Financial Statements

Southwest Arkansas Planning and Development District, Inc.

For the Year Ended June 30, 2025

Southwest Arkansas Planning and Development District, Inc.

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LANDMARK
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Southwest Arkansas Planning and Development District, Inc.
Magnolia, Arkansas

Opinion

We have audited the accompanying financial statements of **Southwest Arkansas Planning and Development District, Inc.** (the District), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the District as of June 30, 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 (U.S. GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

To the Board of Directors
Southwest Arkansas Planning and Development District, Inc.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards, as required by Title 2 *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional

To the Board of Directors
Southwest Arkansas Planning and Development District, Inc.

Supplementary Information (Continued)

procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. GAAS. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 17, 2026, on our consideration of the District's Internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Landmark PLC

Little Rock, Arkansas
July 17, 2026

Southwest Arkansas Planning and Development District, Inc.

Statement of Financial Position
June 30, 2025

Assets		
Current Assets		
Cash and cash equivalents	$	354,218
Accounts receivable		506,727
Investments		1,213,397
Prepaid expenses and other current assets		34,329
Total Current Assets		2,108,671
Noncurrent Assets		
Property and Equipment, net		851,765
Other noncurrent asset		800,000
Total Noncurrent Assets		1,651,765
Total Assets	$	3,760,436
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	$	120,797
Accrued expenses		172,816
Refundable advances		27,449
Total Current Liabilities		321,062
Net Assets		
Without donor restrictions		2,639,374
With donor restictions		800,000
Total Net Assets		3,439,374
Total Liabilities and Net Assets	$	3,760,436

The accompanying notes are an integral part of these financial statements.

Southwest Arkansas Planning and Development District, Inc.

Statement of Activities
For the Year Ended June 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue			
Grants from governmental agencies	$ 1,310,865	$ -	$ 1,310,865
Dues from counties and cities	62,351	-	62,351
Program service fees	811,972	-	811,972
Investment income, net	95,793	-	95,793
Gain on sale of asset	10,500	-	10,500
Net assets restricted or released from restrictions, net	-	-	-
Total Revenue	2,291,481	-	2,291,481
Expenses			
Program Services			
Employment and training	1,104,526	-	1,104,526
Community and economic development	920,753	-	920,753
Total Program Services	2,025,279	-	2,025,279
Supporting Services			
Management and General	118,383	-	118,383
Total Expenses	2,143,662	-	2,143,662
Change in Net Assets	147,819	-	147,819
Net Assets, Beginning of Year	2,491,555	800,000	3,291,555
Net Assets, End of Year	$ 2,639,374	$ 800,000	$ 3,439,374

The accompanying notes are an integral part of these financial statements.

Southwest Arkansas Planning and Development District, Inc.

Statement of Functional Expenses
For the Year Ended June 30, 2025

	Program Services			Supporting Services	
	Community and Economic Development	Employment and Training	Total Program Services	Management and General	Total
Personnel Costs					
Salaries and payroll taxes	$ 332,956	$ 489,633	$ 822,589	$ 139,972	$ 962,561
Fringe benefits	69,125	123,236	192,361	36,610	228,971
Total Personnel Costs	402,081	612,869	1,014,950	176,582	1,191,532
Other Expenses					
Advertising	1,818	1,633	3,451	110	3,561
Consumable supplies	4,416	7,716	12,132	9,663	21,795
Depreciation	18,280	11,434	29,714	7,673	37,387
Insurance	3,814	5,005	8,819	24,961	33,780
Meetings	299	-	299	6,143	6,442
Needs related payments	-	758	758	-	758
Professional fees	33,372	-	33,372	52,675	86,047
Office expense	4,538	2,949	7,487	36,949	44,436
Rent	540	2,834	3,374	2,849	6,223
Repairs and maintenance	11,219	18,273	29,492	34,646	64,138
Travel and training	18,052	20,880	38,932	8,058	46,990
Utilities	9,856	110,888	120,744	17,107	137,851
Indirect	179,229	87,304	266,533	(266,533)	-
Total Other Expenses	285,433	269,674	555,107	(65,699)	489,408
Direct Program Expenses					
Child care and supportive services	-	7,210	7,210	-	7,210
Outreach marketing	-	15,000	15,000	7,500	22,500
Training expenses	-	142,456	142,456	-	142,456
Transportation	-	13,654	13,654	-	13,654
Work experience	-	42,963	42,963	-	42,963
Youth contact and incentives	-	700	700	-	700
Prevention services	233,239	-	233,239	-	233,239
Total Direct program Expenses	233,239	221,983	455,222	7,500	462,722
Total Expenses	$ 920,753	$ 1,104,526	$2,025,279	$ 118,383	$2,143,662

