

BAY CONSORTIUM WORKFORCE DEVELOPMENT BOARD, INC.

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2022

BAY CONSORTIUM WORKFORCE DEVELOPMENT BOARD, INC.

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INDEPENDENT AUDITORS' REPORT

**TO THE HONORABLE MEMBERS OF THE BOARD OF DIRECTORS
BAY CONSORTIUM WORKFORCE DEVELOPMENT BOARD, INC.
WARSAW, VIRGINIA**

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Bay Consortium Workforce Development Board (hereafter referred to as BCWDB) (a nonprofit organization) which comprise the statement of financial position as of June 30, 2022, 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 BCWDB as of June 30, 2022, 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 the *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 BCWDB 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 BCWDB'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 BCWDB'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 BCWDB'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 21, 2022, on our consideration of BCWDB'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 BCWDB'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 BCWDB's internal control over financial reporting and compliance.

Robinson, Farnum, Cox Associates

Richmond, Virginia
November 21, 2022

FINANCIAL STATEMENTS

Bay Consortium Workforce Development Board, Inc.
Statement of Financial Position
June 30, 2022

ASSETS

Current Assets:

Cash	\$	56,295
Accounts receivable		321
Total current assets	\$	56,616

Noncurrent Assets:

Equipment	\$	45,267
Accumulated depreciation		(30,321)
Total noncurrent assets	\$	14,946
Total assets	\$	71,562

LIABILITIES AND NET ASSETS

Liabilities:

Current Liabilities:

Accounts payable	\$	166,840
Payroll liabilities		18,597
Total Current Liabilities	\$	185,437

Net Assets:

Without donor restrictions	\$	(113,875)
Total Liabilities and Net Assets	\$	71,562

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

Bay Consortium Workforce Development Board, Inc.
Statement of Activities
For the Year Ended June, 30 2022

	Without Donor Restrictions
Support and Revenue:	
Comprehensive One Stop	\$ 140,501
WIOA grants	1,389,045
National Dislocated Worker Grants	29,700
SNAP Grant	34,559
Wagner-Peyser	5,225
Locality grants	8,964
Miscellaneous	8,400
Total Support and Revenue	\$ 1,616,394
Expenses:	
Program Services:	
WIOA Adult Program	\$ 599,387
Dislocated Worker Program	172,613
Youth In School	130,139
Youth Out School	65,287
Comprehensive One Stop	143,863
WIOA Admin	68,125
Wagner-Peyser	5,225
Area 13	13,603
American Job Center Security	76,819
SNAP	21,682
Total program services	\$ 1,296,743
Supporting Services:	
Management and general	\$ 288,896
Total Expenses	\$ 1,585,639
Change in Net Assets	\$ 30,755
Net Assets at Beginning of Year	(144,630)
Net Assets at End of Year	\$ (113,875)

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

Bay Consortium Workforce Development Board, Inc.
Statement of Functional Expenses
For the Year Ended June, 30 2022

