



**AUDITED CONSOLIDATED  
FINANCIAL STATEMENTS**

**YEARS ENDED  
DECEMBER 31, 2024 AND 2023**

# NEIGHBORHOOD ALLIANCE AND SUBSIDIARY

---

## Table of Contents

Independent Auditors' Report .....	1 - 3
<u>Consolidated Financial Statements:</u>	
Consolidated Statements of Financial Position .....	4
Consolidated Statements of Activities and Changes in Net Assets .....	5
Consolidated Statements of Functional Expenses .....	6
Consolidated Statements of Cash Flows .....	7
Notes to Consolidated Financial Statements .....	8 - 20
<u>Title 2 U.S. Code of Federal Regulations Part 200 Audit Requirements:</u>	
Schedule of Expenditures of Federal Awards .....	21
Notes to Schedule of Expenditures of Federal Awards .....	22
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Consolidated Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> ..	23 - 24
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance .....	25 - 27
Schedule of Findings and Questioned Costs .....	28
Summary Schedule of Prior Audit Findings .....	29

## INDEPENDENT AUDITORS' REPORT

The Board of Directors  
Neighborhood Alliance and Subsidiary  
Elyria, Ohio

### Report on Consolidated Financial Statements

#### Opinion

We have audited the accompanying consolidated financial statements of Neighborhood Alliance (an Ohio nonprofit organization) and its wholly owned subsidiary, which comprise the consolidated statement of financial position as of December 31, 2024, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Neighborhood Alliance and Subsidiary (the Agency) as of December 31, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Consolidated Financial Statements section of our report. We are required to be independent of the Agency 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 Consolidated Financial Statements

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

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

#### Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 consolidated financial statements.

## INDEPENDENT AUDITORS' REPORT (CONTINUED)

### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (Continued)**

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 consolidated 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 consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency'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 the Agency's 2023 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated February 5, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

### **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the consolidated 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 consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2025 on our consideration of the Agency'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 Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

*Barnes Wendling CPAs*

Sheffield Village, Ohio  
September 26, 2025

# NEIGHBORHOOD ALLIANCE AND SUBSIDIARY

## Consolidated Statements of Financial Position

	December 31,	
	2024	2023
<b>ASSETS</b>		
Cash and cash equivalents	\$ 156,583	\$ 363,200
Restricted Cash		
Capital campaign	527,671	855,598
Endowed cash	57,408	60,430
Grants receivable	500,100	680,921
Unconditional promises to give	1,300,000	1,500,000
Prepaid expenses	47,303	3,214
Employee retention credit receivable	156,007	-
Property and equipment, net	6,989,062	4,210,621
Right-of-use operating assets	89,046	122,855
Beneficial interest in perpetual trusts	125,682	119,351
Investments	170,808	-
<b>TOTAL ASSETS</b>	<b>\$ 10,119,670</b>	<b>\$ 7,916,190</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Line of credit	\$ 110,124	\$ 125,643
Accounts payable	232,885	557,348
Accrued expenses	77,987	64,837
Deferred support	23,001	-
Notes payable	1,089,784	287,692
Operating lease liability	89,152	122,855
<b>Total Liabilities</b>	<b>1,622,933</b>	<b>1,158,375</b>
<b>Net Assets</b>		
Without donor restriction	6,412,255	4,184,969
With donor restriction	2,084,482	2,572,846
<b>Total Net Assets</b>	<b>8,496,737</b>	<b>6,757,815</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 10,119,670</b>	<b>\$ 7,916,190</b>

See Notes to Consolidated Financial Statements

## NEIGHBORHOOD ALLIANCE AND SUBSIDIARY

### Consolidated Statements of Activities and Changes in Net Assets Year Ended December 31, 2024 with Summarized Financial Information for the Year Ended December 31, 2023

