

Kansas Association of Workforce Boards (KAWB)
for the
Local Workforce Development Boards (LWDB)

REQUEST FOR PROPOSALS

A-133 AUDIT SERVICES FOR KAWB OR ONE OR MORE LWDB

Available- February 15, 2024

Closes-March 22, 2024, 12:00 p.m. Central Time

For Information Contact:

Leanne Kehres
Executive Director
Southeast Kansasworks, Inc.
215 W 5th Ave
Suite 104
Emporia KS 66801
620-208-6341
leanne@sekworks.org

READ THIS REQUEST CAREFULLY

Failure to abide by all of the conditions and requirements of this RFP may result in the rejection of a bid.

Table of Contents

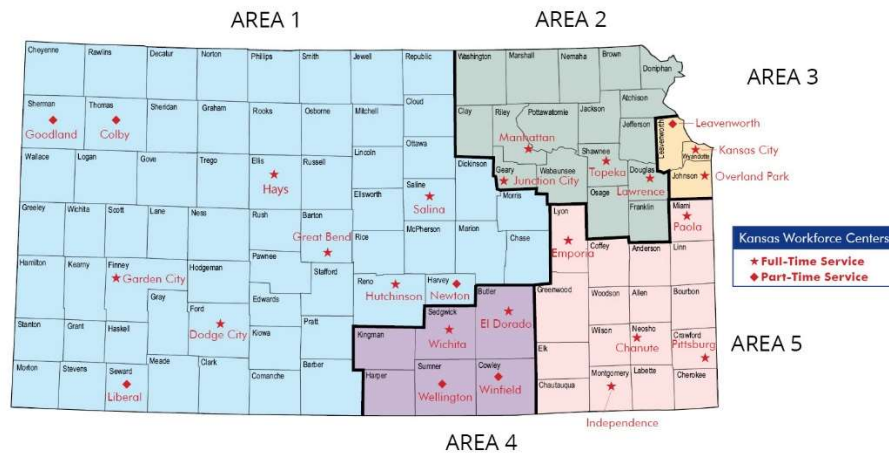
Introduction	4
1.1. Purpose	4
1.2. Funding Sources.....	5
1.3. WIOA Funding Overview.....	5
2. Proposal Instructions	5
2.1. Request for Application	5
2.2. Submission of Proposals	6
2.3. Key Dates	6
2.4. Pre-proposal Conference.....	6
2.5. Proposal Components	7
3. General Provisions	8
3.1. Inquiries	8
3.2. Negotiated Procurement.....	8
3.3. Appearance Before Committee.....	8
3.4. Final Offer	8
3.5. Revisions	8
3.6. Acceptance or Rejection.....	8
3.7. Agreement.....	8
3.8. Contract Formation	8
3.9. Open Records Act (K.S.A. 45-205 et seq.).....	8
3.10. Federal, State and Local Taxes-Governmental Entity.....	9
3.11. Debarment of Contractors.....	9
3.12. Insurance	9
3.13. Assurances.....	9
4. Proposal Evaluation	9
4.1. Criteria for Evaluating Proposals	9
4.2. General	9
4.3. Technical Response.....	9
4.4. Response Format and Completeness	9
4.5. Financial Ability.....	9
4.6. Experience and Qualifications	9
5. Contractor Requirements	10
5.1. Contract Period.....	10
5.2. Contract Statement of Work	10
5.3. Record Keeping Requirements	10

- 6. Required Contractual Provisions..... 10
 - 6.1. Acceptance of Proposal Content 10
 - 6.2. Termination 11
 - 6.3. Assignment 11
 - 6.4. Subcontracting..... 11
 - 6.5. Independent Contractor 11
 - 6.6. Contract Modification..... 11
 - 6.7. Indemnification..... 12
 - 6.8. Terms and Conditions..... 12
 - 6.9. Changes/Modifications to RFP 12
- Attachment A- Signature Sheet 13
- Attachment B – Certification Regarding Debarment, Suspension, Ineligibility, and Voluntary Exclusion 14
- Attachment C- Evaluation Criteria- 15
- Attachment D – Schedule of Budget by Program for FY24 by LWDB 17
- Attachment E – Kansas Workforce One FY22 Audit 21
- Attachment F – Heartland Works FY22 Audit..... 22
- Attachment G – Workforce Partnership FY22 Audit..... 23
- Attachment H – Workforce Alliance of South Central Kansas FY23 Audit..... 24
- Attachment I – Southeast KansasWorks FY22 Audit..... 25

