

SHENANDOAH VALLEY WORKFORCE INVESTMENT BOARD, INC.

Financial Statements and Supplemental Data

June 30, 2014

(WITH INDEPENDENT AUDITORS' REPORT THEREON)

SHENANDOAH VALLEY WORKFORCE INVESTMENT BOARD, INC.

JUNE 30, 2014

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Shenandoah Valley Workforce Investment Board Inc. (SVWIB)

Report on the Financial Statements

We have audited the accompanying financial statements of SVWIB (a nonprofit organization), which comprise the statement of financial position as of June 30, 2014 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SVWIB as of June 30, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

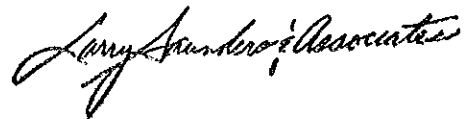
Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards (schedule 1), as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the supplementary information included in schedule 2 are presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional 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 financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2014, on our consideration of SVWIB'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* in considering SVWIB's internal control over financial reporting and compliance



Richmond, Virginia
October 20, 2014

SHENANDOAH VALLEY WORKFORCE INVESTMENT BOARD, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2014

<u>ASSETS</u>	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
CURRENT ASSETS			
CASH (NOTE 11)	\$ 54,478	-	54,478
ESCROW ACCOUNT	-	-	-
ACCOUNTS RECEIVABLE	392,053	-	392,053
PREPAID EXPENSES	17,551	-	17,551
EQUIPMENT	-	-	-
	-	-	-
TOTAL CURRENT ASSETS	<u>464,082</u>	<u>-</u>	<u>464,082</u>
TOTAL ASSETS	<u>\$464,082</u>	<u>-</u>	<u>464,082</u>
<u>LIABILITIES AND NET ASSETS</u>			
CURRENT LIABILITIES			
ACCOUNTS PAYABLE	\$405,496	-	405,496
ESCROW PAYABLE	-	-	-
DUE TO GRANTOR	-	-	-
PAYROLL LIABILITIES	12,408	-	12,408
ACCRUED ANNUAL LEAVE	46,148	-	46,148
	-	-	-
TOTAL CURRENT LIABILITIES	<u>464,052</u>	<u>-</u>	<u>464,052</u>
TOTAL LIABILITIES	<u>464,052</u>	<u>-</u>	<u>464,052</u>
NET ASSETS			
UNRESTRICTED	30	-	30
TEMPORARILY RESTRICTED (NOTE 9)			
LAND BUILDING & EQUIPMENT	-	-	-
	-	-	-
TOTAL NET ASSETS	<u>30</u>	<u>-</u>	<u>30</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 464,082</u>	<u>-</u>	<u>464,082</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

SHENANDOAH VALLEY WORKFORCE INVESTMENT BOARD, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
<u>SUPPORT AND REVENUE</u>			
GRANTS	\$ -	3,210,978	3,210,978
COUNTY REVENUE	-	-	-
CONTRIBUTIONS	-	22	22
INTEREST INCOME	66	-	66
NET ASSETS RELEASED FROM RESTRICTIONS SATISFACTION OF PROGRAM RESTRICTIONS	<u>3,211,000</u>	<u>(3,211,000)</u>	<u>-</u>
TOTAL SUPPORT AND REVENUE	<u>3,211,066</u>	<u>-</u>	<u>3,211,066</u>
<u>EXPENSES</u>			
PROGRAM SERVICES (NOTE 4)			
WIA ADULT	512,426	-	512,426
WIA DISLOCATED WORKERS	596,764	-	596,764
WIA OUT OF SCHOOL YOUTH	146,722	-	146,722
WIA IN SCHOOL YOUTH	312,026	-	312,026
OTHER (SCHEDULE II)	<u>1,462,284</u>	<u>-</u>	<u>1,462,284</u>
TOTAL PROGRAM SERVICES	<u>3,030,222</u>	<u>-</u>	<u>3,030,222</u>
SUPPORT SERVICES (NOTE 4)			
ADMINISTRATION	<u>180,822</u>	<u>-</u>	<u>180,822</u>
TOTAL EXPENSES	<u>3,211,044</u>	<u>-</u>	<u>3,211,044</u>
CHANGE IN NET ASSETS	<u>22</u>	<u>-</u>	<u>22</u>
NET ASSETS, BEGINNING	<u>8</u>	<u>-</u>	<u>8</u>
NET ASSETS, ENDING	<u>\$ 30</u>	<u>-</u>	<u>30</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

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SHENANDOAH VALLEY WORKFORCE INVESTMENT BOARD, INC.
STATEMENT OF FUNCTIONAL EXPENSES
JUNE 30, 2014

