

SKILLSOURCE

Financial Statements

June 30, 2022

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
SkillSource
Wenatchee, Washington

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of SkillSource (a not-for-profit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of SkillSource as of June 30, 2022 and 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 SkillSource and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 SkillSource's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditors' Responsibilities for the Audits 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 GAAS 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 GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits 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 SkillSource'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 SkillSource'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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.



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Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedules of Governor's Discretionary Revenue and Expenditures and Revenues and Expenses by Program are presented for purposes of additional analysis and are not a required part of the financial statements. 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 audits 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 Schedules of Governor's Discretionary Revenue and Expenditures, the Schedules of Revenues and Expenses by Program and the Schedule of Expenditures of Federal Awards are 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 29, 2022 on our consideration of SkillSource'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 SkillSource'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 SkillSource's internal control over financial reporting and compliance.

Corshell, Fisher & Company, PLLC

Wenatchee, Washington
November 29, 2022



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STATEMENTS OF FINANCIAL POSITION

June 30, 2022 and 2021

ASSETS		
	2022	2021
CURRENT ASSETS		
Cash and cash equivalents [Note 3]	\$ 832,683	\$ 813,589
Restricted cash [Note 4]	158,186	158,076
Total cash, cash equivalents, and restricted cash	990,869	971,665
Receivables [Note 3]		
Trade	229,253	312,770
Due from government [Note 5]	133,438	129,257
Other receivables	7,492	1,352
Prepaid expenses, current portion	25,065	39,197
Total current assets	1,386,117	1,454,241
PROPERTY AND EQUIPMENT [Notes 6 and 7]		
Land	813,351	813,351
Land improvements	724,496	711,965
Buildings and equipment	4,895,076	4,826,925
Construction in progress	6,236	23,238
Total cost	6,439,159	6,375,479
Less accumulated depreciation	2,777,229	2,693,002
Total property and equipment	3,661,930	3,682,477
OTHER ASSETS		
Prepaid expenses, net of current portion	-	4,454
TOTAL ASSETS	\$ 5,048,047	\$ 5,141,172
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Long-term debt payable within one year [Note 7]	\$ 55,943	\$ 53,686
Accounts payable	157,456	199,648
Accrued wages and benefits	18,982	10,887
Accrued vacation	146,383	170,643
Accrued interest	2,460	2,516
Total current liabilities	381,224	437,380
LONG-TERM DEBT, payable after one year [Note 7]	2,329,961	2,385,925
COMMITMENTS AND CONTINGENCIES [Note 8]		
NET ASSETS		
Net assets without donor restrictions	2,336,862	2,317,867
Net assets with donor restrictions	-	-
TOTAL LIABILITIES AND NET ASSETS	\$ 5,048,047	\$ 5,141,172

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Years Ended June 30, 2022 and 2021

	2022		
	Without donor restrictions	With donor restrictions	Total
SUPPORT AND REVENUE			
Grants and contracts [Note 9]	\$ 5,194,211	\$ -	\$ 5,194,211
Rental income [Note 8]	155,177	-	155,177
In-kind contributions [Note 11]	20,400	-	20,400
Interest income	278	-	278
Miscellaneous income	167,549	-	167,549
 Total support and revenue	 5,537,615	 -	 5,537,615
EXPENSES			
Program services			
Adult program	1,067,476	-	1,067,476
Youth program	1,043,586	-	1,043,586
Dislocated worker program	1,446,767	-	1,446,767
Other programs	1,609,817	-	1,609,817
 Total program services	 5,167,646	 -	 5,167,646
Supporting services			
Management and general administration	350,974	-	350,974
 Total expenses	 5,518,620	 -	 5,518,620
 CHANGE IN NET ASSETS	 18,995	 -	 18,995
 NET ASSETS - BEGINNING OF YEAR	 2,317,867	 -	 2,317,867
 NET ASSETS - END OF YEAR	 \$ 2,336,862	 \$ -	 \$ 2,336,862

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Years Ended June 30, 2022 and 2021

