

**FINANCING OZARK RURAL GROWTH
AND ECONOMY, INC.**

AUDITED FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

(WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR 2023)



FINANCING OZARKS RURAL GROWTH AND ECONOMY, INC.

SEPTEMBER 30, 2024

(WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR 2023)

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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, 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 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, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

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

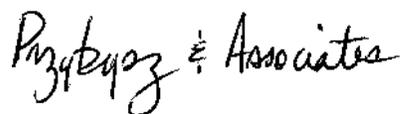
We have previously audited Financing Ozarks Rural Growth and Economy's 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 14, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2023, 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 May 5, 2025 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, CPAs, P.C.
Fort Smith, Arkansas
May 5, 2025

FINANCIAL STATEMENTS

FINANCING OZARKS RURAL GROWTH AND ECONOMY, INC.

STATEMENTS OF FINANCIAL POSITION

AS OF SEPTEMBER 30,	2024	2023
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,385,365	\$ 2,157,814
Grants receivable	382,078	217,843
Interest receivable	99,454	36,966
Current portion of loans receivable	1,567,323	1,476,885
Prepaid expenses	13,940	15,311
Property for sale	49,432	-
Total Current Assets	3,497,592	3,904,819
Long Term Assets		
Property and equipment, net	218,237	226,192
Loans receivable, net allowance of \$564,753 and \$29,016	4,799,294	5,536,015
Restricted cash	2,860,550	3,181,370
Total Long Term Assets	7,878,081	8,943,577
Total Assets	\$ 11,375,673	\$ 12,848,396
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 13,238	\$ 208,131
Accrued payroll and related withholdings	107,884	71,480
Accrued interest	14,531	6,947
Notes payable, due within one year	1,047,840	786,138
Total Current Liabilities	1,183,493	1,072,696
Long Term Liabilities		
Notes payable	5,410,616	5,992,257
Investor deposits	1,125,022	1,306,023
Total Long Term Liabilities	6,535,638	7,298,280
Total Liabilities	7,719,131	8,370,976
Net Assets		
Without donor restrictions	3,006,502	3,821,784
With donor restrictions	650,040	655,636
Total Net Assets	3,656,542	4,477,420
Total Liabilities and Net Assets	\$ 11,375,673	\$ 12,848,396

See accompanying notes to financial statements.

FINANCING OZARKS RURAL GROWTH AND ECONOMY, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2024 WITH COMPARATIVE TOTALS FOR 2023

	Without donor restrictions	With donor restrictions	Total 2024	Total 2023
Support and Program Revenue				
Federal grants	\$ 772,347	\$ 68,674	\$ 841,021	\$ 1,616,455
Other grants and donations	1,350	5,000	6,350	166,588
Investor deposit forgiveness	50,604	-	50,604	-
Net assets released from restrictions	79,270	(79,270)	-	-
Total Support	903,571	(5,596)	897,975	1,783,043
Program Revenue				
Interest income on loans	498,509	-	498,509	385,052
Interest income on bank deposits	30,743	-	30,743	24,694
Loan filing and closing fees	28,928	-	28,928	31,582
Other	12,157	-	12,157	17,522
Total Program Revenue	570,337	-	570,337	458,850
Total Support and Program Revenue	1,473,908	(5,596)	1,468,312	2,241,893
Expenses				
Program services	1,940,799	-	1,940,799	1,822,070
Management and general	281,912	-	281,912	263,550
Fundraising	66,479	-	66,479	60,635
Total Expenses	2,289,190	-	2,289,190	2,146,255
Change in Net Assets	(815,282)	(5,596)	(820,878)	95,638
Net Assets, Beginning of Year				
as previously stated	3,821,784	655,636	4,477,420	4,410,409
Prior period adjustment	-	-	-	(28,627)
Net Assets, Beginning of Year, restated	3,821,784	655,636	4,477,420	4,381,782
Net Assets, End of Year	\$ 3,006,502	\$ 650,040	\$ 3,656,542	\$ 4,477,420

See accompanying notes to financial statements.