	Without Donor Restriction	With Donor Restriction	2024 Total	2023 Total
<b>Revenues, gains, and other support</b>				
Government agencies	\$ 3,299,169	\$ -	3,299,169	\$ 3,352,875
Capital campaign	-	2,423,306	2,423,306	3,036,519
Program fees	937,125	-	937,125	1,026,807
Foundations grants and contributions	380,276	-	380,276	406,808
Contributions	253,474	12,500	265,974	338,111
Other income	175,277	-	175,277	63,318
Donated services	78,700	-	78,700	-
Investment (loss) income	-	(5,389)	(5,389)	13,215
(Loss) gain on sale of property and equipment	(7,820)	-	(7,820)	147,165
	<u>5,116,201</u>	<u>2,430,417</u>	<u>7,546,618</u>	<u>8,384,818</u>
Net assets released from restrictions	<u>2,918,781</u>	<u>(2,918,781)</u>	<u>-</u>	<u>-</u>
Total revenues, gains, and other support	8,034,982	(488,364)	7,546,618	8,384,818
<b>Expenses</b>				
Program services:				
Family support services	1,689,996	-	1,689,996	1,244,721
Senior enrichment services	1,260,000	-	1,260,000	1,414,464
Emergency service	1,045,000	-	1,045,000	1,357,885
Child enrichment services	668,753	-	668,753	1,131,571
Nutrition kitchen	238,760	-	238,760	-
Total program services expenses	<u>4,902,509</u>	<u>-</u>	<u>4,902,509</u>	<u>5,148,641</u>
Supporting services:				
Management and general	720,179	-	720,179	360,562
Fundraising	185,008	-	185,008	226,316
Total expenses	<u>5,807,696</u>	<u>-</u>	<u>5,807,696</u>	<u>5,735,519</u>
Changes in net assets	2,227,286	(488,364)	1,738,922	2,649,299
Net assets, beginning of the year	<u>4,184,969</u>	<u>2,572,846</u>	<u>6,757,815</u>	<u>4,108,516</u>
<b>NET ASSETS, end of the year</b>	<u><b>\$ 6,412,255</b></u>	<u><b>\$ 2,084,482</b></u>	<u><b>\$ 8,496,737</b></u>	<u><b>\$ 6,757,815</b></u>

See Notes to Consolidated Financial Statements

## NEIGHBORHOOD ALLIANCE AND SUBSIDIARY

### Consolidated Statements of Functional Expenses Year Ended December 31, 2024 with Summarized Financial Information for the Year Ended December 31, 2023

	Program Services					Support Services		2024 Total	2023 Total
	Family Support Services	Senior Enrichment Services	Emergency Services	Child Enrichment Services	Nutrition Kitchen	Management and General	Fund Raising		
Total salaries and related expenses	\$ 1,157,619	\$ 858,879	\$ 709,508	\$ 448,111	\$ 149,370	\$ 298,740	\$ 112,028	\$ 3,734,255	\$ 3,484,527
Professional fees and contracts	23,759	23,759	23,759	23,759	23,759	215,638	23,759	358,192	206,362
Supplies	147,615	109,521	90,474	57,141	19,048	38,094	14,285	476,178	493,016
Telephone	11,643	8,638	7,136	4,507	1,502	3,005	1,127	37,557	33,816
Postage and shipping	1,274	946	781	493	165	329	123	4,111	4,073
Occupancy	111,100	82,429	68,094	43,006	14,335	28,671	10,752	358,387	450,293
Rental and maintenance of equipment	33,739	25,032	20,679	13,060	4,354	8,707	3,265	108,836	170,524
Advertising	-	-	-	-	-	57,809	-	57,809	55,350
Mileage/operational travel	32,132	23,840	19,694	12,438	4,145	8,292	3,110	103,651	83,343
Conferences, conventions, and meetings	5,176	3,840	3,172	2,004	667	1,336	501	16,696	34,113
Specific assistance to individuals	32,617	24,200	19,991	12,626	4,209	8,417	3,157	105,217	272,296
Membership dues	10,435	7,742	6,395	4,039	1,346	2,693	1,010	33,660	39,192
Interest and fees	-	-	-	-	-	16,736	-	16,736	22,317
Insurance	28,244	20,956	17,311	10,933	3,645	7,289	2,733	91,111	80,258
Purchased services	6,782	5,031	4,156	2,625	876	1,750	656	21,876	34,028
Miscellaneous	3,206	2,379	1,965	1,241	415	827	310	10,343	34,441
Depreciation	84,655	62,808	51,885	32,770	10,924	21,846	8,192	273,080	237,570
Total expenses	\$ 1,689,996	\$ 1,260,000	\$ 1,045,000	\$ 668,753	\$ 238,760	\$ 720,179	\$ 185,008	\$ 5,807,695	\$ 5,735,519