	2021		
	Without donor restrictions	With donor restrictions	Total
SUPPORT AND REVENUE			
Grants and contracts [Note 9]	\$ 5,249,900	\$ -	\$ 5,249,900
Rental income [Note 8]	164,006	-	164,006
In-kind contributions [Note 11]	20,400	-	20,400
Interest income	650	-	650
Miscellaneous income	40,480	-	40,480
Total support and revenue	5,475,436	-	5,475,436
EXPENSES			
Program services			
Adult program	938,891	-	938,891
Youth program	1,088,371	-	1,088,371
Dislocated worker program	1,558,868	-	1,558,868
Other programs	1,477,117	-	1,477,117
Total program services	5,063,247	-	5,063,247
Supporting services			
Management and general administration	362,929	-	362,929
Total expenses	5,426,176	-	5,426,176
CHANGE IN NET ASSETS	49,260	-	49,260
NET ASSETS - BEGINNING OF YEAR	2,268,607	-	2,268,607
NET ASSETS - END OF YEAR	\$ 2,317,867	\$ -	\$ 2,317,867

STATEMENTS OF FUNCTIONAL EXPENSES

For the Years Ended June 30, 2022 and 2021

	2022						
	Adult Program	Youth Program	Dislocated Worker Program	Other Programs	Total Program Services	Administration	Total Expenses
Training related expenses							
Salaries	\$ 303,517	\$ 404,003	\$ 413,594	\$ 209,421	\$ 1,330,535	\$ 209,701	\$ 1,540,236
Facilities	59,119	77,373	66,619	266,999	470,110	4,036	474,146
Payroll taxes and benefits [Note 10]	68,946	95,167	101,836	44,372	310,321	36,227	346,548
Supplies	7,978	13,702	9,948	19,486	51,114	7,955	59,069
Telephone and communications	6,247	8,208	7,971	4,574	27,000	2,767	29,767
Equipment	3,062	5,266	4,306	5,156	17,790	724	18,514
Travel	3,291	4,436	3,959	5,868	17,554	899	18,453
Staff training	4,630	4,232	5,390	1,653	15,905	1,077	16,982
Other expenses	33,783	40,759	41,355	38,988	154,885	87,588	242,473
Total training related expenses	490,573	653,146	654,978	596,517	2,395,214	350,974	2,746,188
Direct training expenses							
Specific assistance to individuals	299,060	176,851	491,045	195,506	1,162,462	-	1,162,462
Basic education	108,428	35,205	74,664	691,337	909,634	-	909,634
Payments to subrecipients	169,415	178,384	226,080	126,457	700,336	-	700,336
Total direct training expenses	576,903	390,440	791,789	1,013,300	2,772,432	-	2,772,432
Total expenses	\$ 1,067,476	\$ 1,043,586	\$ 1,446,767	\$ 1,609,817	\$ 5,167,646	\$ 350,974	\$ 5,518,620
Percentage of total	19.34%	18.91%	26.22%	29.17%	93.64%	6.36%	100.00%

STATEMENTS OF FUNCTIONAL EXPENSES

For the Years Ended June 30, 2022 and 2021

	2021						Total Expenses
	Adult Program	Youth Program	Dislocated Worker Program	Other Programs	Total Program Services	Administration	
Training related expenses							
Salaries	\$ 302,209	\$ 418,912	\$ 485,780	\$ 172,583	\$ 1,379,484	\$ 241,296	\$ 1,620,780
Facilities	35,638	53,700	57,664	237,317	384,319	1,303	385,622
Payroll taxes and benefits [Note 10]	74,790	101,054	120,113	37,492	333,449	41,989	375,438
Supplies	6,234	10,483	9,529	8,047	34,293	6,104	40,397
Telephone and communications	4,445	5,935	6,739	2,031	19,150	2,802	21,952
Equipment	1,913	5,787	2,760	898	11,358	-	11,358
Travel	167	1,293	314	1,770	3,544	211	3,755
Staff training	2,648	1,867	3,829	115	8,459	1,222	9,681
Other expenses	27,318	34,057	37,020	15,289	113,684	68,002	181,686
Total training related expenses	455,362	633,088	723,748	475,542	2,287,740	362,929	2,650,669
Direct training expenses							
Specific assistance to individuals	167,577	209,750	447,182	43,771	868,280	-	868,280
Basic education	91,075	48,847	87,903	683,296	911,121	-	911,121
Payments to subrecipients	224,877	196,686	300,035	274,508	996,106	-	996,106
Total direct training expenses	483,529	455,283	835,120	1,001,575	2,775,507	-	2,775,507
Total expenses	\$ 938,891	\$ 1,088,371	\$ 1,558,868	\$ 1,477,117	\$ 5,063,247	\$ 362,929	\$ 5,426,176
Percentage of total	17.30%	20.06%	28.73%	27.22%	93.31%	6.69%	100.00%

