

SKILLSOURCE

**Financial Statements
June 30, 2024**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
SkillSource
Wenatchee, Washington

Report on the Audits 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, 2024 and 2023, 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, 2024 and 2023, and the changes in its net assets and its cash flows for the years 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 Audits 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 audits 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 Schedules of Revenues and Expenses by Program, and 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* (Uniform Guidance), are presented for purposes of additional analysis and are 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, Schedules of Revenues and Expenses by Program and 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 19, 2024, 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 Tucker & Company, PLLC

Wenatchee, Washington
December 3, 2024



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SKILLSOURCEStatements of Financial Position
June 30, 2024 and 2023

	2024	2023
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents [Note 3]	\$ 1,329,273	\$ 1,083,584
Restricted cash [Notes 3 and 4]	163,034	158,704
Total cash, cash equivalents, and restricted cash	1,492,307	1,242,288
Receivables [Note 3]		
Trade	740,127	385,834
Due from government [Notes 3 and 5]	132,359	143,118
Other receivables	2,932	1,077
Prepaid expenses, current portion	53,788	34,089
Total current assets	2,421,513	1,806,406
PROPERTY AND EQUIPMENT [Notes 6 and 7]		
Land	813,351	813,351
Land improvements	724,496	724,496
Buildings and equipment	4,954,247	4,932,765
Construction in progress	20,336	-
Total cost	6,512,430	6,470,612
Less accumulated depreciation	3,106,360	2,942,937
Total property and equipment	3,406,070	3,527,675
OTHER ASSETS		
Prepaid expenses, net of current portion	1,810	-
TOTAL ASSETS	<u>\$ 5,829,393</u>	<u>\$ 5,334,081</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Long-term debt payable within one year [Note 7]	\$ 60,745	\$ 58,295
Accounts payable	191,124	136,123
Accrued wages and benefits	12,978	11,708
Accrued vacation	169,169	150,428
Accrued interest	2,603	2,670
Total current liabilities	436,619	359,224
LONG-TERM DEBT, payable after one year [Note 7]	2,210,914	2,271,663
COMMITMENTS AND CONTINGENCIES [Note 8]		
NET ASSETS		
Net assets without donor restrictions	3,181,860	2,703,194
Net assets with donor restrictions	-	-
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 5,829,393</u>	<u>\$ 5,334,081</u>

See accompanying notes.

SKILLSOURCEStatements of Activities and Changes in Net Assets
For the Years Ended June 30, 2024 and 2023

	2024		
	Without donor restrictions	With donor restrictions	Total
SUPPORT AND REVENUE			
Grants and contracts [Note 9]	\$ 6,429,052	\$ -	\$ 6,429,052
Rental income [Note 8]	295,046	-	295,046
In-kind contributions [Note 11]	20,400	-	20,400
Interest income	10,652	-	10,652
Miscellaneous income	126,021	-	126,021
Total support and revenue	6,881,171	-	6,881,171
EXPENSES			
Program services			
Adult program	886,683	-	886,683
Youth program	843,156	-	843,156
Dislocated worker program	1,277,323	-	1,277,323
State discretionary program	946,758	-	946,758
Other programs	1,957,062	-	1,957,062
Total program services	5,910,982	-	5,910,982
Supporting services			
Management and general administration	491,523	-	491,523
Total expenses	6,402,505	-	6,402,505
CHANGE IN NET ASSETS	478,666	-	478,666
NET ASSETS - BEGINNING OF YEAR	2,703,194	-	2,703,194
NET ASSETS - END OF YEAR	\$ 3,181,860	\$ -	\$ 3,181,860

SKILLSOURCEStatements of Activities and Changes in Net Assets
For the Years Ended June 30, 2024 and 2023

	2023		
	Without donor restrictions	With donor restrictions	Total
SUPPORT AND REVENUE			
Grants and contracts [Note 9]	\$ 6,049,066	\$ -	\$ 6,049,066
Rental income [Note 8]	209,424	-	209,424
In-kind contributions [Note 11]	20,400	-	20,400
Interest income	1,963	-	1,963
Miscellaneous income	261,899	-	261,899
Total support and revenue	6,542,752	-	6,542,752
EXPENSES			
Program services			
Adult program	1,081,115	-	1,081,115
Youth program	1,116,200	-	1,116,200
Dislocated worker program	1,340,155	-	1,340,155
State discretionary program	483,700	-	483,700
Other programs	1,767,887	-	1,767,887
Total program services	5,789,057	-	5,789,057
Supporting services			
Management and general administration	387,363	-	387,363
Total expenses	6,176,420	-	6,176,420
CHANGE IN NET ASSETS	366,332	-	366,332
NET ASSETS - BEGINNING OF YEAR	2,336,862	-	2,336,862
NET ASSETS - END OF YEAR	\$ 2,703,194	\$ -	\$ 2,703,194