See Notes to Consolidated Financial Statements

## NEIGHBORHOOD ALLIANCE AND SUBSIDIARY

### Consolidated Statements of Cash Flows

	Years Ended December 31,	
	2024	2023
<b>Cash Flows from Operating Activities</b>		
Changes in net assets	\$ 1,738,922	\$ 2,649,299
Adjustments to reconcile changes in net assets to net cash, cash equivalents, and restricted cash provided by operating activities:		
Depreciation	273,080	237,570
Amortization of right-of-use assets	33,809	52,583
Stock donation	(182,911)	-
Unrealized and realized loss (gain) on investments	5,772	(13,066)
Loss (gain) on sale of property and equipment	7,820	(147,165)
(Increase) decrease in assets:		
Grants receivable	180,821	46,863
Unconditional promises to give	200,000	(1,355,534)
Prepaid expenses	(44,089)	32,996
Employee retention credit receivable	(156,007)	-
Increase (decrease) in liabilities:		
Accounts payable	(324,463)	36,075
Accrued expenses	13,150	(39,462)
Deferred support	23,001	-
Operating lease liabilities	(33,703)	(52,583)
Net cash, cash equivalents, and restricted cash provided by operating activities	<u>1,735,202</u>	<u>1,447,576</u>
<b>Cash Flows from Investing Activities</b>		
Proceeds from sale of property and equipment	500	203,763
Purchase of property and equipment	(3,059,841)	(929,530)
Net cash, cash equivalents, and restricted cash used in investing activities	<u>(3,059,341)</u>	<u>(725,767)</u>
<b>Cash Flows from Financing Activities</b>		
Borrowings of long-term debt	865,576	-
Repayments of long-term debt	(63,484)	(61,929)
Net (repayments) borrowings from line of credit	(15,519)	(24,357)
Net cash, cash equivalents, and restricted cash provided by financing activities	<u>786,573</u>	<u>(86,286)</u>
Net increase (decrease) in cash, cash equivalents, and restricted cash	(537,566)	635,523
Cash, cash equivalents, and restricted cash at beginning of the year	<u>1,279,228</u>	<u>643,705</u>
<b>Cash, cash equivalents, and restricted cash at end of the year</b>	<b><u>\$ 741,662</u></b>	<b><u>\$ 1,279,228</u></b>

See Notes to Consolidated Financial Statements

# NEIGHBORHOOD ALLIANCE AND SUBSIDIARY

---

## Notes to Consolidated Financial Statements Years Ended December 31, 2024 and 2023

### NOTE 1 - AGENCY DESCRIPTION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Agency Description

Neighborhood Alliance (NHA) is a nonprofit social service agency with program operations throughout Lorain County, Ohio. Neighborhood Alliance receives funding support for its programs from a variety of public and private sources.

Neighborhood Alliance Holdings (NAH) is a wholly owned subsidiary of Neighborhood Alliance. NAH holds all real estate Neighborhood Alliance utilizes in its operations along with the capital campaign funding, which funds real estate improvement initiatives.

#### Consolidation

The consolidated financial statements of Neighborhood Alliance and Subsidiary (the Agency) include the accounts of Neighborhood Alliance and its wholly owned subsidiary. All intercompany accounts and transactions have been eliminated in consolidation.

#### Basis of Accounting

The consolidated financial statements of the Agency have been prepared utilizing the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities. Furthermore, the accounting policies adhered to by the Agency are generally consistent with the *Audit and Accounting Guide for Not-For-Profit Entities* issued by the American Institute of Certified Public Accountants.

#### Basis of Presentation

The Agency reports information regarding its financial position and activities according to two classes of net assets:

##### Net Assets without Donor Restrictions

Net assets are free of donor-imposed restrictions. These net assets may be used at the discretion of management and the Board.

##### Net Assets with Donor Restrictions

Net assets whose use is limited by donor-imposed stipulations that either expire by passage of time or fulfilled or removed by actions of the Agency. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Generally, donors of these assets permit the Agency to use all or part of the income earned on related investments for general or specific purpose.

The Agency reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of assets with explicit restrictions stating how the assets are to be used are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Agency reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

# NEIGHBORHOOD ALLIANCE AND SUBSIDIARY

---

## Notes to Consolidated Financial Statements Years Ended December 31, 2024 and 2023

### NOTE 1 - AGENCY DESCRIPTION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Cash, Cash Equivalents, and Restricted Cash

The Agency considers all unrestricted, highly liquid investments with an initial maturity date of three months or less to be cash equivalents. Cash, cash equivalents, and restricted cash exclude any cash or cash equivalents maintained in a professionally managed investment account.

The Agency has received cash limited in use to payment of costs of constructing and operating a new facility, related to the Agency's capital campaign.

The Agency's cash balance consists of the following:

	December 31,	
	2024	2023
Cash and cash equivalents	\$ 156,583	\$ 363,200
Endowed cash	57,408	60,430
Cash restricted to capital campaign	527,671	855,598
Total cash, cash equivalents, and restricted cash in the consolidated statements of cash flows	<u>\$ 741,662</u>	<u>\$ 1,279,228</u>

#### Grants Receivable

Grants receivable are stated at the amount management expects to collect from balances outstanding at year end. Management reviews all outstanding grants receivable balances. Accounts are written off when deemed uncollectible.

#### Unconditional Promises to Give

Unconditional promises to give are recognized as revenues in the period promised. Unconditional promises to give represent three grants awarded to the Agency to the capital campaign and are expected to be collected during the following periods:

	December 31,	
	2024	2023
Receivable in less than one year	\$ 700,000	\$ 600,000
Receivable in one to five years	600,000	950,000
	<u>\$ 1,300,000</u>	<u>\$ 1,550,000</u>

Management does not anticipate uncollectible promises to give based on payment history and the financial stability of the foundations who awarded the Agency with the grants.