Introduction

1.1. Purpose

The Kansas Association of Workforce Boards (KAWB) is a member organization consisting of Not for Profit 501(c) 3 organizations that serve as the Local Workforce Development Board’s (LWDB) as designated by the Governor of Kansas as established by the Workforce Innovation and Opportunity Act. The LWDB provides Workforce Development Services across Kansas and the five local designated areas. The State of Kansas has divided Kansas into five (5) Local Areas for Workforce Innovation and Opportunity Act operations.



<p>Area I Kansas Workforce ONE 631 E Crawford, Suite 206 Salina, Kansas 67401 785-493-8018 www.ksworkforceone.org Deb Scheibler, Executive Director Kendra McAlister, Program Manager Kendra@kansasworkforceone.org</p>	<p>Area II Heartland Works PO Box 4977 Topeka, KS 66604 785-234-0500 www.heartlandworks.org Gina Coffman, Executive Director Theresa Figge, Senior Finance Director fiscal@heartlandworks.org</p>
<p>Area III Workforce Partnership 8535 Bluejacket Street Lenexa, KS 66214 913-577-5900 www.workforcepartnership.com Keely Schneider, Executive Director Gail Arner, Chief Financial Officer gaila@workforcepartnerhip.com</p>	<p>Area IV Workforce Alliance of South Central Kansas 300 W Douglas, Suite 850 Wichita, KS 67202 316-771-6600 www.workforce-ks.com Keith Lawing, President and CEO Chad Pettera, Chief Operating Officer chad@workforce-ks.com</p>
<p style="text-align: center;">Area V Southeast KANSASWORKS 215 W 6th Ave, Suite 104 Emporia, KS 66801 620-208-6341 www.sekworks.org Leanne Kehres, Executive Director</p>	

1.2. Funding Sources

The foundational funding source for the five LWDB's is the Workforce Innovation and Opportunity Act (WIOA) enacted July 22, 2014. The purpose of the WIOA is to provide workforce development activities, through statewide and local workforce development systems. These systems are in place to increase the employment, retention, and earnings of participants, as well as increase the attainment of occupational skills by participants resulting in a qualified workforce, which reduces dependency and enhances the productivity and competitiveness of the nation.

There are three primary WIOA programs under Title 1 that the LWDB's directly oversee: Adult, Youth, and Dislocated Worker. Funds are distributed by formula to LWDB's by the Kansas Department of Commerce (KDC). A maximum of 10% of each WIOA program fund may be used for local administration. KDC also makes available Set Aside funds and other grant allocations to Local Areas for specific purposes and projects. Each LWDB also operates other grant programs and programs funded through foundations or other public and private entities. A breakdown of the funding by area by program for fiscal year 2024 is included in Attachment D.

1.3. WIOA Funding Overview

WIOA funds are allocated and made available to Local Areas annually. The program year for WIOA programs generally is July 1-June 30. Funds are available for expenditure by the Local Areas for a period of two years. Funds unexpended within the two-year period are subject to recapture by KDC. Funds for the Adult and Dislocated Worker Programs are allocated according to a July 1 to June 30 "Program Year", and a "Fiscal Year" funding allocation for the period October 1-June 30. Youth Program funds are made available in a single allocation available April 1 to June 30.

Based on the two-year availability of funding, each WIOA program may have open budgets during three program years. For local financial reporting purposes, the "program year" and "fiscal year" allocations may be combined into a single program year budget. These budgets may be managed and tracked separately.

