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 Financing Ozarks Rural Growth and Economy'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 Financing Ozarks Rural Growth and Economy'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 Financing Ozarks Rural Growth and Economy'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 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.

Przybysz & Associates

Przybysz & Associates, CPAs, P.C.
Fort Smith, Arkansas
March 13, 2023

FINANCING OZARKS RURAL GROWTH AND ECONOMY, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

Section I - Summary of Auditor's Results

Financial Statements

Types of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? ____ yes _x_ no

Significant deficiency(ies) identified? ____ yes _x_ none reported

Noncompliance material to financial statements noted? ____ yes _x_ no

Federal Awards

Internal Control over major programs:

Material weakness(es) identified? ____ yes _x_ no

Significant deficiency(ies) identified? ____ yes _x_ none reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance 2 CFR section 200.516(a)? ____ yes _x_ no

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
59.046	Microloan program

Dollar threshold used to distinguish between Type A and Type B programs: $750,000

Auditee qualified as a low-risk auditee? _x_ yes ____ no

Section II - Financial Statement Findings

Material Weaknesses/Significant Deficiencies - Current Year
None

Material Weaknesses/Significant Deficiencies - Prior Year
None

Section III - Federal Award Findings and Questioned Costs

Material Weaknesses/Significant Deficiencies - Current Year
None

Material Weaknesses/Significant Deficiencies - Prior Year
None