

Shenandoah Valley Workforce
Development Board, Inc.

Financial Report

Year Ended June 30, 2020

**Shenandoah Valley Workforce
Development Board, Inc.
Financial Report
Year Ended June 30, 2020**

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INDEPENDENT AUDITORS' REPORT

**TO THE BOARD OF DIRECTORS
SHENANDOAH VALLEY WORKFORCE DEVELOPMENT BOARD, INC.
HARRISONBURG, VIRGINIA**

Report on the Financial Statements

We have audited the accompanying financial statements of Shenandoah Valley Workforce Development Board, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, 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.

Auditors' 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 auditors' 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 Shenandoah Valley Workforce Development Board, Inc. as of June 30, 2020, 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

Supplementary and 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, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the 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 September 30, 2020, on our consideration of Shenandoah Valley Workforce Development Board, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Shenandoah Valley Workforce Development Board, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Shenandoah Valley Workforce Development Board, Inc.'s internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Staunton, Virginia
September 30, 2020

FINANCIAL STATEMENTS

Shenandoah Valley Workforce Development Board, Inc.
Statement of Financial Position
June 30, 2020

ASSETS

Current Assets:

Cash	\$	61,975
Accounts receivable		203,018
Prepaid expenses		32,091
Total Current Assets	\$	<u>297,084</u>

LIABILITIES AND NET ASSETS

Liabilities:

Current Liabilities:

Accounts payable	\$	164,144
Payroll liabilities		2,514
Accrued annual leave		66,914
Deferred revenue		49,646
Total Current Liabilities	\$	<u>283,218</u>

Net Assets:

Without donor restrictions	\$	13,866
Total Net Assets	\$	<u>13,866</u>
Total Liabilities and Net Assets	\$	<u>297,084</u>

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

Shenandoah Valley Workforce Development Board, Inc.
Statement of Activities
For the Year Ended June, 30 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:			
Revenue from government grants	\$ -	\$ 2,707,251	\$ 2,707,251
Other revenues	13,634	57,064	70,698
Satisfaction of program restrictions	2,764,315	(2,764,315)	-
Total Support and Revenue	\$ 2,777,949	\$ -	\$ 2,777,949
Expenses:			
Program Services:			
WIOA Adult	\$ 641,550	\$ -	\$ 641,550
WIOA Dislocated Worker	246,060	-	246,060
WIOA Out of School Youth	478,942	-	478,942
WIOA In School Youth	71,901	-	71,901
H-1B AAI Grant	882,269	-	882,269
Career Pathways Grant	37,239	-	37,239
Wagner-Peyser Employment Service	1,179	-	1,179
Rapid Response Grant	27,369	-	27,369
G3 Planning Contract	8,778	-	8,778
Economic Equity Initiative Grant	40,030	-	40,030
Other	56,873	-	56,873
Total program services	\$ 2,492,190	\$ -	\$ 2,492,190
Support Services:			
Management and general	\$ 272,125	\$ -	\$ 272,125
Total Expenses	\$ 2,764,315	\$ -	\$ 2,764,315
Change in Net Assets	\$ 13,634	\$ -	\$ 13,634
Net Assets at Beginning of Year	\$ 232	\$ -	\$ 232
Net Assets at End of Year	\$ 13,866	\$ -	\$ 13,866

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

Shenandoah Valley Workforce Development Board, Inc.
Statement of Functional Expenses
For the Year Ended June, 30 2020

Program Services

	<u>WIOA Adult</u>	<u>WIOA Dislocated Worker</u>	<u>WIOA Out of School Youth</u>	<u>WIOA In School Youth</u>
Subcontractor services	\$ 505,999	\$ 166,019	\$ 356,676	\$ 43,209
Personnel	70,314	40,542	59,083	15,251
Training service costs	-	6,104	-	-
Program facilities	26,159	12,757	30,686	6,677
Office	672	176	486	57
Technology	7,102	1,310	5,122	237
Professional fees	14	3	98	6
Travel and meetings	6,482	4,845	8,444	1,286
Program supplies	-	-	-	-
Program administration	24,808	14,304	18,347	5,178
Total	<u>\$ 641,550</u>	<u>\$ 246,060</u>	<u>\$ 478,942</u>	<u>\$ 71,901</u>