2. Proposal Instructions

2.1. Request for Application

KAWB is soliciting proposals from qualified entities to provide auditing services for the LWDB's. The LWDB's may contract each separately or as one entity under the KAWB. The purpose of this Request for Proposal (RFP) is to solicit proposals and provide the general guidelines and procedures for submitting such a proposal. The RFP Package can be obtained by visiting:

Kansas WorkforceOne www.ksworkforceone.org 785-493-8018
Heartland Works www.heartlandworks.org 785-234-0500
Workforce Partnership www.workforcepartnership.com 913-577-5900
Workforce Alliance of SC Kansas www.workforce-ks.com 316-771-6600
Southeast Kansasworks www.sekworks.org 620-208-6341

2.2. Submission of Proposals

One (1) original (clearly marked original) electronic copy (written in Microsoft Word or PDF) forwarded by email or Dropbox link must be received by the individual(s) identified in the contact table in section 1.1 no later than 12:00 p.m. Central Standard time March 22, 2024. Proposals received after the stated time will not be considered.

Proposals can be emailed to a local area using the email address in the contact information in section 1.1 or mailed to a Local Area using the address in section 1.1 and labeling the package clearly with the name Audit RFP.

The cost of developing and submitting the proposal is entirely the responsibility of the proposer. This includes costs to determine the nature of engagement, preparation of the proposal, submitting the proposal, negotiating for the Contract and other costs associated with this Request for Proposal. All responses will become the property of KAWB and will be a matter of public record subsequent to the award of the Contract or rejection of the bid.

2.3. Key Dates

February 15, 2024	RFP Available for Distribution
February 23, 2024, 5:00 p.m.	Pre-Proposal Questions Due
February 29, 2024, 10:00 a.m.	Pre-Proposal Conference
March 22, 2024, 12:00 p.m.	Deadline for Proposals to be received

2.4. Pre-proposal Conference

A pre-proposal conference will be held at 10:00 AM Central Standard Time on February 29, 2024, using Microsoft Teams. Interested proposers must contact Leanne Kehres via voice at 620-208-6341 or via email to leanne@sekworks.org to RSVP no later than 8:00 AM on February 27, 2024, to receive instructions on how to join the conference call.

Attendance is not required at the pre-proposal conference but is encouraged.

ALL QUESTIONS REQUESTING CLARIFICATION OF THE REQUEST TO BE ADDRESSED AT THE PRE-PROPOSAL CONFERENCE MUST BE SUBMITTED IN WRITING (E-MAIL), TO LEANNE@SEKWORKS.ORG PRIOR TO 5:00 P.M. CENTRAL STANDARD TIME ON FEBRUARY 23, 2024.

Impromptu questions will be permitted, and spontaneous unofficial answers provided, however proposers should clearly understand that the only official answer or position of KAWB would be in writing.

Failure to notify KAWB of any conflicts or ambiguities in the Request may result in items being resolved in the best interest of the KAWB. Any modification to this Request as a result of the pre-proposal conference, as well as written answers to written questions, shall be made in writing and posted at www.sekworks.org. Only written communications are binding.

2.5. Proposal Components

Proposals should be prepared simply and economically, providing a straightforward, concise description of the proposers' capacity to satisfy the requirements of the RFP package. Emphasis should be on completeness of the proposal and clarity of content. Repetition of the terms and conditions of the RFP package, without additional explanation, will not be considered responsive.

No paperwork or form is provided for the proposal. Instead, proposers are asked to prepare proposals in a format that best conveys the details of the offering.

As a general guideline in preparing the narrative, proposers should be careful to thoroughly identify themselves, both individually and/or corporately. At minimum, all proposers shall provide the following identifying information in the narrative portion of their proposals:

- Proposers Identification - Name, address, phone number, and authorized signature of proposer.
- Corporate identification - If applicable, proposer's corporate or other business information, date established, structure (trust, partnership, corporation, non-profit, etc.), and federal tax identification number, and Dun and Bradstreet Number.
- All proposers shall include the following with their bid submissions:
 - Table of Contents with page numbers
 - Signature Sheet (provided as Attachment A)
 - Response
 - Project Cost Proposal
 - Proposers Financial Ability, Experience and Qualifications
 - date established;
 - ownership (public, partnership, subsidiary, etc.);
 - number of personnel, full and part-time, assigned to this project by function and job title;
 - location of the project within the proposer's organization;
 - relationship of the project and other lines of business
 - most current audit/peer review

Proposers can submit a bid including all local areas under KAWB or they can bid on one or multiple local areas. Proposers should clearly identify the area or areas they are submitting proposals for.

