

Shenandoah Valley Workforce
Development Board, Inc.

Financial Report

For the Year Ended June 30, 2023

**Shenandoah Valley Workforce
Development Board, Inc.
Financial Report
For the Year Ended June 30, 2023**

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

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, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Shenandoah Valley Workforce Development Board, Inc. as of June 30, 2023, 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.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Shenandoah Valley Workforce Development Board, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principle

As described in Note 2 to the financial statements, in 2023, Shenandoah Valley Workforce Development Board, Inc. adopted new accounting guidance, FASB ASU 2016-02, *Leases (Topic 842)*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Shenandoah Valley Workforce Development Board, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Supplementary 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 schedule of expenditures of federal awards 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 14, 2023, 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 14, 2023

FINANCIAL STATEMENTS

Shenandoah Valley Workforce Development Board, Inc.
Statement of Financial Position
June 30, 2023

ASSETS

Current Assets:

Cash	\$	204,194
Accounts receivable		127,278
Prepaid expenses		57,320
Total Current Assets	\$	<u>388,792</u>

Noncurrent Assets:

Right of use asset	\$	384,775
Total Noncurrent Assets	\$	<u>384,775</u>

Total Assets	\$	<u><u>773,567</u></u>
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LIABILITIES AND NET ASSETS

Liabilities:

Current Liabilities:

Accounts payable	\$	55,481
Payroll liabilities		3,135
Accrued annual leave		43,054
Refundable advances		255,435
Lease liability, current portion		71,443
Total Current Liabilities	\$	<u>428,548</u>

Noncurrent Liabilities

Lease liability, net of current portion	\$	312,727
Total Noncurrent Liabilities	\$	<u>312,727</u>

Total Liabilities	\$	<u>741,275</u>
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Net Assets:

Without donor restrictions	\$	32,292
Total Net Assets	\$	<u>32,292</u>
Total Liabilities and Net Assets	\$	<u><u>773,567</u></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, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:			
Revenue from government grants	\$ -	\$ 1,798,037	\$ 1,798,037
Other revenues	-	103,298	103,298
Satisfaction of program restrictions	1,901,335	(1,901,335)	-
Total Support and Revenue	\$ 1,901,335	\$ -	\$ 1,901,335
Expenses:			
Program Services:			
WIOA Adult	\$ 881,986	\$ -	\$ 881,986
WIOA Dislocated Worker	174,293	-	174,293
WIOA Out of School Youth	383,258	-	383,258
WIOA In School Youth	20,876	-	20,876
Workforce Innovation Grant	41,608	-	41,608
Network2Work	16,234	-	16,234
Guard Grant	100,420	-	100,420
Other	100,988	-	100,988
Total program services	\$ 1,719,663	\$ -	\$ 1,719,663
Support Services:			
Management and general	\$ 185,802	\$ -	\$ 185,802
Total Expenses	\$ 1,905,465	\$ -	\$ 1,905,465
Change in Net Assets	\$ (4,130)	\$ -	\$ (4,130)
Net Assets at Beginning of Year	\$ 36,422	\$ -	\$ 36,422
Net Assets at End of Year	\$ 32,292	\$ -	\$ 32,292

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, 2023

Program Services

	WIOA Adult	WIOA Dislocated Worker	WIOA Out of School Youth	WIOA In School Youth	Workforce Innovation Grant
Participant services	\$ 344,236	\$ 34,839	\$ 88,880	\$ -	\$ -
Personnel	422,404	78,202	203,974	14,382	41,372
Program facilities	31,335	4,470	13,559	2,240	-
Office	60,186	9,828	27,250	-	-
Technology	-	-	397	-	-
Professional fees	-	-	-	-	-
Travel and meetings	14,781	2,046	7,469	311	236
Program administration	9,044	44,908	41,729	3,943	-
Miscellaneous	-	-	-	-	-
Total	<u>\$ 881,986</u>	<u>\$ 174,293</u>	<u>\$ 383,258</u>	<u>\$ 20,876</u>	<u>\$ 41,608</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, 2023 (continued)