# NEIGHBORHOOD ALLIANCE AND SUBSIDIARY

---

## Notes to Consolidated Financial Statements Years Ended December 31, 2024 and 2023

### NOTE 1 - AGENCY DESCRIPTION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Employee Retention Credit**

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (the *CARES Act*) was enacted, establishing the Employee Retention Credit (ERC). The ERC is a fully refundable payroll tax credit designed to encourage employers, including nonprofit organizations, to retain employees during the COVID-19 pandemic. Subsequent legislation extended the program through 2021 and permitted eligible employers to claim the credit retroactively for qualified wages paid in 2020 and 2021. During the year ended December 31, 2024, the Agency recognized \$156,007 of ERC income recorded in other income on the consolidated statement of activities and changes in net assets.

#### **Property and Equipment**

These assets are stated at cost at the date of purchase or fair market value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets further described in Note 2. The Agency capitalized all expenditures for property and equipment in excess of \$5,000. Maintenance and repairs of property and equipment are charged to expense when incurred and major additions are capitalized.

#### **Donated Investments**

During the year ended December 31, 2024, the Agency received donations of marketable securities through the capital campaign with an aggregate fair market value of approximately \$182,911 at the date of donation. In accordance with the Agency's policy, donated investments are recorded as capital campaign revenue at their fair market value on the date of receipt.

The donated securities are subject to donor restrictions and are reported as restricted net assets. At December 31, 2024, donated securities were included in investments on the statement of financial position in accordance with ASC 820. Any realized or unrealized gains or losses are included in investment (loss) income on the statement of activities.

#### **Use of Estimates**

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

# NEIGHBORHOOD ALLIANCE AND SUBSIDIARY

---

## Notes to Consolidated Financial Statements Years Ended December 31, 2024 and 2023

### NOTE 1 - AGENCY DESCRIPTION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Fair Value Measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). The three levels of the fair value hierarchy, which are based upon the inputs used to measure fair value, are described below:

Level 1 - Inputs to the methodology are unadjusted quoted prices in active markets accessible at the measurement date for identical assets or liabilities (for example, exchange quoted prices).

Level 2 - Inputs to the methodology are observable inputs, other than Level 1 prices, such as quoted prices for similar assets or liabilities in active markets, quoted prices in markets not sufficiently active to qualify as Level 1, other observable inputs, or inputs corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Inputs to the valuation methodology are significant to the fair value measurement and unobservable (for example, supported by little or no market activity).

Financial assets and liabilities are classified in their entirety based on the lowest level of input significant to the fair value measurement. The Agency's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels.

The following is a description of the valuation methodologies used for assets measured at fair value. There were no changes in valuation techniques in determining the fair value of investments during the years ended December 31, 2024 and 2023.

The assets held by JP Morgan Trust are valued at the fair value of the units held by JP Morgan of which the Agency receives 50% of its annual earnings in perpetuity which is estimated to approximate the present value of expected future distributions from the trusts.

A portion of the assets held at the Community Foundation of Greater Lorain County (Foundation) were provided by the Agency to be invested in perpetuity and the Agency named itself as the beneficiary. The assets are valued at the fair value of the Agency's share of the Foundation's master pooled investments.

Equity mutual funds and common stocks are valued at the per share value of shares held by the Foundation at year end.

# NEIGHBORHOOD ALLIANCE AND SUBSIDIARY

## Notes to Consolidated Financial Statements Years Ended December 31, 2024 and 2023

### NOTE 1 - AGENCY DESCRIPTION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Fair Value Measurement (Continued)

The Agency investments reported at fair value as of December 31, 2024 are summarized below:

Description	Level 1	Level 2	Total
Beneficial interest in:			
JP Morgan Chase	\$ -	\$ 116,058	\$ 116,058
Community Foundation of Lorain County	-	9,624	9,624
Total Beneficial Interest in Trust	\$ -	\$ 125,682	\$ 125,682
Mutual funds	\$ 100,259	\$ -	\$ 100,259
Common stock	70,549	-	70,549
Total Investments	\$ 170,808	\$ -	\$ 170,808

The Agency investments reported at fair value as of December 31, 2023 are summarized below:

Description	Level 1	Level 2	Total
Beneficial interest in:			
JP Morgan Chase	\$ -	\$ 109,727	\$ 109,727
Community Foundation of Lorain County	-	9,624	9,624
Total Beneficial Interest in Trust	\$ -	\$ 119,351	\$ 119,351

The change in value of the perpetual trusts and marketable securities is recognized as donor restricted revenue in the statement of activities.