Beyond these general guidelines, proposers are invited to submit additional information in the narrative section that they may consider important in fully explaining their proposal and the advantages for its selection. Any information submitted must be clearly understood.

The narrative response, cost proposal, and proposers' financial ability, experience, and qualifications shall not exceed 20 pages. The narrative section should be typed with double line spacing using a font size of 11 or larger. This section should be published on 8 ½ X 11 plain paper stock printed on one side only.

3. General Provisions

- 3.1. **Inquiries:** All inquiries, written or verbal, shall be directed to the individuals in section 1.1.

Communication is prohibited between the proposers, its employees, representatives, or agents, and any KAWB member employee, representative, or agent, other than as stated above, regarding this Request except with designated participants in attendance **ONLY DURING:**

- Negotiations
- Contract Signing
- As otherwise specified in this Request

Violations of this provision by the proposer or KAWB member personnel may result in the rejection of the proposal.

- 3.2. **Negotiated Procurement: Final evaluation and award is made by the LWDB.**
- 3.3. **Appearance Before Committee:** Any, all, or no proposers may be required to appear before a committee or board to explain their understanding and approach to the project and/or respond to questions from the KAWB concerning the proposal; or, the KAWB may award to the proposer with the lowest price without conducting negotiations. The KAWB reserves the right to request information from proposers as needed. If information is requested, the KAWB is not required to request the information of all proposers.
- 3.4. **Final Offer:** Proposers selected to participate in negotiations may be given an opportunity to submit a best and final offer to the KAWB. Prior to a specified cut-off time for best and final offers, proposers may submit revisions to their proposals.
- 3.5. **Revisions:** No additional revisions shall be made after the specified cut-off time unless requested by the KAWB
- 3.6. **Acceptance or Rejection:** The KAWB reserves the right to accept or reject any or all proposals or part of a proposal; to waive any informalities or technicalities; clarify any ambiguities in proposals; modify any criteria in this Request; and unless otherwise specified, to accept any item in a proposal.
- 3.7. **Agreement:** The successful proposer will be required to enter into a formal contract that is acceptable to the LWDB's. Special Provisions within the agreement allow for the addition of attachments, amendments, and special conditions that may be negotiated by the successful proposer and KAWB. The proposer's response to this RFP shall be included as a legal part of the agreement. In the absence of any language to the contrary, this RFP will be the determining document in questions of compliance with the specifications for this project.
- 3.8. **Contract Formation:** No contract shall be considered to have been entered into by KAWB or and LWDB's until all statutorily required signatures and certifications have been rendered; and a written contract has been signed by the successful proposer and the LWDB's.
- 3.9. **Open Records Act (K.S.A. 45-205 et seq.):** All proposals become the property of KAWB. Information contained in proposals will become open for public review once a contract is signed or all proposals are rejected. Any information deemed proprietary by the proposer should be labeled as such. The final determination of proprietary will be the responsibility of the KAWB. Price/Cost information is not considered proprietary.

- 3.10. **Federal, State and Local Taxes-Governmental Entity:** Unless otherwise specified, the proposal price shall include all applicable federal, state and local taxes. The successful proposer shall pay all taxes lawfully imposed on it with respect to any product or service delivered in accordance with this Request.
- 3.11. **Debarment of Contractors:** Any proposer who defaults on delivery as defined in this Request may be barred after reasonable notice to the person involved and reasonable opportunity for that person to be heard.
- 3.12. **Insurance:** KAWB or the LWDB's shall not be required to purchase any insurance against loss or damage to any personal property nor shall they establish a "self-insurance" fund to protect against any loss or damage. Subject to the provisions of the Kansas Tort Claims Act, the proposer shall bear the risk of any loss or damage to any personal property.
- 3.13. **Assurances:** Contractor will comply with assurances under the Workforce Innovation and Opportunity Act and pursuant to this proposal will be subject to the laws, policies and procedures, including but not limited to the list below:
- WIOA Public Law 113-128, July 22, 2014
 - 20 CFR Parts 602-688 et al (Regulations)
 - 20 CFR 200 uniform fiscal and administrative requirements, the audit requirements and the applicable allowable costs/cost principles
 - 20 CFR 97.36(I)
 - other such laws, regulations, policies, procedures and/or guidance as may be promulgated

Submission of the RFP Package with all required signatures signifies the proposer understands and agrees with all the assurances listed above.