FINANCING OZARKS RURAL GROWTH AND ECONOMY, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED SEPTEMBER 30, 2024 WITH COMPARATIVE TOTALS FOR 2023

	Program Service	Management & General	Fund Raising	Total 2024	Total 2023
Salaries and Wages	\$ 707,042	\$ 148,883	\$ 49,157	\$ 905,082	\$ 777,991
Fringe Benefits	125,102	26,343	8,698	160,143	141,100
Payroll Taxes	52,354	11,024	3,640	67,018	58,416
Repair and Maintenance	3,488	734	242	4,464	1,665
Telephone	2,891	609	201	3,701	3,543
Utilities	2,565	540	178	3,283	3,363
Advertising and Promotion	11,735	-	-	11,735	56,336
Accounting Fees	-	36,223	-	36,223	29,732
Bank and Credit Card Fees	-	3,614	-	3,614	2,615
Computer Expenses	27,644	5,821	1,922	35,387	33,235
Contract Labor	69,995	-	-	69,995	351,050
Dues and Fees	-	4,236	-	4,236	2,350
Insurance	-	18,205	-	18,205	11,690
Interest Expense	88,777	-	-	88,777	89,272
Loan Loss Expense	726,239	-	-	726,239	94,345
Loan Program Expenses	70,319	-	-	70,319	76,175
Meals and Food	-	5,673	-	5,673	5,583
Office Expense	9,225	1,942	641	11,808	9,173
Other	-	1,200	-	1,200	4,225
Other Professional Fees	200	-	-	200	1,291
Printing and Reproduction	4,499	948	313	5,760	5,446
Property Taxes	-	1,109	-	1,109	1,115
Rent	5,136	3,623	1,487	10,246	8,370
Technical Assistance Consulting	6,300	-	-	6,300	345,339
Travel and Meetings	26,158	4,360	-	30,518	26,010
Depreciation	1,130	6,825	-	7,955	6,825
Total Expenses	\$ 1,940,799	\$ 281,912	\$ 66,479	\$ 2,289,190	\$ 2,146,255

See accompanying notes to the financial statements.

FINANCING OZARKS RURAL GROWTH AND ECONOMY, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED SEPTEMBER 30,	2024	2023
Cash Flows from Operating Activities:		
Change in net assets	\$ (820,878)	\$ 95,638
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation	7,955	6,825
Provision for loan losses	(726,239)	(94,345)
Investor deposit forgiveness	(50,000)	-
Investor interest reinvested	-	12,216
(Increase)/Decrease in:		
Grants receivable	(164,235)	177,561
Interest receivable	(62,488)	(2,612)
Prepaid expenses	1,371	(656)
Accounts payable	(194,893)	201,270
Accrued expenses	37,987	29,020
Deferred revenue	-	(745,279)
Net Cash Used In Operating Activities	(1,971,420)	(320,362)
Cash Flows from Investing Activities:		
Issuance of loans receivable	(2,423,287)	(1,760,757)
Collections of loans receivable	3,746,377	1,132,080
Purchase of property and equipment	-	(5,369)
Net Cash Provided (Used) By Investing Activities	1,323,090	(634,046)
Cash Flows from Financing Activities:		
Borrowings from loans payable	500,000	2,675,000
Notes payable principal payments	(819,939)	(695,838)
Deposits made by investors	80,000	257,499
Deposits returned to investors	(205,000)	(17,427)
Net Cash Provided (Used) By Financing Activities	(444,939)	2,219,234
Net Increase (Decrease) in Cash, Cash Equivalents, and Restricted Cash	(1,093,269)	1,264,826
Cash and Cash Equivalents, and Restricted Cash, Beginning of Year	5,339,184	4,074,358
Cash, Cash Equivalents and Restricted Cash, End of Year	\$ 4,245,915	\$ 5,339,184
Reconciliation to the Statement of Financial Position		
Cash and cash equivalents	\$ 1,385,365	\$ 2,157,814
Restricted cash	2,860,550	3,181,370
Total Cash, Cash Equivalents and Restricted Cash	\$ 4,245,915	\$ 5,339,184
Supplemental disclosure of cash flow information		
Cash paid for interest	\$ 81,193	\$ 89,272

See accompanying notes to financial statements.