The accompanying notes are an integral part of these financial statements.

Southwest Arkansas Planning and Development District, Inc.

Statement of Cash Flows
For the Year Ended June 30, 2025

Cash Flows from Operating Activites	
Change in net assets	$ 147,819
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation expense	37,387
(Gain) loss on sale of asset	(10,500)
Unrealized (gain) loss on investments	(20,415)
(Increase) decrease in current assets:	
Accounts receivable	(101,691)
Prepaid expenses and other current assets	646
Increase (decrease) in current liabilities:	
Accounts payable	51,604
Accrued expenses	5,664
Refundable advances	(12,947)
Net Cash Provided by Operating Activities	97,567
Cash flows from Investing Activities	
Investment purchases	(400,028)
Investment maturities	308,504
Purchase of property, plant, and equipment	(38,314)
Net Cash Used in Investing Activities	(129,838)
Net Decrease in Cash and Cash Equivalents	(32,271)
Cash and Cash Equivalents at Beginning of Year	386,489
Cash and Cash Equivalents and End of Year	$ 354,218

The accompanying notes are an integral part of these financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of the District – The Southwest Arkansas Planning and Development District, Inc. (the District) is a nonprofit organization, which collects dues from county and city governments within a twelve county area in Southwest Arkansas and is actively engaged in obtaining and administering various contracts and grants with state and federal agencies.

Basis of Presentation – The financial statements of the District have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

The District presents information regarding financial position and activities according to the following two classes of net assets:

> Net Assets without Donor Restrictions – Net assets that are not subject to or are no longer subject to donor-imposed stipulations. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the District, the environment in which it operates and the overall purpose and mission of the District.
>
> Net Assets with Donor Restrictions – Net assets whose use is limited by donor-imposed time and/or purpose restrictions.

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

Cash Equivalents – For purposes of the statement of cash flows, the District considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

The District maintains its cash in demand and interest-bearing deposit accounts, money market accounts and certificates of deposit at several financial institutions and investment banking firms. At times during the year ended June 30, 2025, cash, cash equivalents and certificate of deposit balances may have exceeded amounts insured by the Federal Deposit Insurance Corporation (FDIC) or the Securities Investor Protection Corporation (SIPC) and were not collateralized. In the event of an institutional failure, the excess over FDIC or SPIC limits may not be recoverable. Management believes that such accounts are maintained with reputable financial institutions and investment banking firms and the District has not experienced any losses in these accounts to date.

Accounts Receivable – Accounts receivable consists primarily of receivables from state and local governments, net of an allowance for credit losses. Management determines the allowance for credit losses based on historical experience as well as forward looking factors, such as economic forecasts. Based on management's evaluation, no allowance for credit losses was recorded at June 30, 2025. The opening receivable balance at July 1, 2024 totaled $405,035.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments - Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly fashion between market participants at the measurement date.

Purchases and sales are recorded on the trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation or depreciation includes gains and losses on investments bought and sold, as well as those held during the year. Investment income as presented on the statement of activities includes dividends, interest, as well as realized and unrealized gains and losses, and is net of investment expenses.

Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) during the reporting period in which the investment returns are recognized and are appropriated for expenditures. Otherwise, investment returns are reported as increases in net assets with donor restrictions.