	PROGRAM SERVICES		
	WIA ADULT	WIA DISLOCATED WORKER	WIA OUT OF SCHOOL YOUTH
SALARIES	\$ 36,787	50,047	18,082
PAYROLL TAXES AND EMPLOYMENT BENEFITS (NOTE 5)	11,340	15,486	5,574
TOTAL STAFF COMPENSATION	48,127	65,533	23,656
SUBCONTRACTOR SERVICES	427,426	480,394	105,867
SVWIB OJT SERVICES	-	-	-
PROFESSIONAL FEE AND CONTRACT SERVICES	-	-	-
SUPPLIES	451	657	139
TELEPHONE	32	40	10
POSTAGE	4	3	1
OCCUPANCY (NOTE 10)	653	1,190	155
TRAVEL AND TRANSPORTATION	2,331	3,188	535
INSURANCE	-	-	-
MARKETING AND COMMUNICATIONS	249	452	63
RENTAL, REPAIR & PURCHASE OF EQUIPMENT	-	-	-
ADMIN ALLOCATION	33,152	45,307	16,296
MEMBERSHIP	-	-	-
MOVING COSTS	-	-	-
MISCELLANEOUS	1	-	-
TOTAL EXPENSES	\$ 512,426	596,764	146,722

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

SHENANDOAH VALLEY WORKFORCE INVESTMENT BOARD, INC.
STATEMENT OF FUNCTIONAL EXPENSES
JUNE 30, 2014

WIA IN SCHOOL YOUTH	OTHER (SCHEDULE II)	TOTAL PROGRAM SERVICES	SUPPORT SERVICES	
			ADMINISTRATION	TOTAL
28,126	169,654	302,696	134,672	437,368
8,670	52,240	93,310	39,635	132,945
36,796	221,894	396,006	174,307	570,313
246,078	400,211	1,659,976	195	1,660,171
-	795,435	795,435	-	795,435
-	605	605	52,069	52,674
273	1,594	3,114	4,039	7,153
20	-	102	7,388	7,490
26	-	34	872	906
378	-	2,376	19,341	21,717
2,847	14,147	23,048	23,355	46,403
-	-	-	5,339	5,339
261	28,396	29,421	121	29,542
-	-	-	12,686	12,686
25,347	-	120,102	(120,102)	-
-	-	-	1,212	1,212
-	-	-	-	-
-	2	3	-	3
<u>312,026</u>	<u>1,462,284</u>	<u>3,030,222</u>	<u>180,822</u>	<u>3,211,044</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

**SHENANDOAH VALLEY WORKFORCE INVESTMENT BOARD, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2014**

CASH FLOWS FROM OPERATING ACTIVITIES:

CHANGE IN NET ASSETS	\$ 22
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
PRIOR PERIOD ADJUSTMENT	-
(INCREASE) DECREASE IN ACCOUNTS RECEIVABLE	166,048
INCREASE (DECREASE) IN ACCRUED VACATION	(699)
(INCREASE) DECREASE IN PREPAID EXPENSES	(5,028)
(INCREASE) DECREASE IN ESCROW ACCOUNT	37,456
INCREASE (DECREASE) IN ACCOUNTS PAYABLE	23,817
INCREASE (DECREASE) IN ESCROW PAYABLE	(38,793)
INCREASE (DECREASE) IN DUE TO GRANTOR	(34,270)
INCREASE (DECREASE) IN PAYROLL LIABILITIES	3,253
TOTAL ADJUSTMENTS	<u>151,784</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>151,806</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
PURCHASE OF EXPENDABLE EQUIPMENT	-
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	-
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	151,806
CASH AND EQUIVALENTS, BEGINNING	<u>(97,328)</u>
CASH AND EQUIVALENTS, ENDING	<u>\$ 54,478</u>

DISCLOSURE OF ACCOUNTING POLICY

FOR THE PURPOSE OF THIS STATEMENT OF CASH FLOWS, CASH AND CASH EQUIVALENTS CONSIST OF CHECKING ACCOUNTS, PETTY CASH, SAVINGS ACCOUNTS, AND CERTIFICATES OF DEPOSIT WITH A MATURITY OF THREE MONTHS OR LESS.