4. Proposal Evaluation

- 4.1. **Criteria for Evaluating Proposals:** KAWB and the LWDB's shall make the award in the best interest of the organizations.
- 4.2. **General:** The proposer should develop a proposal through a process that considers the mission and vision of the organizations. All proposals submitted in response to the RFP will be evaluated by KAWB and the LWDB's using the following criteria and factors (listed in no particular order of importance):
- 4.3. **Technical Response:** The extent to which the proposer effectively demonstrates an understanding of the needs of the agency as described in this RFP and offers appropriate solutions to meet those needs. The quality of the technical response is measured by the extent to which the specifications are adequately addressed within the proposer's proposal, and the extent to which the proposer may suggest recommendations for improvements.
- 4.4. **Response Format and Completeness:** Adequacy and completeness of the proposal is required and carries an important weighting in the evaluation of all proposals. The proposal is to be complete, clear, and understandable. Pages are to be consecutively numbered.
- 4.5. **Financial Ability:** The proposer demonstrated financial ability to implement, manage and maintain the proposed offering.
- 4.6. **Experience and Qualifications:** The proposers general experience and qualifications, and KAWB assessment of proposer's ability to perform the work in a timely and professional manner. The experience and professionalism of security services is also a consideration.

5. Contractor Requirements

To be qualified as a proposer applying for the auditing services the entity must meet the following requirements:

- Be an established entity in good standing with the Kansas Secretary of State with a proven record of experience providing auditing services or similar types of services;
- Have experience auditing Not For Profits
- Has sufficient staff with experience that would be assigned to this award
- Performed A-133 Audits as prescribed by the Comptroller General of the United States
- Ability to meet the independent standards of the GAO, Standards for Audit of Governmental Organizations, Programs, Activities, and Functions published by the U.S. General Accounting Office
- Have experience auditing state pass through funding agreements
- Has completed a Peer Review and attached the report
- Has Professional Liability Insurance

5.1. Contract Period

The contract period for the services will be from July 1, 2024 to June 30, 2027, three annual audits auditing the previous year's programs and financials. The contract may be eligible for two one-year extensions; any extensions must be agreed upon in writing by all parties.

5.2. Contract Statement of Work

- 5.2.1. Conduct Annual A-133 Audits of each LWDB- Examine each LWDB's financial reports in accordance with generally accepted auditing standards and ensure compliance with federal awards
- 5.2.2. Schedules will be determined by each LWDB, but in general field work should be completed between September and November with final reports issued between December and January
- 5.2.3. Issue audited financial statements at the end of each fiscal year
- 5.2.4. File the final A-133 Audit in cooperation with LWDB electronically with the Federal Government
- 5.2.5. Provide any work papers to the LWDB if requested

5.3. Record Keeping Requirements

5.3.1. Record Retention- The Contractor is required to maintain all records for a period of three years. If, prior to the expiration of the three-year retention period, any litigation of audit is begun or claim instituted involving the grant or agreement covered by the records, the Contractor will retain the records three years after the litigation, audit finding, or claim has been resolved. The contractor will provide all work papers upon request to the LWDB.

5.3.2. Access to Records- The Contractor will ensure the Secretary of Labor, the Controller of the United States, the Inspector General, representatives of the State of Kansas, auditors contracted by the State of Kansas, or their duly authorized representatives have access to any pertinent Contractor books, documents, papers, electronic files, and/or records during normal business hours. Applicable federal, state, and local law will determine public access to records.

6. Required Contractual Provisions

6.1. Acceptance of Proposal Content

The proposer's proposal, this RFP package, and any addenda will become part of the awarded Contract.

6.2. Termination

The Contract will be subject to termination for non-compliance with WIOA and other applicable laws, non-performance/default, convenience or lack of funding.

