Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

▶ The organization may have to use a copy of this return to satisfy state reporting requirements

OMB No 1545-0047

2011

Open to Public Inspection

A For the 2011 calendar year, or tax year beginning 05-01, 2011, and ending 04-30, 20 12

B Check if applicable
- ☐ Address change
- ☐ Name change
- ☐ Initial return
- ☐ Terminated
- ☐ Amended return
- ☐ Application pending

C Name of organization BLACK RIVER AREA DEVELOPMENT CORP.

Doing Business As

Number and street (or P O box if mail is not delivered to street address) 1403 HOSPITAL DRIVE

Room/suite

City or town, state or country, and ZIP + 4 Pocahontas, AR 72455

D Employer identification no. 71-0387337

E Telephone number (870)892-4547

G Gross receipts $ 6,790,473

F Name and address of principal officer

H(a) Is this a group return for affiliates? ☐ Yes ☒ No

H(b) Are all affiliates included? ☐ Yes ☐ No
If "No," attach a list (see instructions)

H(c) Group exemption number ▶

I Tax-exempt status ☒ 501(c)(3) ☐ 501(c) ( ) ◀ (insert no) ☐ 4947(a)(1) or ☐ 527

J Website. ▶ N/A

K Form of organization ☒ Corporation ☐ Trust ☐ Association ☐ Other ▶

L Year of formation 1966

M State of legal domicile AR

Part I Summary

Activities & Governance

1 Briefly describe the organization's mission or most significant activities See audited financial statements.

2 Check this box ▶ ☐ if the organization discontinued its operations or disposed of more than 25% of its net assets

3	Number of voting members of the governing body (Part VI, line 1a)	3	15
4	Number of independent voting members of the governing body (Part VI, line 1b)	4	15
5	Total number of individuals employed in calendar year 2011 (Part V, line 2a)	5	213
6	Total number of volunteers (estimate if necessary)	6	
7a	Total unrelated business revenue from Part VIII, column (C), line 12	7a	0
b	Net unrelated business taxable income from Form 990-T, line 34	7b	0

		Prior Year	Current Year
Revenue			
8	Contributions and grants (Part VIII, line 1h)	7,351,026	6,590,447
9	Program service revenue (Part VIII, line 2g)	80,238	73,084
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	10,305	7,519
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	137,327	119,423
12	Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	7,578,896	6,790,473
Expenses			
13	Grants and similar amounts paid (Part IX, column (A), lines 1-3)	1,281,700	1,125,643
14	Benefits paid to or for members (Part IX, column (A), line 4)		0
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	4,181,181	4,020,689
16a	Professional fundraising fees (Part IX, column (A), line 11e)		0
b	Total fundraising expenses (Part IX, column (D), line 25) ▶ 0		
17	Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	2,045,473	1,718,938
18	Total expenses Add lines 13-17 (must equal Part IX, column (A), line 25)	7,508,354	6,865,270
19	Revenue less expenses Subtract line 18 from line 12	70,542	(74,797)

		Beginning of Current Year	End of Year
Net Assets or Fund Balances			
20	Total assets (Part X, line 16)	4,081,430	3,897,866
21	Total liabilities (Part X, line 26)	698,488	589,721
22	Net assets or fund balances Subtract line 21 from line 20	3,382,942	3,308,145

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NOV 26 2012
OGDEN, UT
IRS-OSC

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge

Sign Here

Signature of officer Date 10 22 12

Jim Jansen Executive Director
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN

Firm's name ▶ Firm's EIN ▶

Firm's address ▶ Phone no

May the IRS discuss this return with the preparer shown above? (see instructions) ☐ Yes ☐ No

For Paperwork Reduction Act Notice, see the separate instructions. EEA Form 990 (2011)

Part III Statement of Program Service Accomplishments

Check if Schedule O contains a response to any question in this Part III ☐

1 Briefly describe the organization's mission

See audited financial statements.

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? ☐ Yes ☒ No

If "Yes," describe these new services on Schedule O

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? ☐ Yes ☒ No

If "Yes," describe these changes on Schedule O

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. Section 501(c)(3) and 501(c)(4) organizations and section 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

4a (Code:) (Expenses $ 6,624,638 including grants of $ 1,125,643) (Revenue $)

See audited financial statements.

4b (Code) (Expenses $ including grants of $) (Revenue $)

4c (Code) (Expenses $ including grants of $) (Revenue $)

4d Other program services (Describe in Schedule O)

(Expenses $ including grants of $) (Revenue $)

4e Total program service expenses ▶ 6,624,638

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A	1	X	
2	Is the organization required to complete Schedule B, Schedule of Contributors? (see instructions)?	2		X
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I	3		X
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II	4		X
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III	5		N/A
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I	6		X
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? If "Yes," complete Schedule D, Part II	7		X
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III	8		X
9	Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV	9		X
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? If "Yes," complete Schedule D, Part V	10		X
11	If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI	11a	X	
b	Did the organization report an amount for investments - other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII	11b		X
c	Did the organization report an amount for investments - program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII	11c		X
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX	11d		X
e	Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X	11e		X
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X	11f		X
12a	Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI, XII, and XIII	12a	X	
b	Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional	12b		X
13	Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E	13		X
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		X
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, investmetnt, and program service activities outisde the United States, or aggregate foreign investments valued at $100,000 or more? If "Yes,' complete Schedule F, Parts I and IV	14b		X
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or assistance to any organization or entity located outside the United States? If "Yes," complete Schedule F, Parts II and IV	15		X
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or assistance to individuals located outside the United States? If "Yes," complete Schedule F, Parts III and IV	16		X
17	Did the organization report a total of more than $15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If "Yes," complete Schedule G, Part I (see instructions)	17		X
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II	18		X
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III	19		X
20a	Did the organization operate one or more hospital facilities? If "Yes," complete Schedule H	20a		X
b	If "Yes" to line 20a, did the organization attach its audited financial statements to this return?	20b		N/A

Part IV Checklist of Required Schedules (continued)

			Yes	No
21	Did the organization report more than $5,000 of grants and other assistance to any government or organization in the United States on Part IX, column (A), line 1? If "Yes," complete Schedule I, Parts I and II	21		X
22	Did the organization report more than $5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? If "Yes," complete Schedule I, Parts I and III	22	X	
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? If "Yes," complete Schedule J	23		X
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? If "Yes," answer lines 24b through 24d and complete Schedule K If "No," go to line 25	24a		X
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		N/A
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		N/A
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		N/A
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? If "Yes," complete Schedule L, Part I	25a		X
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? If "Yes," complete Schedule L, Part I	25b		X
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? If "Yes," complete Schedule L, Part II	26		X
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? If "Yes," complete Schedule L, Part III	27		X
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV	28a		X
b	A family member of a current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV	28b		X
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? If "Yes," complete Schedule L, Part IV	28c		X
29	Did the organization receive more than $25,000 in non-cash contributions? If "Yes," complete Schedule M	29		X
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? If "Yes," complete Schedule M	30		X
31	Did the organization liquidate, terminate, or dissolve and cease operations? If "Yes," complete Schedule N, Part I	31		X
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? If "Yes," complete Schedule N, Part II	32		X
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301.7701-3? If "Yes," complete Schedule R, Part I	33		X
34	Was the organization related to any tax-exempt or taxable entity? If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1	34	X	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a		X
b	Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? If "Yes," complete Schedule R, Part V, line 2	35b		X
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? If "Yes," complete Schedule R, Part V, line 2	36		X
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? If "Yes," complete Schedule R, Part VI	37		X
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? **Note.** All Form 990 filers are required to complete Schedule O	38	X	

Part V Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response to any question in this Part V . . . ☐

					Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable	1a	100			
b	Enter the number of Forms W-2G included in line 1a Enter -0- if not applicable	1b	0			
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?			1c	X	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a	213			
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?			2b	X	
	Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)					
3a	Did the organization have unrelated business gross income of $1,000 or more during the year?			3a		X
b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O			3b		N/A
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?			4a		X
b	If "Yes," enter the name of the foreign country. ▶ N/A					
	See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.					
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?			5a		X
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?			5b		X
c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?			5c		N/A
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible?			6a		X
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?			6b		N/A
7	**Organizations that may receive deductible contributions under section 170(c).**					
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?			7a		X
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?			7b		N/A
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?			7c		X
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d	N/A			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?			7e		X
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?			7f		X
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?			7g		N/A
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?			7h		N/A
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?			8		N/A
9	**Sponsoring organizations maintaining donor advised funds.**					
a	Did the organization make any taxable distributions under section 4966?			9a		N/A
b	Did the organization make a distribution to a donor, donor advisor, or related person?			9b		N/A
10	**Section 501(c)(7) organizations.** Enter.					
a	Initiation fees and capital contributions included on Part VIII, line 12	10a	N/A			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b	N/A			
11	**Section 501(c)(12) organizations.** Enter					
a	Gross income from members or shareholders	11a	N/A			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b	N/A			
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?			12a		N/A
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b	N/A			
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**					
a	Is the organization licensed to issue qualified health plans in more than one state?			13a		N/A
	Note. See the instructions for additional information the organization must report on Schedule O					
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b	N/A			
c	Enter the amount of reserves on hand	13c	N/A			
14a	Did the organization receive any payments for indoor tanning services during the tax year?			14a		X
b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O			14b		N/A