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2022 and 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from programs and grants	\$ 5,610,533	\$ 5,308,076
Cash paid to suppliers and employees	(5,254,095)	(5,047,323)
Interest paid	(99,606)	(101,799)
Interest received	278	650
	<u>257,110</u>	<u>159,604</u>
Net cash provided (used) by operating activities	257,110	159,604
CASH FLOWS FROM INVESTING ACTIVITIES		
Property and equipment purchased	(184,199)	(108,650)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on long-term debt	<u>(53,707)</u>	<u>(51,512)</u>
CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	19,204	(558)
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - BEGINNING OF YEAR	<u>971,665</u>	<u>972,223</u>
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	<u>\$ 990,869</u>	<u>\$ 971,665</u>

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Change in net assets	\$ 18,995	\$ 49,260
Noncash and nonoperating (revenue) expenses		
Depreciation	204,746	163,393
(Increase) decrease in operating assets		
Trade receivables	83,517	(125,919)
Due from government	(4,181)	(51,106)
Other receivables	(6,140)	10,315
Prepaid expenses	18,586	20,553
Increase (decrease) in operating liabilities		
Accounts payable	(42,192)	82,245
Accrued wages and benefits	8,095	6,241
Accrued vacation	(24,260)	4,358
Accrued interest	<u>(56)</u>	<u>264</u>
Net cash provided (used) by operating activities	<u>\$ 257,110</u>	<u>\$ 159,604</u>

NOTE 1 - ORGANIZATION

SkillSource (the Organization), a nonprofit corporation, tax-exempt under 501(c)(3) of the Internal Revenue Code, was organized to administer Title 1B Workforce Innovation and Opportunity Act (WIOA) grants. The Organization is the designated fiscal agent for the Workforce Development Area comprised of Chelan, Douglas, Grant, Adams and Okanogan counties in the state of Washington. Okanogan workforce investment services are delivered independently by the state of Washington Employment Security Department under contract from the Organization. A majority of the Organization's financial support is federal grant money passed through the State of Washington Employment Security Department. The Organization acts as both fiscal agent and service provider, except for in Okanogan County.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Under this method of accounting, support and revenue is recognized when earned and expenses are recognized when goods or services are received, whether or not paid.

B. Financial statement presentation

The Organization reports information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions are subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities and changes in net assets. Donor restricted contributions whose restrictions are met in the same reporting period are reported without donor restrictions.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

C. Measure of operations

The statements of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Organization's ongoing career development and worker retraining services. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

D. Cash and cash equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments with original maturity dates of three months or less to be cash equivalents.

The Organization maintains its cash in bank deposit accounts, which at times may exceed federally insured limits. The Organization has not experienced any losses on such accounts. The Organization believes it is not exposed to any significant credit risk with respect to cash and cash equivalents.

E. Vacation reserve

The Organization has established a separate reserve account for payment of accrued vacation that will come due in the future. The reserve is deposited in an interest-bearing account. For the years ended June 30, 2022 and 2021, the reserve balance was \$147,587 and \$171,832, respectively, and is reflected as cash and cash equivalents in the statements of financial position.

F. Receivables

Receivables primarily represent amounts due for services provided to various organizations and are stated at net realizable value. All receivables are considered to be collectible and no allowance for uncollectible accounts has been provided.

