

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2025 AND 2024

NEIGHBORHOOD ALLIANCE AND SUBSIDIARY

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Barnes Wendling CPAs Since 1946

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, 2025, 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, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' 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.

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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 2024 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated September 26, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated TBD 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 8, 2026

NEIGHBORHOOD ALLIANCE AND SUBSIDIARY

Consolidated Statements of Financial Position

	December 31, 2025	December 31, 2024
ASSETS		
Cash and cash equivalents	$ 981,919	$ 156,583
Restricted Cash		
Capital campaign	208,284	527,671
Endowed cash	54,538	57,408
Grants receivable	611,710	500,100
Unconditional promises to give - capital campaign	736,200	1,300,000
Prepaid expenses	74,148	47,303
Employee retention credit receivable	-	156,007
Property and equipment, net	7,162,982	6,989,062
Right-of-use operating assets	56,021	89,046
Beneficial interest in perpetual trusts	138,283	125,682
Investments	174,308	170,808
TOTAL ASSETS	**$ 10,198,393**	**$ 10,119,670**
LIABILITIES AND NET ASSETS		
Liabilities		
Line of credit	$ 145,140	$ 110,124
Accounts payable	306,828	232,885
Accrued expenses	103,104	77,987
Deferred support	1,467	23,001
Notes payable	652,173	1,089,784
Operating lease liability	56,163	89,152
Total Liabilities	1,264,875	1,622,933
Net Assets		
Without donor restriction	6,877,114	6,412,255
With donor restriction	2,056,404	2,084,482
Total Net Assets	8,933,518	8,496,737
TOTAL LIABILITIES AND NET ASSETS	**$ 10,198,393**	**$ 10,119,670**

See Notes to Consolidated Financial Statements

NEIGHBORHOOD ALLIANCE AND SUBSIDIARY

Consolidated Statements of Activities and Changes in Net Assets
Year Ended December 31, 2025 with Summarized Financial Information for the Year Ended December 31, 2024

	Without Donor Restriction	With Donor Restriction	2025 Total	2024 Total
Revenues, gains, and other support				
Government agencies	$ 3,546,616	$ -	$ 3,546,616	$ 3,299,169
Capital campaign	500,000	239,063	739,063	2,423,306
Program fees	873,264	-	873,264	937,125
Foundation grants and contributions	435,621	-	435,621	380,276
Contributions	297,482	45,100	342,582	265,974
Other income	2,829	-	2,829	175,277
Donated goods and services	43,349	-	43,349	78,700
Investment (loss) income	10,321	18,349	28,670	(5,389)
Loss on sale of property and equipment	(1,432)	-	(1,432)	(7,820)
	5,708,050	302,512	6,010,562	7,546,618
Net assets released from restrictions	330,590	(330,590)	-	-
Total revenues, gains, and other support	6,038,640	(28,078)	6,010,562	7,546,618
Expenses				
Program services:				
Family support services	(1,703,708)	-	(1,703,708)	(1,689,996)
Senior enrichment services	(1,099,108)	-	(1,099,108)	(1,260,000)
Emergency services	(989,198)	-	(989,198)	(1,045,000)
Child enrichment services	(824,332)	-	(824,332)	(668,753)
Nutrition kitchen	(274,777)	-	(274,777)	(238,760)
Total program services expenses	(4,891,123)	-	(4,891,123)	(4,902,509)
Supporting services:				
Management and general	(462,836)	-	(462,836)	(720,179)
Fundraising	(219,822)	-	(219,822)	(185,008)
Total expenses	(5,573,781)	-	(5,573,781)	(5,807,696)
Changes in net assets	464,859	(28,078)	436,781	1,738,922
Net assets, beginning of the year	6,412,255	2,084,482	8,496,737	6,757,815
NET ASSETS, end of the year	**$ 6,877,114**	**$ 2,056,404**	**$ 8,933,518**	**$ 8,496,737**

See Notes to Consolidated Financial Statements

NEIGHBORHOOD ALLIANCE AND SUBSIDIARY

Consolidated Statements of Functional Expenses
Year Ended December 31, 2025 with Summarized Financial Information for the Year Ended December 31, 2024