Part VI **Governance, Management, and Disclosure** For each "Yes" response to lines 2 through 7b below, and for a "No" response to line 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O See instructions

Check if Schedule O contains a response to any question in this Part VI . . . . . [X]

Section A. Governing Body and Management

				Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year. If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O	1a 15			
b	Enter the number of voting members included in line 1a, above, who are independent	1b 15			
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?		2		X
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors, or trustees, or key employees to a management company or other person?		3		X
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		4		X
5	Did the organization become aware during the year of a significant diversion of the organization's assets?		5		X
6	Did the organization have members or stockholders?		6		X
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?		7a		X
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?		7b		X
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following				
a	The governing body?		8a	X	
b	Each committee with authority to act on behalf of the governing body?		8b	X	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O		9	X	

Section B. Policies (This Section B requests information about policies not required by the Internal Revenue Code)

			Yes	No
10a	Did the organization have local chapters, branches, or affiliates?	10a		X
b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?	10b		N/A
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	11a	X	
b	Describe in Schedule O the process, if any, used by the organization to review this Form 990			
12a	Did the organization have a written conflict of interest policy? If "No," go to line 13	12a	X	
b	Were officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b	X	
c	Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done	12c	X	
13	Did the organization have a written whistleblower policy?	13	X	
14	Did the organization have a written document retention and destruction policy?	14	X	
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?			
a	The organization's CEO, Executive Director, or top management official	15a	X	
b	Other officers or key employees of the organization. If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions)	15b	X	
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	16a		X
b	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?	16b		N/A

Section C. Disclosure

17 List the states with which a copy of this Form 990 is required to be filed ▶ NONE

18 Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (Section 501(c)(3)s only) available for public inspection Indicate how you make these available Check all that apply

[ ] Own website [ ] Another's website [X] Upon request

19 Describe in Schedule O whether (and if so, how), the organization makes its governing documents, conflict of interest policy, and financial statements available to the public during the tax year

20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization ▶ Black River Area Dev. (870)892-4547 1403 Hospital Drive Pocahontas, AR 72455

Part VII **Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors**

Check if Schedule O contains a response to any question in this Part VII . . . . ☐

Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

1a Complete this table for all persons required to be listed Report compensation for the calendar year ending with or within the organization's tax year

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation Enter -0- in columns (D), (E), and (F) if no compensation was paid
- List all of the organization's **current** key employees, if any See instructions for definition of "key employee "
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than $100,000 from the organization and any related organizations
- List all of the organization's **former** officers, key employees, and highest compensated employees who received more than $100,000 of reportable compensation from the organization and any related organizations
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than $10,000 of reportable compensation from the organization and any related organizations

List persons in the following order individual trustees or directors, institutional trustees, officers, key employees; highest compensated employees; and former such persons

☒ Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee): Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former	(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
(1) Angela Blankenship	1.00	X						0	0	0
(2) Betty Getson		X						0	0	0
(3) Brigitte McDonald		X						0	0	0
(4) Cherie Eveland		X						0	0	0
(5) Darlene Tanner		X						0	0	0
(6) Donald Gibbs		X						0	0	0
(7) Geneva Alphin		X						0	0	0
(8) Glenn Murphy		X						0	0	0
(9) Jack McCord		X						0	0	0
(10)Janice Shanks		X						0	0	0
(11)Karen Burris		X						0	0	0
(12)Lewis Slaughter		X						0	0	0
(13)Omer Lee Rogers		X						0	0	0
(14)Steve Weston		X						0	0	0

Part VII Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees (continued)

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position: Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former	(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
(15)Suzanne Allen		X						0	0	0
(16)										
(17)										
(18)										
(19)										
(20)										
(21)										
(22)										
(23)										
(24)										
(25)										

		(D)	(E)	(F)
1b	Sub-total ▶			
c	Total from continuation sheets to Part VII, Section A ▶			
d	Total (add lines 1b and 1c) ▶	0	0	0

2 Total number of individuals (including but not limited to those listed above) who received more than $100,000 in reportable compensation from the organization ▶ 0

			Yes	No
3	Did the organization list any **former** officer, director or trustee, key employee, or highest compensated employee on line 1a? If "Yes," complete Schedule J for such individual	3		X
4	For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than $150,000? If "Yes," complete Schedule J for such individual	4		X
5	Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? If "Yes," complete Schedule J for such person	5		X

Section B. Independent Contractors

N/A

1 Complete this table for your five highest compensated independent contractors that received more than $100,000 of compensation from the organization Report compensation for the calendar year ending with or within the organization's tax year

(A) Name and business address	(B) Description of services	(C) Compensation

2 Total number of independent contractors (including but not limited to those listed above) who received more than $100,000 of compensation from the organization ▶

Part VIII Statement of Revenue

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, Gifts, Grants and Other Similar Amounts	1a Federated campaigns	1a					
	b Membership dues	1b					
	c Fundraising events	1c					
	d Related organizations	1d					
	e Government grants (contributions)	1e	6,590,447				
	f All other contributions, gifts, grants, and similar amounts not included above	1f					
	g Noncash contributions included in lines 1a-1f $						
	h Total. Add lines 1a-1f ▶			6,590,447			
Program Service Revenue		Business Code					
	2a PROGRAM FEES	900099		73,084			73,084
	b						
	c						
	d						
	e						
	f All other program service revenue						
	g Total. Add lines 2a-2f ▶			73,084			
Other Revenue	3 Investment income (including dividends, interest, and other similar amounts) ▶			7,519			7,519
	4 Income from investment of tax-exempt bond proceeds ▶						
	5 Royalties ▶						
		(i) Real	(ii) Personal				
	6a Gross rents						
	b Less: rental expenses						
	c Rental income or (loss)						
	d Net rental income or (loss) ▶						
	7a Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other				
	b Less: cost or other basis and sales expenses						
	c Gain or (loss)						
	d Net gain or (loss) ▶						
	8a Gross income from fundraising events (not including $ of contributions reported on line 1c) See Part IV, line 18	a					
	b Less direct expenses	b					
	c Net income or (loss) from fundraising events ▶						
	9a Gross income from gaming activities See Part IV, line 19	a					
	b Less direct expenses	b					
	c Net income or (loss) from gaming activities ▶						
	10a Gross sales of inventory, less returns and allowances	a					
	b Less cost of goods sold	b					
	c Net income or (loss) from sales of inventory ▶						
	Miscellaneous Revenue	Business Code					
	11a OTHER	900099		119,423			119,423
	b						
	c						
	d All other revenue						
	e Total. Add lines 11a-11d ▶			119,423			
	12 Total revenue. See instructions ▶			6,790,473	0	0	200,026

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns All other organizations must complete column (A) but are not required to complete columns (B), (C), and (D).

Check if Schedule O contains a response to any question in this Part IX . . . ☐

	Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to governments and organizations in the United States See Part IV, line 21				
2	Grants and other assistance to individuals in the United States See Part IV, line 22	1,125,643	1,125,643		
3	Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16				
4	Benefits paid to or for members				
5	Compensation of current officers, directors, trustees, and key employees				
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7	Other salaries and wages	3,240,716	3,097,054	143,662	
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)				
9	Other employee benefits	779,973	755,240	24,733	
10	Payroll taxes				
11	Fees for services (non-employees)				
a	Management				
b	Legal				
c	Accounting				
d	Lobbying				
e	Professional fundraising services See Part IV, line 17				
f	Investment management fees				
g	Other				
12	Advertising and promotion				
13	Office expenses	618,269	599,892	18,377	
14	Information technology				
15	Royalties				
16	Occupancy	265,034	265,034		
17	Travel	142,251	142,251		
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings				
20	Interest	7,394		7,394	
21	Payments to affiliates				
22	Depreciation, depletion, and amortization	212,969	193,679	19,290	
23	Insurance				
24	Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24e If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O)				
a	OTHER	253,948	253,676	272	
b	PURCHASED SERVICES	214,928	189,043	25,885	
c	LOSS ON DISP. OF ASSETS	4,145	3,126	1,019	
d					
e	All other expenses				
25	**Total functional expenses.** Add lines 1 through 24e	6,865,270	6,624,638	240,632	0
26	**Joint costs.** Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation Check here ▶ ☐ if following SOP 98-2 (ASC 958-720)				