#### Revenue Recognition

Revenues from the Agency's program and grants revenue is derived from cost-reimbursable federal, state, and local grants, which are conditional upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions.

Contributions from foundations and capital campaigns are reported as revenue when received or pledged. Contributions without donor-imposed restrictions and contributions with donor-imposed time or purpose restrictions met in the same period as the gift are reported as contributions without donor restriction. Other restricted gifts are reported as restricted contributions in net assets with donor restriction.

# NEIGHBORHOOD ALLIANCE AND SUBSIDIARY

---

## Notes to Consolidated Financial Statements Years Ended December 31, 2024 and 2023

### NOTE 1 - AGENCY DESCRIPTION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Revenue Recognition (Continued)**

In-kind donations are recorded as donated services at the estimated fair value on the date received. During the years ended December 31, 2024 and 2023, the value of contributed services meeting the requirements for recognition in the consolidated financial statements was \$78,700 and \$-0-. Donated services are recognized if the services require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. A substantial number of volunteers have donated significant amounts of time to the Council's program services and fundraising activities. These services are not reflected in the accompanying consolidated financial statements since the services did not require specialized skills. Donated services primarily include professional fees assisting with management and general services.

#### **Leases**

The Agency determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (ROU) assets and lease liabilities in the consolidated balance sheet. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. The Agency has made an accounting policy election to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments. The weighted average discount rate applied to calculate lease liabilities is further disclosed in Note 7.

Operating lease expense is recognized on a straight-line basis over the lease term. The Agency does not report ROU assets and leases liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term. Lease and non-lease components of lease agreements are accounted as a single combined lease component for all asset classes.

#### **Comparative Consolidated Financial Statements**

The consolidated financial statements include certain prior year summarized comparative information in total but not by net asset class. 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 Agency's consolidated financial statements for the year ended December 31, 2023, from which the summarized information was derived.

#### **Functional Allocation of Expenses**

The cost of providing various programs and supporting services have been summarized on a functional basis in the statements of activities. Accordingly, all expenses, with the exception of bad debt expense, have been allocated based on an analysis by management of employee time spent within each functional area.

# NEIGHBORHOOD ALLIANCE AND SUBSIDIARY

---

## Notes to Consolidated Financial Statements Years Ended December 31, 2024 and 2023

### NOTE 1 - AGENCY DESCRIPTION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Subsequent Events

The Agency has evaluated subsequent events through September 26, 2025, the date which the consolidated financial statements were available to be issued.

#### Reclassification

Certain reclassifications have been made to the 2023 consolidated financial statements to conform to the 2024 consolidated financial statement presentation. There were no changes in total assets, liabilities, or change in net assets.

### NOTE 2 - PROPERTY AND EQUIPMENT

Property and equipment as of December 31, 2024 and 2023 consisted of the following:

	<u>2024</u>	<u>2023</u>	<u>Useful Life (Years)</u>
Land	\$ 45,931	\$ 45,931	
Land improvements	63,009	63,009	5 - 30
Buildings	2,007,807	2,007,807	20 - 40
Building improvements	5,254,778	1,768,896	5 - 40
Equipment	526,069	526,070	3 - 20
Playground equipment	22,559	22,559	10
Vehicles	617,602	650,319	3 - 10
	<u>8,537,755</u>	<u>5,084,591</u>	
Less accumulated depreciation	1,708,208	1,604,591	
	<u>6,829,547</u>	<u>3,480,000</u>	
Construction in progress	159,515	730,621	
	<u>\$ 6,989,062</u>	<u>\$ 4,210,621</u>	

# NEIGHBORHOOD ALLIANCE AND SUBSIDIARY

---

## Notes to Consolidated Financial Statements Years Ended December 31, 2024 and 2023

### NOTE 3 - LONG-TERM DEBT

The Agency has a note payable to PNC Bank in monthly installments of \$5,900 including interest at 3.33% and is secured by substantially all assets of the Agency. The note payable matures in June 2028. The outstanding balance as of December 31, 2024 and 2023 was \$225,798 and \$287,692, respectively.

The Agency entered into a bridge loan agreement with North West Bank (Bank) for financing the construction of the Neighborhood Nutrition Kitchen. Under the terms of the agreement, the Bank will disburse up to \$950,000 to the Agency. The loan bears interest at a rate of 7.25% and is secured by substantially all assets of the Agency. Monthly interest-only payments are required on the outstanding balance for the first six months, followed by monthly principal and interest payments thereafter. The agreement also states, upon receipt of Capital Campaign funds designated for the project, the Agency shall remit those funds to the Bank for repayment of the loan. The loan matures on June 14, 2027, at which time all outstanding principal and accrued interest will be due. As of December 31, 2024 and 2023, the outstanding balance on the loan was \$863,986 and \$-0-, respectively.