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

Shenandoah Valley Workforce Development Board, Inc.
Statement of Functional Expenses
For the Year Ended June, 30 2020 (continued)

Program Services

	<u>H-1B AAI Grant</u>	<u>Career Pathways Grant</u>	<u>Wagner-Peyser Employment Service</u>	<u>Rapid Response Grant</u>
Subcontractor services	\$ -	\$ 15,226	\$ -	\$ -
Personnel	444,701	21,375	1,179	-
Training service costs	345,048	-	-	27,369
Program facilities	-	-	-	-
Office	512	-	-	-
Technology	2,559	121	-	-
Professional fees	73,043	1	-	-
Travel and meetings	15,852	489	-	-
Program supplies	554	27	-	-
Program administration	-	-	-	-
Total	<u>\$ 882,269</u>	<u>\$ 37,239</u>	<u>\$ 1,179</u>	<u>\$ 27,369</u>

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

Shenandoah Valley Workforce Development Board, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2020 (continued)

Program Services

	<u>G3 Planning Contract</u>	<u>Economic Equity Initiative Grant</u>	<u>Other</u>
Subcontractor services	\$ -	\$ 2,376	\$ -
Personnel	8,320	37,266	-
Training service costs	-	-	-
Program facilities	-	-	56,873
Office	257	14	-
Technology	-	22	-
Professional fees	-	-	-
Travel and meetings	201	352	-
Program supplies	-	-	-
Program administration	-	-	-
Total	<u>\$ 8,778</u>	<u>\$ 40,030</u>	<u>\$ 56,873</u>

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

Shenandoah Valley Workforce Development Board, Inc.
Statement of Functional Expenses
For the Year Ended June, 30 2020 (continued)

	Total Program Services	Supporting Services	
		Management and General	Total
Subcontractor services	\$ 1,089,505	\$ -	\$ 1,089,505
Personnel	698,031	169,258	867,289
Training service costs	378,521	-	378,521
Program facilities	133,152	-	133,152
Office	2,174	44,179	46,353
Technology	16,473	26,031	42,504
Professional fees	73,165	24,797	97,962
Travel and meetings	37,951	7,860	45,811
Program supplies	581	-	581
Program administration	62,637	-	62,637
Total	\$ <u>2,492,190</u>	\$ <u>272,125</u>	\$ <u>2,764,315</u>

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

Shenandoah Valley Workforce Development Board, Inc.
Statement of Cash Flows
For the Year Ended June, 30 2020

Cash flows from operating activities		
Change in net assets:	\$	13,634
Adjustments to reconcile change in net asset to net cash provided by (used for) operating activities:		
Change in assets and liabilities:		
(Increase) decrease in accounts receivable		(54,416)
(Increase) decrease in prepaid expenses		(7,443)
Increase (decrease) in accounts payable		(18,544)
Increase (decrease) in payroll liabilities		430
Increase (decrease) in accrued annual leave		5,401
Increase (decrease) in deferred revenue		(51,431)
Net cash provided by (used for) operating activities	\$	<u>(112,369)</u>
Net increase (decrease) in cash and cash equivalents	\$	(112,369)
Cash, at beginning of year		174,344
Cash, at end of year	\$	<u>61,975</u>

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

Shenandoah Valley Workforce Development Board, Inc.

**Notes to Financial Statements
Year Ended June 30, 2020**

NOTE 1 – NATURE OF ORGANIZATION:

The Shenandoah Valley Workforce Development Board, Inc. (SVWDB) is a non-profit organized 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 training to obtain productive employment.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of SVWDB have been prepared in accordance with accounting principles generally accepted in the United States of America.

Basis of Accounting

The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States; revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Financial Statement Presentation

The SVWDB reports information regarding its financial position and activities according to the following two classes of net assets based on the existence or absence of donor-imposed restrictions:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations, or the net assets that were donated with donor-imposed stipulations and released from restriction within the same fiscal year. Net assets without donor restrictions for the year ended June 30, 2020 amounted to \$13,866.