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

SHENANDOAH VALLEY WORKFORCE INVESTMENT BOARD, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

1. Summary of Significant Accounting Policies

Shenandoah Valley Workforce Investment Board, Inc. (SVWIB) is a non-profit corporation exempt from federal income tax under the provisions of Section 501(c) (3) of the Internal Revenue Code. The purposes of SVWIB are to establish programs to prepare youth and unskilled adults for entry into the labor force and to afford job training to those economically disadvantaged individuals and other individuals facing serious barriers to employment that are in special need of such training to obtain productive employment. It has no unrelated business income subject to federal income tax under Section 511 of the Internal Revenue Code. SVWIB has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) of the Internal Revenue Code. SVWIB is funded principally from governmental grants. Its financial statements are prepared in accordance with the American Institute of Certified Public Accountants Audit and Accounting Guide, Not-for-Profit Organizations. Under this guide, the following accounting policies unique to voluntary health and welfare organizations are:

- (a) The Unrestricted Fund is used to account for all resources over which the Board of Directors has discretionary control.
- (b) The Temporarily Restricted Fund is used to account for amounts restricted for purposes specified by the donor or grantor.
- (c) The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.
- (d) Donated services are recorded at fair market value if the following requirements are met:
 - (1) The services create or enhance a nonfinancial asset.
 - (2) The services are specialized skills, provided by entities or persons possessing those skills, that would be purchased if they were not donated.

2. Property and Equipment

SVWIB has property and equipment at a purchase price of \$78,352 acquired with its grantors' funds, and, accordingly, these assets are not recorded on the statement of financial position because their title is held by the grantors. Also, the grantors have a reversionary interest in the property and equipment in the event that these assets are sold or disposed of.

3. Net Assets

Under terms of the grant awards, grantors retain the right to require unexpended funds to be returned to granting agency, unless prior approval is obtained for subsequent expending by SVWIB.

SHENANDOAH VALLEY WORKFORCE INVESTMENT BOARD, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

4. Functional Expenses

Functional expenses are determined through allocating total expenses incurred to functions. The prorated allocations are determined based on SVWIB's Cost Allocation Plan.

5. Retirement Fund

SVWIB has a Tax Sheltered Retirement (Deferred Compensation) program under section 403(b) of the Internal Revenue Code. Ten percent of each employee's salary, (or more at the option of the employee), may be invested in the program on behalf of the employee. Total contributions amounted to \$47,424 for the year ended June 30, 2014. The retirement fund is fully vested.

6. Contingent Liabilities

Grant funds are subject to audit by the funding agencies to determine compliance with various grants requirements. Should any expenditure be disallowed, they must be refunded to the granting agency.

7. Contributions and Grants

In accordance with FASB Codification 958-605 Revenue Recognition, contributions and grants are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor and/or grantor restrictions. When a restriction expires or is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets. Contributions and grants that are restricted are reported as unrestricted support if the restrictions expire or are satisfied in the fiscal year in which the contributions and grants are recognized.

8. Financial Statements

The accompanying financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Codification 958-205, entitled Presentation of Financial Statements, SVWIB is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, SVWIB is required to present statements of functional expenses and of cash flows.

9. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes as of June 30, 2014:

Total Temporarily Restricted Net Assets	<u>\$0</u>
-----------------------------------------	------------

10. Leases

On June 25, 2012, SVWIB entered into a one-year lease agreement beginning July 1, 2012, and expiring on June 30, 2015, for the use of office space at an annual cost of \$10,350. The annual lease payments for the years June 30, 2014 and June 30, 2015 are \$10,350 respectively.

SHENANDOAH VALLEY WORKFORCE INVESTMENT BOARD, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

11. Federal Deposit Insurance Corporation Disclosure

The Federal Deposit Insurance Corporation (FDIC) insures the accounts of each financial institutional customer up to \$250,000 per financial institution.

12. Uncertain Tax Positions

SVWIB adopted the provisions of Financial Accounting Standards Board ASC 740-10 Income Taxes. FASB ASC 740-10 requires a liability to be recorded for unrecognized tax benefits and any related interest and penalties, when it is more likely than not a tax position taken by management with the respect to a transaction or class of transactions will be overturned by a taxing authority upon examination. Management believes there are no material uncertain tax positions or related interest and penalties at June 30, 2014.

13. Subsequent Events

In preparing these financial statements, SVWIB has evaluated events and transactions for potential recognition or disclosure through October 20, 2014, the date the financial statements were available to be issued.

14. Contingent Liabilities

Grant funds received by SVWIB are subject to audit by the various funding agencies. The management of SVWIB believes that adjustments, if any, as a result of such audits will not have a material effect upon SVWIB's financial statements for any liability that may result.

