

Neighborhood STRONG
Lufkin, Texas

FINANCIAL STATEMENT WITH
INDEPENDENT AUDITORS' REPORT

Year Ended December 31, 2022

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Neighborhood STRONG
Lufkin, Texas

Opinion

We have audited the accompanying financial statement of Neighborhood STRONG (a nonprofit organization), which comprise the statement of cash receipts and disbursements - cash basis as of December 31, 2022, and the related notes to the financial statements.

In our opinion, the financial statement referred to above present fairly, in all material respects, the cash receipts and disbursements for Neighborhood STRONG as of December 31, 2022, for the year then ended in accordance with the cash basis of accounting as described in Note A.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis of Accounting

We draw attention to Note A of the financial statements, which describes the basis of accounting. The financial statement is prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Management has elected to limit the note disclosures due to the cash basis of accounting. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the cash basis of accounting described in Note A, and for determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statement that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

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

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

Lufkin, Texas
November 27, 2023


CERTIFIED PUBLIC ACCOUNTANTS

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
 Neighborhood STRONG
 For the Year ended December 31, 2022

Cash Receipts:	
Government Grant Support	\$ 117 531
Private Grant Support	387 766
Donations	68 760
Inspection Fees	28 435
Interest Income	296
Other Income	1 500
TOTAL CASH RECEIPTS	<u>\$ 604 288</u>
Cash Disbursements:	
Advertising & Marketing	450
Books and Subscriptions	767
Construction Materials	8 684
Contractors	553 241
Insurance	7 313
Information Technology	448
Legal and Professional	10 452
Office Supplies	8 594
Payroll	118 687
Rent	7 433
Subcontractors	8 086
Event Supplies	1 422
Telephone	2 911
Travel & Meetings	211
Education	1 540
Loan Repayment	5 769
Miscellaneous	5 545
TOTAL DISBURSEMENTS FOR EXPENSES	<u>\$ 741 553</u>
(DECREASE) IN CASH AND CASH EQUIVALENTS	(137 265)
Beginning cash and cash equivalents	<u>\$ 360 277</u>
ENDING CASH AND CASH EQUIVALENTS	<u>\$ 223 012</u>

The notes to financial statement are an integral part of this statement.

NOTES TO FINANCIAL STATEMENT - CONTINUED
LOVE INC of Nacogdoches

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. The accompanying financial statement has been prepared on the cash receipts and disbursements basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Under that basis, the only asset recognized is cash and no liabilities are recognized. All transactions are recognized as either cash receipts or disbursements, and noncash transactions are not recognized. The cash receipts and disbursements basis differs from generally accepted accounting principles in ways such as cash payments for notes payable, leasehold improvements and equipment are included in the accompanying financial statement as cash disbursements while accruals for any liabilities existing at December 31, 2022 are not reflected on this statement.
2. Management has evaluated subsequent events through November 27, 2023, the date the financial statements were available to be issued.
3. Since this is a cash basis statement and not a full financial statement, all of the required notes are not presented in this report

NOTE B - FEDERAL INCOME TAXES

The Internal Revenue Service has determined that the Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Service has determined that the Project is not a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code. Form 990 is filed annually.

NOTE C - CONTINGENCIES

Certain grants received by the Organization are subject to audit by grantors and disallowed costs, if any, would have to be absorbed by the Organization. In the opinion of management, liabilities from such disallowed costs, if any, would not be material to the accompanying financial statements.