Principal payments required to be made are as follows:

<u>Years Ending December 31,</u>	<u>Amount</u>
2025	\$ 89,721
2026	97,528
2027	872,753
2028	29,782
	<u>\$ 1,089,784</u>

### NOTE 4 - LINE OF CREDIT

The Agency has a demand line of credit from a bank with a maximum borrowing of \$150,000 with interest at prime (7.50% as of December 31, 2024) plus 1.14%. The line is secured by substantially all assets of the Agency. At December 31, 2024 and 2023, \$110,124 and \$125,643, respectively, had been borrowed against the line of credit. The line of credit renews on an annual basis.

# NEIGHBORHOOD ALLIANCE AND SUBSIDIARY

---

## Notes to Consolidated Financial Statements Years Ended December 31, 2024 and 2023

### NOTE 5 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were restricted for the following purposes:

	December 31,	
	2024	2023
Program restrictions:		
Senior enrichment services	\$ 3,000	\$ -
Lorain county for Ukraine refugee	3,914	4,897
Family Strong	9,500	-
Capital Campaign	1,884,978	2,388,168
Endowment:		
Endowed cash	57,408	60,430
Beneficial interest	125,682	119,351
	<u>\$ 2,084,482</u>	<u>\$ 2,572,846</u>

### NOTE 6 - ENDOWMENT

The Agency's endowment includes donor-restricted endowment funds. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

#### Interpretation of Relevant Law

The Management and Board of Directors of the Agency have interpreted the Unified Prudent Management of Institutional Funds Act (UPMIFA), as adopted by the State of Ohio, as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Agency classifies as donor-restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

#### Return Objectives and Risk Parameters

The Agency has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds the Agency must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner intended to preserve and build corpus to a sufficient level that allows for a diversified investment strategy.

# NEIGHBORHOOD ALLIANCE AND SUBSIDIARY

---

## Notes to Consolidated Financial Statements Years Ended December 31, 2024 and 2023

### NOTE 6 - ENDOWMENT (CONTINUED)

#### Strategies Employed for Achieving Objectives

To satisfy its investment objective, the Agency relies on a low risk long-term strategy in which investment returns are achieved through current yield (interest) through money market funds and equity securities.

#### Spending Policy and How the Investment Objectives Relate to Spending Policy

At December 31st of each calendar year, a spending rate of 5% is applied to the fair market value of the endowment in accordance with the donor's terms. This is applicable to the funds under the Agency's control. Endowed funds held outside of the Agency are managed externally.

Endowment net asset composition by type of fund as of

	December 31,	
	2024	2023
Donor-restricted endowment funds	<u>\$ 183,090</u>	<u>\$ 179,781</u>

Changes in endowment net assets

	Years ended December 31,	
	2024	2023
Endowment net assets, January 1, 2023	\$ 179,781	\$ 169,895
Investment return	6,330	13,067
Appropriation	<u>(3,021)</u>	<u>(3,181)</u>
Endowment net assets, end of year	<u>\$ 183,090</u>	<u>\$ 179,781</u>

The Agency is also a beneficiary of funds directly provided to and held by the Community Foundation of Lorain County. Based on the funding of these accounts, the Agency does not record them on its consolidated financial statements. The value of the funds at December 31, 2024 and 2023 was \$491,715 and \$462,396, respectively. Earnings of \$600 and \$4,000, included in contributions on the statement of activities, were distributed to the Agency during the years ended December 31, 2024 and 2023, respectively.

# NEIGHBORHOOD ALLIANCE AND SUBSIDIARY

## Notes to Consolidated Financial Statements Years Ended December 31, 2024 and 2023

### NOTE 7 - LEASES

The Agency leases office equipment under noncancelable operating leases with payments ranging from \$169 to \$2,820 per month, with maturities between January 2024 and August 2027.

The composition of lease costs reported in the consolidated statement of activities and changes in net assets is as follows:

<b>Lease Expense</b>	December 31,	
	2024	2023
Operating lease expense (costs resulting from lease payments)	\$ 37,747	\$ 58,028
Short-term lease expense	-	36,000
	<u>\$ 37,747</u>	<u>\$ 94,028</u>

Supplemental cash flow information from leasing transactions is as follows:

<b>Other Information</b>	December 31,	
	2024	2023
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 37,712	\$ 52,583
Weighted-average remaining lease term in years for operating leases	2.63	3.58
Weighted-average discount rate for operating leases	3.88%	3.83%

The following operating lease payments are expected to be paid for each of the following years ending:

December 31,	
2025	\$ 35,868
2026	35,530
2027	<u>22,560</u>
Total undiscounted cash flow	93,958
Present value discount	<u>(4,806)</u>
Total lease liabilities	<u>\$ 89,152</u>

# NEIGHBORHOOD ALLIANCE AND SUBSIDIARY

---

## Notes to Consolidated Financial Statements Years Ended December 31, 2024 and 2023

### NOTE 8 - CONTINGENCIES

The Agency operates in an environment subject to extensive federal and state laws, rules, and regulations, including payment for services, conduct of operations and facility and professional licensure. Changes in law and regulatory interpretations could reduce the Agency's revenue. The Agency is, from time to time, subject to claims and suits for damages arising in the normal course of business. Management believes the ultimate resolution of any claims will not have a material adverse effect on the financial position, changes in net assets, or liquidity of the Agency.