	Program Services					Support Services			
	Family Support Services	Senior Enrichment Services	Emergency Services	Child Enrichment Services	Nutrition Kitchen	Management and General	Fund Raising	2025 Total	2024 Total
Total salaries and related expenses	$ 1,132,782	$ 730,827	$ 657,745	$ 548,121	$ 182,707	$ 255,790	$ 146,165	$ 3,654,137	$ 3,734,255
Professional fees and contracts	62,645	40,361	36,325	30,271	10,090	14,126	8,072	201,890	358,192
Supplies	128,085	82,635	74,372	61,976	20,659	28,922	16,527	413,176	476,178
Telephone	10,327	6,661	5,995	4,996	1,665	2,331	1,332	33,307	37,558
Postage and shipping	1,173	756	681	567	189	265	151	3,782	4,111
Occupancy	97,635	62,990	56,691	47,242	15,747	22,046	12,598	314,949	358,387
Rental and maintenance of equipment	47,563	30,686	27,617	23,014	7,671	10,740	6,137	153,428	108,836
Advertising	-	-	-	-	-	18,180	-	18,180	57,809
Mileage/operational travel	31,324	20,209	18,188	15,157	5,052	7,073	4,042	101,045	103,651
Conferences, conventions, and meetings	4,655	3,003	2,703	2,252	751	1,051	601	15,016	16,696
Specific assistance to individuals	22,860	14,748	13,273	11,061	3,687	5,162	2,950	73,741	105,217
Membership dues	8,109	5,232	4,708	3,924	1,308	1,831	1,046	26,158	33,660
Interest and fees	-	-	-	-	-	59,969	-	59,969	16,736
Insurance	27,928	18,018	16,216	13,514	4,505	6,306	3,604	90,091	91,111
Purchased services	6,649	4,290	3,861	3,218	1,073	1,502	858	21,451	21,876
Miscellaneous	2,611	1,684	1,516	1,263	421	589	337	8,421	10,343
Depreciation	119,362	77,008	69,307	57,756	19,252	26,953	15,402	385,040	273,080
Total expenses	$ 1,703,708	$ 1,099,108	$ 989,198	$ 824,332	$ 274,777	$ 462,836	$ 219,822	$ 5,573,781	$ 5,807,696

See Notes to Consolidated Financial Statements

NEIGHBORHOOD ALLIANCE AND SUBSIDIARY

Consolidated Statements of Cash Flows

	Years Ended December 31, 2025	2024
Cash Flows from Operating Activities		
Changes in net assets	$ 436,781	$ 1,738,922
Adjustments to reconcile changes in net assets to net cash, cash equivalents, and restricted cash provided by operating activities:		
Depreciation	385,040	273,080
Amortization of right-of-use assets	33,025	33,809
Stock donation	-	(182,911)
Increase in unconditional promises to give - capital campaign	(179,200)	(500,000)
Contributions restricted for capital campaign	(59,863)	(1,740,395)
Unrealized and realized loss (gain) on investments	(16,101)	5,772
Loss on sale of property and equipment	1,432	7,820
(Increase) decrease in assets:		
Grants receivable	(111,610)	180,821
Prepaid expenses	(26,845)	(44,089)
Employee retention credit receivable	156,007	(156,007)
Increase (decrease) in liabilities:		
Accounts payable	73,943	(324,463)
Accrued expenses	25,117	13,150
Deferred support	(21,534)	23,001
Operating lease liability	(32,989)	(33,703)
Net cash, cash equivalents, and restricted cash provided by (used in) operating activities	663,203	(705,193)
Cash Flows from Investing Activities		
Proceeds from sale of property and equipment	1,277	500
Purchase of property and equipment	(561,669)	(3,059,841)
Net cash, cash equivalents, and restricted cash used in investing activities	(560,392)	(3,059,341)
Cash Flows from Financing Activities		
Contributions restricted for capital campaign	802,863	2,440,395
Borrowings of long-term debt	495,000	865,576
Repayments of long-term debt	(932,611)	(63,484)
Net (repayments) borrowings from line of credit	35,016	(15,519)
Net cash, cash equivalents, and restricted cash provided by financing activities	400,268	3,226,968
Net increase (decrease) in cash, cash equivalents, and restricted cash	503,079	(537,566)
Cash, cash equivalents, and restricted cash at beginning of the year	741,662	1,279,228
Cash, cash equivalents, and restricted cash at end of the year	**$ 1,244,741**	**$ 741,662**

See Notes to Consolidated Financial Statements

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 NHA and its wholly owned subsidiary, NAH. 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.

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 for the 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, 2025	December 31, 2024
Cash and cash equivalents	$ 981,919	$ 156,583
Cash restricted to capital campaign	208,284	527,671
Endowed cash	54,538	57,408
Total cash, cash equivalents, and restricted cash in the consolidated statements of cash flows	$ 1,244,741	$ 741,662

Grants Receivable

Grants receivables 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 – Capital Campaign

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

	December 31, 2025	December 31, 2024
Receivable in less than one year	$ 536,200	$ 700,000
Receivable in one to five years	200,000	600,000
	$ 736,200	$ 1,300,000

Management does not anticipate uncollectible promises to give based on payment history and the financial stability of the donors.

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 years ended December 31, 2025 and 2024, the Agency recognized $-0- and $156,007 of ERC income recorded in other income on the consolidated statement of activities and changes in net assets, respectively.

