

Shenandoah Valley Workforce  
Development Board, Inc.

Financial Report

Year Ended June 30, 2021

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**Shenandoah Valley Workforce  
Development Board, Inc.  
Financial Report  
Year Ended June 30, 2021**

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**INDEPENDENT AUDITORS' REPORT**

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**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, 2021, 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, 2021, 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 November 15, 2021, 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  
November 15, 2021

# **FINANCIAL STATEMENTS**

**Shenandoah Valley Workforce Development Board, Inc.**  
**Statement of Financial Position**  
**June 30, 2021**

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**ASSETS**

Current Assets:

Cash	\$	15,978
Accounts receivable		293,045
Prepaid expenses		17,444
Total Current Assets	\$	<u>326,467</u>

**LIABILITIES AND NET ASSETS**

Liabilities:

Current Liabilities:

Accounts payable	\$	101,142
Payroll liabilities		21,605
Accrued annual leave		52,186
Refundable advances		122,064
Total Current Liabilities	\$	<u>296,997</u>

Net Assets:

Without donor restrictions	\$	29,470
Total Net Assets	\$	<u>29,470</u>
Total Liabilities and Net Assets	\$	<u>326,467</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 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and Revenue:</b>			
Revenue from government grants	\$ -	\$ 2,766,409	\$ 2,766,409
Other revenues	100	63,297	63,397
Satisfaction of program restrictions	2,829,706	(2,829,706)	-
<b>Total Support and Revenue</b>	<b>\$ 2,829,806</b>	<b>\$ -</b>	<b>\$ 2,829,806</b>
<b>Expenses:</b>			
<b>Program Services:</b>			
WIOA Adult	\$ 609,494	\$ -	\$ 609,494
WIOA Dislocated Worker	214,393	-	214,393
WIOA Out of School Youth	384,383	-	384,383
WIOA In School Youth	14,697	-	14,697
WIOA Planning Grant	10,000	-	10,000
H-1B AAI Grant	554,015	-	554,015
Wagner-Peyser Employment Service	287,468	-	287,468
Rapid Response Grant	7,786	-	7,786
COVID19 Reopening Grant	21,476	-	21,476
Economic Equity Initiative Grant	370,560	-	370,560
Guard Grant	1,411	-	1,411
Other	53,737	-	53,737
<b>Total program services</b>	<b>\$ 2,529,420</b>	<b>\$ -</b>	<b>\$ 2,529,420</b>
<b>Support Services:</b>			
Management and general	\$ 284,782	\$ -	\$ 284,782
<b>Total Expenses</b>	<b>\$ 2,814,202</b>	<b>\$ -</b>	<b>\$ 2,814,202</b>
<b>Change in Net Assets</b>	<b>\$ 15,604</b>	<b>\$ -</b>	<b>\$ 15,604</b>
<b>Net Assets at Beginning of Year</b>	<b>\$ 13,866</b>	<b>\$ -</b>	<b>\$ 13,866</b>
<b>Net Assets at End of Year</b>	<b>\$ 29,470</b>	<b>\$ -</b>	<b>\$ 29,470</b>

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 2021**

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**Program Services**

	WIOA Adult	WIOA Dislocated Worker	WIOA Out of School Youth	WIOA In School Youth
Subcontractor services	\$ 271,453	\$ 68,410	\$ 163,968	\$ 3,403
Personnel	236,073	98,642	158,383	3,406
Training service costs	-	-	-	33
Program facilities	51,447	21,701	30,828	1,651
Office	41	3	435	-
Technology	1,347	437	557	26
Professional fees	7	11	5,570	5,555
Travel and meetings	3,236	1,228	4,592	59
Program supplies	-	-	60	-
Program outreach	-	-	-	-
Program administration	45,890	23,961	19,990	564
Total	<u>\$ 609,494</u>	<u>\$ 214,393</u>	<u>\$ 384,383</u>	<u>\$ 14,697</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 2021 (continued)**

**Program Services**

	WIOA Planning Grant	H-1B AAI Grant	Wagner-Peyser Employment Service	Rapid Response Grant
Subcontractor services	\$ -	\$ 2,466	\$ -	\$ -
Personnel	-	259,984	272,521	-
Training service costs	10,000	250,150	-	7,786
Program facilities	-	-	9,598	-
Office	-	9,290	780	-
Technology	-	2,744	1,676	-
Professional fees	-	1,673	-	-
Travel and meetings	-	7,983	2,893	-
Program supplies	-	12,000	-	-
Program outreach	-	7,725	-	-
Program administration	-	-	-	-
Total	<u>\$ 10,000</u>	<u>\$ 554,015</u>	<u>\$ 287,468</u>	<u>\$ 7,786</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, 2021 (continued)**

**Program Services**

	COVID19 Reopening Grant	Economic Equity Initiative Grant	Guard Grant	Other
Subcontractor services	\$ -	\$ 163,420	\$ -	\$ -
Personnel	-	74,831	-	-
Training service costs	21,476	522	1,411	-
Program facilities	-	-	-	53,103
Office	-	-	-	144
Technology	-	36	-	-
Professional fees	-	93	-	-
Travel and meetings	-	1,658	-	490
Program supplies	-	-	-	-
Program outreach	-	130,000	-	-
Program administration	-	-	-	-
<b>Total</b>	<b>\$ <u>21,476</u></b>	<b>\$ <u>370,560</u></b>	<b>\$ <u>1,411</u></b>	<b>\$ <u>53,737</u></b>