Property and Equipment – Property and equipment are recorded at cost or at estimated fair value at the date of gift. Donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. The District follows the practice of capitalizing all expenditures for equipment in excess of $5,000. Depreciation is provided using the straight-line method over the estimated useful lives of the assets, generally as follows:

Building and Improvements	5 - 40 years
Furniture and Equipment	3 - 10 years

The District uses equipment in its operations, which is owned by the Department of Labor. This equipment is used in the Workforce Innovation and Opportunity Act (WIOA) programs. The total cost of this equipment at June 30, 2025 is approximately $107,000. This equipment is not leased and is needed to fulfill the requirements of grants. The equipment has been paid for with funds from those grants.

Revenue and Revenue Recognition – The District recognizes contributions when cash, securities or an unconditional promise to give is received or when the District becomes aware that a promise to give has been made, whichever occurs first. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return are not recognized until the conditions on which they depend have been met.

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Grant awards are generally recognized as revenue on a reimbursement of expense basis. Contractual fees are recognized when the related service is provided. Amounts requested for reimbursement for

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

expenditures incurred in excess of grants funds received or contractual services provided for which payment has not yet been received are recognized as receivables. Payments received in advance for grant awards, if any, are reported as refundable advances until they are expended for the purpose of the grant.

Functional Expenses – Functional expenses have been allocated between program services and management and general supporting services. Personnel related expenses are allocated based on actual time utilized for the related activities. Other expenses are allocated based on other meaningful measures for the particular type of expenditure.

Employee Benefit Allocation Plan and Indirect Cost Allocation Plan – Employee benefits are allocated to the grants/contracts on a percentage determined by dividing the employee benefit costs by the chargeable salaries (salaries less release time for vacation, sick leave, and holiday). Estimated rates were determined on a monthly basis. The actual rate was 74.98% for the fiscal year ended June 30, 2025.

The District allocated indirect costs to grants and contracts using an approved indirect cost rate applied to direct salaries and wages. Effective July 1, 2024, the District implemented a provisional indirect cost rate of 37.05% as acknowledged by the U.S. Department of the Interior. The rate is applied on a monthly basis to benefiting programs. Certain costs including rent, equipment rental, print and reproduction, telephone, and postage are charged directly to the appropriate grants or contacts when they can be specifically identified with those activities.

Income Tax Status – The District is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. The District has analyzed the tax positions taken and has concluded that as of June 30, 2025, there are no uncertain positions taken or expected to be taken. The District is subject to audit by the Internal Revenue Service; however, there are currently no audits in progress.

Subsequent Events – The District has evaluated subsequent events through July 17, 2026, the date the financial statements were available to be issued.

NOTE 2 – LIQUIDITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Cash and cash equivalents	$ 354,218
Accounts receivable	506,727
Investments	1,213,397
	$ 2,074,342

As part of the District's liquidity management plan, cash in excess of daily requirements is invested in short-term investments, certificates of deposit and money market funds.

NOTE 3 – FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The levels of the fair value hierarchy are described as follows:

Level 1	Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.
Level 2	Inputs to the valuation methodology are other significant observable inputs (including quoted prices for similar securities in active markets, quoted prices for identical or similar assets in inactive markets and interest rates, credit risk, maturity dates or other observable market data).
Level 3	Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The District uses appropriate valuation techniques based on available inputs to measure the fair value of the assets. When available, the District measures fair values using Level 1 inputs, because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available.

For the year ended June 30, 2025, the application of valuation techniques used to determine the fair values of investments has been consistent with the previous year's techniques. The following is a description of the valuation methodologies used by the District:

The fair value of mutual funds and equity securities is determined based on the closing price as reported by the fund or security.

The fair value of corporate notes and bonds are determined by an independent pricing service using industry accepted pricing models and observable inputs that vary based on the type of bond.