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.

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.

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).

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

Fair Value Measurement (Continued)

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, 2025 and 2024.

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 Agency at year end.

The Agency investments reported at fair value as of December 31, 2025 are summarized below:

Description	Level 1	Level 2	Total
Beneficial interest in:			
JP Morgan Chase	$ -	$ 127,170	$ 127,170
Community Foundation of Lorain County	-	11,113	11,113
Total Beneficial Interest in Trust	$ -	$ 138,283	$ 138,283
Cash and cash equivalents	$ 871	$ -	$ 871
Mutual funds	55,468	-	55,468
Exchange traded	117,969	-	117,969
Total Investments	$ 174,308	$ -	$ 174,308

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 change in value of the perpetual trusts and marketable securities is recognized as donor restricted revenue in the consolidated statement of activities and changes in net assets.

Revenue Recognition
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 Agency 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.

Donated goods are comprised of food and clothing donations used in the Agency's programs. Donated services primarily include professional fees assisting with management and general services. 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. Donated goods and services are reported at the estimated fair value on the date received. During the years ended December 31, 2025, the value of donated goods and services was $27,399 and $15,950, respectively. During the years ended December 31, 2024, the value of donated goods and services was $20,803 and $57,897, respectively.

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

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, 2024, 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 have been allocated based on an analysis by management of employee time spent within each functional area.

Subsequent Events

The Agency has evaluated subsequent events through September 8, 2026, the date which the consolidated financial statements were available to be issued.

Reclassification

Certain reclassifications have been made to the 2024 consolidated financial statements to conform to the 2025 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, 2025 and 2024 consisted of the following:

	2025	2024	Useful Life (Years)
Land	$ 45,931	$ 45,931	
Land improvements	71,265	63,009	10 - 20
Buildings	2,007,807	2,007,807	20 - 40
Building improvements	5,349,778	5,254,778	5 - 40
Equipment	474,141	526,069	3 - 20
Playground equipment	22,559	22,559	10
Vehicles	625,503	617,602	3 - 10
	8,596,984	8,537,755	
Less accumulated depreciation	2,051,929	1,708,208	
	6,545,055	6,829,547	
Construction in progress	617,927	159,515	
	$ 7,162,982	$ 6,989,062	

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, 2025 and 2024 was $161,756 and $225,798, respectively.

The Agency has a note payable to Buckeye Community Bank in monthly installments of $3,868 including interest at 7.00% and is secured by certain real property of the Agency. The note payable matures in September 2030. The outstanding balance as of December 31, 2025 and 2024 was $490,417 and $-0-, respectively. The note payable requires the Agency to annually meet a debt service coverage financial ratio.

The Agency had a bridge loan with North West Bank (Bank) for financing the construction of the Neighborhood Nutrition Kitchen. Under the terms of the agreement, the Bank would disburse up to $950,000 to the Agency. The loan bore interest at a rate of 7.25% and was secured by substantially all assets of the Agency. Monthly interest-only payments were required on the outstanding balance for the first six months, followed by monthly principal and interest payments thereafter. The agreement also stated, 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 was paid in full in 2025, prior to its maturity date of June 2027. As of December 31, 2025 and 2024, the outstanding balance was $-0- and $863,986, respectively.

NOTE 3 - LONG-TERM DEBT (CONTINUED)

Principal payments required to be made are as follows:

Years Ending December 31,	Amount
2026	$ 77,667
2027	81,142
2028	42,775
2029	15,240
2030	435,349
	$ 652,173

Interest expense for all indebtedness was $59,969 and $16,736, respectively, for the years ended December 31, 2025 and 2024.

NOTE 4 - LINE OF CREDIT

The Agency had a demand line of credit from a bank with a maximum borrowing of $150,000 with interest at prime (6.75% as of December 31, 2025) plus 1.14%. The line was secured by substantially all assets of the Agency. In 2025, the line of credit was refinanced, and the maximum borrowings were increased to $500,000 with interest at SOFR (3.87% at December 31, 2025) plus 2.00%. The line is secured by substantially all assets of the Agency. At December 31, 2025 and 2024, $145,140 and $110,124, respectively, had been borrowed against the line of credit. The line of credit renews on an annual basis.

NOTE 5 - NET ASSETS WITH DONOR RESTRICTIONS

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

	December 31, 2025	December 31, 2024
Program restrictions:		
Senior enrichment services	$ -	$ 3,000
Lorain County for Ukraine refugee	4,364	3,914
Family Strong	6,500	9,500
Haven	35,000	-
Capital	1,817,719	1,884,978
Endowment:		
Endowed cash	54,538	57,408
Beneficial interest	138,283	125,682
	$ 2,056,404	$ 2,084,482

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 Uniform 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.

NOTE 6 - ENDOWMENT (CONTINUED)

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). 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.