SKILLSOURCEStatements of Functional Expenses
For the Years Ended June 30, 2024 and 2023

	2024							Total expenses
	Adult program	Youth program	Dislocated worker program	State discretionary program	Other programs	Total program services	Administration	
Training related expenses								
Salaries	\$ 247,492	\$ 313,694	\$ 447,579	\$ 259,103	\$ 259,502	\$ 1,527,370	\$ 316,728	\$ 1,844,098
Facilities	19,590	27,377	36,696	30,302	362,248	476,213	4,110	480,323
Payroll taxes and benefits [Note 10]	58,091	66,353	105,326	63,276	61,878	354,924	65,566	420,490
Supplies	8,012	8,580	15,037	5,836	23,965	61,430	5,835	67,265
Staff training	7,816	6,608	37,049	5,551	2,049	59,073	6,642	65,715
Travel	4,355	7,025	21,445	4,489	6,071	43,385	3,025	46,410
Equipment	2,340	3,627	6,501	6,741	3,535	22,744	1,319	24,063
Telephone and communications	3,033	3,651	5,598	2,894	3,300	18,476	3,768	22,244
Other expenses	41,880	45,850	58,937	36,280	37,152	220,099	84,530	304,629
Total training related expenses	392,609	482,765	734,168	414,472	759,700	2,783,714	491,523	3,275,237
Direct training expenses								
Specific assistance to individuals	153,118	154,093	251,592	471,615	274,963	1,305,381	-	1,305,381
Basic education	43,258	46,687	87,654	-	803,730	981,329	-	981,329
Payments to subrecipients	297,698	159,611	203,909	60,671	118,669	840,558	-	840,558
Total direct training expenses	494,074	360,391	543,155	532,286	1,197,362	3,127,268	-	3,127,268
Total expenses	\$ 886,683	\$ 843,156	\$ 1,277,323	\$ 946,758	\$ 1,957,062	\$ 5,910,982	\$ 491,523	\$ 6,402,505
PERCENTAGE OF TOTAL	13.84%	13.17%	19.95%	14.79%	30.57%	92.32%	7.68%	100.00%

SKILLSOURCEStatements of Functional Expenses
For the Years Ended June 30, 2024 and 2023

	2023							Total expenses
	Adult program	Youth program	Dislocated worker program	State discretionary program	Other programs	Total program services	Administration	
Training related expenses								
Salaries	\$ 335,287	\$ 435,638	\$ 417,857	\$ 121,228	\$ 203,801	\$ 1,513,811	\$ 222,310	\$ 1,736,121
Facilities	45,594	67,771	52,181	9,892	290,684	466,122	3,023	469,145
Payroll taxes and benefits [Note 10]	77,119	89,602	98,368	32,148	39,836	337,073	37,075	374,148
Supplies	16,952	14,544	20,372	4,196	22,356	78,420	8,347	86,767
Staff training	11,532	10,452	11,741	4,472	3,090	41,287	10,620	51,907
Travel	4,560	7,892	7,537	1,430	6,237	27,656	2,692	30,348
Equipment	10,309	9,092	13,307	1,705	6,601	41,014	5,619	46,633
Telephone and communications	4,058	5,418	4,632	1,251	2,116	17,475	2,547	20,022
Other expenses	34,875	54,391	95,811	14,963	39,955	239,995	95,130	335,125
Total training related expenses	540,286	694,800	721,806	191,285	614,676	2,762,853	387,363	3,150,216
Direct training expenses								
Specific assistance to individuals	259,026	203,285	357,105	292,415	311,632	1,423,463	-	1,423,463
Basic education	67,696	48,572	56,612	-	619,857	792,737	-	792,737
Payments to subrecipients	214,107	169,543	204,632	-	221,722	810,004	-	810,004
Total direct training expenses	540,829	421,400	618,349	292,415	1,153,211	3,026,204	-	3,026,204
Total expenses	<u>\$ 1,081,115</u>	<u>\$ 1,116,200</u>	<u>\$ 1,340,155</u>	<u>\$ 483,700</u>	<u>\$ 1,767,887</u>	<u>\$ 5,789,057</u>	<u>\$ 387,363</u>	<u>\$ 6,176,420</u>
PERCENTAGE OF TOTAL	<u>17.51%</u>	<u>18.07%</u>	<u>21.70%</u>	<u>7.83%</u>	<u>28.62%</u>	<u>93.73%</u>	<u>6.27%</u>	<u>100.00%</u>

