

# **Crater Regional Workforce Investment Board & Learn to Earn, Inc.**

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**Financial Statements**

**Year Ended June 30, 2015**

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## **Independent Auditors' Report**

Board of Directors  
Crater Regional Workforce Investment Board & Learn to Earn, Inc.  
Petersburg, Virginia

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of Crater Regional Workforce Investment Board & Learn to Earn, Inc. (a nonprofit organization) which comprise the statement of financial position as of June 30, 2015, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Crater Regional Workforce Investment Board & Learn to Earn, Inc. as of June 30, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2015, on our consideration of Crater Regional Workforce Investment Board & Learn to Earn, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 Crater Regional Workforce Investment Board & Learn to Earn, Inc.'s internal control over financial reporting and compliance.

*Dixon Hughes Goodman LLP*

**Chester, Virginia  
September 30, 2015**

**Crater Regional Workforce Investment Board & Learn to Earn, Inc.**  
**Statement of Financial Position**  
**June 30, 2015**

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**ASSETS**

Current assets:

Cash	\$	232,000
Grants receivable		53,497
Prepaid expenses		<u>3,572</u>

Total current assets 289,069

Property and equipment:

Office furniture and equipment		50,044
Vehicles		32,306
Software		11,548
Leasehold improvements		<u>16,722</u>

110,620

Less - accumulated depreciation (102,371)

Property and equipment - net 8,249

Total assets \$ 297,318

**LIABILITIES AND NET ASSETS**

Current liabilities:

Accounts payable	\$	190,812
Accrued expenses		<u>11,570</u>

Total current liabilities 202,382

Net assets:

Unrestricted		27,206
Temporarily restricted		<u>67,730</u>

Total net assets 94,936

Total liabilities and net assets \$ 297,318

**Crater Regional Workforce Investment Board & Learn to Earn, Inc.**  
**Statement of Activities**  
**Year Ended June 30, 2015**

Unrestricted:

Revenues and support:

Revenue from government grants	\$ 1,637,780
Net assets released from restrictions	27,270
Contributions	<u>15</u>

Total revenues and support	<u>1,665,065</u>
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Program expenses:

Contracts - program related	841,696
Personnel	387,463
Training service costs	195,645
Occupancy	82,474
Office	65,833
Professional fees	52,012
Transportation	14,185
Travel and meetings	10,016
Miscellaneous	8,467
Support service costs	7,254
Depreciation	5,702
Training items	<u>524</u>

Total program expenses	<u>1,671,271</u>
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Change in unrestricted net assets	<u>(6,206)</u>
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Temporarily restricted net assets:

Private Grant	95,000
Restrictions satisfied by payment	<u>(27,270)</u>

Change in temporarily restricted net assets	<u>67,730</u>
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Change in net assets	61,524
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Net assets - beginning of year	<u>33,412</u>
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Net assets - end of year	<u>\$ 94,936</u>
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**Crater Regional Workforce Investment Board & Learn to Earn, Inc.**  
**Statement of Cash Flows**  
**Year Ended June 30, 2015**

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Cash flows from operating activities:		
Change in net assets	\$	61,524
Adjustments to reconcile to net cash from operating activities:		
Depreciation		5,702
Change in:		
Grants receivable		110,204
Prepaid expenses		(1,038)
Accounts payable and accrued expenses		<u>2,102</u>
Net cash flows from operating activities and net change in cash		178,494
Cash, beginning of year		<u>53,506</u>
Cash, end of year	\$	<u>232,000</u>

## **1. Organization and Nature of Business**

Crater Regional Workforce Investment Board & Learn to Earn, Inc. (Organization) is a non-stock, not-for-profit Virginia corporation organized to develop and implement workforce development strategies for the Crater Region in accordance with Virginia Workforce Council policies, provisions of the federal Workforce Investment Act (WIA) and the Board's Agreement with the Crater Region Chief Local Elected Officials. The overall purpose is to increase private sector employment opportunities and to ensure the integration of services to prepare individuals to meet the needs of businesses and industry in the Crater Region.