G. Property and equipment

Property and equipment purchases in excess of \$5,000 or improvements that substantially enhance the useful life of an asset are recorded at cost. Expenditures for renewals and betterments are capitalized while repairs and maintenance costs are charged to expense. When items are disposed of, the cost and accumulated depreciation are eliminated, and any gain or loss is reflected in the change in net assets. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, ranging from 5 to 50 years.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

H. Revenue recognition

The Organization's primary source of income is grants from state and federal agencies. These revenues are accounted for under ASC Subtopic 958-605, *Not-for-Profit Entities: Revenue Recognition* (ASC 958-605), recognizing revenue at the time of the gift if no donor restriction or barriers to the conditional receipt of the grant have been established in their underlying agreements, or over the course of time as barriers are overcome or donor restrictions have been satisfied if those conditions have been established.

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Less frequent and trivial sources of income include fees collected for high school credit catch up, student tutoring, and specialty computer classes, which are accounted for under ASC Topic 606, *Revenue from Contracts with Customers* (ASC 606), recognizing revenue when performance obligations under the terms of the contracts with customers are satisfied. Revenues for service contracts are earned and recorded when the services are provided. Revenues earned as a result of services performed but not yet received are recorded as receivables. Prior to the adoption of ASC 606, the Organization recognized revenue when persuasive evidence of an arrangement existed, delivery of products had occurred, the sales price was fixed or determinable, and collectability was reasonably assured. The Organization has analyzed the provisions of ASC 606 and has concluded that no changes were necessary to conform to the new standard.

As the Organization incurs expenses in compliance with the restrictions of the grantor, the funds are considered to be earned and are reported as revenues. Any excess of expenses incurred over cash received is recorded as receivables.

Investment income consists of interest from savings accounts. Revenues are recognized when earned or incurred.

Unexpended amounts remaining on conditional grants and contracts as of June 30, 2022 and 2021 for agreements in effect during the years were \$3,377,478 and \$3,582,364, respectively.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

I. Contributed nonfinancial assets

Contributed nonfinancial assets consist primarily of donated facility use provided by Adams County for use in providing services in Othello, Washington. The fair market value of the lease is recognized as in-kind revenues at its estimated fair value.

From time to time, the Organization may receive other contributed nonfinancial assets, such as property and equipment. These contributions are recorded at their estimated fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as support with donor restrictions. In the absence of such stipulations, contributions of property and equipment are recorded as support without donor restrictions.

J. Advertising

The Organization expenses advertising costs as incurred or the first time the advertising takes place. The Organization does not perform any direct-response advertising. Total advertising expense for the years ended June 30, 2022 and 2021 were \$8,276 and \$6,623, respectively.

K. Fundraising expense

The Organization did not incur any fundraising expenses for the years ended June 30, 2022 and 2021.

L. Income taxes

The Organization operates as a tax exempt organization under Section 501(c)(3) of the Internal Revenue Code; therefore, no provision for Federal income tax is presented. The Organization has also been classified as a publicly supported organization under Sections (b)(1)(A)(iv) of the Internal Revenue Code.

The Organization has adopted the provisions of FASB ASC 740-10. Management has evaluated the Organization's tax positions and concluded the Organization has taken no uncertain tax positions requiring adjustment to the financial statements to comply with these provisions. With few exceptions, the Organization is no longer subject to income tax examinations by U.S. Federal tax authorities for the years before 2018, which is the standard statute of limitations look-back period.

M. Functional expenses

The Organization allocates its expenses on a functional basis across its various programs. Expenses that can be identified with a specific program are allocated directly to that program and classified according to their natural expenditure. Other expenses that are common to several functions are allocated by various bases. Management and general expenditures consist of general administrative activities including but not limited to accounting, budgeting, and financial management; procurement and purchasing; property management; personnel management; and oversight and monitoring activities.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

N. Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the financial statements, as well as the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

O. Reclassifications

Certain reclassifications have been made to the prior year financial statements to conform with the presentation of the current year financial statements. These reclassifications had no effect on the previously reported net assets.

P. New accounting pronouncements

In September 2020, the Financial Accounting Standards Board (FASB) issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, in order to increase the transparency of contributed nonfinancial assets. Contributed nonfinancial assets include donated fixed assets, materials, supplies, donated use of fixed assets, intangible assets, gifts-in-kind (contributed services) and any unconditional promises of those assets. The Organization has adopted the provisions of this ASU and has adjusted the presentations of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

NOTE 3 - AVAILABILITY AND LIQUIDITY

The Organization regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The following table reflects the Organization's financial assets as of June 30, 2022 and 2021 that are available to meet cash needs for operating expenditures within one year.