Part X Balance Sheet

				(A) Beginning of year		(B) End of year
Assets	1	Cash - non-interest-bearing		54,388	1	43,961
	2	Savings and temporary cash investments		1,288,546	2	1,298,981
	3	Pledges and grants receivable, net		290,714	3	285,152
	4	Accounts receivable, net		149,776	4	124,505
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			5	
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions)			6	
	7	Notes and loans receivable, net			7	
	8	Inventories for sale or use			8	
	9	Prepaid expenses and deferred charges			9	
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 4,152,964			
	b	Less accumulated depreciation	10b 2,007,697	2,298,006	10c	2,145,267
	11	Investments - publicly traded securities			11	
	12	Investments - other securities See Part IV, line 11			12	
	13	Investments - program-related See Part IV, line 11			13	
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11			15	
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		4,081,430	16	3,897,866
Liabilities	17	Accounts payable and accrued expenses		698,488	17	589,721
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities			20	
	21	Escrow or custodial account liability Complete Part IV of Schedule D			21	
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L			22	
	23	Secured mortgages and notes payable to unrelated third parties			23	
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D			25	
	26	**Total liabilities.** Add lines 17 through 25		698,488	26	589,721
Net Assets or Fund Balances		**Organizations that follow SFAS 117, check here ▶ [X] and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		660,040	27	645,755
	28	Temporarily restricted net assets		2,722,902	28	2,662,390
	29	Permanently restricted net assets			29	
		Organizations that do not follow SFAS 117, check here ▶ [ ] and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building, or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		3,382,942	33	3,308,145
	34	Total liabilities and net assets/fund balances		4,081,430	34	3,897,866

Part XI Reconciliation of Net Assets

Check if Schedule O contains a response to any question in this Part XI ☐

1	Total revenue (must equal Part VIII, column (A), line 12)	1	6,790,473
2	Total expenses (must equal Part IX, column (A), line 25)	2	6,865,270
3	Revenue less expenses. Subtract line 2 from line 1	3	(74,797)
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	3,382,942
5	Other changes in net assets or fund balances (explain in Schedule O)	5	0
6	Net assets or fund balances at end of year Combine lines 3, 4, and 5 (must equal Part X, line 33, column (B))	6	3,308,145

Part XII Financial Statements and Reporting

Check if Schedule O contains a response to any question in this Part XII ☐

			Yes	No
1	Accounting method used to prepare the Form 990 ☐ Cash ☒ Accrual ☐ Other ____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O			
2a	Were the organization's financial statements compiled or reviewed by an independent accountant?	2a		X
b	Were the organization's financial statements audited by an independent accountant?	2b	X	
c	If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant?	2c	X	
	If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O			
d	If "Yes" to line 2a or 2b, check a box below to indicate whether the financial statements for the year were issued on a separate basis, consolidated basis, or both ☒ Separate basis ☐ Consolidated basis ☐ Both consolidated and separate basis			
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?	3a	X	
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits	3b	X	

SCHEDULE A
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.

▶ **Attach to Form 990 or Form 990-EZ.** ▶ **See separate instructions.**

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization: BLACK RIVER AREA DEVELOPMENT CORP.

Employer identification number: 71-0387337

Part I Reason for Public Charity Status (All organizations must complete this part) See instructions

The organization is not a private foundation because it is (For lines 1 through 11, check only one box)

1 ☐ A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i).**

2 ☐ A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E)

3 ☐ A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**

4 ☐ A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state.

5 ☐ An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II)

6 ☐ A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**

7 ☒ An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi).** (Complete Part II)

8 ☐ A community trust described in **section 170(b)(1)(A)(vi).** (Complete Part II)

9 ☐ An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions - subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2).** (Complete Part III)

10 ☐ An organization organized and operated exclusively to test for public safety See **section 509(a)(4).**

11 ☐ An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2) See **section 509(a)(3).** Check the box that describes the type of supporting organization and complete lines 11e through 11h

a ☐ Type I b ☐ Type II c ☐ Type III-Functionally integrated d ☐ Type III-Other

e ☐ By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2)

f If the organization received a written determination from the IRS that it is a Type I, Type II, or Type III supporting organization, check this box . . . ☐

g Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?

		Yes	No
(i) A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization?	11g(i)		
(ii) A family member of a person described in (i) above?	11g(ii)		
(iii) A 35% controlled entity of a person described in (i) or (ii) above?	11g(iii)		

h Provide the following information about the supported organization(s)

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1-9 above or IRC section (see instructions))	(iv) Is the organization in col (i) listed in your governing document? Yes	No	(v) Did you notify the organization in col (i) of your support? Yes	No	(vi) Is the organization in col (i) organized in the U S ? Yes	No	(vii) Amount of support
(A)									
(B)									
(C)									
(D)									
(E)									
Total									

Part II Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)

(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III If the organization fails to qualify under the tests listed below, please complete Part III)

Section A. Public Support

	Calendar year (or fiscal year beginning in) ▶	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
1	Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ")	5,433,985	5,834,721	7,591,428	7,351,026	6,590,447	32,801,607
2	Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3	The value of services or facilities furnished by a governmental unit to the organization without charge						
4	**Total.** Add lines 1 through 3	5,433,985	5,834,721	7,591,428	7,351,026	6,590,447	32,801,607
5	The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6	**Public support.** Subtract line 5 from ln 4						32,801,607

Section B. Total Support

	Calendar year (or fiscal year beginning in) ▶	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
7	Amounts from line 4	5,433,985	5,834,721	7,591,428	7,351,026	6,590,447	32,801,607
8	Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources	20,603	17,218	11,872	10,305	7,519	67,517
9	Net income from unrelated business activities, whether or not the business is regularly carried on						
10	Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)	211,958	227,823	223,136	217,565	192,507	1,072,989
11	**Total support.** Add lines 7 through 10						33,942,113

12 Gross receipts from related activities, etc (see instructions) 12

13 **First five years.** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and **stop here** ▶ ☐

Section C. Computation of Public Support Percentage

14 Public support percentage for 2011 (line 6, column (f) divided by line 11, column (f)) 14 96.64 %

15 Public support percentage from 2010 Schedule A, Part II, line 14 15 96.35 %

16a **33 1/3% support test - 2011.** If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶ ☒

b **33 1/3% support test - 2010.** If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶ ☐

17a **10%-facts-and-circumstances test - 2011.** If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization ▶ ☐

b **10%-facts-and-circumstances test - 2010.** If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization ▶ ☐

18 **Private foundation.** If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions ▶ ☐

Part III **Support Schedule for Organizations Described in Section 509(a)(2)**

(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II If the organization fails to qualify under the tests listed below, please complete Part II)

Section A. Public Support

N/A

Calendar year (or fiscal year beginning in) ▶	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or bus under sec 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 **Total.** Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of $5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 **Public support** (Subtract line 7c from line 6)						

Section B. Total Support

N/A

Calendar year (or fiscal year beginning in) ▶	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
13 **Total support.** (Add lines 9, 10c, 11, and 12)						

14 **First five years.** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and **stop here** ▶ ☐

Section C. Computation of Public Support Percentage

N/A

15	Public support percentage for 2011 (line 8, column (f) divided by line 13, column (f))	15	%
16	Public support percentage from 2010 Schedule A, Part III, line 15	16	%

Section D. Computation of Investment Income Percentage

N/A

17	Investment income percentage for **2011** (line 10c, column (f) divided by line 13, column (f))	17	%
18	Investment income percentage from **2010** Schedule A, Part III, line 17	18	%

19a **33 1/3% support tests - 2011.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶ ☐

b **33 1/3% support tests - 2010.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3%, and line 18 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶ ☐

20 **Private foundation.** If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions ▶ ☐

SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

▶ Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047
2011
Open to Public Inspection

Name of the organization: BLACK RIVER AREA DEVELOPMENT CORP.
Employer identification number: 71-0387337

Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts.
Complete if the organization answered "Yes" to Form 990, Part IV, line 6. N/A

		(a) Donor advised funds	(b) Funds and other accounts
1	Total number at end of year		
2	Aggregate contributions to (during year)		
3	Aggregate grants from (during year)		
4	Aggregate value at end of year		

5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? ☐ Yes ☐ No

6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit? ☐ Yes ☐ No

Part II Conservation Easements.
Complete if the organization answered "Yes" to Form 990, Part IV, line 7 N/A

1 Purpose(s) of conservation easements held by the organization (check all that apply)
- ☐ Preservation of land for public use (e g , recreation or education)
- ☐ Protection of natural habitat
- ☐ Preservation of open space
- ☐ Preservation of an historically important land area
- ☐ Preservation of a certified historic structure