	Program Services										Supporting Services		
	WIOA Adult Program	Dislocated Worker Program	Youth In School	Youth Out School	Comprehensive One Stop	WIOA Admin	Wagner-Peyser	Area 13	American Job Center Security	SNAP	Total Program Services	Management and General	Total
Salaries	\$ -	\$ 2,520	\$ -	\$ -	\$ -	\$ -	\$ 4,854	\$ -	\$ -	\$ -	\$ 7,374	\$ 249,517	\$ 256,891
Fringe benefits	6,200	11,026	6,774	2,956	-	8,000	-	-	-	-	34,956	-	34,956
Payroll taxes	-	193	-	-	-	-	371	-	-	-	564	20,254	20,818
Consultant and contract services	145	145	145	-	5	15,045	-	13,603	-	-	29,088	-	29,088
Dues and subscriptions	-	-	-	-	-	-	-	-	-	-	-	-	-
Travel	5,779	5,098	5,527	1,759	-	3,846	-	-	-	511	22,520	764	23,284
Training	324,407	23,332	31,197	3,980	-	627	-	-	76,819	-	460,362	-	460,362
Supplies	2,134	2,378	2,273	117	773	1,071	-	-	-	13,235	21,981	245	22,226
Telephone and telecommunications	1,278	1,863	1,655	474	8,321	1,878	-	-	-	1,834	17,303	200	17,503
Insurance	178	244	173	135	-	3,783	-	-	-	-	4,513	-	4,513
Equipment purchases and rentals	613	870	777	229	2,529	4,704	-	-	-	-	9,722	-	9,722
Postage	73	70	63	18	-	120	-	-	-	-	344	-	344
Printing	876	4,550	925	-	189	806	-	-	-	2,502	9,848	857	10,705
Operating expenditures contract	212,575	116,590	78,750	54,452	-	24,837	-	-	-	-	487,204	-	487,204
Subcontractors	-	-	-	-	-	-	-	-	-	3,600	3,600	-	3,600
Occupancy	1,700	2,600	583	1,167	127,313	2,700	-	-	-	-	136,063	6,000	142,063
Depreciation	-	-	-	-	-	-	-	-	-	-	-	6,501	6,501
Other expenses	43,429	1,134	1,297	-	4,733	708	-	-	-	-	51,301	4,558	55,859
Total	\$ 599,387	\$ 172,613	\$ 130,139	\$ 65,287	\$ 143,863	\$ 68,125	\$ 5,225	\$ 13,603	\$ 76,819	\$ 21,682	\$ 1,296,743	\$ 288,896	\$ 1,585,639

Bay Consortium Workforce Development Board, Inc.
Statement of Cash Flows
For the Year Ended June, 30 2022

Cash flows from operating activities		
Change in net assets:	\$	30,755
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Depreciation		6,501
Change in assets and liabilities:		
(Increase) decrease in accounts receivable		59,777
Increase (decrease) in accounts payable		(84,163)
Increase (decrease) in payroll liabilities		3,133
		<hr/>
Net cash provided by (used for) operating activities	\$	<hr/> 16,003 <hr/>
Net increase (decrease) in cash	\$	16,003
Cash, beginning of year		<hr/> 40,292
Cash, end of year	\$	<hr/> <hr/> 56,295 <hr/> <hr/>

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

BAY CONSORTIUM WORKFORCE DEVELOPMENT BOARD, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A) Organization

Bay Consortium Workforce Investment Board, Inc. (BCWDB) is a Virginia Non-Stock, nonprofit corporation. The purpose of BCWDB is to establish programs under the Workforce Investment Act of 1998 (Public Law 105-220) to provide workforce investment activities through statewide and local workforce investment systems that increase the employment retention and earnings of participants, and increase occupational skill attainment by participants, and as a result, improve the quality of the workforce, reduce welfare dependency, and enhance the productivity and competitiveness of the nation.

(B) Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting. Accordingly, revenue is recognized when earned and expenses are recognized when incurred.

(C) Financial Statement Presentation

BCWDB is required to report information regarding its financial position according to two classes of net assets based on existence or absence of donor imposed restrictions as follows:

Net assets without donor restrictions - Net assets that are not subject to any donor-imposed stipulations. At June 30, 2022, BCWDB had net assets without donor restrictions in the amount of (\$113,875).

Net assets with donor restrictions - Net assets subject to donor-imposed restrictions on their use that may be met either by actions of BCWDB or the passage of time. At June 30, 2022, BCWDB had no net assets with donor restrictions.

Revenues - Revenues are reported as increases in net assets without donor restrictions unless the use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Expirations of donor restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications from net assets with donor restrictions to net assets without donor restrictions.

Contributions - BCWDB reports gifts of cash and other assets as support with or without donor restrictions depending on the existence and/or nature of any donor restrictions. When a donor restriction expires, (that is, when a stipulated time restriction ends or purposed restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions. Restricted contributions are not in the net asset with donor restrictions class if it is anticipated such restrictions will be met in the current reporting period.

(D) Property and Equipment

Property and equipment are capitalized and depreciated over the estimated useful life of 3 to 5 years, depending upon the type of assets. BCWDB does not depreciate assets under \$500, but any purchases below that amount are expensed at the time of purchase.