FINANCING OZARKS RURAL GROWTH AND ECONOMY, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

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 Arkansas, Oklahoma, Missouri, and 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. FORGE's target market area under the CDFI program includes Arkansas, Missouri, and 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.

Change in Accounting Estimate

During the fiscal year ended September 2024, due to the increased number of borrowers experiencing financial difficulties, FORGE revised its method on calculating the allowance for credit losses. The change involved calculating an allowance for each loan portfolio. Historically, the allowance was only calculated for the credit portfolio. The impact of this change in the current period was an increase in the allowance for credit losses totaling approximately \$500,000. This change was applied prospectively and does not require a restatement of prior year financial statements. FORGE will continue to use this methodology in future financial statements.

Prior Year Summarized Comparative Information / Prior Period Adjustment

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, 2023, from which the summarized totals were derived.

FINANCING OZARKS RURAL GROWTH AND ECONOMY, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

1. Summary of Significant Accounting Policies (continued)

Prior Year Summarized Comparative Information / Prior Period Adjustment (continued)

A prior period adjustment was made to correct the 2023 loan receivable balance. The effect of the adjustment was to decrease loans receivable and net assets without donor restrictions by \$28,627.

In addition, certain accounts have been reclassified to conform with the current year's presentation. Total 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 and reported as follows:

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

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 restrictions 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.

FINANCING OZARKS RURAL GROWTH AND ECONOMY, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

1. Summary of Significant Accounting Policies (continued)

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.

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.

A loan becomes delinquent when a borrower falls over 90 days behind on the scheduled payment of principal and interest. If the borrower fails to communicate with the organization regarding their delinquency, the loan is flagged for management as a preview of a potential non-performing loan. A loan is considered in default when no payment or communication from the borrower is received.

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, current economic conditions and trends that may affect the borrowers' ability to pay, and expectations of future losses. 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. Uncollectible accrued interest receivable is expensed.

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.

FINANCING OZARKS RURAL GROWTH AND ECONOMY, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

1. Summary of Significant Accounting Policies (continued)

Loans Receivable (continued)

When management determines the loan is uncollectible, the accrual of interest is discontinued. Past due loan status is based on contractual terms adjusted for any payment extension permitted. In general, loans are written off at the determination of management and the Board, and after collecting any collateral, reserves and/or guarantees. All U.S. Small Business Administration (SBA) must be written off at 120 days past due.

Loan Modifications

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.

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 and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. 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, 2024 and 2023, was \$7,955 and \$6,825, respectively.

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

FINANCING OZARKS RURAL GROWTH AND ECONOMY, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

1. Summary of Significant Accounting Policies (continued)

Right-of-Use Leased Assets / Liabilities

The Organization determines if an arrangement contains a lease at the inception of a contract. The lease classification is determined at the commencement date.

The Organization has elected not to record operating leases with a term of twelve months or less on the Statement of Financial Position. The payments are recognized on a straight-line basis over the lease term.

The Organization monitors changes in circumstances that would require a remeasurement of a lease, and will remeasure any right-of-use lease asset and lease liability if certain changes occur that are expected to significantly affect the amount of the right-of-use lease asset and/or lease liability.

Compensated Absences

Full-time employees earn paid time off (PTO) and sick pay in varying amounts based upon length of service with the Organization. Employees can carryforward a maximum of 24 unused sick and 39 unused PTO days from year to year. Upon termination from the Organization, employees are paid unused PTO. No unused accumulated sick pay is paid upon termination. The Organization has \$68,125 and \$59,190 of accrued compensated absences at September 30, 2024 and 2023, 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 donor's 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.

FINANCING OZARKS RURAL GROWTH AND ECONOMY, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

1. Summary of Significant Accounting Policies (continued)

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 support without donor restrictions unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. 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, 2024 and 2023, respectively.