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

NOTE 3 – FAIR VALUE MEASUREMENTS (Continued)

The fair values of the District's investments measured on a recurring basis at June 30, 2025 are as follows:

	Fair Value	Level 1	Level 2	Level 3
Mutual funds	$ 323,016	$ 323,016	$ -	$ -
Equity securities	87,588	87,588	-	-
Corporate bonds and notes	574,898	-	574,898	-
Investments valued at fair value	985,502	410,604	574,898	-
Certificates of deposit, valued at cost	227,895			
Total investments	$ 1,213,397			

NOTE 4 – PROPERTY AND EQUIPMENT

At June 30, 2025, the District's property and equipment was as follows:

	Ending Balance
Land	$ 101,015
Buildings	1,098,227
Furniture and equipment	200,427
	1,399,669
Accumulated depreciation	547,904
Property and equipment, net	$ 851,765

NOTE 5 – LEASES

During the year ended June 30, 2025, the District leased storage spaces and made lease payments totaling approximately $6,223.

NOTE 6 – ACT 118 FUNDS

In the fiscal year ended June 30, 2025, the District received Act 118 Funds of approximately $60,000 and also received dues from cities and counties of approximately $62,000 which were used to match approximately $60,000 of the Act 118 Funds. The Act 118 Funds were used to supplement operating expenses.

NOTE 7 - CONCENTRATIONS

During the year ended June 30, 2025, the District received approximately 51.36% of its funding from the U.S. Department of Labor.

NOTE 8 – RELATED PARTY TRANSACTIONS

The District shares common board members with Southwest Arkansas Regional Solid Waste Management District (the "Waste District"). The District charged the Waste District for personnel, fringe benefits and other direct and indirect costs under an administrative service contract in the amount of $85,000. The outstanding receivable balance of these charges was approximately $21,000 as of June 30, 2025.

NOTE 9 – RETIREMENT PLAN

The District sponsors a defined contribution retirement plan that covers substantially all full-time employees. Contributions may be made at the discretion of the Board of Directors. The District's contributions to the plan were approximately $83,000 for the year ended June 30, 2025.

NOTE 10 – COMMITMENT

On November 13, 2023, the District entered into a remediation grant agreement with Union County, Arkansas in which the District agreed to apply for and pursue a Brownfields Cleanup Grant to provide funding for environmental cleanup of the Warner Brown Hospital Building (the "building"). In order to comply with the requirements of the US Environmental Protection Agency's Brownfields Program, Union County conveyed title of the building to the District with the understanding that title to the building will be conveyed back to Union County when it is legally appropriate following the completion of work funded by the cleanup grant.

When the title was received, the District recorded a restricted noncash cont ribution and other noncurrent asset of $800,000, for the fair value of the building received. Upon completion of the environmental cleanup, the District is obligated to convey title of the building back to Union County for the fair value of the building at that time.

Southwest Arkansas Planning and Development District, Inc.
Schedule of Expenditures of Federal Awards
June 30, 2025

Federal Grantor/ Program Title	Assistance Listing Number	Pass-Through Grantor's Number	Pass Through Entity	Program Award Amount	Expenditures
DEPARTMENT OF LABOR					
WIOA Title IB	17.258	SSA-05-P23-RCP-95	(1)	7,947	7,947
WIOA Title IB	17.258	SSA-05-P23-OR-95	(1)	5,000	5,000
WIOA Title IB	17.258	WIOA 05-P24 Adult-50	(1)	67,022	67,022
WIOA Title IB	17.258	WIOA 05-F24 Adult-50	(1)	360,599	122,908
WIOA Title IB	17.258	WIOA 05-F25 Adult-50	(1)	373,897	228,034
					430,911
WIOA Title IB	17.278	SSA-05-P23-RCP-95	(1)	7,947	7,947
WIOA Title IB	17.278	SSA-05-P23-OR-95	(1)	5,000	5,000
WIOA Title IB	17.278	WIOA 05-P24 DLW-50	(1)	56,203	56,203
WIOA Title IB	17.278	WIOA 05-F24-DLW-50	(1)	111,827	19,340
WIOA Title IB	17.278	WIOA 05-F25-DLW-50	(1)	104,519	110,260
					198,750
WIOA Title IB	17.259	WIOA 05-P23-YOUTH-50	(1)	397,335	188,876
WIOA Title IB	17.259	SSA-05-P23-RCP-95	(1)	7,948	7,948
WIOA Title IB	17.259	SSA-05-P23-OR-95	(1)	5,000	5,000
WIOA Title IB	17.259	WIOA 05-P24-YOUTH-50	(1)	347,463	263,787
WIOA Title IB	17.259	WIOA 05-P25-YOUTH-50	(1)	384,426	8,681
					474,292
		Total WIOA Title IB Cluster			1,103,953
		Total Department of Labor			1,103,953
DEPARTMENT OF COMMERCE					
Economic Development Administration:					
Special Economic Development and Assistance Programs					
Economic Development Support for Planning Organizations	11.302	08-83-04945 (2020)	NA	210,000	47,833
Delta Regional Authority Supplemental FUND 3021	90.200		NA	45,712	21,789
		Total Department of Commerce			69,622
U.S. Environmental Protection Agency					
Nonpoint Source Implementation	66.460		NA	177,657	7,723
Brownfields Multipurpose	66.818	BF-01F86101-0	NA	300,000	12,735
Brownfields Multipurpose	66.818	FB-02F63301-0	NA	2,000,000	31,503
		Total U.S. Environmental Protection Agency			51,961
		TOTAL FEDERAL EXPENDITURES			$ 1,225,536