The Organization is primarily supported by federal grants for WIA programs through the Department of Labor and the Commonwealth of Virginia. The purpose of these grants is to help Americans access the tools they need to manage their careers through information and high quality services, and to help U. S. companies find skilled workers. The cornerstone of the workforce investment system is a One-Stop service delivery, which unifies numerous training, education and employment programs into a single, customer-friendly system in each community so the participant has access to a seamless system of workforce investment services. Subtitle B programs for adults and dislocated workers seek to improve employment, retention, and earning of WIA participants and increase their educational and occupational skill attainment, thereby improving the quality of the workforce, reducing the welfare dependency, and enhancing national productivity and competitiveness. Subtitle B youth activities seek to increase the attainment of basic skills, work readiness or occupational skills, and secondary diplomas or other credentials.

## **2. Summary of Significant Accounting Policies**

The accompanying financial statements have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States; revenue and gains are recognized when earned, and expenses and losses are recognized when incurred. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

### ***Basis of Presentation***

The financial statements report amounts separately by classes of net assets as follows:

**Unrestricted** amounts are those resources that can be used currently for the general operations of the Organization and those resources invested in property and equipment.

**Temporarily restricted** net assets include resources whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations.

**Permanently restricted** net assets include resources whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the organization. The Organization had no permanently restricted net assets at June 30, 2015.

All contributions are considered available for unrestricted use, unless specifically restricted by the donor or subject to other legal restrictions.



**Crater Regional Workforce Investment Board & Learn to Earn, Inc.**  
**Notes to Financial Statements**

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***Cash***

For purposes of the statement of cash flows, cash is considered to be checking accounts maintained at financial institutions.

***Grants Receivable***

Grants receivable are recorded when expenditures are made that are eligible for reimbursement by a particular grant, or when an unconditional grant is awarded that is not collected by year-end.

Grants receivable are stated at the amount management expects to collect from grants outstanding at year-end. Based on management's assessment of the history of grant reimbursements, they have concluded that no allowance for uncollectible balances is necessary at year-end.

***Property and Equipment***

Property and equipment are stated at cost. Depreciation is provided using the straight-line method over estimated useful lives as follows:

Office furniture and equipment	3-5 years
Vehicles	5 years
Software	3 - 5 years
Leasehold improvements	10 years

Maintenance and repairs are charged to operations when incurred. When property and equipment are sold or otherwise disposed of, the asset account and related accumulated depreciation accounts are relieved and any gain or loss is included in the current year's operations.

***Contributions***

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

Contributions of donated noncash (in-kind) assets are recorded at their fair values in the period received. Contributions of donated (in-kind) services that create or enhance nonfinancial assets or that require specialized skills and are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. There were no in-kind contributions received during 2015.

***Concentration of Credit Risk***

Financial instruments which potentially subject the Organization to concentration of credit risk consist principally of cash and cash equivalents. The Organization places its cash and cash equivalents with high credit quality financial institutions. At times, balances in the cash and cash equivalents may be in excess of the FDIC insurance limits. The Organization's cash and cash equivalents did not exceed these federally insured limits at June 30, 2015.

The Organization is largely dependent on federal grant and flow-through revenues to sustain its operations.

***Functional Allocation of Expenses***

The Organization considers all expenses program in nature since all expenses support the operation of the workforce investment system, which is the Organization's mission. Any administrative expenses are considered insignificant to these financial statements.

**Crater Regional Workforce Investment Board & Learn to Earn, Inc.**  
**Notes to Financial Statements**

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***Income Taxes***

Crater Regional Workforce Investment Board & Learn to Earn, Inc. is a qualifying nonprofit organization as defined in section 501(c)(3) of the Internal Revenue Code and the tax statutes of the Commonwealth of Virginia, and therefore is exempt from federal and state income taxes. The Organization has determined that it does not have any material unrecognized tax benefits or obligations as of June 30, 2015. Years ending on or after June 30, 2012, remain subject to examination by federal and state tax authorities.

***Estimates***

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses and disclosure of contingent assets and liabilities for the reported period. Actual results could differ from those estimates and assumptions.

***Subsequent Events***

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through September 30, 2015, the date the financial statements were available to be issued.

**3. Grants Receivable**

Grants receivable of \$53,497 at June 30, 2015 consists of federal grants receivable in one year or less.

**4. Temporarily Restricted Net Assets**

During 2015, the Organization received a private grant of \$95,000 from the Cameron Foundation for the purpose of addressing specific employment and educational needs of out of school and out of work youth, 18-24 years old. The Organization has expended \$27,270 of these funds and has \$67,730 available for expenditure at June 30, 2015.