### NOTE 9 - INCOME TAX

The Agency is exempt from Federal income taxes under Section 501(c)(3) and is classified as an Agency that is not a "Private Foundation" as defined in Section 509(a) of the Internal Revenue Code.

The Agency did not identify any material unrecognized tax benefits upon evaluation of tax positions taken and therefore, there was no material effect on the Agency's financial condition or results of operations.

The Agency evaluates at each balance sheet date uncertain tax positions taken, if any, to determine the need to record liabilities for taxes, penalties, and interest. The Agency's policy is to record interest and penalties on uncertain tax provisions as income tax expense. As of December 31, 2024 and 2023, the Agency had no accrued taxes, interest or penalties related to uncertain tax positions. The Agency estimates the unrecognized tax benefit will not change significantly within the next twelve months.

### NOTE 10 - SUPPLEMENTAL CASH FLOW INFORMATION

Cash paid for interest was \$16,736 and \$22,317 for the years ended December 31, 2024 and 2023, respectively.

### NOTE 11 - LIQUIDITY AND AVAILABILITY

The Agency regularly monitors the availability of resources required to meet its operating needs while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Agency considers all expenditures related to its ongoing programs and support services to be general expenditures.

# NEIGHBORHOOD ALLIANCE AND SUBSIDIARY

---

## Notes to Consolidated Financial Statements Years Ended December 31, 2024 and 2023

### NOTE 11 - LIQUIDITY AND AVAILABILITY (CONTINUED)

The following table shows the total financial assets held by the Agency and the amounts of those financial assets which could readily be made available within one year of the statement of financial position date to meet general expenditures:

	December 31,	
	2024	2023
Cash and cash equivalents	\$ 156,583	\$ 363,200
Grants receivable	500,100	680,921
ERC Receiveable	156,007	-
Investments	170,808	-
Financial assets available to meet the cash needs for general expenditure within one year	<u>\$ 983,498</u>	<u>\$ 1,044,121</u>

The Agency generally operates with a balanced budget and anticipates collecting sufficient revenue to cover the portion of general expenditures not covered by the financial assets listed above.

**TITLE 2 U.S. CODE OF FEDERAL REGULATIONS PART 200  
AUDIT REQUIREMENTS**

## NEIGHBORHOOD ALLIANCE AND SUBSIDIARY

### Schedule of Expenditures of Federal Awards Year Ended December 31, 2024

Federal Grantor/Pass-Through Grantor/ Program Title	Assistance Listing Number	Federal Expenditures	Passed Through to Subrecipients
<b>U.S. Department of Education</b>			
Pass through from the Ohio Department of Children and Youth and the Lorain County Children's Services:			
Special Education - Individuals with Disabilities Act Special Education - Grants for Infants and Families - Help Me Grow Early Intervention Part C	84.181	\$ 723,386	-
<i>Total U.S. Department of Education</i>		<u>723,386</u>	-
<b>U.S. Department of Agriculture</b>			
Pass through from the Ohio Department of Education:			
Child and Adult Care Food Program	10.558	37,434	-
<i>Total U.S. Department of Agriculture</i>		<u>37,434</u>	-
<b>U.S. Department of Homeland Security</b>			
Passed through Federal Emergency Management Agency passed through the United Way (as a fiscal agent):			
Federal Emergency Management Food and Shelter National Board Program		13,218	-
<i>Total U.S. Department of Homeland Security</i>	97.024	<u>13,218</u>	-
<b>U.S. Department of Housing and Urban Development</b>			
Pass through from the County and City of Lorain, Building, Housing & Planning Department:			
Community Development Block Grant/Entitlement Grants	14.218	27,256	-
<i>Total U.S. Department of Housing and Urban Development and CDBG Entitlement Grants Cluster</i>		<u>27,256</u>	-
<b>U.S. Department of Health and Human Services</b>			
Pass through from the Lorain County Board of Commissioners:			
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	360,584	-
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	89,898	-
<i>Total Aging Cluster</i>		<u>450,482</u>	-
Pass through from the Lorain County Board of Commissioners:			
Temporary Assistance for Needy Families	93.558	180,420	-
Pass through from Lorain County Department of Job and Family Services:			
Social Service Block Grant	93.667	165,000	-
Pass through from the Lorain County Board of Commissioners:			
Medical Assistance Program and Medicaid Cluster	93.778	77,111	-
<i>Total U.S. Department of Health and Human Services</i>		<u>873,013</u>	-
<b>U.S. Department of Transportation</b>			
Pass through from the State General Revenue Fund and Federal Award Project			
Public Transportation Research	20.514	5,096	-
<i>Total U.S. Department of Transportation</i>		<u>5,096</u>	-
Total Expenditures of Federal Awards:		<u>\$ 1,679,403</u>	<u>\$ -</u>