BAY CONSORTIUM WORKFORCE DEVELOPMENT BOARD, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(E) Income Tax Exempt Status

BCWDB has been recognized by the Internal Revenue Service as exempt for federal income tax purposes under Section 501(c)(3) of the Internal Revenue Code.

BCWDB adopted the provisions of Financial Accounting Standards Board ASC 740-10 Income Taxes. This Provision requires a liability to be recorded for unrecognized tax benefits, and any related interest and penalties, when it is more likely than not a tax position taken by management with the respect to a transaction or class of transactions will be overturned by a taxing authority upon examination. Management believes there are no material uncertain tax positions or related interest and penalties at June 30, 2022.

(F) Functional Allocation of Expenses

BCWDB allocates its expenses on a functional basis among its various programs and supporting services. Expenses that can be identified with a specific program or supporting service are allocated directly. Other expenses that are common to several functions are allocated by various statistical bases.

Functional expenses are apportioned between program and supporting services based on personnel time and space utilized for related activities. Some expense apportionments are estimates because of the overlap of activities and the difficulty of record keeping for usage. Specifically identifiable expenses are allocated.

(G) 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(H) Revenue and Revenue Recognition

A portion of BCWDB's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when BCWDB has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. BCWDB received cost-reimbursable grants of \$1,453,304. No amounts have been received in advance under BCWDB's federal and state contract grants.

BAY CONSORTIUM WORKFORCE DEVELOPMENT BOARD, INC.**NOTES TO FINANCIAL STATEMENTS****June 30, 2022 (Continued)****NOTE 2 - PROPERTY AND EQUIPMENT**

Property and equipment are capitalized at the time of purchase as required by accounting principles generally accepted in the United States of America. Property and equipment are recorded at cost. Repairs and maintenance are expensed as incurred. Depreciation is computed using the straight-line method over estimated useful lives. Depreciation expense for the year ended June 30, 2022 was \$6,501. The following is a summary of changes in property and equipment for the year ended June 30, 2022:

	Balance July 1, 2021	Increases	Decreases	Balance June 30, 2022
Property and equipment subject to depreciation:				
Equipment	\$ 45,267	\$ -	\$ -	\$ 45,267
Total property and equipment subject to depreciation	\$ 45,267	\$ -	\$ -	\$ 45,267
Accumulated depreciation:				
Equipment	\$ 23,820	\$ 6,501	\$ -	\$ 30,321
Total accumulated depreciation	\$ 23,820	\$ 6,501	\$ -	\$ 30,321
Total property and equipment subject to depreciation, net	\$ 21,447	\$ (6,501)	\$ -	\$ 14,946
Total property and equipment, net	\$ 21,447	\$ (6,501)	\$ -	\$ 14,946

NOTE 3 - CONTINGENT LIABILITIES

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

NOTE 4 - OPERATING LEASES

BCWDB has noncancelable operating leases for buildings and certain office equipment. Future minimum lease payments for the years ending June 30, are as follows:

2023	\$ 10,000
	<u>\$ 10,000</u>

Rent expense totaled \$142,063 for the year ended June 30, 2022.

NOTE 5 - RELATED PARTY TRANSACTIONS

Several of BCWDB's board members are also subcontractors and receive funding directly from BCWDB. This policy is in accordance with the WIOA. The total amount paid to these members was \$735,441.

BAY CONSORTIUM WORKFORCE DEVELOPMENT BOARD, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 (Continued)

NOTE 6 - CONCENTRATION OF CREDIT RISK

BCWDB maintains its cash in a bank which is insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2022, cash in the bank did not exceed federally insured amounts.

NOTE 7 - LIQUIDITY AND AVAILABILITY

BCWDB monitors its liquidity so that it is able to meet its operating needs and other contractual commitments while maximizing the investment of its excess operating cash. BCWDB does not have a written investment policy. BCWDB has the following financial assets that could be readily made available within one year of the statement of financial position to fund expenses without limitations:

Cash	\$	56,295
Accounts receivable		321
	\$	<u>56,616</u>

NOTE 8 - DATE OF MANAGEMENT'S REVIEW

In preparing these financial statements, management of BCWDB has evaluated events and transactions for potential recognition or disclosure through November 21, 2022, the date the financial statements were available to be issued.