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.

FINANCING OZARKS RURAL GROWTH AND ECONOMY, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

1. Summary of Significant Accounting Policies (continued)

Recently Issued Accounting Standards

The Organization adopted the following standards during the year:

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2016-13, *Financial Instruments - Credit Losses* (Topic 326). The standard will replace the current incurred loss model with a current expected credit loss (CECL) model. The CECL model will apply to estimated credit losses on financing receivables, trade receivables resulting from revenue transactions and other financial assets measured at amortized cost. Among other things, the amendments in this ASU require the measurement of all expected credit losses for financial assets held be based on historical experience, current conditions and reasonable and supportable forecasts. Organizations are now required to use forward-looking information to for credit loss estimates. In addition, this ASU amends the accounting for credit losses on available-for-sale debt securities and purchased financial assets with credit deterioration. The effective date to implement this standard is periods beginning after December 15, 2022 with early adoption permitted.

In March 2022, FASB issued ASU No. 2022-02, *Financial Instruments - Credit Losses* (Topic 326): *Troubled Debt Restructurings and Vintage Disclosures*. The amendments in this update eliminate the accounting guidance and related disclosures for troubled debt restructurings by creditors in Subtopic 310-40, *Receivables - Troubled Debt restructurings by Creditors*, while enhancing disclosure requirements for certain loan refinancings and restructurings when a borrower is experiencing financial difficulty. The effective date to implement this standard is periods beginning after December 15, 2022.

It was not necessary for the Organization record a cumulative effect of change in accounting principle upon implementation of these standards. The Organization did add the appropriate financial statement 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.

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 year ended September 30, 2024, management of the Organization is not aware of any material uncertain tax positions.

FINANCING OZARKS RURAL GROWTH AND ECONOMY, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

2. Federal Income Tax (continued)

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 statutes. 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, 2024 and 2023, the Organization had uninsured deposits of \$3,751,914 and \$4,860,735, 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. Under the requirements of several of the Organization's loan programs, the Organization is required to establish and maintain a loan loss reserve depository account to cover potential losses under the programs. Loans which are deemed uncollectible are required to be written off against the reserves. The Organization is also required to maintain separate depository accounts through which all cash flows arising from the operation of the loan programs are held.

Cash restricted to long-term uses and required to be maintained in separate bank accounts were as follows:

As of September 30,	2024	2023
Lending:		
SBA Microloan program loans	\$ 884,972	\$ 1,175,249
USDA Intermediary Relending program	621,351	509,468
Economic Development Administration revolving loan fund	252,768	252,998
Total Lending	1,759,091	1,937,715
Loan loss reserves:		
CDFI loan loss reserve	360,004	433,082
SBA Microloan related loan losses	497,161	575,201
Investor liquidity	244,294	235,372
Total loan loss reserves:	1,101,459	1,243,655
Total cash restricted for long-term uses	\$ 2,860,550	\$ 3,181,370

FINANCING OZARKS RURAL GROWTH AND ECONOMY, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

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 generally have terms from three to fifteen years, however credit portfolio loans backed by a first mortgage can have terms up to 25 years.

The Organization's loans receivable are categorized under the following portfolio's with outstanding balances as follows:

As of September 30,	2024	2023
Portfolio		
SBA Microloan program	\$ 3,659,540	\$ 3,841,070
Credit	2,638,957	1,604,001
USDA Rural Business Enterprise program	24,637	90,799
USDA Rural Business-Cooperative Service	5,932	8,200
USDA Intermediary Relending program	273,807	298,730
Economic Development Administration (EDA) - Cares	328,497	324,924
US Treasury CDFI Financial Assistance	-	874,192
Total loans receivable	6,931,370	7,041,916
Less: Allowance for loan loss	564,753	29,016
Net Loans Receivable	6,366,617	7,012,900

Classification of notes receivable are summarized as follows:

September 30,	2024	2023
Current loan receivable	\$ 1,567,323	\$ 1,476,885
Long-term loan receivable	5,364,047	5,565,031
Allowance for loan loss	(564,753)	(29,016)
Net Loans Receivable	\$ 6,366,617	\$ 7,012,900

Provision for Loan Losses

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.