2 Complete lines 2a through 2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year

			Held at the End of the Tax Year
a	Total number of conservation easements	2a	
b	Total acreage restricted by conservation easements	2b	
c	Number of conservation easements on a certified historic structure included in (a)	2c	
d	Number of conservation easements included in (c) acquired after 8/17/06 and not on a historic structure listed in the National Register	2d	

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year ▶

4 Number of states where property subject to conservation easement is located ▶

5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? ☐ Yes ☐ No

6 Staff and volunteer hours devoted to monitoring, inspecting, and enforcing conservation easements during the year ▶

7 Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year ▶ $

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)? ☐ Yes ☐ No

9 In Part XIV, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets.
Complete if the organization answered "Yes" to Form 990, Part IV, line 8 N/A

1a If the organization elected, as permitted under SFAS 116 (ASC 958), not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIV, the text of the footnote to its financial statements that describes these items

b If the organization elected, as permitted under SFAS 116 (ASC 958), to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items

(i) Revenues included in Form 990, Part VIII, line 1 ▶ $

(ii) Assets included in Form 990, Part X ▶ $

2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 (ASC 958) relating to these items

a Revenues included in Form 990, Part VIII, line 1 ▶ $

b Assets included in Form 990, Part X ▶ $

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets (continued)

3 Using the organization's acquisition, accession, and other records, check any of the following that are a significant use of its collection items (check all that apply)

a ☐ Public exhibition
b ☐ Scholarly research
c ☐ Preservation for future generations
d ☐ Loan or exchange programs
e ☐ Other ______

4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIV.

5 During the year, did the organization solicit or receive donations of art, historical treasures, or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection? . . . ☐ Yes ☐ No

Part IV Escrow and Custodial Arrangements.

Complete if organization answered "Yes" to Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21

N/A

1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X? . . . ☐ Yes ☐ No

b If "Yes," explain the arrangement in Part XIV and complete the following table

		Amount
c Beginning balance	1c	
d Additions during the year	1d	
e Distributions during the year	1e	
f Ending balance	1f	

2a Did the organization include an amount on Form 990, Part X, line 21? . . . ☐ Yes ☐ No

b If "Yes," explain the arrangement in Part XIV.

Part V Endowment Funds.

Complete if the organization answered "Yes" to Form 990, Part IV, line 10

N/A

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a Beginning of year balance					
b Contributions					
c Net investment earnings, gains, and losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance					

2 Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as

a Board designated or quasi-endowment ▶ ______ %

b Permanent endowment ▶ ______ %

c Temporarily restricted endowment ▶ ______ %

The percentages in lines 2a, 2b, and 2c should equal 100%

3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by

		Yes	No
(i) unrelated organizations	3a(i)		
(ii) related organizations	3a(ii)		
b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?	3b		

4 Describe in Part XIV the intended uses of the organization's endowment funds

Part VI Land, Buildings, and Equipment.

See Form 990, Part X, line 10

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land	74,824			74,824
b Buildings	2,317,276		728,633	1,588,643
c Leasehold improvements				
d Equipment	1,760,864		1,279,064	481,800
e Other				
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c)) ▶				2,145,267

Part VII Investments - Other Securities. See Form 990, Part X, line 12

N/A

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
(3) Other		
(A)		
(B)		
(C)		
(D)		
(E)		
(F)		
(G)		
(H)		
(I)		
Total. (Column (b) must equal Form 990, Part X, col (B) line 12) ▶		

Part VIII Investments - Program Related. See Form 990, Part X, line 13

N/A

(a) Description of investment type	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
(10)		
Total (Column (b) must equal Form 990 Part X, col (B) line 13) ▶		

Part IX Other Assets. See Form 990, Part X, line 15

N/A

(a) Description	(b) Book value
(1)	
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	
Total. (Column (b) must equal Form 990, Part X, col (B) line 15) ▶	

Part X Other Liabilities. See Form 990, Part X, line 25

N/A

1. (a) Description of liability	(b) Book value
(1) Federal income taxes	
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	
(11)	
Total (Column (b) must equal Form 990, Part X, col (B) line 25) ▶	

2. FIN 48 (ASC 740) Footnote In Part XIV, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740)

Part XI Reconciliation of Change in Net Assets from Form 990 to Audited Financial Statements

1	Total revenue (Form 990, Part VIII, column (A), line 12)	1	6,790,473
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	6,865,270
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	(74,797)
4	Net unrealized gains (losses) on investments	4	
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV)	8	
9	Total adjustments (net) Add lines 4 through 8	9	
10	Excess or (deficit) for the year per audited financial statements Combine lines 3 and 9	10	(74,797)

Part XII Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

1	Total revenue, gains, and other support per audited financial statements			1	8,014,878
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12				
a	Net unrealized gains on investments	2a			
b	Donated services and use of facilities	2b			
c	Recoveries of prior year grants	2c			
d	Other (Describe in Part XIV)	2d	1,224,405		
e	Add lines 2a through 2d			2e	1,224,405
3	Subtract line 2e from line 1			3	6,790,473
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1:				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a			
b	Other (Describe in Part XIV)	4b			
c	Add lines 4a and 4b			4c	
5	Total revenue Add lines 3 and 4c. (This must equal Form 990, Part I, line 12)			5	6,790,473

Part XIII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

1	Total expenses and losses per audited financial statements			1	8,089,675
2	Amounts included on line 1 but not on Form 990, Part IX, line 25				
a	Donated services and use of facilities	2a			
b	Prior year adjustments	2b			
c	Other losses	2c			
d	Other (Describe in Part XIV)	2d	1,224,405		
e	Add lines 2a through 2d			2e	1,224,405
3	Subtract line 2e from line 1			3	6,865,270
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a			
b	Other (Describe in Part XIV.)	4b			
c	Add lines 4a and 4b			4c	
5	Total expenses Add lines 3 and 4c. (This must equal Form 990, Part I, line 18)			5	6,865,270

Part XIV Supplemental Information

Complete this part to provide the descriptions required for Part II, lines 3, 5, and 9; Part III, lines 1a and 4, Part IV, lines 1b and 2b, Part V, line 4, Part X, line 2, Part XI, line 8, Part XII, lines 2d and 4b, and Part XIII, lines 2d and 4b Also complete this part to provide any additional information

Other revenues non included on Form 990 (Part XII, line 2d)

In-kind contributions $1,109,822

Indirect cost 114,583

Total $1,224,405

Part XIV Supplemental Information (continued)

02. Other expenses not included on Form 990 (Part XIII, line 2d)

In-kind contributions	$1,109,822
Indirect cost	114,583
Total	$1,224,405

SCHEDULE I
(Form 990)

Department of the Treasury
Internal Revenue Service

Grants and Other Assistance to Organizations, Governments, and Individuals in the United States

Complete if the organization answered "Yes" to Form 990, Part IV, line 21 or 22.

▶ Attach to Form 990.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization: BLACK RIVER AREA DEVELOPMENT CORP.

Employer identification number: 71-0387337

Part I General Information on Grants and Assistance

1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? . . . . . ☒ Yes ☐ No

2 Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States

Part II Grants and Other Assistance to Governments and Organizations in the United States.

Complete if the organization answered "Yes" to Form 990, Part IV, line 21, for any recipient that received more than $5,000. Check this box if no one recipient received more than $5,000 Part II can be duplicated if additional space is needed . . . . . ▶ ☐

N/A

1 (a) Name and address of organization or government	(b) EIN	(c) IRC section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1)							
(2)							
(3)							
(4)							
(5)							
(6)							
(7)							
(8)							
(9)							
(10)							
(11)							
(12)							

2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table . . . . . ▶

3 Enter total number of other organizations listed in the line 1 table . . . . . ▶

Part III **Grants and Other Assistance to Individuals in the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 22
Part III can be duplicated if additional space is needed.

(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non-cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of non-cash assistance
1 Public Housing		327,397			
2 Weatherization		201,836			
3 Home Energy Assistance Program		596,410			
4					
5					
6					
7					

Part IV **Supplemental Information.** Complete this part to provide the information required in Part I, line 2, and any other additional information

Monitoring procedures (Part I, line 2)

Various procedures are in place to accurately monitor grant activity. An annual single audit is performed as well as various reporting requirements for grantors.

SCHEDULE O (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on Form 990 or 990-EZ or to provide any additional information.

▶ Attach to Form 990 or 990-EZ.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization	Employer identification number
BLACK RIVER AREA DEVELOPMENT CORP.	71-0387337

01. Form 990 governing body review (Part VI, line 11)

The information on Form 990 is pulled from the Auditor's Report. A copy of the Auditor's Report and the Form 990 are given to the Board of Directors and approved before Form 990 is filed.