SHENANDOAH VALLEY WORKFORCE INVESTMENT BOARD, INC.
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2014

FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM OR CLUSTER TITLE	FEDERAL CFDA NUMBER	FEDERAL EXPENDITURES
WIA CLUSTER-CLUSTER		
DEPARTMENT OF LABOR PASS-THROUGH PROGRAMS FROM VIRGINIA COMMUNITY COLLEGE SYSTEM		
WIA ADULT PROGRAM	17.258	\$ 512,426
WIA DISLOCATED WORKER PROGRAM	17.278	625,161
WIA YOUTH PROGRAM	17.259	458,748
WIA NEG GRANT	17.277	9,370
TOTAL DEPARTMENT OF LABOR PASS THROUGH VCCS		<u>1,605,705</u>
OJT	17.268	<u>1,387,961</u>
TOTAL OTHER PROGRAMS		<u>1,387,961</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS		<u>\$ 2,993,666</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

SHENANDOAH VALLEY WORKFORCE INVESTMENT BOARD, INC.
 STATEMENT OF FUNCTIONAL EXPENSES-OTHER
 FOR THE YEAR ENDED JUNE 30, 2014

	BRCC	SVWIB NEG/OJT	BUSINESS SERVICES	OJT	TOTAL
SALARIES	\$ 27,987	3,553	-	138,114	169,654
PAYROLL TAXES AND EMPLOYEE BENEFITS	8,569	1,095	-	42,576	52,240
TOTAL STAFF COMPENSATION	36,556	4,648	-	180,690	221,894
SUBCONTRACTORS SERVICES	-	-	-	400,211	400,211
SVWIB OJT SERVICES	-	4,722	-	790,713	795,435
PROFESSIONAL FEES AND CONTRACT SERVICES	-	-	-	605	605
SUPPLIES	-	-	-	1,594	1,594
TELEPHONE	-	-	-	-	-
POSTAGE	-	-	-	-	-
OCCUPANCY	-	-	-	-	-
INKIND CONTRIBUTIONS	-	-	-	-	-
TRAVEL AND TRANSPORTATION	-	-	-	14,147	14,147
SPECIFIC ASSISTANCE TO INDIVIDUALS	-	-	-	-	-
INSURANCE	-	-	-	-	-
MARKETING AND COMMUNICATIONS	-	-	28,396	-	28,396
RENTAL, REPAIR & PURCHASE OF EQUIPMENT	-	-	-	-	-
ADMIN ALLOCATION	-	-	-	-	-
MEMBERSHIP	-	-	-	-	-
MOVING COSTS	-	-	-	-	-
MISCELLANEOUS	-	-	1	-	2
TOTAL EXPENSES	\$ 36,556	9,370	28,397	1,387,961	1,462,284

**INDEPENDENT AUDITORS' REPORTS ON INTERNAL CONTROL
AND ON COMPLIANCE**

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

To the Board of Directors
Shenandoah Valley Workforce Investment Board, Inc. (SVWIB)

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of SVWIB (a nonprofit organization), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 20, 2014.

Internal Control Over Financial Reporting

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

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

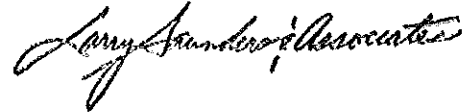
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether SVWIB's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in cursive script that reads "Larry Anderson, Associates".

Richmond, Virginia
October 20, 2014

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Board of Directors
Shenandoah Valley Workforce Investment Board, Inc. (SVWIB)

Report on Compliance for Each Major Federal Program

We have audited SVWIB's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of SVWIB's major federal programs for the year ended June 30, 2014. SVWIB's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of SVWIB's major federal programs based on our audit of the types of compliance requirements referred to above. 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 SVWIB'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 on compliance for each major federal program. However, our audit does not provide a legal determination of SVWIB's compliance.

Opinion on Each Major Federal Program

In our opinion, SVWIB complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

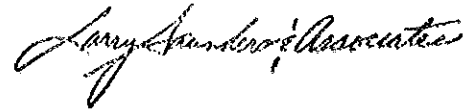
Report on Internal Control Over Compliance

Management of SVWIB is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered SVWIB's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 SVWIB's internal control over compliance.

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

Our consideration of internal control over compliance 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 compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Richmond, Virginia
October 20, 2014

SHENANDOAH VALLEY WORKFORCE INVESTMENT BOARD, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unmodified opinion on the (general purpose) financial statements of Shenandoah Valley Workforce Investment Board, Inc.
2. The auditors' report on compliance for the major federal award programs for Shenandoah Valley Workforce Investment Board, Inc. expresses an unmodified opinion.
3. The programs tested as major programs included: Workforce Investment Act Cluster, The Higher Growth and the OJT grants.
4. The threshold for distinguishing Types A and B programs were \$300,000 and \$100,000, respectively.
5. Shenandoah Valley Workforce Investment Board, Inc. was determined to be a low risk auditee.

B. FINDINGS

None noted

PRIOR YEAR AUDIT FOLLOW-UP

We did not have any prior year audit findings in the current year audit.