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Statements of Cash Flows

For the Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from programs and grants	\$ 6,525,130	\$ 6,380,943
Cash paid to suppliers and employees	(6,090,633)	(5,940,487)
Interest paid	(95,013)	(97,365)
Interest received	10,652	1,963
	<u>350,136</u>	<u>345,054</u>
Net cash provided (used) by operating activities		
	350,136	345,054
CASH FLOWS FROM INVESTING ACTIVITIES		
Property and equipment purchased	(41,818)	(37,689)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on long-term debt	<u>(58,299)</u>	<u>(55,946)</u>
CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	250,019	251,419
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - BEGINNING OF YEAR	<u>1,242,288</u>	<u>990,869</u>
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	<u>\$ 1,492,307</u>	<u>\$ 1,242,288</u>

SKILLSOURCE

Statements of Cash Flows

For the Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Change in net assets	\$ 478,666	\$ 366,332
Noncash and nonoperating (revenue) expenses		
Depreciation	163,423	165,708
(Gain) loss on disposal of assets	-	6,236
(Increase) decrease in operating assets		
Trade receivables	(354,293)	(156,581)
Due from government	10,759	(9,680)
Other receivables	(1,855)	6,415
Prepaid expenses	(21,509)	(9,024)
Increase (decrease) in operating liabilities		
Accounts payable	55,001	(21,333)
Accrued wages and benefits	1,270	(7,274)
Accrued vacation	18,741	4,045
Accrued interest	(67)	210
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 350,136</u>	<u>\$ 345,054</u>

SKILLSOURCE

Notes to Financial Statements
June 30, 2024 and 2023

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.

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.

SKILLSOURCE

Notes to Financial Statements

June 30, 2024 and 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. As of June 30, 2024 and 2023, the reserve balance was \$170,648 and \$151,777, 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 within the next twelve months and therefore 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.

H. Leases

Leases with a term of 12 months or less, which do not contain an option to purchase the underlying asset that the Organization is reasonably certain to exercise, are expensed on a straight-line basis over the lease term and do not have right-of-use assets or lease liabilities recognized on the statements of financial position.

Leases with terms greater than 12 months, unless the present value of lease right-of-use assets is less than the Organization's capitalization thresholds, will recognize right-of-use assets and lease liabilities on the statements of financial position based on the present value of future cash outflows over the non-cancelable lease term, calculated at the commencement of the lease and using a risk-free discount rate as determined by management.

SKILLSOURCE

Notes to Financial Statements

June 30, 2024 and 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. 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.

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, 2024 and 2023, for agreements in effect during the years were \$3,425,013 and \$3,256,500, respectively.

J. 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.

SKILLSOURCE

Notes to Financial Statements

June 30, 2024 and 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Contributed nonfinancial assets (continued)

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.

K. 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 2024 and 2023, was \$31,184 and \$74,215, respectively.

L. Fundraising expense

The Organization did not incur any fundraising expenses for 2024 and 2023.

M. 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 2020, which is the standard statute of limitations look-back period.

N. 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.

O. 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.

SKILLSOURCE

Notes to Financial Statements

June 30, 2024 and 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**P. 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.

Q. New accounting pronouncements

In June 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-13, *Financial Instruments-Credit Losses* (ASC Topic 326), in order to shift from the current “incurred loss model” to an “expected loss model” for most financial assets and certain other instruments that are not measured at fair value. Under this new standard, disclosures are required to provide users of financial statements with useful information in analyzing the Organization’s exposure to credit risk and measurement of credit losses. Financial assets held by the Organization, and subject to this new guidance, are receivables.

Effective July 1, 2023, the Organization adopted the new credit loss guidance in ASU 2016-13. The adoption of this ASU did not result in a material change to the presentation of these financial statements.

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, 2024 and 2023, that are available to meet cash needs for operating expenditures within one year.

	2024	2023
Financial assets at year end		
Cash and cash equivalents	\$ 1,329,273	\$ 1,083,584
Restricted cash	163,034	158,704
Receivables	875,418	530,029
	<u>2,367,725</u>	<u>1,772,317</u>
Less amounts not available to be used within one year		
Restricted cash	163,034	158,704
	<u>163,034</u>	<u>158,704</u>
Financial assets available to meet general expenditures within one year	<u>\$ 2,204,691</u>	<u>\$ 1,613,613</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, 2024 and 2023, the reserve balance was \$163,034 and \$158,704, respectively.

SKILLSOURCE

Notes to Financial Statements

June 30, 2024 and 2023

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, 2024 and 2023. The amounts due from government are for expenditures for which reimbursement has not yet been received at June 30, 2024 and 2023.