	<u>Program Services</u>			<u>Total Program Services</u>	<u>Supporting Services</u>		<u>Total</u>
	<u>Network2Work</u>	<u>Guard Grant</u>	<u>Other</u>		<u>Management and General</u>		
Participant services	\$ -	\$ 100,420	\$ 8,184	\$ 576,559	\$ -	\$ -	\$ 576,559
Personnel	15,596	-	7,300	783,230	116,911	-	900,141
Program facilities	-	-	81,481	133,085	6,288	-	139,373
Office	38	-	711	98,013	30,337	-	128,350
Technology	100	-	1,473	1,970	11,316	-	13,286
Professional fees	-	-	-	-	14,746	-	14,746
Travel and meetings	500	-	381	25,724	6,204	-	31,928
Program administration	-	-	-	99,624	-	-	99,624
Miscellaneous	-	-	1,458	1,458	-	-	1,458
Total	\$ 16,234	\$ 100,420	\$ 100,988	\$ 1,719,663	\$ 185,802	\$ -	\$ 1,905,465

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, 2023

Cash flows from operating activities		
Change in net assets:	\$	(4,130)
Adjustments to reconcile change in net asset to net cash provided by (used for) operating activities:		
Change in assets and liabilities:		
Net change in operating lease asset and liability		(605)
(Increase) decrease in accounts receivable		(62,174)
(Increase) decrease in prepaid expenses		(42,746)
Increase (decrease) in accounts payable		(10,582)
Increase (decrease) in payroll liabilities		3,135
Increase (decrease) in accrued annual leave		3,817
Increase (decrease) in refundable advances		170,751
Net cash provided by (used for) operating activities	\$	<u>57,466</u>
Net increase (decrease) in cash and cash equivalents	\$	57,466
Cash, at beginning of year		<u>146,728</u>
Cash, at end of year	\$	<u><u>204,194</u></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, 2023**

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, 2023 amounted to \$32,292.

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, 2023.

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, 2023.

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, 2023

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, 2023.

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, 2023.

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, 2019 to June 30, 2023.

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.

Notes to Financial Statements (continued)
Year Ended June 30, 2023

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

Leases

Leases are included in right-of-use (ROU) assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. Operating lease expense is recognized on a straight-line basis over the lease term. The Organization does not report ROU assets and lease liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the least payments of those leases are reported as lease expense on a straight-line basis over the lease term.

Adoption of FASB ASC 842

In 2023, the Organization adopted Accounting Standards Updated (ASU) No. 2016-02, *Leases*, which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. As a result of implementing ASU No. 2016-02, the Organization recognized right-of-use assets of \$459,870 and lease liabilities totaling \$452,977 in its statement of financial position as of July 1, 2022. The adoption did not result in a significant effect on amounts reported in the statement of activities for the year ended June 30, 2023.

NOTE 3 –LEASES:

A contract is or contains a lease if the contract conveys the right to control the use of the identified property for a period of time in exchange for consideration. The Organization has operating leases for building space.

The Organization has elected to treat leases with an initial term of 12 months or less as short-term leases. As such, short-term leases are not recorded on the statement of financial position. Lease and non-lease components are accounted for as a single combined lease component. The majority of leases do not provide an implicit rate; therefore, the Organization has elected to use the risk-free rate as the discount rate for all classes of underlying assets. Leases have remaining lease terms of 1 to 13 years, some of which include options to extend and options to terminate. Operating lease payments relating to options to extend lease terms that are reasonably certain of being exercised. Excluded are any binding lease payments for signed leases not yet commenced.

Other information relate to leases was as follows:

Lease expense	
Operating lease expense	\$ <u>88,595</u>
Other information	
Cash paid for amounts included in the measurement of lease liabilities	
Financing cash flows from finance leases (i.e. principal portion)	\$ 82,307
ROU assets obtained in exchange for new operating lease liabilities	\$ 452,977
Weighted-average remaining lease term in years for operating leases	11.11
Weighted-average discount rate for operating leases	3.29%

Shenandoah Valley Workforce Development Board, Inc.

Notes to Financial Statements (continued)
Year Ended June 30, 2023

NOTE 3 –LEASES: (CONTINUED)

The maturities of lease liabilities as of June 30, 2023 are as follows:

Year Ended June 30,	
2024	\$ 82,866
2025	29,058
2026	29,639
2027	30,231
2028	30,836
Thereafter	260,792
Total undiscounted cash flows	\$ 463,422
Less: present value discount	(79,252)
Total lease liabilities	\$ <u>384,170</u>

The SVWDB also leases space for the three workforce centers throughout the SVWDB's service region. The SVWDB also sublets a portion of the office space to other partner organizations. Rental receipts for the subleases were \$83,665 for the year ended June 30, 2023.