02. Officer, director, etc mailing address (Part VI, line 9)

Darlene Tanner-P.O. Box 189, Piggott, AR 72454

Steve Weston-1504 Lockwood Drive, Corning, AR 72422

Brigitte McDonald-P.O. Box 83, Corning, AR 72422

Angela Blankenship-904 S.W. 2nd St., Corning, AR 72422

Donald Gibbs-615 McNabb, Rector, AR 72461

Janice Shanks-212 S. Main St., Imboden, AR 72434

Suzanne Allen-210 Highland Drive, Walnut Ridge, AR 72476

Cherie Eveland-P.O. Box 478, Imboden, AR 72434

Lewis Slaughter-P.O. Box 343, Black Rock, AR 72415

Glenn Murphy-506 Ridgecrest, Walnut Ridge, AR 72476

Jack McCord-1957 Country Club Road, Pocahontas, AR 72455

Betty Getson-2063 Harmony Road, Pocahontas, AR 72455

Karen Burris-2306 Pine Valley Circle, Pocahontas, AR 72455

Geneva Alphin-711 Shannon Street, Pocahontas,AR 72455

Omer Lee Rogers-2855 Thomasville, Pocahontas, AR 72455

03. Conflict of interest policy compliance (Part VI, line 12c)

Employees and Board Members are required to sign a conflict of interest statement that states they will immediately report any conflict of interest that may arise. Failure to

Name of the organization	Employer identification number
BLACK RIVER AREA DEVELOPMENT CORP.	71-0387337

report disciplinary action may result in termination of employment or Board dismissal. The Executive Director and Board of Directors will follow up on all determinations of conflict of interest.

04. CEO, executive director, top management comp (Part VI, line 15a)

Wage compensation studies are performed to determine pay scale and position chart recommendations. These recommendations are presented to the Board of Directors for approval. Program directors recommend pay increases. These are brought to the Director for approval.

05. Other officer or key employee compensation (Part VI, line 15b

Wage compensation studies are performed to determine pay scale and position chart recommendations. These recommendations are presented to the Board of Directors for approval. Program directors recommend pay increases. These are brought to the Director for approval.

06. Governing documents, etc, available to public (Part VI, line 19)

Governing documents, conflict of interest policy, and financial statements are made available to the public upon request.

SCHEDULE R
(Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 33, 34, 35, 36, or 37.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047
2011
Open to Public Inspection

Name of the organization: BLACK RIVER AREA DEVELOPMENT CORP.
Employer identification number: 71-0387337

Part I Identification of Disregarded Entities (Complete if the organization answered "Yes" on Form 990, Part IV, line 33.)

N/A

	(a) Name, address, and EIN of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity
(1)						
(2)						
(3)						
(4)						
(5)						
(6)						

Part II Identification of Related Tax-Exempt Organizations (Complete if the organization answered "Yes" to Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.)

	(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity? Yes	No
(1)	Piggott Housing Development, 58-1736420 1403 Hospital Drive, 72455	Low Income Housing	AR	501 (c)(3)	7	N/A		X
(2)	BRAD Corp. for Lawrence County, 71-0586047 1403 Hospital Drive, 72455	Low Income Housing	AR	501 (c)(3)	7	N/A		X
(3)	BRAD Corp. for Clay County, 71-0586053 1403 Hospital Drive, 72455	Low Income Housing	AR	501 (c)(3)	7	N/A		X
(4)	BRAD Hoxie Area Housing, 58-1736418 1403 Hospital Drive, 72455	Low Income Housing	AR	501 (c)(3)	7	N/A		X
(5)	Black Rock Area Development, 58-1736417 1403 Hospital Drive, 72455	Low Income Housing	AR	501 (c)(3)	7	N/A		X
(6)	BRAD Group Home, Inc., 58-1736420 1403 Hospital Drive, 72455	Low Income Housing	AR	501 (c)(3)	7	N/A		X
(7)	Corning Independent Living, 30-0229364 1403 Hospital Drive, 72455	Low Income Housing	AR	501 (c)(3)	7	N/A		X

Part III **Identification of Related Organizations Taxable as a Partnership** (Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a partnership during the tax year.)

N/A

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations? Yes	(h) No	(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner? Yes	(j) No	(k) Percentage ownership
(1)												
(2)												
(3)												
(4)												
(5)												
(6)												
(7)												

Part IV **Identification of Related Organizations Taxable as a Corporation or Trust** (Complete if the organization answered "Yes" to Form 990, Part IV, line 34 because it had one or more related organizations treated as a corporation or trust during the tax year.)

N/A

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership
(1)							
(2)							
(3)							
(4)							
(5)							
(6)							
(7)							

Part V Transactions with Related Organizations (Complete if the organization answered "Yes" to Form 990, Part IV, line 34, 35, 35a, or 36.)

Note. Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule		Yes	No
1 During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?			
a Receipt of (i) interest (ii) annuities (iii) royalties or (iv) rent from a controlled entity	1a		X
b Gift, grant, or capital contribution to related organization(s)	1b		X
c Gift, grant, or capital contribution from related organization(s)	1c		X
d Loans or loan guarantees to or for related organization(s)	1d		X
e Loans or loan guarantees by related organization(s)	1e		X
f Sale of assets to related organization(s)	1f		X
g Purchase of assets from related organization(s)	1g		X
h Exchange of assets with related organization(s)	1h		X
i Lease of facilities, equipment, or other assets to related organization(s)	1i		X
j Lease of facilities, equipment, or other assets from related organization(s)	1j		X
k Performance of services or membership or fundraising solicitations for related organization(s)	1k		X
l Performance of services or membership or fundraising solicitations by related organization(s)	1l		X
m Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	1m		X
n Sharing of paid employees with related organization(s)	1n		X
o Reimbursement paid to related organization(s) for expenses	1o		X
p Reimbursement paid by related organization(s) for expenses	1p		X
q Other transfer of cash or property to related organization(s)	1q		X
r Other transfer of cash or property from related organization(s)	1r		X

2 If the answer to any of the above is "Yes," see the instructions for information on who must complete this line, including covered relationships and transaction thresholds N/A

	(a) Name of other organization	(b) Transaction type (a-r)	(c) Amount involved	(d) Method of determining amount involved
(1)				
(2)				
(3)				
(4)				
(5)				
(6)				

Part VII **Unrelated Organizations Taxable as a Partnership** (Complete if the organization answered "Yes" to Form 990, Part IV, line 37)

N/A

Provide the following information for each entity taxed as a partnership through which the organization conducted more than five percent of its activities (measured by total assets or gross revenue) that was not a related organization See instructions regarding exclusion for certain investment partnerships

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Predominant income (related, unrelated, excluded from tax under section 512-514)	(e) Are all partners section 501(c)(3) organizations?		(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations?		(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
				Yes	No			Yes	No		Yes	No	
(1)													
(2)													
(3)													
(4)													
(5)													
(6)													
(7)													
(8)													
(9)													
(10)													
(11)													
(12)													
(13)													
(14)													
(15)													
(16)													

990

Overflow Statement

2011
Page 1

Name(s) as shown on return: BLACK RIVER AREA DEVELOPMENT CORP.

FEIN: 71-0387337

Form 990, Schedule A, Part II, Section B, Other Income 2007

Description	Amount
Program income, management fees, rent	$ 112,376
Medicaid revenue	99,582
Total:	$ 211,958

Form 990, Schedule A, Part II, Section B, Other Income 2008

Description	Amount
Program income, management fees, rent	$ 151,389
Medicaid revenue	76,434
Total:	$ 227,823

Form 990, Schedule A, Part II, Section B, Other Income 2009

Description	Amount
Program income, management fees, rent	$ 148,068
Medicaid revenue	75,068
Total:	$ 223,136

Form 990, Schedule A, Part II, Sectoin B, Other Income 2010

Description	Amount
Program income, management fees, rent	$ 137,327
Medicaid revenue	80,238
Total:	$ 217,565

Form 990, Schedule A, Part II, Section B, Other Income 2011

Description	Amount
Program income, management fees, rent	$ 156,860
Medicaid revenue	35,647
Total:	$ 192,507

BLACK RIVER AREA DEVELOPMENT CORPORATION

INDEPENDENT AUDITORS' REPORT AND COMBINED FINANCIAL STATEMENTS

April 30, 2012 and 2011

BLACK RIVER AREA DEVELOPMENT CORPORATION

April 30, 2012 and 2011

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FREEMAN & COMPANY, INC.
CERTIFIED PUBLIC ACCOUNTANTS
3712 E Highland Drive, Jonesboro, Arkansas 72401 Phone 870-932-4514

INDEPENDENT AUDITORS' REPORT

Board of Directors
Black River Area Development Corporation
Pocahontas, Arkansas

We have audited the accompanying combined statements of financial position of Black River Area Development Corporation (a nonprofit organization), as of April 30, 2012 and 2011, and the related combined statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Black River Area Development Corporation, as of April 30, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards,* we have also issued our report dated August 13, 2012, on our consideration of Black River Area Development Corporation'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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

FREEMAN & COMPANY, INC.