Net assets with donor restrictions - Net assets with donor restrictions are resources whose use by the SVWDB is limited by donor-imposed restrictions. This category includes both donor restrictions that are temporary in nature, and those that neither expire by being used in accordance with a donor's restriction nor by the passage of time. There were no net assets with donor restrictions for the year ended June 30, 2020.

Cash and Cash Equivalents

For the purposes of the Statement of Cash Flows, the SVWDB considers all cash accounts that are not subject to withdrawal restrictions or penalties and all highly-liquid debt instruments purchased with a maturity of less than three months to be cash equivalents.

Accounts Receivable

Accounts receivables primarily consist of reimbursable expenditures incurred on federal grants. Accounts receivables are recorded when expenditures are made that are eligible for reimbursement by a particular grant less any estimate made for doubtful receivables based on a review of all outstanding amounts on a periodic basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Receivables are written off once deemed uncollectible. There was no provision for doubtful accounts at June 30, 2020.

Concentration of Credit Risk

The SVWDB maintains its cash in bank deposit accounts which may at times exceed federally insured limits. The SVWDB has not experienced any losses in such accounts and believes it is not exposed to any significant financial risk on cash. Accounts in the bank are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000.

Notes to Financial Statements (continued)
Year Ended June 30, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

Concentration of Credit Risk (continued)

The SVWDB is largely dependent on federal grant and flow-through revenues to sustain its operations; a reduction of federal funding would have a significant impact on the operations of SVWDB.

The SVWDB receives a majority of its revenue from U.S. government funded grants, all of which are subject to audit. The ultimate determination of amounts received under these programs is generally based upon allowable costs reported to and subject to audit by sponsoring agencies. There exists a contingency to refund any amounts received in excess of allowable costs. The SVWDB has recognized all known liabilities to grantors.

Revenue Recognition

Revenue from federal grants is recognized as related reimbursable expenses are incurred. Allowable expenses incurred in excess of cumulative reimbursements are reported within grant receivables.

Contribution revenue is recognized at the time an unconditional promise to give is received. Contributions received are recorded as support with or without donor restrictions, depending on the existence and/or nature of any donor restrictions. No contribution revenue was recognized for the year ended June 30, 2020.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Functional Expenses. Directly identifiable expenses are charged to program and support services. Expenses related to more than one function are charged to programs and support services based on the activity in each respective function.

Federal Income Tax

The Internal Revenue Service has determined the SVWDB as exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision has been made for federal income tax in the accompanying financial statements. In addition, the SVWDB has been determined by the Internal Revenue Service not to be a private foundation. Income which is not related to its exempt purpose, less applicable deductions, is subject to federal and state corporate income taxes. The SVWDB has no unrelated business income for the year ended June 30, 2020.

Management has evaluated the SVWDB's tax positions and concluded that the SVWDB has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. The SVWDB files income tax returns with the U.S. government and is subject to income tax examinations for the years ended June 30, 2016 to June 30, 2020.

Use of Estimates

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 the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Shenandoah Valley Workforce Development Board, Inc.

Notes to Financial Statements (continued)

Year Ended June 30, 2020

NOTE 3 – OPERATING LEASES:

The SVWDB leases facilities and equipment under various operating lease agreements expiring June 2020 through March 2022. The SVWDB leases office space for its corporate office under an operating lease which expires in December 2020. The related rent expense for the year ended June 30, 2020 was \$23,017, which is included as occupancy expense on the Statement of Functional Expenses.

The SVWDB also leases space for the five workforce centers throughout the SVWDB's service region. The SVWDB also sublets a portion of the office space to other partner organizations. The related rent expense for the year ended June 30, 2020 was \$56,822, which is included as subcontractor expenses on the Statement of Functional Expenses. Rental receipts for the subleases were \$48,549 for the year ended June 30, 2020.

Future minimum rental payments under these operating leases for each of the next two years are as follows:

<u>Years ending June 30,</u>	<u>Amount</u>
2021	\$ 75,618
2022	49,279
	<u>\$ 124,897</u>

NOTE 4 – RETIREMENT PLAN:

The SVWDB provides eligible employees a defined contribution plan, which qualifies under Internal Revenue Code section 403(b). Under the plan, the SVWDB contributes to a participant's account an amount equal to 11.11% of the participant's eligible compensation. Employees are eligible to contribute to the plan and all contributions are invested in various mutual funds as chosen by the participant. The SVWDB contribution to the plan for the year ended June 30, 2020 was \$73,942.