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, 2023 was \$75,815.

NOTE 5 – LIQUIDITY AND AVAILABILITY:

The following reflects the SVWDB's financial assets as of June 30, 2023, reduced by donor restrictions and amounts not available for general use because of board designations.

Financial assets at year-end:	
Cash and cash equivalents	\$ 204,194
Accounts receivable	127,278
Total financial assets available for use at year-end	\$ 331,472
Less those unavailable for general expenditures within one year	-
Financial assets available to meet cash needs for general expenses within one year	\$ <u>331,472</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, 2023**

NOTE 6 – DATE OF MANAGEMENT’S REVIEW:

The SVWDB evaluated subsequent events through November 14, 2023, 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, 2023, 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 14, 2023.

Report on 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 or significant deficiencies may exist that have not been identified.

Report on 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, Farrow, Cox Associates

Staunton, Virginia
November 14, 2023



**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

Opinion on Each Major Federal Program

We have audited Shenandoah Valley Workforce Development Board, Inc.'s (a nonprofit organization) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Shenandoah Valley Workforce Development Board Inc.'s major federal programs for the year ended June 30, 2023. Shenandoah Valley Workforce Development Board, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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, 2023.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Shenandoah Valley Workforce Development Board, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Shenandoah Valley Workforce Development Board, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Shenandoah Valley Workforce Development Board, Inc.'s federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Shenandoah Valley Workforce Development Board, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Shenandoah Valley Workforce Development Board, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Shenandoah Valley Workforce Development Board, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Shenandoah Valley Workforce Development Board, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Shenandoah Valley Workforce Development Board, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 14, 2023

Shenandoah Valley Workforce Development Board, Inc.
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

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:				
County of Page, Virginia:				
<i>Workforce Innovation and Opportunity Act (WIOA) Cluster:</i>				
WIOA Adult Program	17.258	AA-36350-21-55-A-51	LWDA 4-21-03	\$ 468,460
WIOA Adult Program	17.258	AA-38561-22-55-A-51	LWDA 4-22-04	503,000
WIOA Adult Program	17.258	AA-34799-20-55-A-51	SECURE-4-20-03	64,140
Subtotal WIOA Adult Program				<u>\$ 1,035,600</u>
WIOA Dislocated Worker Formula Grants	17.278	AA-36350-21-55-A-51	LWDA 4-21-03	\$ 191,729
WIOA Dislocated Worker Formula Grants	17.278	AA-38561-22-55-A-51	LWDA 4-22-04	8,019
WIOA Dislocated Worker Formula Grants	17.278	AA-365350-21-55-A-51	WIG 21-04-01	50,193
Subtotal WIOA Dislocated Worker Formula Grants				<u>\$ 249,941</u>
WIOA Youth Activities	17.259	AA-36350-21-55-A-51	LWDA 4-21-03	\$ 294,133
WIOA Youth Activities	17.259	AA-38561-22-55-A-51	LWDA 4-22-04	164,703
WIOA Youth Activities	17.259	AA-36350-21-55-A-51	SECURE23-4-21-01	36,280
Subtotal WIOA Youth Activities				<u>\$ 495,116</u>
<i>Total Workforce Innovation and Opportunity Act (WIOA) Cluster</i>				<u>\$ 1,780,657</u>
Hampton Roads Workforce Council:				
WIOA National Dislocated Worker Grants/WIA National Emergency Grants	17.277	DW-36858-21-60-A-51	Not available	\$ 14,332
Jobs for the Future				
Apprenticeship USA Grants	17.285	AP-38635-22-60-A-25	Not available	\$ 3,048
Total Department of Labor				<u>\$ 1,798,037</u>
Total Expenditures of Federal Awards				<u>\$ 1,798,037</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, 2023. 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.

Note E - Subrecipients

No federal funding was passed through to subrecipients during the fiscal year ended June 30, 2023.

Shenandoah Valley Workforce Development Board, Inc.

Schedule of Findings and Questioned Costs
Year Ended June 30, 2023

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:

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

Section II-Financial Statement Findings

None

Section III-Federal Award Findings and Questioned Costs

None

Section IV-Summary Schedule of Prior Audit Findings

None