Freeman & Company, Inc

Jonesboro, Arkansas
August 13, 2012

BLACK RIVER AREA DEVELOPMENT CORPORATION
COMBINED STATEMENTS OF FINANCIAL POSITION
April 30, 2012 and 2011

	2012		
	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTALS (MEMORANDUM ONLY)
ASSETS			
CURRENT ASSETS			
Cash and certificates of deposit (Note 3)	$ 468,708	$ 874,234	$ 1,342,942
Grant receivable		285,152	285,152
Other receivables and prepaid expenses	70,875	53,630	124,505
Total Current Assets	539,583	1,213,016	1,752,599
PROPERTY, PLANT AND EQUIPMENT, At Cost			
Land	49,724	25,100	74,824
Building	457,457	1,859,819	2,317,276
Machinery, equipment and furniture	17,859	1,743,005	1,760,864
	525,040	3,627,924	4,152,964
Less accumulated depreciation	266,002	1,741,695	2,007,697
	259,038	1,886,229	2,145,267
TOTAL ASSETS	$ 798,621	$ 3,099,245	$ 3,897,866
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Lease obligation (Note 4)	$ 72,853		$ 72,853
Accounts payable	80,013	$ 267,931	347,944
Accrued expenses		168,924	168,924
Total Current Liabilities	152,866	436,855	589,721
NET ASSETS			
Unrestricted	645,755		645,755
Temporarily restricted		2,662,390	2,662,390
Total Net Assets	645,755	2,662,390	3,308,145
TOTAL LIABILITIES AND NET ASSETS	$ 798,621	$ 3,099,245	$ 3,897,866

See notes to combined financial statements.

2011		
UNRESTRICTED	TEMPORARILY RESTRICTED	TOTALS (MEMORANDUM ONLY)
$ 478,178	$ 864,756	$ 1,342,934
	290,714	290,714
88,941	60,835	149,776
567,119	1,216,305	1,783,424
49,724	25,100	74,824
457,457	1,839,790	2,297,247
38,030	1,764,637	1,802,667
545,211	3,629,527	4,174,738
271,088	1,605,644	1,876,732
274,123	2,023,883	2,298,006
$ 841,242	$ 3,240,188	$ 4,081,430
$ 89,801		$ 89,801
91,401	$ 342,649	434,050
	174,637	174,637
181,202	517,286	698,488
660,040		660,040
	2,722,902	2,722,902
660,040	2,722,902	3,382,942
$ 841,242	$ 3,240,188	$ 4,081,430

BLACK RIVER AREA DEVELOPMENT CORPORATION
COMBINED STATEMENTS OF ACTIVITIES
For the Years Ended April 30, 2012 and 2011

	2012		
	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTALS (MEMORANDUM ONLY)
REVENUES			
Grant revenue		$ 5,774,054	$ 5,774,054
grant revenue		445,319	445,319
grant revenue		285,586	285,586
Interest income	$ 2,939	4,580	7,519
In-kind contributions		1,109,822	1,109,822
Program income, management fees, rent	198,359	73,084	271,443
Medicaid revenue		35,647	35,647
State revenue		58,585	58,585
Local resource income		26,903	26,903
	201,298	7,813,580	8,014,878
TRANSFERS	25,049		25,049
Total Revenues and Transfers	226,347	7,813,580	8,039,927
EXPENSES			
Salaries	143,662	3,097,054	3,240,716
Fringe benefits (Note 9)	24,733	755,240	779,973
Travel and transportation		142,251	142,251
Office and food supplies	18,377	544,865	563,242
Occupancy		265,034	265,034
Communication		55,027	55,027
Indirect cost		114,583	114,583
Purchased services	25,885	189,043	214,928
Depreciation expense	19,290	193,679	212,969
Loss on disposal of assets	1,019	3,126	4,145
In-kind expenses		1,109,822	1,109,822
Other	272	253,676	253,948
Interest expense	7,394		7,394
Energy, housing, and weatherizing assistance		1,125,643	1,125,643
	240,632	7,849,043	8,089,675
TRANSFERS		25,049	25,049
Total Expenses and Transfers	240,632	7,874,092	8,114,724

See notes to combined financial statements.

	2012		
	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTALS (MEMORANDUM ONLY)
INCREASE (DECREASE) IN NET ASSETS	(14,285)	(60,512)	(74,797)
NET ASSETS, BEGINNING OF YEAR	660,040	2,722,902	3,382,942
NET ASSETS, END OF YEAR	$ 645,755	$ 2,662,390	$ 3,308,145

BLACK RIVER AREA DEVELOPMENT CORPORATION
COMBINED STATEMENTS OF ACTIVITIES
For the Years Ended April 30, 2012 and 2011

	2011		
	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTALS (MEMORANDUM ONLY)
REVENUES			
Grant revenue		$ 5,851,452	$ 5,851,452
grant revenue		1,082,717	1,082,717
grant revenue		257,089	257,089
Interest income	$ 4,692	5,613	10,305
In-kind contributions		1,117,775	1,117,775
Program income, management fees, rent	195,436	80,238	275,674
Medicaid revenue		62,524	62,524
State revenue		58,728	58,728
Local resource income		101,040	101,040
	200,128	8,617,176	8,817,304
TRANSFERS	24,342		24,342
Total Revenues and Transfers	224,470	8,617,176	8,841,646
EXPENSES			
Salaries	147,095	3,248,208	3,395,303
Fringe benefits	25,654	760,224	785,878
Travel and transportation		176,823	176,823
Office and food supplies	16,805	741,541	758,346
Occupancy		287,983	287,983
Communication		61,026	61,026
Indirect cost		120,633	120,633
Purchased services	18,500	229,759	248,259
Depreciation expense	22,932	212,688	235,620
Loss on disposal of assets		4,835	4,835
In-kind expenses		1,117,775	1,117,775
Other	783	262,950	263,733
Interest expense	8,848		8,848
Energy, housing, and weatherizing assistance		1,281,700	1,281,700
	240,617	8,506,145	8,746,762
TRANSFERS		24,342	24,342
Total Expenses and Transfers	240,617	8,530,487	8,771,104

See notes to combined financial statements.

	2011		
	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTALS (MEMORANDUM ONLY)
INCREASE (DECREASE) IN NET ASSETS	(16,147)	86,689	70,542
NET ASSETS, BEGINNING OF YEAR	676,187	2,636,213	3,312,400
NET ASSETS, END OF YEAR	$ 660,040	$ 2,722,902	$ 3,382,942

BLACK RIVER AREA DEVELOPMENT CORPORATION
COMBINED STATEMENTS OF CASH FLOWS
For the Years Ended April 30, 2012 and 2011

	2012		
	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTALS (MEMORANDUM ONLY)
CASH FLOWS FROM OPERATING ACTIVITIES			
Change in net assets	$ (14,285)	$ (60,512)	$ (74,797)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:			
Depreciation	19,290	193,679	212,969
Loss on disposal of property, plant and equipment	1,019	3,126	4,145
(Increase) decrease in receivables, inventories and prepaid expenses	18,066	12,767	30,833
Increase (decrease) in accounts payable, accrued expenses and unearned grant revenue	(28,336)	(80,431)	(108,767)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(4,246)	68,629	64,383
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant, and equipment	(5,224)	(59,151)	(64,375)
NET CASH USED BY INVESTING ACTIVITIES	(5,224)	(59,151)	(64,375)
NET INCREASE (DECREASE) IN CASH	(9,470)	9,478	8
CASH, BEGINNING OF YEAR	478,178	864,756	1,342,934
CASH, END OF YEAR	$ 468,708	$ 874,234	$ 1,342,942

See notes to combined financial statements.

2011		
UNRESTRICTED	TEMPORARILY RESTRICTED	TOTALS (MEMORANDUM ONLY)
$ (16,147)	$ 86,689	$ 70,542
22,932	212,688	235,620
	4,835	4,835
(1,345)	127,901	126,556
15,176	(78,935)	(63,759)
20,616	353,178	373,794
	(250,984)	(250,984)
	(250,984)	(250,984)
20,616	102,194	122,810
457,562	762,562	1,220,124
$ 478,178	$ 864,756	$ 1,342,934

BLACK RIVER AREA DEVELOPMENT CORPORATION
NOTES TO COMBINED FINANCIAL STATEMENTS
April 30, 2012 and 2011

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

The Black River Area Development Corporation operates several programs providing various assistance to needy individuals in Lawrence, Clay and Randolph counties in Arkansas. The major federal awards programs for 2012 were Head Start, with total federal expenditures of $2,707,869; Home Energy Assistance Program with total federal expenditures of $643,625; Lower-Income Housing Assistance Program (Section 8), with total federal expenditures of $385,197; and Weatherization Assistance with total federal expenditures of $657,986. The major federal awards programs for 2011 were Head Start, with total federal expenditures of $2,758,027; Community Services Block Grant with total federal expenditures of $424,273; Lower-Income Housing Assistance Program (Section 8), with total federal expenditures of $379,668; Home Energy Assistance Program with total federal expenditures of $774,122; Public Transit (Section 18) with total federal expenditures of $348,297; and Weatherization Assistance with total federal expenditures of $882,877. Total federal assistance for 2012 and 2011 was $5,549,632 and $6,315,569, respectively. The major federal awards program made up seventy-nine percent and eighty-eight percent of the total federal awards for 2012 and 2011, respectively. A dollar threshold of $300,000 was used to distinguish between type A and B programs.