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 2024 and 2023, was \$163,423 and \$165,708, 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.

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:

	2024	2023
Equipment - beginning of year	\$ 474,173	\$ 473,982
Additions	38,245	54,473
Retirements	(57,601)	(54,282)
Equipment - end of year	<u>\$ 454,817</u>	<u>\$ 474,173</u>

SKILLSOURCE

Notes to Financial Statements

June 30, 2024 and 2023

NOTE 6 - PROPERTY AND EQUIPMENT (continued)

Construction in progress at June 30, 2024, was for various improvements occurring at the Moses Lake and Wenatchee campuses. Total cost of these improvements is expected to be \$50,000. These projects are expected to be completed by December 2024.

NOTE 7 - LONG-TERM DEBT

	<u>2024</u>	<u>2023</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.	\$ 2,271,659	\$ 2,329,958
Less long-term debt payable within one year	<u>60,745</u>	<u>58,295</u>
Long-term debt payable after one year	<u><u>\$ 2,210,914</u></u>	<u><u>\$ 2,271,663</u></u>

Future maturities of long-term debt are as follows:

For the Year Ending June 30,	
2025	\$ 60,745
2026	63,054
2027	65,705
2028	68,467
2029	71,345
Thereafter	<u>1,942,343</u>
Total	<u><u>\$ 2,271,659</u></u>

The Organization recognized interest expense of \$94,946 and \$97,575 during 2024 and 2023, respectively.

NOTE 8 - COMMITMENTS AND CONTINGENCIESRental Income

The Organization leased office space to the following lessees during 2024 and 2023:

- A non-cancelable lease with Opportunities Industrialization Center of Washington for office space located at 309 East 5th Avenue, Moses Lake, Washington that commenced on April 1, 2023, and terminates on April 30, 2027. The annual base rent at the commencement of the lease was \$9,517 per month. Total rents received under this lease for 2024 and 2023, were \$114,202 and \$30,189, respectively. Future minimum rent for 2025 shall be \$114,202.

SKILLSOURCE

Notes to Financial Statements
 June 30, 2024 and 2023

NOTE 8 - COMMITMENTS AND CONTINGENCIES (continued)

- A non-cancelable lease With State of Washington Employment Security Department for office space located at 309 East 5th Avenue, Moses Lake, Washington that commenced on May 1, 2022 and terminates on April 30, 2027. The annual base rent at the commencement of the lease was \$11,546. Total rents received under this lease for 2024 and 2023, was \$138,546. Future minimum rent for 2025 shall be \$138,546.
- A non-cancelable lease with State of Washington Department of Social and Health Services for office space located at 309 East 5th Avenue, Moses Lake, Washington, that commenced on May 1, 2022 and terminates on April 30, 2027. The annual base rent at the commencement of the lease was \$3,295. Total rents received under this lease for 2024 and 2023, was \$39,540. Future minimum rent for 2025 shall be \$39,540.

Rent income was \$295,046 and \$209,424 for 2024 and 2023, respectively.

The following is a schedule by years of minimum future rentals receipts under these leases as of June 30, 2024:

For the Year Ending June 30,

2025	\$	292,288
2026		292,288
2027		243,573

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 2024 and 2023, the Organization received approximately 53% and 66%, 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 2024 and 2023, were \$75,721 and \$71,030, respectively.

SKILLSOURCE

Notes to Financial Statements

June 30, 2024 and 2023

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 2024 and 2023. 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 2024 and 2023. 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 2024 and 2023.

NOTE 12 - RELATED PARTY TRANSACTIONS

The Organization receives 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 2024 and 2023. 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 December 3, 2024, 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

SKILLSOURCESchedules of Governor's Discretionary Revenue and Expenditures
For the Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
GOVERNOR'S DISCRETIONARY REVENUE		
Economic Security For All	\$ 335,649	\$ 173,121
Career Connect Intermediary	-	116,769
	<u> </u>	<u> </u>
Total governor's discretionary revenue	<u>\$ 335,649</u>	<u>\$ 289,890</u>
GOVERNOR'S DISCRETIONARY EXPENDITURES		
Economic Security For All	\$ 335,428	\$ 173,121
Career Connect Intermediary	-	36,737
	<u> </u>	<u> </u>
Total program related expenses	335,428	209,858
Payments to subrecipients	-	80,032
	<u> </u>	<u> </u>
Total governor's discretionary expenditures	<u>\$ 335,428</u>	<u>\$ 289,890</u>