6.3. Assignment

The proposer shall not assign this Contract or any part thereof, without the written consent of KAWB or any LWDB. In no case shall such consent relieve the proposer from the obligation under or change the terms of this Contract. The transfer or assignment of any part of this Contract to include contract funds, either in whole or part, and interest therein, which shall be due or become due the proposer, without the written consent of a LWDB or KAWB, shall not obligate a LWDB for any associated expenditures.

6.4. Subcontracting

In the event that the proposer elects to subcontract any of the services relative to the Contract, the proposer will notify the LWDB and KAWB. The LWDB must approve any subcontract prior to the subcontractor providing any services. All subcontractors will be required to comply with all laws, regulations and State policies pertaining to the administration of this contract.

6.5. Independent Contractor

The proposer is an independent contractor and not an employee of any of the LWDB's. Neither the proposer nor any agent or employee of the proposer shall be considered an employee of a LWDB for any purpose whatsoever. The proposer agrees that it has, or will secure at its own expense, all personnel required to perform all the services required under this Contract. The proposer agrees that proposer will be responsible for all taxes, social security payments, unemployment compensation and all other obligations of an employer.

6.6. Contract Modification

The KAWB and any LWDB reserves the right to make changes to the Contract, provided the changes are within the scope of work described in the Contractor Work Plan/Statement of Work. KAWB or any LWDB agrees to make any such change in the Contract only through a written modification, and to provide a copy of the modification to the Contractor. All modifications initiated by the Contractor will be bilateral. The contractor will provide the LWDB with a letter clearly stating the reason(s) for the proposed modification and the effect on the Work Plan or Budget.

6.6.1. Reasons for Modification- Contract Modification will be necessary if any of the following occurs:

- There is a change in the scope of the project funded under the contract;
- There is a material change in the Work Plan/Statement of Work.
- There is a change in the implementation of governing federal and/or state rules and regulations affecting the Contract.

6.6.2. Modification Due to Change in Legislation or Regulation- Any alterations, additions, or deletions to the terms of the Contract which are required due to changes in federal or state laws, regulations or directives are automatically incorporated in the Contract unilaterally without written modifications and will go into effect on the date designated by the law, regulation, or directive. In the event the Contractor is unable to comply with any required contract modification, the LWDB shall be notified by the Contractor within 30 days, at which time the LWDB may declare this Contract canceled and proceed under the Contract cancellation provisions. Further, in the event the Contractor is unable to meet the contractual goals and/or obligations as specified herein or in any subsequent contract amendment, the

Contractor may request modification of the Contract. The Contract may also be modified upon agreement of all parties to this Contract.

6.6.3. Disagreement Regarding a Modification- In the event that either party does not accept a Contract modification request, the party of the disagreement will respond to the other party in writing delineating the issues of the disagreement within fifteen (15) days of receipt of the request to modify the Contract.

6.7. Indemnification

The Contractor agrees to pay all debts for labor and/or materials contracted by it, if any, for and on account of the services to be performed hereunder. The Contractor will assume the defense of, and hold the LWDB's and its officers, agents, and employees harmless from all suits and claims against any of them arising from any act or omission of the Contractor, or anyone directly employed by them or anyone from whose acts any of them may be liable. The indemnification obligation of the Contractor will not be limited in any way under The Worker's Compensation Acts, disability benefits acts or other employee benefits acts.

6.8. Terms and Conditions

The Contractor understands and agrees to comply with all requirements stated in this RFP package. If there is a difference between what is stated in the proposer's proposal and what is included in the RFP package, the RFP package will take precedent over the proposer's proposal.

- The Contract will be made contingent upon the availability of funding.
- The Contractor agrees to obtain prior written approval of any LWDB for major service changes.
- The LWDB's reserves the right to accept or reject any or all applications received, or to negotiate with qualified proposers.

6.9. Changes/Modifications to RFP

In the event it becomes necessary to revise any part of this RFP package, the revisions will be posted on the websites listed in section 2.1. IT IS THE PROPOSER'S RESPONSIBILITY TO CHECK FOR UPDATES/CHANGES. The Contractor agrees to conduct activities subject to, and will conduct business under, the Contract in accordance with any and all federal, state or local regulations, rules, policies, directives, issuances and ordinances, in effect or promulgated during the term of the Contract.