	2022	2021
Financial assets at year end:		
Cash and cash equivalents	\$ 832,683	\$ 813,589
Restricted cash	158,186	158,076
Receivables	370,183	443,379
Total financial assets	<u>1,361,052</u>	<u>1,415,044</u>
Less amounts not available to be used within one year:		
Restricted cash	<u>158,186</u>	<u>158,076</u>
Financial assets available to meet general expenditures within one year	<u><u>\$ 1,202,866</u></u>	<u><u>\$ 1,256,968</u></u>

NOTE 4 - RESTRICTED CASH

Amounts included in restricted cash represent those required to be set aside in accordance with the U.S. Department of Agriculture (USDA) loan agreement. The Organization made monthly contributions of \$1,302 to the reserve until the balance reached the required minimum amount of \$156,192. For the years ended June 30, 2022 and 2021, the reserve balance was \$158,186 and \$158,076, respectively.

NOTE 5 - AMOUNTS DUE TO/FROM GOVERNMENT

Support from grant funds is earned as expenditures are made. The amount due to government is for advances in which expenditures have not yet been incurred at June 30, 2022 and 2021. The amounts due from government are for expenditures for which reimbursement has not yet been received at June 30, 2022 and 2021.

NOTE 6 - PROPERTY AND EQUIPMENT

The land, land improvements, and buildings located in Wenatchee, Washington were purchased with nonfederal funds are, therefore, owned by the Organization. A combination of nonfederal and federal funds was used to construct the Moses Lake One-Stop Center (the Center).

The Organization constructed the Center in Moses Lake, Washington and a majority of the funding for the project was from a combination of Organization's net assets and loan funds. However, approximately 11% of the Center was funded with Workforce Investment Act (WIA) resources. The Organization requested and received approval from their oversight agency for the use of WIA funds for certain items of the Center. Normally, Workforce Investment funds are not allowed for the construction or purchase of facilities or buildings. The oversight agency approved the request because they interpreted the items requested by the Organization as equipment, maintenance, or improvements for the accessibility for persons with disabilities, which are all allowable costs.

U.S. GAAP require all costs that are directly and clearly associated with the construction of the Center be capitalized. Therefore, the Organization has capitalized a majority of the costs paid for with WIA funds that were approved by their oversight agency. The capitalized costs are being depreciated over their estimated useful lives using the straight-line method. The Organization does not seek reimbursement from the Federal program for the depreciation associated with any item funded by the Federal program.

The land improvements and buildings in Wenatchee and Moses Lake, Washington are capitalized, at cost, and depreciated over the useful life of the asset. Depreciation expense for the years ended June 30, 2022 and 2021 was \$204,746 and \$163,393, respectively.

Under WIOA, the granting authority reimburses the Organization for the purchase of certain equipment used for the programs. The granting authority holds title of the equipment purchased with grant funds. Equipment acquisitions purchased with grant funds are treated as current period expenditures. Proceeds of \$5,000 or more from the disposition of equipment purchased with grant funds are returned to the granting authority.

NOTE 6 - PROPERTY AND EQUIPMENT - continued

The following schedule represents the historical cost of equipment purchases which are owned by the granting authority and held by the Organization as of June 30:

	<u>2022</u>	<u>2021</u>
Equipment - beginning of year	\$ 439,927	\$ 483,086
Additions	59,680	59,292
Retirements	<u>(25,625)</u>	<u>(102,451)</u>
Equipment - end of year	<u><u>\$ 473,982</u></u>	<u><u>\$ 439,927</u></u>

Construction in progress at June 30, 2022 is for various improvements to the parking lot at the Wenatchee location. Total estimated costs to project completion are \$90,000 and there is currently no estimated completion date.