NOTE 5 – LIQUIDITY AND AVAILABILITY:

The following reflects the SVWDB's financial assets as of June 30, 2020, reduced by donor restrictions and amounts not available for general use because of board designations.

Financial assets at year-end:	
Cash and cash equivalents	\$ 61,975
Accounts receivable	203,018
Total financial assets available for use at year-end	<u>\$ 264,993</u>
Less those unavailable for general expenditures within one year	<u>-</u>
Financial assets available to meet cash needs for general expenses within one year	<u>\$ 264,993</u>

None of the financial assets available for use are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date.

Shenandoah Valley Workforce Development Board, Inc.

**Notes to Financial Statements (continued)
Year Ended June 30, 2020**

NOTE 6 – UPCOMING PRONOUNCEMENTS:

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606). The ASU establishes a comprehensive revenue recognition standard for virtually all industries under generally accepted accounting principles in the United States (U.S. GAAP) including those that previously followed industry-specific guidance. The guidance states that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The FASB issued ASU 2020-05 in June 2020 that deferred the effective date of ASU 2014-09 by a year thus the effective date is fiscal years beginning after December 15, 2019. Early adoption is permitted and should be applied retrospectively in the year the ASU is first applied. The SVWDB is evaluating the impact of this guidance on its financial statements.

In February 2016, the FASB issued ASU 2016-02 Leases, creating the Accounting Standards Codification (ASC) 842. This update requires lessees to recognize operating and financing lease liabilities and corresponding right-of-use assets on the Statement of Financial Position. ASU 2016-02 is effective for fiscal years beginning after December 15, 2021. The FASB issued ASU 2020-05 in June 2020 that deferred the effective date of ASU 2016-02 by a year thus the effective date is fiscal years beginning after December 15, 2020. The SVWDB is evaluating the impact of this guidance on its financial statements.

NOTE 7 – DATE OF MANAGEMENT’S REVIEW:

The SVWDB evaluated subsequent events through September 30, 2020, the date the financial statements were available to be issued.

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 DEVELOPMENT BOARD, INC.
HARRISONBURG, VIRGINIA**

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 Shenandoah Valley Workforce Development Board, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 30, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Shenandoah Valley Workforce Development Board, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Shenandoah Valley Workforce Development Board, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Shenandoah Valley Workforce Development Board, Inc.'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 Shenandoah Valley Workforce Development Board, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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.

Robinson, Farmer, Cox Associates

Staunton, Virginia
September 30, 2020



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

**TO THE BOARD OF DIRECTORS
SHENANDOAH VALLEY WORKFORCE DEVELOPMENT BOARD, INC.
HARRISONBURG, VIRGINIA**

Report on Compliance for Each Major Federal Program

We have audited Shenandoah Valley Workforce Development Board, Inc.'s (a nonprofit organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Shenandoah Valley Workforce Development Boards, Inc.'s major federal programs for the year ended June 30, 2020. Shenandoah Valley Workforce Development Boards, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Shenandoah Valley Workforce Development Boards, Inc.'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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 Shenandoah Valley Workforce Development Boards, Inc.'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 Shenandoah Valley Workforce Development Boards, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Shenandoah Valley Workforce Development Board, Inc. 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, 2020.

Report on Internal Control over Compliance

Management of Shenandoah Valley Workforce Development Board, Inc. 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 Shenandoah Valley Workforce Development Board, Inc.'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 the Uniform Guidance, 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 Shenandoah Valley Workforce Development Board, Inc.'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 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Robinson, Farmer, Cox Associates

Staunton, Virginia
September 30, 2020

Shenandoah Valley Workforce Development Board, Inc.
Schedule of Expenditures of Federal Awards
For the Year Ended June, 30 2020