Attachment A- Signature Sheet (Available for Download from www.sekworks.org)

SIGNATURE SHEET

Item: Audit Services

Agency: KAWB

Closing Date: March 22, 2024, 12:00 p.m. Central Time.

We submit a proposal to furnish requirements during the contract period in accordance with the specifications. **I hereby certify that I (we) do not have any real or substantial conflict of interest sufficient to influence the bidding process on this bid. A conflict of substantial interest, or the appearance thereof, is defined as any circumstance which would lead a reasonable person to believe a compromise of an open competitive bid process has occurred.**

Addenda: The undersigned acknowledges receipt of the following addenda:

Legal Name of Person, Firm or Corporation: [Click here to enter text.](#)

Toll Free Telephone: [Click here to enter text.](#) Local: [Click here to enter text.](#) Fax: [Click here to enter text.](#)

Mailing Address: [Click here to enter text.](#)

City: [Click here to enter text.](#) State: [Choose an item.](#) Zip Code: [Click here to enter text.](#)

FEIN Number: [Click here to enter text.](#) DUNS/Unique Identifier: [Click here to enter text.](#) E-Mail: [Click here to enter text.](#)

Signature: [Click here to enter text.](#) Date: [Click here to enter a date.](#)

Typed Name of Signature: [Click here to enter text.](#) Title: [Click here to enter text.](#)

.....

If awarded a contract and the primary contact will be other than above, indicate name, mailing address and telephone number below.

Name: [Click here to enter text.](#)

Address: [Click here to enter text.](#)

City: [Click here to enter text.](#) State: [Choose an item.](#) Zip Code: [Click here to enter text.](#)

Toll Free Telephone: [Click here to enter text.](#) Local: [Click here to enter text.](#) Fax: [Click here to enter text.](#)

E-Mail: [Click here to enter text.](#)

Website: [Click here to enter text.](#)

Attachment B – Certification Regarding Debarment, Suspension, Ineligibility, and Voluntary Exclusion

CERTIFICATION REGARDING

DEBARMENT, SUSPENSION, INELIGIBILITY AND VOLUNTARY EXCLUSION

By signature hereon, Proposer certifies that neither the Vendor nor its Principals are suspended, debarred, proposed for debarment, declared ineligible or voluntarily excluded from the award of contracts from United States (“U.S.”) federal government procurement or nonprocurement programs, or are listed in the List of Parties Excluded from Federal Procurement or Nonprocurement Programs issued by the U.S. General Service Administration. “Principals” means officers, directors, owners, partners, and persons having primary management or supervisory responsibilities within a business entity (e.g. general manager, plant manager, head of a subsidiary, division or business segment, and similar positions). Vendor shall provide immediate written notification to the KAWB association member if, at any time prior to award, Vendor learns that this certification was erroneous when submitted or has become erroneous by reason of changed circumstances. This certification is a material representation of fact upon which reliance will be placed when making an award. If it is later determined that Vendor knowingly rendered an erroneous certification, in addition to the other remedies available to the KAWB association member, the KAWB association member may terminate the contract resulting from the solicitation for default.

Signature

Date

Printed Name

Attachment C- Evaluation Criteria- Each proposal will be rated and scored against the following point system:

Mandatory Items-

Mandatory Items	Yes	No
Does the proposer have a permit to engage in the practice of public accounting in the State of Kansas?		
Does the proposer meet the independent requirements of applicable auditing standards?		
Has the proposer had an external Peer Review conducted by an independent third party in the last three years?		
Auditor has met the continuing professional education requirements of Government Auditing Standards issued by the Comptroller General of the United States?		

Priority Items- (Each no response = reduction of 5 points)

	Yes	No
Has the proposer been disciplined by the Kansas State Board of Accountancy (or federal oversight agency) for substandard work in the last three years?		
Has the firm received an unqualified peer review report in the last three years?		