NOTE 9 - SUBSEQUENT EVENTS

In preparing the financial statements, management has evaluated events and transactions for potential recognition or disclosure through November 21, 2022, 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 HONORABLE MEMBERS OF THE BOARD OF DIRECTORS
BAY CONSORTIUM WORKFORCE DEVELOPMENT BOARD, INC.
WARSAW, 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 Bay Consortium Workforce Development Board, Inc. (hereafter referred to as BCWDB), (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, 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 21, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered BCWDB'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 BCWDB's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 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 over financial reporting 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 BCWDB's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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

Richmond, Virginia
November 21, 2022



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

**TO THE HONORABLE MEMBERS OF THE BOARD OF DIRECTORS
BAY CONSORTIUM WORKFORCE DEVELOPMENT BOARD, INC.
WARSAW, VIRGINIA**

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Bay Consortium Workforce Development Board, Inc. (hereafter referred to as BCWDB) 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 BCWDB's major federal programs for the year ended June 30, 2022. BCWDB's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, BCWDB 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, 2022.

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 BCWDB 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 BCWDB'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 BCWDB'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 BCWDB'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 BCWDB'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 BCWDB'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 BCWDB'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 BCWDB'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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Report on Internal Control over Compliance (Continued)

Our consideration of internal control over compliance was for the limited purpose described in the 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

Richmond, Virginia
November 21, 2022

Bay Consortium Workforce Development Board, Inc.
Schedule of Expenditures of Federal Awards
For the Year Ended June, 30 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Pass Through Entity Identifying Number	Federal Expenditures	Pass-through to Subrecipients
<u>Department of Labor</u>				
Pass-Through Awards:				
Virginia Community College System:				
Workforce Innovation and Opportunity Act (WIOA) Cluster:				
WIOA Adult Program	17.258	Not Available	\$ 534,535	\$ 487,242
WIOA Dislocated Worker Formula Grants	17.278	Not Available	535,883	134,583
WIOA Youth Activities	17.259	Not Available	318,627	165,658
Total Workforce Innovation and Opportunity Act (WIOA) Cluster			<u>\$ 1,389,045</u>	<u>\$ 787,483</u>
 WIOA National Dislocated Worker Grants / WIA National Emergency Grants	 17.277	 Not Available	 <u>\$ 29,700</u>	 <u>\$ 4,306</u>
Total Department of Labor			<u>\$ 1,418,745</u>	<u>\$ 791,789</u>
 Department of Agriculture:				
Pass Through Payments:				
Department of Social Services:				
SNAP Cluster:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	Not Available	<u>\$ 34,559</u>	<u>\$ 3,600</u>
Total Department of Agriculture			<u>\$ 34,559</u>	<u>\$ 3,600</u>
Total Expenditures of Federal Awards			<u>\$ 1,453,304</u>	<u>\$ 795,389</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 Bay Consortium Workforce Development Board, Inc. under programs of the federal government for the year ended June 30, 2022. 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 Bay Consortium Workforce Development Board, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Bay Consortium 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.

BAY CONSTORTIUM WORKFORCE DEVELOPMENT BOARD, INC.

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022

Section I-Summary of Auditors' Results

Type of auditors' report issued: unmodified
Internal control over financial reporting:
Material weakness(es) identified? yes [checked] no
Significant deficiency(ies) identified? yes [checked] none reported
Noncompliance material to financial statements noted? yes [checked] no

Internal control over major programs:
Material weakness(es) identified? yes [checked] no
Significant deficiency(ies) identified? yes [checked] none reported

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

Any findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? yes [checked] no

Identification of major programs:

Assistance Listing Number(s) 17.258/17.259/17.278
Name of Federal Program or Cluster Workforce Innovation and Opportunity Act (WIOA) Cluster

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

Auditee qualified as low-risk auditee? [checked] yes [] no

Section II-Financial Statement Findings

None

Section III-Federal Award Findings and Questioned Costs

None

Section IV-Prior Year Audit Findings

None