FINANCING OZARKS RURAL GROWTH AND ECONOMY, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

5. Loans Receivable (continued)

Provision for Loan Losses (continued)

In 2024, the Organization changed its method on calculating the allowance for loan losses (see Note 1 - Change in Accounting Estimate).

Management effectively establishes a loan loss of 1% for each new loan. FORGE uses the loans receivable aging report to quarterly evaluate and adjust loan loss reserves. All loans that are past-due are further evaluated based on the Organization's knowledge of borrower's current financial situation.

In addition, the USDA and EDA lending programs each require a 6% minimum cash balance to cover loan losses and the SBA loan program requires a 10% cash balance to cover loan losses.

FORGE also 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. FORGE made paid premiums totaling \$35,092 and \$51,384 during the years ended September 30, 2024 and 2023, respectively. The balance in the account is \$62,392 and \$218,522 at September 30, 2024 and 2023, respectively. These funds are available to FORGE to cover losses on loans enrolled in the program (up to the enrolled amount of the loan). Loans secured by real estate and loans to borrowers outside of Arkansas are excluded from the program. Loan amounts enrolled in the program were approximately \$2,096,300 and \$4,757,306 at September 30, 2024 and 2023, respectively.

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

	Year Ended September 30, 2024				
	SBA	Credit	USDA	EDA	Total
Beg. Balance	\$ -	\$ 29,016	\$ -	\$ -	\$ 29,016
ADFA recoveries	167,284	106,400	-	-	273,684
Provision	342,499	281,884	45,300	56,556	726,239
Loan reinstated	38,934	-	-	-	38,934
Write-offs	(396,720)	(106,400)	-	-	(503,120)
Ending Balance	\$ 151,997	\$ 310,900	\$ 45,300	\$ 56,556	\$ 564,753

	Year Ended September 30, 2023				
	SBA	Credit	USDA	EDA	Total
Beg. Balance	\$ -	\$ 85,555	\$ -	\$ -	\$ 85,555
ADFA recoveries	-	10,623	29,740	-	40,363
Provision	113,786	(35,322)	9,042	6,839	94,345
Write-offs	(113,786)	(31,840)	(38,782)	(6,839)	(191,247)
Ending Balance	\$ -	\$ 29,016	\$ -	\$ -	\$ 29,016

FINANCING OZARKS RURAL GROWTH AND ECONOMY, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

5. Loans Receivable (continued)

Credit Quality Disclosures

The Organization monitors the credit quality of its portfolios using a combination of past-due status, payment history, loan collateral and credit scores.

Loans are considered delinquent when they are 90 days past due. All of the delinquent loans are still accruing interest. All delinquent loans are secured with property and equipment and/or guaranteed by the ADFA. FORGE recognized \$35,771 and \$10,689 of interest income during the years ended September 30, 2024 and 2023, respectively, on the delinquent loans.

As of September 30, 2024	# Delinquent	\$ Delinquent	Performing	Total
SBA	4	\$ 82,636	\$ 3,576,904	\$ 3,659,540
Credit	30	605,235	2,033,722	2,638,957
USDA	4	145,150	159,226	304,376
EDA	5	167,742	160,755	328,497
	43	\$ 1,000,763	\$ 5,930,607	\$ 6,931,370

As of September 30, 2023	# Delinquent	\$ Delinquent	Performing	Total
SBA	3	\$ 130,233	\$ 3,710,837	\$ 3,841,070
Credit	3	89,785	2,388,408	2,478,193
USDA	-	-	397,729	397,729
EDA	2	90,443	234,481	324,924
	8	\$ 310,461	\$ 6,731,455	\$ 7,041,916

Age Analysis of Past Due Loans

The Organization's age analysis of past due loans at September 30, 2024 and 2023, by loan portfolio is summarized below:

	As of September 30, 2024				Total
	Current	30-59 Days Past Due	60-89 days Past Due	90+ Days Past Due	
SBA	\$ 3,117,144	\$ 203,567	\$ 256,193	\$ 82,636	\$ 3,659,540
Credit	1,701,983	190,139	141,600	605,235	2,638,957
USDA	118,873	40,353	-	145,150	304,376
EDA	148,491	12,264	-	167,742	328,497
Total	\$ 5,086,491	\$ 446,323	\$ 397,793	\$ 1,000,763	\$ 6,931,370

FINANCING OZARKS RURAL GROWTH AND ECONOMY, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

5. Loans Receivable (continued)

Age Analysis of Past Due Loans

As of September 30, 2023						
	Current	30-59 Days Past Due	60-89 days Past Due	90+ Days Past Due	Total	
SBA	\$ 3,531,088	\$ 236,923	\$ 42,087	\$ 104,713	\$	3,914,811
Credit	2,022,510	94,888	-	192,600		2,309,998
USDA	397,729	-	-	-		397,729
EDA	239,698	85,716	-	93,964		419,378
Total	\$ 6,191,025	\$ 417,527	\$ 42,087	\$ 391,277	\$	7,041,916

Loan Modifications

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 and/or modify loan terms when they demonstrate a financial hardship.

The Organization modified 14 loans during the year ended September 30, 2024. The loan modifications included the following: all were transferred from the SBA to the Credit portfolio, all included extensions on the maturity date, nine included a reduction in the monthly principal payment, and one included a reduction of the interest rate. No additional funds were loaned to individuals receiving loan modifications. The loan modifications added a weighted average of 8.99 years to the lives of the loan.

The Organization had no loan modifications occurring during the year ended September 30, 2023.

The following table presents the amortized cost basis as of September 30, 2024, of loan modified to borrowers experiencing financial difficulty:

As of September 30, 2024					
	Number of Loans	Amortized Cost Basis	% of Total Loan AR	Total Loan Receivable	
SBA	14	\$ 295,562	8.1%	\$	3,659,540
Credit	-	-	-		2,638,957
USDA	-	-	-		304,376
EDA	-	-	-		328,497
Total	14	\$ 295,562	4.3%	\$	6,931,370

The aging for loan modifications is broken out as follows:

As of September 30, 2024						
	Current	30-59 Days Past Due	60-89 days Past Due	90+ Days Past Due	Total	
Credit	\$ 205,752	\$ -	\$ -	\$ 89,810	\$	295,562

FINANCING OZARKS RURAL GROWTH AND ECONOMY, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

5. Loans Receivable (continued)

Loan Modifications

One of the modified loans that had an outstanding principal balance totaling \$46,068 at September 30, 2024, was written off subsequent to year-end.

6. Property and Equipment

Activity of property and equipment consists of the following:

As of	October 1, 2023	Additions	Retirements	September 30, 2024
Land	\$ 55,000	\$ -	\$ -	\$ 55,000
Buildings and building improvements	197,196	-	-	197,196
Office furniture and equipment	35,979	-	-	35,979
Total Property and Equipment	288,175	-	-	288,175
Less: Accumulated depreciation	(61,983)	(7,955)	-	(69,938)
Net Property and Equipment	\$ 226,192	\$ (7,955)	\$ -	\$ 218,237

As of	October 1, 2022	Additions	Retirements	September 30, 2023
Land	\$ 55,000	\$ -	\$ -	\$ 55,000
Buildings and building improvements	197,196	-	-	197,196
Office furniture and equipment	30,610	5,369	-	35,979
Total Property and Equipment	282,806	5,369	-	288,175
Less: Accumulated depreciation	(55,158)	(6,825)	-	(61,983)
Net Property and Equipment	\$ 227,648	\$ (1,456)	\$ -	\$ 226,192

7. Property for Sale

In August 2024, the Organization received property that was collateral on one of its foreclosed loans. The property is recorded at the balance of unpaid principal and interest totaling \$49,432 and is currently available for sale on the market for \$59,000

8. Right-to-Use Leased Assets / Liabilities

The Organization leases office space under two separate leasing arrangements. Because these contracts convey the control of the right to use a nonfinancial asset of the Organization for a period of time in an exchange transaction, the leases fall under the scope of ASU 2016-02.