**5. Cooperative Agreement**

The Organization has engaged Crater Planning District Commission (Commission) to provide substantially all staff personnel to carry out the functions of the Organization. The Organization also reimburses the Commission for expenses relating to the provision of personnel and other direct costs attributable to the Organization. For 2015, the Organization paid the Commission \$307,670, which is included in personnel expense on the statement of activities as reimbursement for these expenses.

**6. Operating Lease**

During 2012, the Organization entered into an operating lease agreement for the use of its office space. The lease obligation is payable through June 2016. The related rent expense for 2015 was \$66,000, which is included in occupancy expense on the statement of activities.

Future minimum lease payments are as follows:

2016	<u>\$ 66,000</u>
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***Crater Regional Workforce Investment Board &  
Learn to Earn, Inc.***

***Compliance Section***

***Year Ended June 30, 2015***

## **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  
Crater Regional Workforce Investment Board & Learn to Earn, Inc.  
Petersburg, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Crater Regional Workforce Investment Board & Learn to Earn, Inc. as of and for the year ended June 30, 2015, and the related notes to the financial statements, and have issued our report thereon dated September 30, 2015.

### ***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered Crater Regional Workforce Investment Board & Learn to Earn, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Crater Regional Workforce Investment Board & Learn to Earn, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the entity'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 Crater Regional Workforce Investment Board & Learn to Earn, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 the 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.

*Dixon Hughes Goodman LLP*

**Chester, Virginia  
September 30, 2015**

## **Independent Auditors' Report on Compliance with Requirements For Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133**

Board of Directors  
Crater Regional Workforce Investment Board & Learn to Earn, Inc.  
Petersburg, Virginia

### ***Report on Compliance for Each Major Federal Program***

We have audited Crater Regional Workforce Investment Board & Learn to Earn, Inc.'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Crater Regional Workforce Investment Board & Learn to Earn, Inc.'s major federal programs for the year ended June 30, 2015. Crater Regional Workforce Investment Board & Learn to Earn, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### ***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of Crater Regional Workforce Investment Board & Learn to Earn, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Crater Regional Workforce Investment Board & Learn to Earn, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Crater Regional Workforce Investment Board & Learn to Earn, Inc.'s compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, Crater Regional Workforce Investment Board & Learn to Earn, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

***Report on Compliance for Each Major Federal Program***

Management of Crater Regional Workforce Investment Board & Learn to Earn, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Crater Regional Workforce Investment Board & Learn to Earn, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Crater Regional Workforce Investment Board & Learn to Earn, Inc.'s internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Dixon Hughes Goodman LLP*

**Chester, Virginia  
September 10, 2015**

**Crater Regional Workforce Investment Board & Learn to Earn, Inc.**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2015**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Catalog of Federal Domestic Assistance Number</u>	<u>Federal Expenditures</u>
Department of Labor		
Pass-Through Awards:		
Virginia Community College System		
Workforce Investment Act (WIA) Cluster		
WIA Adult Program	17.258	\$ 412,670
WIA Youth Activities	17.259	355,324
WIA Dislocated Worker Formula Grants	17.278	444,066
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Total WIA Cluster		1,212,060
		<hr/>
Department of Health and Human Services		
Pass-Through Awards:		
Virginia Department of Social Services		
Temporary Assistance for Needy Families	93.558	340,050
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Total		<u>\$ 1,552,110</u>

Notes

- 1) Schedule is prepared on the accrual basis.
- 2) Expenditure of federal funds is solely through Crater Regional Workforce Investment Board and Learn to Earn, Inc.



*Schedule of Findings and Questioned Costs*

**1. Summary of Auditors' Results**

- A. An unmodified opinion was issued on the financial statements.
- B. There were no significant deficiencies in internal control over financial reporting disclosed by the audit of the financial statements.
- C. The audit did not disclose any instances of noncompliance material to the financial statements.
- D. There were no significant deficiencies in internal control over major federal programs disclosed by the audit.
- E. An unmodified opinion was issued on compliance for the major programs.
- F. The audit disclosed no compliance findings required to be reported.
- G. The major program was:
  - WIA Cluster (CFDA Numbers 17.258, 17.259, and 17.278)
- H. The dollar threshold used to distinguish between Type A and Type B programs is \$300,000.
- I. The auditee qualified as a low-risk auditee.

**2. Findings Related to the Financial Statements which are Required to be Reported in Accordance with GAGAS**

None noted

**3. Findings and Questioned Costs for Federal Awards**

None noted

**4. Results of Prior Year Findings**

There were no findings in the prior year.