Property, Plant and Equipment

Property, plant and equipment is stated at cost. Donated property, plant and equipment is valued at its estimated fair value on the date donated. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. Depreciation expense during the years ended April 30, 2012 and 2011 amounted to $19,290 and $22,932, respectively, for the General Funds and $193,679 and $212,688, respectively, for the Special Revenue Funds.

Revenue Recognition

The Company recognizes revenue on Temporarily Restricted Net Assets when the conditions of the grant are met. For grants which are cost reimbursements, revenue is recognized at the time of expense. For grants which allow a specific dollar amount, revenue is recognized at the time of the expense, up to the total contract amount. At the end of the contract year, any excess receipts over expenses is recognized as revenue. Any other receipts on the Temporarily Restricted Net Assets or Unrestricted Net Assets are recognized at the time of receipt or availability.

Non-Federal Revenue In-Kind

In-kind donations are recognized as applied to program activities. In-kind donations are personal services, building space and equipment donated for the benefit of a program. In-kind donations may be used by the provider agencies to match federal grant funds in several provider agency programs.

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Asset Accounting

In order to ensure observance of limitations and restrictions placed on the use of the resources available to the Black River Area Development Corporation, the accounts of the Black River Area Development Corporation are maintained in accordance with the principles of net asset accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into groups of net assets that are in accordance with activities or objectives specified. Separate accounts are maintained for each net asset group and all financial transactions have been recorded and reported by net asset group.

Use of Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Memorandum Only Totals

The total column on the combined financial statements is provided to aggregate the statement amounts and is not required by generally accepted accounting principles. The "memorandum only" total is not comparable to a consolidation and does not present consolidated financial statements.

Non-Taxable Status

The Company is exempt from Federal income taxes under Section 501 (c) (3) of the Internal Revenue Code.

Date of Management's Review of Subsequent Events

Management has evaluated subsequent events through August 13, 2012, the date which the financial statements were available to be issued.

NOTE 2: UNRESTRICTED NET ASSETS

Unrestricted net assets includes all net asset groups for which the Company has administrative responsibility except net assets from specific grants. The sources of the net assets are from contributions, management fees, rental fees, residuals from programs administered by the Company in which reimbursement was a fixed fee, and interest income. It is the understanding of management that the Company has no remaining obligations to the grantors for these net assets. The net assets are to be used for expansion, excess expenses in various programs, and contingency.

NOTE 3: CASH AND CERTIFICATES OF DEPOSIT

Cash and certificates of deposit consist of the following at April 30, 2012 and 2011:

	2012	
	Balance	Insured Amount
Iberia Bank	$ 472,802	$ 472,802
Regions Bank	132,146	132,146
Piggott State Bank	59,540	59,540
Bancorp South	177,413	177,413
Bank of Pocahontas	286,183	286,183
First National Bank of Paragould	12,808	12,808
First National Bank of Lawrence County	202,050	202,050
	$ 1,342,942	$ 1,342,942

BLACK RIVER AREA DEVELOPMENT CORPORATION
NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)
April 30, 2012 and 2011

NOTE 3: CASH AND CERTIFICATES OF DEPOSIT (CONTINUED)

	2011	
	Balance	Insured Amount
Iberia Bank	$ 469,613	$ 469,613
Regions Bank	113,490	113,490
Piggott State Bank	59,439	59,439
Bancorp South	175,182	175,182
Bank of Pocahontas	315,770	315,770
First National Bank of Paragould	12,681	12,681
First National Bank of Lawrence County	196,759	196,759
	$ 1,342,934	$ 1,342,934

The bank's balances for the above accounts as of April 30, 2012 and 2011 are as follows:

	2012	
	Balance	Insured Amount
Iberia Bank	$ 477,448	$ 477,448
Regions Bank	138,151	138,151
Piggott State Bank	59,540	59,540
Bancorp South	210,265	210,265
Bank of Pocahontas	320,568	320,568
First National Bank of Paragould	12,808	12,808
First National Bank of Lawrence County	203,304	203,304
	$ 1,422,084	$ 1,422,084

NOTE 3: CASH AND CERTIFICATES OF DEPOSIT (CONTINUED)

	2011	
	Balance	Insured Amount
Iberia Bank	$ 478,272	$ 478,272
Regions Bank	115,543	115,543
Piggott State Bank	59,439	59,439
Bancorp South	194,574	194,574
Bank of Pocahontas	342,686	342,686
First National Bank of Paragould	12,681	12,681
First National Bank of Lawrence County	198,582	198,582
	$ 1,401,777	$ 1,401,777

NOTE 4: CAPITAL LEASE OBLIGATION

The Company leases land and office building with Randolph County under a capital lease. The capitalized cost and accumulated depreciation of this leased asset at April 30, 2012 was $250,000 and $133,549, respectively.

The following is a schedule by years of future minimum payments required under the lease together with its present value at April 30, 2012:

2013	$ 24,342
2014	24,342
2015	24,342
2016	12,174
Total minimum lease payments	85,200
Less amount representing interest	12,347
Present value of minimum lease payments	$ 72,853

NOTE 5: ACCRUED VACATIONS

The Company has approximately $109,748 and $102,218 for 2012 and 2011, respectively, in accrued vacations which are not recognized in the financial statements. These amounts relate to grant programs for which the policy is to hire replacement personnel only after the accrued vacations have been paid out of current grant awards.

NOTE 6: UNITED STATES DEPARTMENT OF AGRICULTURE REIMBURSEMENT

During 2012 and 2011, respectively, the Company received approximately $285,586 and $257,089 from the United States Department of Agriculture as a reimbursement for food costs for the Head Start program. Approximately $31,006 and $26,271 of this amount is reflected as grant receivable on the combined balance sheet, and the remainder is reflected as a reduction in food supplies on the combined statement of revenues, expenses and changes in fund balance for 2012 and 2011, respectively.

NOTE 7: INTERFUND TRANSACTIONS

Included in other receivables and prepaid expenses in Unrestricted Net Assets for 2012 and 2011, respectively, is $65,191 and $73,320 due from Temporarily Restricted Net Assets in the following amounts:

	2012	2011
Head Start		$ 1,662
Early Head Start		2,647
DOE	$ 64,300	43,901
Aging	521	1,413
HEAP	33	696
Public Transportation	337	1,019
CSBG		230
HUD Homeless		455
Substance Abuse		21,237
HUD Section 8		60
	$ 65,191	$ 73,320

These amounts are reflected as accounts payable in the respective Temporarily Restricted Net Assets.

NOTE 8: PENSION PLAN

The Plan is a defined contribution plan covering all eligible employees of the Company who are age eighteen or older. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). Each year, participants may contribute at least 1% but no more than 100% of their compensation, as defined in the Plan, for that year, subject to certain limitations. Participants may also contribute amounts representing distributions from other qualified defined benefit or contribution plans. Participants direct the investment of their contributions into various investment options offered by the Plan. The Plan currently offers various mutual funds and an interest accumulation account. The Company contributes the lesser of 200% of a participant's contributions during the Plan year or 6% of their compensation received during the Plan year. Additional profit sharing amounts may be contributed at the option of the Company's board of directors. Contributions are subject to certain limitations. Participants are immediately vested in their contributions plus actual earnings thereon. Vesting in the Company's contribution portion of their accounts is based on years of continuous service. The following vesting occurs:

After 1 year	20%
After 2 years	40%
After 3 years	60%
After 4 years	80%
After 5 years	100%

Total pension expenses of $152,230 and $165,359 are reflected as fringe benefits on the combined statements of activities for 2012 and 2011, respectively. The total payroll is $3,401,895 and $2,963,013 for 2012 and 2011, respectively.

NOTE 9: LITIGATION

The Fiscal Officer was placed on unpaid administrative leave on June 5, 2012, due to unapproved activity. An agreed-upon procedures report was performed to determine the amount of checks that were paid to the Fiscal Officer which did not agree to the accounting records maintained by Black River Area Development Corporation. During the year ended April 30, 2012, $43,437.50 was noted as being paid to the Fiscal Officer but not agreeing to the accounting records. For the period of May 1, 2012, to June 5, 2012, the amount was $7,456.80. For the three years ended April 30, 2011, the amount was $108,944.90. For the period beginning September 22, 2001, and ending April 30, 2008, management of Black River Area Development identified checks totaling $230,896.45 paid to the Fiscal Officer as being unapproved. The total amounts noted, for the periods noted, totaled $390,735.65. For these periods this is recorded as an expense in fringe benefits.