Pass-thru Entities: (1) Arkansas Department of Workforce Services

Southwest Arkansas Planning and Development District, Inc.

Notes to Schedule of Expenditures of Federal Awards
June 30, 2025

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Southwest Arkansas Planning and Development District, Inc. under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Southwest Arkansas Planning and Development District, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Southwest Arkansas Planning and Development District, Inc.

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 ALLOCATION

Southwest Arkansas Planning and Development District, Inc. allocates indirect costs using an indirect rate. The indirect cost allocation was acknowledged by the Economic Development Administration (EDA) as being received and was 37.05% for the year ended June 30, 2025.

LANDMARK
CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Directors
Southwest Arkansas Planning and Development District, Inc.
Magnolia, Arkansas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of **Southwest Arkansas Planning and Development District, Inc.** (the District), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated July 17, 2026.

Internal Control Over Financial Reporting

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

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

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

To the Board of Directors
Southwest Arkansas Planning and Development District, Inc.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2025-001.

The District's Response to Findings

The District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Landmark PLC

Little Rock, Arkansas
July 17, 2026

LANDMARK
CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Directors
Southwest Arkansas Planning and Development District, Inc.
Magnolia, Arkansas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited **Southwest Arkansas Planning and Development District, Inc.'s** (the District's) compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2025. The District's major federal programs are identified in the *summary of auditor's results* section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance requirements referred to above.

Responsibilities of Management for Compliance

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

The Board of Directors
Southwest Arkansas Planning and Development District, Inc.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with U.S. GAAS, *Government Auditing Standards* and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with U.S. GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2025-001. Our opinion on each major federal program is not modified with respect to these matters. *Government Auditing Standards* requires the auditor to perform limited procedures on the District's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The Board of Directors
Southwest Arkansas Planning and Development District, Inc.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Landmark PLC

Little Rock, Arkansas
July 17, 2026

Southwest Arkansas Planning and Development District, Inc.

Summary of Findings and Questioned Costs
For the Year Ended June 30, 2025

Section I – Summary of Auditor's Results

- **Type of Report Issued – Financial Statements**

  The independent auditor's report expresses an unmodified opinion on the financial statements of Southwest Arkansas Planning and Development District, Inc.

- **Control Deficiencies – Financial Statements**

  No significant deficiencies or material deficiencies related to internal control over reporting were identified or reported during the audit of the financial statements.

- **Material Noncompliance – Financial Statements**

  One instance of noncompliance material to the financial statements which would be required to be reported in accordance with *Government Auditing Standards* was disclosed during the audit.

- **Control Deficiencies – Major Program**

  No control deficiencies in internal control over the major federal awards programs was reported in the independent auditor's report on compliance for each major program and on internal control over compliance required by the Title 2 Uniform Guidance.

- **Material Noncompliance – Major Program**

  One instance of noncompliance material to the financial statements which would be required to be reported in accordance with Government Auditing Standards was disclosed during the audit.

- **Type of Report Issued – Compliance**

  The auditor's report on compliance with requirements applicable to the major federal award program expresses an unmodified opinion on all major federal programs.