FINANCING OZARKS RURAL GROWTH AND ECONOMY, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

8. Right-to-Use Leased Assets / Liabilities (continued)

Both of the leases are month to month and can be cancelled at any time by either party. Because the Organization has elected not to record short-term operating leases, no right-of-use asset or liability is recorded in the accompanying financial statements. The lease expense is recognized on a straight-line basis over the life of the lease. Total lease rental expense for the years ended September 30, 2024 and 2023 was \$10,246 and \$8,370, respectively. One of the leases was terminated during the fiscal year ended September 30, 2024.

9. Long-Term Debt

Long-term debt consisted of:

As of September 30,	2024	2023
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.	\$ 75,804	\$ 176,611
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.	344,671	517,007
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.	139,575	147,768
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. The note was renewed subsequent to year end with increased borrowings to \$400,000 due December 20, 2029.	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	225,000

FINANCING OZARKS RURAL GROWTH AND ECONOMY, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

9. Long-Term Debt (continued)

As of September 30,	2024	2023
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.	34,402	55,575
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.	60,370	63,607
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.	86,229	95,887
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.	798,300	964,453
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

FINANCING OZARKS RURAL GROWTH AND ECONOMY, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

9. Long-Term Debt (continued)

As of September 30,	2024	2023
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.	556,140	643,951
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	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 accrues at either 1.875% or 0.625% and may be adjusted annually thereafter. Payments of \$24,183 are due until final maturity on July 22, 2032. The note is secured by loans receivable.	2,212,965	1,963,536
Arkansas Community Foundation note dated October 5, 2022 in the amount of \$600,000. Quarterly interest-only payments at 2% per annum are due until final maturity on October 5, 2032, maturity when the principal balance and any unpaid interest is due. The loan is unsecured.	600,000	600,000
Arkansas Community Foundation note dated February 2, 2023 in the amount of \$75,000. Quarterly interest-only payments at 1.5% per annum are due until final maturity on March 31, 2033, maturity when the principal balance and any unpaid interest is due. The loan is unsecured.	75,000	75,000
Total debt	6,458,456	6,778,395
Less current maturities	1,047,840	786,138
Long-term debt	\$ 5,410,616	\$ 5,992,257

The Organization incurred interest expense totaling \$65,958 and \$42,565 during the years ended September 30, 2023 and 2022, respectively, related to these loans payable.

FINANCING OZARKS RURAL GROWTH AND ECONOMY, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

9. Long-Term Debt (continued)

Debt is scheduled to mature as follows:

September 30,	Principal	Interest	Total
2024	\$ 1,047,840	\$ 60,803	\$ 1,108,643
2025	720,246	55,044	775,290
2026	1,017,123	46,749	1,063,872
2027	1,099,339	34,684	1,134,023
2028	481,258	25,516	506,774
thereafter	2,092,650	69,226	2,161,876
Total	\$ 6,458,456	\$ 292,022	\$ 6,750,478

10. 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 quarterly or annually (rates vary) and are refundable on demand. The Organization incurred \$15,903 and \$23,314 of interest expense on investor deposits during the years ended September 30, 2024 and 2023, 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.

11. Net Assets with Donor Restrictions

Net assets are restricted for the following purposes:

As of September 30,	2024	2023
Loans to rural business enterprises under the USDA:		
Rural Business Enterprise Grant program	\$ 282,467	\$ 217,293
Rural Business Development Grant program	95,418	91,918
EDA loans to rural businesses	252,768	252,998
KIVA Hub project to provide support and capital to businesses in Central, AR, specifically for businesses started and run by Latin entrepreneurs	19,387	76,939
Cureate courses (see Note 12)	-	16,488
Total	\$ 650,040	\$ 655,636

FINANCING OZARKS RURAL GROWTH AND ECONOMY, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

12. Grant Revenue

U.S. Small Business Administration (SBA), Microloan Program: FORGE has recognized grant revenue in the amount of \$841,021 and \$871,176 for the years ended September 30, 2024 and 2023, 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.