Management is currently pursuing reimbursement from the Fiscal Officer for these expenditures.

SUPPLEMENTARY INFORMATION

FREEMAN & COMPANY, INC.
CERTIFIED PUBLIC ACCOUNTANTS
3712 E Highland Drive, Jonesboro, Arkansas 72401 Phone 870-932-4514

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Directors
Black River Area Development Corporation
Pocahontas, Arkansas

Compliance

We have audited the compliance of Black River Area Development Corporation with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended April 30, 2012. Black River Area Development Corporation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Black River Area Development Corporation's management. Our responsibility is to express an opinion on Black River Area Development Corporation's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Black River Area Development Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Black River Area Development Corporation's compliance with those requirements.

In our opinion, Black River Area Development Corporation complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended April 30, 2012. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 2012-2.

Internal Control Over Compliance

The management of Black River Area Development Corporation is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Black River Area Development Corporation's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Black River Area Development Corporation's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined.

A *significant deficiency in internal control over compliance* is a deficiency, or 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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2012-2 to be a significant deficiency.

Black River Area Development Corporation's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Black River Area Development Corporation's response and, accordingly, we express no opinion on it.

Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of Black River Area Development Corporation as of and for the year ended April 30, 2012, and have issued our report thereon dated August 13, 2012, which contained an unqualified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic 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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

This report is intended solely for the information and use of the audit committee, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

FREEMAN & COMPANY, INC.

Freeman & Company, Inc

Jonesboro, Arkansas
August 13, 2012

BLACK RIVER AREA DEVELOPMENT CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended April 30, 2012

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal Expenditures	
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Direct Program:			
Head Start	93.600	$ 2,707,869	*
Passed Through Arkansas Department of Human Services:			
State Incentive Grant Substance Abuse	93.243	31,032	
Community Services Block Grant	93.569	201,854	
Home Energy Assistance Program	93.568	643,625	*
Child Care and Early Childhood Education	93.575	12,850	
Passed Through East Arkansas Area Agency on Aging:			
SSBG	93.667	52,646	
Special Programs for the Aging - Title III Part C - Nutrition Services	93.045	139,080	
Special Programs for the Aging - Title III, Part B - Socialization and Transportation	93.044	65,640	
USDA - Nutrition Program for the Elderly	93.053	55,857	
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Direct Program:			
Lower-Income Housing Assistance Program (Section 8)	14.856	385,197	*
Passed Through Arkansas Department of Human Services:			
Emergency Shelter Grant	14.231	12,247	

* - Denotes a major federal financial assistance program.

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal Expenditures	
U.S. DEPARTMENT OF TRANSPORTATION			
Passed Through Arkansas State Highway and Transportation Department:			
Public Transit (Section 18)	20.509	266,250	
Public Transit (Section 18) – ARRA	20.509	24,992	
Total Public Transit		291,242	
U.S. DEPARTMENT OF ENERGY			
Passed Through Arkansas Department of Human Services:			
Weatherization Assistance	81.042	237,659	
Weatherization Assistance – ARRA	81.042	420,327	
Total Weatherization		657,986	*
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through Arkansas Department of Human Services:			
Child Care Food Program	10.558	285,586	
DEPARTMENT OF HOMELAND SECURITY			
Passed Through Emergency Food and Shelter National Board Program:			
Emergency Food and Shelter Program - Stewart B. McKinney Homeless Assistance Act	97.024	6,921	
TOTAL EXPENDITURES OF FEDERAL AWARDS		$ 5,549,632	

Notes to Schedule:

1. Basis of Presentation - This schedule includes the federal grant activity of Black River Area Development Corporation under programs of the federal government for the year ended April 30, 2012. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* Because this schedule presents only a selected portion of the operations of Black River Area Development Corporation, it is not intended to and does not present the financial position or changes in financial position of Black River Area Development Corporation.

2. Summary of Significant Accounting Policies - Expenditures reported on this schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Medicaid reimbursements are defined as contracts of services and not federal awards; therefore, such reimbursements totaling $35,647 are not covered by the reporting requirements of OMB Circular A-133.

FREEMAN & COMPANY, INC.
CERTIFIED PUBLIC ACCOUNTANTS
3712 E Highland Drive, Jonesboro, Arkansas 72401 Phone 870-932-4514

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*

Board of Directors
Black River Area Development Corporation
Pocahontas, Arkansas

We have audited the financial statements of Black River Area Development Corporation (a nonprofit organization) as of and for the year ended April 30, 2012, and have issued our report thereon dated August 13, 2012. 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.

Internal Control Over Financial Reporting

Management of Black River Area Development Corporation is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Black River Area Development Corporation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of Black River Area Development Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Black River Area Development Corporation's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency in internal control over financial reporting, Finding 2012-1. 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.

Board of Directors
Page Two

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Black River Area Development Corporation's financial statements are free of material misstatement, we performed tests of their 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 instances 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 2012-1.

Black River Area Development Corporation's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Black River Area Development Corporation's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the audit committee, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

FREEMAN & COMPANY, INC.

Freeman & Company, Inc

Jonesboro, Arkansas
August 13, 2012

BLACK RIVER AREA DEVELOPMENT CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED APRIL 30, 2012

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Black River Area Development Corporation.

2. One significant deficiency disclosed during the audit of the financial statements is reported in the 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*. No material weaknesses are reported.

3. No instances of noncompliance material to the financial statements of Black River Area Development Corporation were disclosed during the audit.

4. One significant deficiency in internal control over major federal award programs disclosed during the audit is reported in the Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133. No material weaknesses are reported.

5. The auditor's report on compliance for the major federal award programs for Black River Area Development Corporation expresses an unqualified opinion on all major federal programs.

6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this Schedule.

7. The programs tested as major programs included.

Program	CFDA Number
1. Head Start Program	93.600
2. Home Energy Assistance Program	93.568
3. Lower Income Housing Assistance Program (Section 8)	14.856
4. Weatherization Assistance	81.042

8. The threshold for distinguishing Types A and B programs was $ 300,000.

9. Black River Area Development Corporation was determined to be a high-risk auditee.

FINDINGS - FINANCIAL STATEMENTS AUDIT

SIGNIFICANT DEFICIENCY

2012-1 Segregation of Duties

Statement of Condition: Lack of adequate segregation of duties.

Criteria: Financial accounting duties should be distributed among appropriate employees to ensure the proper safeguarding of assets.

Effect of Condition: Financial accounting duties are not distributed among the Corporation's employees to sufficiently reduce the risk of fraud or error and to properly safeguard the Corporation's assets.

Cause of Condition: Controls were circumvented by management.

Recommendation: To ensure the proper safeguarding of the Corporation's assets, financial accounting duties should be distributed among appropriate employees.

Views of responsible officials and planned corrective actions:

1) The CFO was placed on unpaid administrative leave June 5, 2012 and the FBI investigated a circumvention of internal controls that occurred. The CFO has been formally charged in Federal court and a hearing will be held September 19, 2012. This swift action demonstrates to other employees the consequence of fraud.
2) A new CFO was hired August 6, 2012. The hiring process and qualifications of the CFO was formally approved by the U.S. Department of Health and Human Services. The new CFO is not a check signer on any agency bank account. Those duties have been reassigned to insure proper segregation of duties. A member of the Board of Directors has been added to checking accounts as an authorized check signer.
3) Program Director and the CFO have been authorized to view bank statements online to add additional transparency of financial transactions.
4) The Executive Director has been assigned the duties of opening the bank statements received in the U.S. Mail.
5) Allocation of Agency health insurance and retirement premiums will be backed fully and supported by actual statements from the service provider when invoiced to the Agency department heads for proper safeguarding of assets.
6) Financial reports made to the Board of Directors will include a monthly Statement of Financial Position, Statement of Activities, and Statement of Functional Expenses.
7) An Agency self-evaluation modeled after the "Office of Head Start Monitoring Protocol-Fiscal Integrity Guide-FY 2012" to assess segregation of duties, risk, reduction of fraud, and internal controls will be completed during September 2012 by the finance committee of the Board of Directors, a CPA, the Executive Director, CFO and administrative staff. That report will be used to develop other financial practices necessary to eliminate any deficiencies.

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

2012-2 Head Start Program - CFDA No. 93.600; Grant period – year ended April 30, 2012.

Significant Deficiency. The significant deficiency at Finding 2012-1 also applies to this grant.