NOTE 7 - LONG-TERM DEBT

	<u>2022</u>	<u>2021</u>
A note payable to the USDA, secured by real property, is payable in monthly installments of \$12,776, including interest at 4.125%. The note is due in full on June 20, 2047.	\$ 2,385,904	\$ 2,439,611
Less long-term debt payable within one year	<u>55,943</u>	<u>53,686</u>
Long-term debt payable after one year	<u><u>\$ 2,329,961</u></u>	<u><u>\$ 2,385,925</u></u>

Future maturities of long-term debt are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ 55,943
2024	58,069
2025	60,510
2026	63,054
2027	65,705
Thereafter	<u>2,082,623</u>
Total	<u><u>\$ 2,385,904</u></u>

The Organization recognized interest expense of \$99,550 and \$102,063 during the years ended June 30, 2022 and 2021, respectively.

NOTE 8 - COMMITMENTS AND CONTINGENCIES

Rental Income

The Organization leases office space to various lessees. The leases expire in 2027. They include various renewal options.

Minimum future rental income on these operating leases is as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ 178,086
2024	178,086
2025	178,086
2026	178,086
2027	148,405

Funding

Funding for the Organization's operations is primarily from government grants and contracts. Continued existence of the Organization depends upon the continuation of such funding sources. These grants and contract expenditures are subject to the approval of various granting and contracting agencies. To be eligible for reimbursement of expenditures made under federal, state and locally funded programs, the Organization must comply with regulations established by the related governmental agency. Governmental agency determination of a failure to comply with such regulations may result in disallowed costs and a liability for reimbursements received. In addition, certain findings of noncompliance identified in the prior year program audits may not have been resolved for programs administered by the Organization. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the Organization expects such amounts, if any, to be immaterial.

NOTE 9 - CONCENTRATIONS

During the years ended June 30, 2022 and 2021, the Organization received approximately 74% and 75%, respectively, of its annual revenues from the WIOA administered by the Department of Labor (DOL).

NOTE 10 - RETIREMENT PLAN

The Organization maintains a retirement plan for all eligible employees. The plan provides that employee contributions are matched dollar for dollar up to 5.5% of employee salaries. Contributions made by the Organization for the years ended June 30, 2022 and 2021 were \$85,191 and \$87,147, respectively.

NOTE 11 - LEASES

The Organization entered into an operating lease for office space in Adams County, Washington commencing on September 11, 2011. It has been renewed several times and currently terminates on August 31, 2026. Monthly payments under the operating lease were \$0 for the years ended June 30, 2022 and 2021. Beginning on September 1, 2016, annual rent payments under the operating lease are \$1.

The Organization estimates that the value of the donated use of the office space was \$20,400 for the years ended June 30, 2022 and 2021. The donated use of the office space is included in in-kind contributions in the statements of activities and changes in net assets, and is estimated based on the monthly rent rate charged by the lessor at the commencement of the lease, prior to its conversion to an in-kind agreement. The donated space is used to house workforce development activities in Adams County. There are no donor-imposed restrictions with regards to how the space is utilized in furthering the Organization's exempt purpose.

There were no cash payments for lease expense for the years ended June 30, 2022 and 2021.

Future minimum lease payments associated with this lease for the next five years are \$1 annually.

NOTE 12 - RELATED PARTY TRANSACTIONS

A member of the Organization's board of directors is an owner of LocalTel. During the years ended June 30, 2022 and 2021, the Organization paid LocalTel for phone, internet and IT consulting services. The Organization also received funding from and purchased services from Wenatchee Valley College, Big Bend Community College, Department of Vocational Rehabilitation, Employment Security Department, and the Washington State Department of Social and Health Services, during the years ended June 30, 2022 and 2021. Individuals employed at these organizations serve or served as members of the Organization's Board of Directors.

NOTE 13 - SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through November 29, 2022, the date which the statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

SUPPLEMENTARY INFORMATION

SCHEDULES OF GOVERNOR'S DISCRETIONARY REVENUE AND EXPENDITURES

For the Years Ended June 30, 2022 and 2021

	2022	2021
GOVERNOR'S DISCRETIONARY REVENUE		
Economic Security For All	\$ 161,502	\$ 3,368
Career Connect Intermediary	30,293	118,293
Columbia Basin Manufacturing Pipeline	-	124,687
Total governor's discretionary revenue	<u>\$ 191,795</u>	<u>\$ 246,348</u>
GOVERNOR'S DISCRETIONARY EXPENDITURES		
Economic Security For All	\$ 161,502	\$ 3,368
Career Connect Intermediary	30,293	48,652
Columbia Basin Manufacturing Pipeline	-	13,554
Total program related expenses	191,795	65,574
Administrative expenditures	-	4,081
Payments to subrecipients	-	176,693
Total governor's discretionary expenditures	<u>\$ 191,795</u>	<u>\$ 246,348</u>