SKILLSOURCESchedules of Revenues and Expenses by Program
For the Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
REVENUE		
Adult program	\$ 886,684	\$ 1,080,236
Dislocated worker program	717,516	810,865
Youth program	843,155	1,115,623
Governor's discretionary revenue	335,649	289,890
Rental income	295,046	209,424
Pre-employment transition services	569,122	378,366
State discretionary revenue	1,011,985	518,711
National emergency dislocated worker grant	591,307	564,848
Interest income	10,652	1,963
Miscellaneous income	126,021	261,899
Basic education	1,230,262	1,080,411
Administration	263,772	230,516
	<u>6,881,171</u>	<u>6,542,752</u>
Total revenue	6,881,171	6,542,752
EXPENSES		
Adult program	545,727	799,312
Dislocated worker program	453,227	550,308
Youth program	636,858	898,085
Governor's discretionary expense	335,428	209,858
Partner facilities expense	294,796	209,174
Pre-employment transition services	284,063	227,920
State discretionary expense	886,086	483,701
National emergency dislocated worker expense	532,533	528,603
Miscellaneous expense (income)	120,377	279,355
Basic education	981,329	792,737
Payments to subrecipients	840,558	810,004
Administration	491,523	387,363
	<u>6,402,505</u>	<u>6,176,420</u>
Total expenses	6,402,505	6,176,420
CHANGE IN NET ASSETS	478,666	366,332
NET ASSETS - BEGINNING OF YEAR	<u>2,703,194</u>	<u>2,336,862</u>
NET ASSETS - END OF YEAR	<u>\$ 3,181,860</u>	<u>\$ 2,703,194</u>

SKILLSOURCE

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Assistance Listing Number	Contract Period	Contract Number	Passed Through to Subrecipients	Federal Expenditures
<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	04/01/22 - 06/30/24	6108-7302	\$ -	\$ 244,135
Workforce Innovation & Opportunity Act Administrative Cost Pool	17.258, .259 & .278	04/01/23 - 06/30/25	6108-7303	-	19,637
Workforce Innovation & Opportunity Act Adult Program	17.258	07/01/22 - 06/30/24	6108-7102	297,698	290,742
Workforce Innovation & Opportunity Act Adult Program	17.258	07/01/23 - 06/30/25	6108-7103	-	595,941
Workforce Innovation & Opportunity Act Youth Activities Program	17.259	04/01/22 - 06/30/24	6108-7002	159,611	259,610
Workforce Innovation & Opportunity Act Youth Activities Program	17.259	04/01/23 - 06/30/25	6108-7003	-	583,546
Workforce Innovation & Opportunity Act Dislocated Worker	17.278	07/01/22 - 06/30/24	6108-7202	200,598	290,745
Workforce Innovation & Opportunity Act Dislocated Worker	17.278	07/01/23 - 06/30/25	6108-7203	-	426,771
Workforce Innovation & Opportunity Act Statewide Activities					
Economic Security for All	17.258, .259 & .278	01/01/22 - 03/31/24	6108-7621-07	-	165,568
Economic Security for All	17.258, .259 & .278	03/29/23 - 03/31/25	6108-7622-07	-	170,081
Total Workforce Innovation & Opportunity Act Cluster				657,907	3,046,776
Workforce Innovation & Opportunity Act National Dislocated Worker QUEST Grant					
Worker QUEST Grant	17.277	10/01/22 - 09/30/24	6108-7572-03	3,311	606,639
Total Workforce Innovation & Opportunity Act National Dislocated Worker Grant				3,311	606,639
<u>U.S. Department of Housing and Urban Development</u>					
Pass-through programs from State of Washington Department of Commerce					
CDBG-CV Hunger Relief Staffing and Services (COVID-19)	14.228	01/01/21 - 09/30/23	20-6221C-137	-	23,649
Total CDBG-CV Hunger Relief Staffing and Services Grant				-	23,649
Total Expenditures of Federal Awards				<u>\$ 661,218</u>	<u>\$ 3,677,064</u>

SKILLSOURCE

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024

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, 2024. 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.



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, 2024 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 19, 2024.

Report on 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 or significant deficiencies may exist that were not identified.



Report on 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.

Cordell, Fisher & Company, PLLC

Wenatchee, Washington
December 3, 2024



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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, 2024. 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, 2024.

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.



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
December 3, 2024



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SKILLSOURCE

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? yes x no

Significant deficiency(ies) identified not considered to be material weakness(es)? yes x none reported

Noncompliance material to the financial statements noted? yes x no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? yes x no

Significant deficiency(ies) identified not considered to be material weakness(es)? yes x none reported

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

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

Identification of major federal programs:

<u>Assistance Listing 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