U.S. Department of the Treasury, Community Development Financial Institutions Fund (CDFI) Rapid Response Program: FORGE has recognized grant revenues in the amount of \$745,279 for the year ended September 30, 2023. Grant proceeds were to support, prepare for, and respond to the economic impact of the COVID-19 pandemic.

Walmart Family Foundation: During the year ended September 30, 2023, FORGE received \$160,488 to create Cureate courses, a program that provides technical assistance and educational programming to help entrepreneurs in the food and/or beverage business.

13. Concentrations

During the year ended September 30, 2024, the Organization received approximately 57% of its total revenues and support from one grantor. During the year ended September 30, 2023, the Organization received approximately 72% 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.

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 \$69,582 and \$38,646 for the years ended September 30, 2024 and 2023, respectively.

15. Related Party Transactions

The Organization has a note payable due to a member of the Board of Trustees (see Note 9) for the purchase of the home office building. The balance owed totaled \$86,229 and \$95,887 at September 30, 2024 and 2023, respectively. Total principal and interest payments made to the related party were approximately \$13,505 and \$13,314 for the years ended September 30, 2024 and 2023, respectively.

FINANCING OZARKS RURAL GROWTH AND ECONOMY, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

15. Related Party Transactions (continued)

The Organization also had an investor deposit (see Note 10) balance, including accrued interest, totaling \$205,153 at September 30, 2023 with this same Board of Trustee member. The balance was returned to the investor during the year ended September 30, 2024.

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.

As of September 30,	2024	2023
Cash and cash equivalents	\$ 1,385,365	\$ 2,157,814
Restricted cash	2,860,550	3,181,370
Grants receivable	382,078	217,843
Interest receivable	99,454	36,966
Loans receivable	6,366,617	7,012,900
Total financial assets available	11,094,064	12,606,893
Contractual or donor imposed restrictions:		
SBA loans receivable reserved to pay SBA loan debt	(3,659,540)	(3,841,070)
Restricted cash for loans and loan losses	(2,860,550)	(3,181,370)
USDA /EDA loans receivable reserved for future lending	(632,873)	(722,653)
Kiva Hub project	(19,387)	(76,939)
Cureate classes	-	(16,488)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	\$ 3,921,714	\$ 4,768,373

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, 2024 through May 5, 2025, 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, 2024

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	\$ 211,375
Total U.S. Department of Agriculture		211,375
U.S. Department of Commerce		
Economic Development Administration		
Economic Adjustment Assistance Revolving Loan Funds	11.307	592,560
Total U.S. Department of Commerce		592,560
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	4,765,558
Microloan Technical Assistance Program	59.046	841,021
Total U.S. Small Business Administration		5,606,579
Total Federal Assistance		\$ 6,410,514

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, 2024. 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, 2023, 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, 2024 for federal awards totaled \$4,187,825.

See independent auditor's report

ADDITIONAL REQUIRED REPORTS



**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, 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 May 5, 2025.

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

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, CPAs, P.C.
Fort Smith, Arkansas
May 5, 2025



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, 2024. 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, 2024.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of 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.

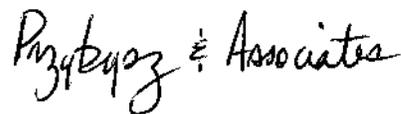
Report on Internal Control Over Compliance

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, CPAs, P.C.
Fort Smith, Arkansas
May 5, 2025

FINANCING OZARKS RURAL GROWTH AND ECONOMY, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

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 no

Significant deficiency(ies) identified? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal Control over major programs:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified? yes 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 no

Identification of major programs:

CFDA Number
59.046

Name of Federal Program or Cluster
Microloan program

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

Auditee qualified as a low-risk auditee? 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