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Federal Contract Number	Pass Through Entity Identifying Number	Federal Expenditures	Pass-through to Subrecipients
<u>Department of Labor</u>					
Pass-Through Awards:					
Virginia Community College System:					
<i>Workforce Innovation and Opportunity Act (WIOA) Cluster:</i>					
WIOA Adult Program	17.258	AA-32183-18-55-A-51	LWDA 4-18-04	\$ 599,080	\$ 479,125
WIOA Adult Program	17.258	AA-33260-19-55-1-51	LWDA 4-19-05	75,993	26,874
Subtotal WIOA Adult Program				<u>\$ 675,073</u>	<u>\$ 505,999</u>
WIOA Dislocated Worker Formula Grants	17.278	AA-32183-18-55-A-51	LWDA 4-18-04	\$ 215,954	\$ 150,063
WIOA Dislocated Worker Formula Grants	17.278	AA-33260-19-55-1-51	LWDA 4-19-05	49,435	15,956
COVID WIOA Dislocated Worker Formula Grants	17.278	AA-33260-19-55-1-51	RR COVID 4-19-01	27,369	-
Subtotal WIOA Dislocated Worker Formula Grants				<u>\$ 292,758</u>	<u>\$ 166,019</u>
WIOA Youth Activities	17.259	AA-32183-18-55-A-51	LWDA 4-18-04	\$ 508,478	\$ 397,754
WIOA Youth Activities	17.259	AA-32183-18-55-A-51	LWDA EEI 4-18-01	53,453	2,376
WIOA Youth Activities	17.259	AA-33260-19-55-1-51	LWDA 4-19-05	76,911	2,131
Subtotal WIOA Youth Activities				<u>\$ 638,842</u>	<u>\$ 402,261</u>
<i>Total Workforce Innovation and Opportunity Act (WIOA) Cluster</i>				<u>\$ 1,606,673</u>	<u>\$ 1,074,279</u>
Direct Awards:					
<i>Research & Development Cluster:</i>					
H-1B Job Training Grants	17.268	AP-28027-15-60-A-51	N/A	\$ 1,042,451	\$ -
Total Department of Labor				<u>\$ 2,649,124</u>	<u>\$ 1,074,279</u>
<u>Department of Education</u>					
Pass-Through Awards:					
Virginia Department of Aging and Rehabilitative Services:					
Rehabilitation Services Demonstration and Training Programs	84.235N	H-235-N-15-00-08	MOA No. 16-195	\$ 47,399	\$ -
Total Department of Education				<u>\$ 47,399</u>	<u>\$ -</u>
Total Expenditures of Federal Awards				<u>\$ 2,696,523</u>	<u>\$ 1,074,279</u>

Notes to Schedule of Expenditures of Federal Awards:

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Shenandoah Valley Workforce Development Board, Inc. under programs of the federal government for the year ended June 30, 2020. The information in the Schedule is presented in accordance with the requirements of the *Title 2 U.S. Code of Federal Regulations Part 200, Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Shenandoah Valley Workforce Development Board, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Shenandoah Valley Workforce Development Board, Inc.

Note B - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note C - De Minimis Cost Rate

The Organization did not elect to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

Note D - Loan Balances

The Organization has no loans or loan guarantees which are subject to reporting requirements in the current year.

Shenandoah Valley Workforce Development Board, Inc.

Schedule of Findings and Questioned Costs
Year Ended June 30, 2020

Section I-Summary of Auditors' Results

Financial Statements

Type of auditors' report issued unmodified

Internal control over financial reporting:

Material weakness(es) identified? ___ yes __x__ no

Significant deficiency(ies) identified? ___ yes __x__ none reported

Noncompliance material to financial statements noted? ___ yes __x__ no

Federal Awards

Internal control over major programs

Material weakness(es) identified? ___ yes __x__ no

Significant deficiency(ies) identified? ___ yes __x__ none reported

Type of auditors' report issued on compliance for major programs unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? ___ yes __x__ no

Identification of major programs:

CFDA # **NAME OF FEDERAL PROGRAM OR CLUSTER**

Workforce Innovation and Opportunity Act (WIOA) Cluster

17.258 WIOA Adult Program

17.259 WIOA Youth Activities

17.278 WIOA Dislocated Worker Formula Grants

Dollar threshold used to distinguish between Type A and Type B programs \$750,000

Auditee qualified as low-risk auditee? __x__ yes ___ no

Section II-Financial Statement Findings

None

Section III-Federal Award Findings and Questioned Costs

None

Section IV-Summary Schedule of Prior Audit Findings

None