SCHEDULES OF REVENUES AND EXPENSES BY PROGRAM

For the Years Ended June 30, 2022 and 2021

	2022	2021
REVENUE		
Adult program	\$ 1,067,476	\$ 938,891
Dislocated worker program	951,595	897,659
Youth program	1,043,587	1,088,371
Rapid response revenue	(65)	58,702
Governor's discretionary revenue	191,795	246,348
Rental income	175,577	184,406
Pre-employment transition services	322,062	296,565
National emergency dislocated worker grant	533,049	645,179
Interest income	278	650
Miscellaneous income	167,549	40,480
Basic education	855,107	840,238
Administration	229,605	237,947
Total revenue	5,537,615	5,475,436
EXPENSES		
Adult program	789,634	622,939
Dislocated worker program	725,479	630,626
Youth program	829,997	842,838
Rapid response expense	(65)	45,140
Governor's discretionary expense	191,795	65,574
Partner facilities expense	176,065	184,406
Pre-employment transition services	233,314	204,778
National emergency dislocated worker expense	420,609	495,164
Miscellaneous expense (income)	190,848	64,555
Basic education	909,634	911,121
Payments to subrecipients	700,336	996,106
Administration	350,974	362,929
Total expenses	5,518,620	5,426,176
CHANGE IN NET ASSETS	18,995	49,260
NET ASSETS - BEGINNING OF YEAR	2,317,867	2,268,607
NET ASSETS - END OF YEAR	\$ 2,336,862	\$ 2,317,867

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2022

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Contract Period</u>	<u>Contract Number</u>	<u>Passed Through to Subrecipients</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Labor</u>					
Pass-through programs from State of Washington Employment Security Department					
Workforce Innovation & Opportunity Act Cluster					
Workforce Innovation & Opportunity Act Administrative Cost Pool	17.258, .259 & .278	04/01/20 - 06/30/22	6108-7300	\$ -	\$ 215,399
Workforce Innovation & Opportunity Act Administrative Cost Pool	17.258, .259 & .278	07/01/22 - 06/30/24	6108-7301	-	14,207
Workforce Innovation & Opportunity Act Adult Program	17.258	10/01/18 - 06/30/20	6108-1109	-	(90)
Workforce Innovation & Opportunity Act Adult Program	17.258	07/01/19 - 06/30/21	6108-7109	-	(76)
Workforce Innovation & Opportunity Act Adult Program	17.258	07/01/20 - 06/30/22	6108-7100	-	319,177
Workforce Innovation & Opportunity Act Adult Program	17.258	07/01/21 - 06/30/23	6108-7101	169,415	748,465
Workforce Innovation & Opportunity Act Youth Activities Program	17.259	04/01/18 - 06/30/20	6108-7008	-	(25)
Workforce Innovation & Opportunity Act Youth Activities Program	17.259	04/01/19 - 06/30/21	6108-7009	-	(60)
Workforce Innovation & Opportunity Act Youth Activities Program	17.259	04/01/20 - 06/30/22	6108-7000	-	486,948
Workforce Innovation & Opportunity Act Youth Activities Program	17.259	04/01/21 - 06/30/23	6108-7001	178,384	556,723
Workforce Innovation & Opportunity Act Dislocated Worker	17.278	10/01/18 - 06/30/20	6108-1209	-	(58)
Workforce Innovation & Opportunity Act Dislocated Worker	17.278	07/01/19 - 06/30/21	6108-7209	-	(44)
Workforce Innovation & Opportunity Act Dislocated Worker	17.278	07/01/20 - 06/30/22	6108-7200	-	567,534
Workforce Innovation & Opportunity Act Dislocated Worker	17.278	07/01/21 - 06/30/23	6108-7201	151,768	384,164
Workforce Innovation & Opportunity Act Rapid Response Increased Employment	17.278	11/01/18 - 06/30/20	6108-7508-10	-	(19)
Workforce Innovation & Opportunity Act Rapid Response Additional Assistance	17.278	08/06/19 - 06/30/21	6108-7509-10	-	(46)
Workforce Innovation & Opportunity Act Statewide Activities					
Career Connect Intermediary	17.258, .259 & .278	12/21/21 - 01/31/23	6108-7621-11	-	30,293
Economic Security for All	17.258, .259 & .278	05/20/20 - 03/31/23	6108-7620-07	-	161,501
Total Workforce Innovation & Opportunity Act Cluster				499,567	3,483,993