- **Audit Findings under Section 516(a) of the Uniform Guidance**

  Audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) are reported in this schedule.

- **Major Program**

  The program tested as a major program was the Department of Labor WIOA Cluster / Adult (17.258), Youth (17.259) and Dislocated Worker (17.278)

- **Threshold between Type A and Type B Programs**

  The threshold for distinguishing Types A and B programs was $750,000.

- **Type of Audit**

  Southwest Arkansas Planning and Development District, Inc., was not determined to be a low-risk auditee.

Section II – Financial Statement Findings Required to be Reported in Accordance with *Government Auditing Standards*

Finding 2025-001

See section III below.

Section III – Findings and Questioned Costs – Major Federal Award Program

Finding 2025-001

Assistance Listing No.	WIOA Cluster / Adult (17.258), Youth (17.259) and Dislocated Worker (17.278)
Federal Agency	U.S. Department of Labor
Pass-through Agency	Arkansas Department of Workforce Services
Criteria:	Per guidance provided in 2 CFR part 200.512, the audit must be completed, and the data collection form and reporting package must be submitted within the earlier of 30 calendar days after receipt of the auditor's report(s), or nine months after the end of the audit period. A six-month extension was provided for submission of the data collection form and reporting package for the reporting period.
Condition/Context:	The financial statement audit was not completed within the allowed timeframe and the data collection form and reporting package were not submitted timely.
Effect:	Southwest Arkansas Planning and Development District, Inc. filed a late submission of the data collection form and reporting package for the audit period.
Questioned Costs:	None.
Cause:	Southwest Arkansas Planning and Development District, Inc. was impacted by the COVID-19 pandemic and was unable to meet the due date of the data collection form and reporting package.
Recommendation:	We recommend Southwest Arkansas Planning and Development District, Inc. implement procedures and controls to ensure the reporting requirements are properly completed within the mandated timeframe.
Views of Responsible Officials:	See corrective action plan.

Southwest Arkansas Planning and Development District, Inc.

Corrective Action Plan

For the Year Ended June 30, 2025

SOUTH WEST ARKANSAS PLANNING & DEVELOPMENT DISTRICT

To: Whom It May Concern

Date: July 17, 2026

RE: Corrective Action Plan

This corrective action plan is submitted to demonstrate Southwest's continued progress toward the timely completion of audit requirements and the strengthening of financial management practices.

• Ongoing Procedures

- Southwest has implemented procedures to ensure all financial documents required for current and future audits are organized, saved, and readily available when requested to prevent delays and maintain compliance with audit timelines.
- Southwest is currently in process of procuring technical assistance for preparation of annual financial statements, consultation with year-end closing, and other technical assistant as requested by District.

Sincerely,

Renee Dycus
Executive Director

SOUTHWESTAR.ORG

P.O. BOX 767, 101 HARVEY COUCH BOULEVARD, MAGNOLIA, AR 71754 / OFFICE: 870-234-4030 / FAX: 870-234-0135 / INFO@SOUTHWESTAR.ORG

Southwest Arkansas Planning and Development District, Inc.

Summary Schedule of Prior Audit Findings

For the Year Ended June 30, 2025

Southwest Arkansas Planning and Development District, Inc.

Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2025

Finding 2024-001

CFDA No.	WIOA Cluster / Adult (17.258), Youth (17.259) and Dislocated Worker (17.278)
Federal Agency	U.S. Department of Labor
Pass-through Agency	Western Arkansas Planning and Development District
Finding:	Per guidance provided in 2 CFR part 200.512, the audit must be completed, and the data collection form and reporting package must be submitted within the earlier of 30 calendar days after receipt of the auditor's report(s), or nine months after the end of the audit period. The financial statement audit was not completed within the allowed timeframe.
2025 Status:	Southwest Arkansas Planning and Development District, Inc. filed a late submission of the data collection form and reporting package for 2024. Southwest Arkansas Planning and Development District, Inc. outsourced financial reporting responsibilities to a qualified accounting firm and is establishing procedures to ensure timely submissions in the future.