See Notes to Schedule of Expenditures of Federal Awards

# NEIGHBORHOOD ALLIANCE AND SUBSIDIARY

---

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

### NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Neighborhood Alliance and Subsidiary (the Agency) under the programs of the federal government for the year ended December 31, 2024. The information in this schedule is presented in accordance with the requirements of Title U.S. Code of Federal Regulations (CFR), *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Agency, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Agency.

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

### NOTE 3 - INDIRECT COST RATE

The Agency has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

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

The Board of Directors  
Neighborhood Alliance and Subsidiary  
Elyria, Ohio

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 consolidated financial statements of Neighborhood Alliance and Subsidiary (a nonprofit organization), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated September 26, 2025.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered Neighborhood Alliance and Subsidiary's (the Agency) 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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's consolidated 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON  
AN AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS (CONTINUED)*

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Agency's consolidated 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Barnes Wendling CPAs*

Sheffield Village, Ohio  
September 26, 2025

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE

The Board of Directors  
Neighborhood Alliance and Subsidiary  
Elyria, Ohio

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Neighborhood Alliance and Subsidiary's (the Agency) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Agency's major federal programs for the year ended December 31, 2024. The Agency's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Agency 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 December 31, 2024.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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 Auditors' Responsibilities for the Audit of Compliance section of our report.

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

***Responsibilities of Management for Compliance***

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

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE (CONTINUED)

***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Agency'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 the Agency'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 the Agency's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Agency's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Agency'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.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE (CONTINUED)

**Report on Internal Control over Compliance**

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

*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 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.

*Barnes Wendling CPAs*

Sheffield Village, Ohio  
September 26, 2025

# NEIGHBORHOOD ALLIANCE AND SUBSIDIARY

---

## Schedule of Findings and Questioned Costs

### Section I - Summary of Auditors' Results

#### Consolidated Financial Statements

Type of auditors' report issued:	<u>Unmodified</u>	
Internal control over financial reporting:		
Material weakness(es) identified?	___yes	__x__no
Significant deficiency(s) identified not considered to be material weaknesses?	___yes	__x__none reported
Noncompliance material to consolidated financial statements noted?	___yes	__x__no

#### Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	___yes	__x__no
Significant deficiency(s) identified not considered to be material weaknesses?	___yes	__x__none reported

Type of auditors' report issued on compliance for major programs:	<u>Unmodified</u>
---	-------------------

Any audit findings disclosed that are required to be reported in accordance with Federal Register 2 CFR Part 200, Subpart F?	___yes	__x__no
--	--------	---------

#### CFDA Numbers

84.181

#### Name of Federal Program or Cluster

Help Me Grow Early Intervention  
Part C

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

Auditee qualified as a low risk auditee?	___yes	__x__no
--	--------	---------

---

*Child Enrichment Services • Family Support Services • Senior Enrichment Services • Shelter and Emergency Services*

**Neighborhood Alliance and Subsidiary  
Summary Schedule of Prior Audit Findings  
December 31, 2024**

**Finding 2023-001**

Significant deficiency in internal control over financial reporting – Recognition of Conditional Grant Revenue

**Summary:**

Management is responsible for the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. U.S GAAP requires unconditional promises to give to be recognized in the period received revenue and an asset in the period received.

**Corrective Action:**

Management reviews and analyzes grant/donor letters for conditional or unconditional barriers for proper revenue recognition including all teams members when receiving incoming donor letters.

**Status of Findings:**

Corrective action taken and findings are considered resolved.

**Finding 2023-002**

Significant deficiency in internal control over financial reporting – Uniform Guidance Reporting

**Summary:**

Pursuant to 2 CFR Section 200.512(a) of the Uniform Guidance, the auditee is responsible for submitting its data collection form and reporting package, including the auditor's reports within the earlier of 30 days after receipt of the auditor's reports or nine months after the end of the audit period to the Federal Audit Clearinghouse.

**Corrective Action:**

Management will close the books within three months of year end and began the year end audit to late May/early June.

**Status of Findings:**

Corrective action taken and findings are considered resolved.