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 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, 2025	December 31, 2024
Donor-restricted endowment funds	$ 192,821	$ 183,090

Changes in endowment net assets

	Years ended December 31, 2025	Years ended December 31, 2024
Endowment net assets, January 1	$ 183,090	$ 179,781
Investment return	12,601	6,330
Appropriation	(2,870)	(3,021)
Endowment net assets, December 31	$ 192,821	$ 183,090

NOTE 6 - ENDOWMENT (CONTINUED)

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, 2025 and 2024 was $541,132 and $491,715, respectively. Distributions from the funds to the Agency, included in contributions on the statement of activities and changes in net assets, were $18,002 and $17,928 during the years ended December 31, 2025 and 2024, respectively.

NOTE 7 - LEASES

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

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

	Years Ended December 31,	
Lease Expense	2025	2024
Operating lease expense	$ 35,903	$ 37,747

Supplemental cash flow information from leasing transactions is as follows:

	Years Ended December 31,	
	2025	2024
Other Information		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 35,868	$ 37,712
Weighted-average remaining lease term in years for operating leases	1.64	2.63
Weighted-average discount rate for operating leases	3.91%	3.88%

NOTE 7 - LEASES (CONTINUED)

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

December 31,	
2026	$ 35,530
2027	22,560
Total undiscounted cash flow	58,090
Present value discount	(1,927)
Total lease liabilities	$ 56,163

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

NHA is exempt from federal income taxes under Section 501(c)(3) and is classified as a not for profit organization that is not a “Private Foundation” as defined in Section 509(a) of the Internal Revenue Code. NAH is a not for profit limited liability company wholly owned by NHA and is disregarded for federal income taxes.

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, 2025 and 2024, 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 $60,175 and $16,736 for the years ended December 31, 2025 and 2024, 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.

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,	
	2025	2024
Cash and cash equivalents	$ 900,919	$ 156,583
Grants receivable	611,710	500,100
ERC receivable	-	156,007
Financial assets available to meet the cash needs for general expenditure within one year	$ 1,512,629	$ 812,690

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, 2025

Federal Grantor/Pass-Through Grantor/ Program Title	Assistance Listing Number	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Education			
Pass through from the Ohio Department of Children and Youth and the Lorain County Children's Services:			
Special Education - Grants for Infants and Families	84.181	$ 817,495	-
Total U.S. Department of Education		817,495	-
U.S. Department of Agriculture			
Pass through from the Ohio Department of Education:			
Child and Adult Care Food Program	10.558	43,306	-
Total U.S. Department of Agriculture		43,306	-
U.S. Department of Housing and Urban Development			
Pass through from the County and City of Lorain, Building, Housing & Planning Department:			
Community Development Block Grant/Entitlement Grants	14.218	66,362	-
Community Development Block Grant-State's Programs	14.228	37,036	-
Total U.S. Department of Housing and Urban Development and Community Development Block Grant Cluster Entitlement/Special Purpose Grants		103,398	-
U.S. Department of Health and Human Services			
Pass through from the Lorain County Board of Commissioners:			
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	425,782	-
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	42,800	-
Total Aging Cluster		468,582	-
Pass through from the Lorain County Board of Commissioners:			
Temporary Assistance for Needy Families (TANF)	93.558	409,105	-
Pass through from Lorain County Department of Job and Family Services:			
Social Services Block Grant	93.667	100,000	-
Pass through from the Lorain County Board of Commissioners:			
Projects for Assistance in Transition from Homelessness (PATH)	93.150	82,592	
Total U.S. Department of Health and Human Services		1,060,279	-
Total Expenditures of Federal Awards:		$ 2,024,478	$ -

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, 2025

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, 2025. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements 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 for notices of awards dated before October 1, 2024 or 15% for awards dated on or after October 1, 2024.

Barnes Wendling CPAs Since 1946

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 consolidated statement of financial position as of December 31, 2025, 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, and have issued our report thereon dated September 8, 2026.

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.

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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 8, 2026

Barnes Wendling CPAs Since 1946

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, 2025. 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, 2025.

Basis for Opinion on Each Major Federal Program

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

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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.

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 8, 2026

NEIGHBORHOOD ALLIANCE AND SUBSIDIARY

Schedule of Findings and Questioned Costs

Section I - Summary of Auditors' Results

Consolidated Financial Statements

Type of auditors' report issued:	Unmodified	
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 federal 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 federal programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with Federal Register 2 CFR Part 200, Subpart F?	____yes	__x__no

ALN Numbers	**Name of Federal Program or Cluster**
84.181	Special Education – Grants for Infants and Families

Dollar threshold used to distinguish Type A and Type B programs:	$ 1,000,000
Auditee qualified as a low risk auditee?	_____yes ___x_no