See accompanying notes to schedule of expenditures of federal awards

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2022

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Contract Period</u>	<u>Contract Number</u>	<u>Passed Through to Subrecipients</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Labor - continued</u>					
Pass-through programs from State of Washington Employment Security Department - continued					
Workforce Innovation & Opportunity Act National Dislocated Worker Grant COVID-19 Disaster Relief	17.277	05/01/20 - 06/30/23	6108-7580-64	\$ 49,494	\$ 389,011
Workforce Innovation & Opportunity Act National Dislocated Worker Grant COVID-19 Disaster Relief	17.277	07/01/20 - 06/30/23	6108-7590-64	<u>24,818</u>	<u>144,039</u>
Total Workforce Innovation & Opportunity Act National Dislocated Worker Grant				74,312	533,050
Pass-through programs from State of Washington Department of Commerce					
CDBG-CV Hunger Relief Staffing and Services (COVID-19)	14.228	01/01/21 - 06/30/23	20-6221C-137	<u>-</u>	<u>103,861</u>
Total CDBG-CV Hunger Relief Staffing and Services Grant				<u>-</u>	<u>103,861</u>
Total Expenditures of Federal Awards				<u>\$ 573,879</u>	<u>\$ 4,120,904</u>

NOTE 1 - BASIS OF PRESENTATION

The Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of SkillSource under programs of the Federal Government for the year ended June 30, 2022. The information in this schedule is presented in accordance with the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of SkillSource, it is not intended to and does not present the financial position, changes in net assets, or cash flows of SkillSource.

NOTE 2 - 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. Any negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3 - INDIRECT COST RATE

SkillSource has not elected to use the 10% de minimus indirect cost rate and instead has elected to use an approved cost allocation plan as allowed under the Uniform Guidance.



CORDELL, NEHER & COMPANY, PLLC

CNC FINANCIAL GROUP, LLC

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

Board of Directors
SkillSource
Wenatchee, Washington

We have audited, 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, the financial statements of SkillSource, which comprise the statement of financial position as of June 30, 2022 and the related statements of activities and changes in net assets, 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 29, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered SkillSource's internal control over financial reporting (internal control) as a basis for designing 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 SkillSource's internal control. Accordingly, we do not express an opinion on the effectiveness of SkillSource'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 SkillSource'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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Corsell, Nicker & Company, PLLC

Wenatchee, Washington
November 29, 2022



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT
ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

Board of Directors
SkillSource
Wenatchee, Washington

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited SkillSource's 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 SkillSource's major federal programs for the year ended June 30, 2022. SkillSource'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, SkillSource complied, in all material respects, with the 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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 SkillSource 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 SkillSource'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 SkillSource'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 SkillSource'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 GAAS, *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 SkillSource's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *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 SkillSource'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 SkillSource'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 SkillSource'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.



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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.

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.

Cordell, Neher & Company, PLLC

Wenatchee, Washington
November 29, 2022



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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2022

I. SUMMARY OF AUDITORS' RESULTS

*Financial Statements*Type of auditors' report issued: *unmodified*

Internal control over financial reporting:

Are any material weaknesses identified? yes x noAre any significant deficiencies identified? yes x none reportedIs any noncompliance material to financial statements noted? yes x no*Federal Awards*

Internal control over major programs:

Are any material weaknesses identified? yes x noAre any significant deficiencies identified? yes x none reportedType 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 200.516(a)? yes x no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
17.258,.259,.278	Workforce Innovation and Opportunity Act Cluster

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

 X yes no

II. FINANCIAL STATEMENT FINDINGS

NONE

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

NONE