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 2021 (continued)**

	<b>Total Program Services</b>	<b>Supporting Services</b>	
		Management and General	<b>Total</b>
Subcontractor services	\$ 673,120	\$ -	\$ 673,120
Personnel	1,103,840	182,425	1,286,265
Training service costs	291,378	-	291,378
Program facilities	168,328	-	168,328
Office	10,693	45,410	56,103
Technology	6,823	27,604	34,427
Professional fees	12,909	24,503	37,412
Travel and meetings	22,139	4,840	26,979
Program supplies	12,060	-	12,060
Program outreach	137,725	-	137,725
Program administration	90,405	-	90,405
<b>Total</b>	<b>\$ 2,529,420</b>	<b>\$ 284,782</b>	<b>\$ 2,814,202</b>

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 2021**

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Cash flows from operating activities		
Change in net assets:	\$	15,604
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		(90,027)
(Increase) decrease in prepaid expenses		14,647
Increase (decrease) in accounts payable		(63,002)
Increase (decrease) in payroll liabilities		19,091
Increase (decrease) in accrued annual leave		(14,728)
Increase (decrease) in refundable advances		72,418
Net cash provided by (used for) operating activities	\$	<u>(45,997)</u>
Net increase (decrease) in cash and cash equivalents	\$	(45,997)
Cash, at beginning of year		61,975
Cash, at end of year	\$	<u>15,978</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, 2021**

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**NOTE 1 – NATURE OF ORGANIZATION:**

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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:**

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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, 2021 amounted to \$29,470.

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, 2021.

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, 2021

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

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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, 2021.

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, 2021.

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, 2017 to June 30, 2021.

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, 2021**

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**NOTE 3 – OPERATING LEASES:**

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The SVWDB leases facilities and equipment under various operating lease agreements expiring June 2021 through March 2022. The SVWDB leases office space for its corporate office under an operating lease which expired in December 2020. The related rent expense for the year ended June 30, 2021 was \$21,946, 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, 2021 was \$59,342, which is included as subcontractor expenses on the Statement of Functional Expenses. Rental receipts for the subleases were \$39,715 for the year ended June 30, 2021.

Future minimum rental payments under these operating leases for the next year are as follows:

<u>Years ending June 30,</u>	<u>Amount</u>
2022	\$ 57,935
	<u>\$ 57,935</u>

**NOTE 4 – RETIREMENT PLAN:**

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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, 2021 was \$103,982.

**NOTE 5 – LIQUIDITY AND AVAILABILITY:**

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The following reflects the SVWDB's financial assets as of June 30, 2021, reduced by donor restrictions and amounts not available for general use because of board designations.

Financial assets at year-end:	
Cash and cash equivalents	\$ 15,978
Accounts receivable	<u>293,045</u>
Total financial assets available for use at year-end	\$ 309,023
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>\$ 309,023</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, 2021**

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**NOTE 6 – UPCOMING PRONOUNCEMENTS:**

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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, 2021. The SVWDB is evaluating the impact of this guidance on its financial statements.

**NOTE 7 – DATE OF MANAGEMENT’S REVIEW:**

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The SVWDB evaluated subsequent events through November 15, 2021, 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**

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**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, 2021, 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 November 15, 2021.

**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  
November 15, 2021



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

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**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, 2021. 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, 2021.

## 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  
November 15, 2021

**Shenandoah Valley Workforce Development Board, Inc.**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June, 30 2021**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing	Federal Contract Number	Pass Through Entity Identifying Number	Federal Expenditures
<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-32183-20-55-A-51	LWDA 4-20-03	\$ 68,547
WIOA Adult Program	17.258	AA-33260-19-55-1-51	LWDA 4-19-05	607,276
WIOA Adult Program	17.258	AA-34799-20-66-A-51	SECURE-4-20-01	1,411
Subtotal WIOA Adult Program				<u>\$ 677,234</u>
WIOA Dislocated Worker Formula Grants	17.278	AA-32183-20-55-A-51	LWDA 4-20-03	\$ 24,709
WIOA Dislocated Worker Formula Grants	17.278	AA-33260-19-55-1-51	LWDA 4-19-05	218,163
COVID19 WIOA Dislocated Worker Formula Grants	17.278	AA-33260-19-55-1-51	RR COVID 4-19-01	7,786
WIOA Planning Grant	17.278	AA-32183-18-55-A-51	LWDA 4 PLAN 4-18-01	10,000
Subtotal WIOA Dislocated Worker Formula Grants				<u>\$ 260,658</u>
WIOA Youth Activities	17.259	AA-32183-20-55-A-51	LWDA 4-20-04	\$ 10,464
WIOA Youth Activities	17.259	AA-32183-18-55-A-51	LWDA EEI 4-18-01	389,308
WIOA Youth Activities	17.259	AA-33260-19-55-1-51	LWDA 4-19-05	432,372
Subtotal WIOA Youth Activities				<u>\$ 832,144</u>
<i>Total Workforce Innovation and Opportunity Act (WIOA) Cluster</i>				<u>\$ 1,770,036</u>
Virginia Employment Commission:				
<i>Employment Service Cluster:</i>				
Wagner Peyser Employment Service	17.207	Not available	Not available	\$ 355,745
Direct Awards:				
<i>Research &amp; Development Cluster:</i>				
H-1B Job Training Grants	17.268	AP-28027-15-60-A-51	N/A	\$ 619,152
Total Department of Labor				<u>\$ 2,744,933</u>
<u>Department of Treasury</u>				
Pass-Through Awards:				
Virginia Employment Commission				
COVID19 Coronavirus Relief Fund	21.019	Not available	Not available	\$ 21,476
Total Department of Treasury				<u>\$ 21,476</u>
Total Expenditures of Federal Awards				<u>\$ 2,766,409</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, 2021. 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, 2021

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Section I-Summary of Auditors' Results

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**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:

**Assistance**

**Listing #**

**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

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Section II-Financial Statement Findings

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None

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Section III-Federal Award Findings and Questioned Costs

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None

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Section IV-Summary Schedule of Prior Audit Findings

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None