Auditing Experience-

Nonprofit Audits Conducted by the firm in the past 5 years: (1-10 Points) _____

Considerations:

- Prior nonprofit experience
- Prior experience with similar entities
- Prior Experience with this entity

Staff/Personnel-

Number of Nonprofit Audits completed in the past year. _____

- 1-3 4 points
- 4-6 6 points
- 7-10 8 points
- 11+ 10 points

Other Considerations (10 Points) _____

- Years of Experience
- Experience with similar entities
- Number of nonprofit audits
- Number of staff assigned to this project

Technical Proposal-

Was the proposer compliant with the requirements of the RFP (10 Points) _____

	Yes (5 Points)	No
Does the proposal demonstrate the firm understands the requirements of the RFP?		
Does the proposal demonstrate the firm can meet the deadlines established?		

Contract Price-

	Points
Lowest Total Price	12
Total Price up to 120% of lowest price	10
Total Price between 121% and 140% of lowest price	8
Total price between 141% and 160% of lowest price	6
Total Price greater than 161%	4

Attachment D – Schedule of Budget by Program for FY24 by LWDB:

	CFDA #	KansasWorkforce One Current Allocation Amounts	Heartland Works Current Allocation Amounts	Workforce Partnership Current Allocation Amounts	Workforce Alliance Current Allocation Amounts	SE KansasWorks Current Allocation Amounts
WIOA Cluster						
Adult	17.258	\$419,499	\$572,862	\$867,790	\$1,680,943	\$750,336
Youth	17.259	\$351,908	\$827,497	\$1,445,524	\$1,517,999	\$2,304,816
Dislocated Worker & Rapid Response	17.278	\$532,057	\$581,488	\$924,394	\$540,909	\$718,912
WIOA Total		\$1,303,464	\$1,891,847	\$3,237,708	\$3,739,851	\$3,774,064
US Dept. of Labor (Direct Awards)						
YouthBuild KCK Grant	17.274	\$-	\$-	\$573,547	\$-	\$-
National Dislocated Worker Grant	17.277	\$341,646	\$-	\$-	\$-	\$-
H-1B One Workforce	17.268	\$-	\$-	\$-	\$3,126,325	\$-
Total US Dept. of Labor Direct Awards		\$341,646	\$-	\$573,547	\$3,126,325	\$-
USDOL- KDC Pass Through						
Meadowlark (Apprenticeship)	17.285	\$1,000,000	\$-	\$231,458	\$208,000	\$-
SAEII (Apprenticeship)	17.285	\$-	\$-	\$42,970	\$35,000	\$-
Apprenticeship USA	17.285	\$127,369	\$-	\$-	\$-	\$-
Reintegration of Ex-Offenders Pathways Home Grant	17.270	\$461,976	\$972,831	\$293,024	\$-	\$433,333

Pathways (Midwest Urban Strategies)		\$-	\$-	\$-	\$381,285	\$-
RETAIN	17.720	\$387,758	\$825,184	\$374,712	\$403,443	\$266,800
DWG (Midwest Urban Strategies)	17.227	\$-	\$-	\$-	\$450,000	\$-
Senior Community Service Employment Program	17.235	\$-	\$-	\$-	\$761,578	\$-
Total USDOL-KDC Pass Through		\$1,977,103	\$1,798,015	\$942,164	\$2,239,306	\$700,133
U.S. Dept. Of Treasury						
Johnson County Coronavirus State and Local Fiscal Recovery Funds	21.027	\$-	\$-	\$766,210	\$-	\$-
Unified Government Coronavirus State and Local Fiscal Recovery Funds	21.027	\$-	\$-	\$790,163	\$-	\$-
City of Wichita APRA Home Based Wichita	21.027	\$-	\$-	\$-	\$515,000	\$-
Total US Dept. of Treasury		\$-	\$-	\$1,556,373	\$515,000	\$-

**US Dept. of Health and
Human Services- Kansas
Dept. of Children and Family**

Voc. Rehab- Pre-Employment Project	\$21,670	\$-	\$-	\$-	\$-
Voc Rehab-Direct Provider	\$234,773	\$-	\$-	\$-	\$-
Total US Dept. of Health and Human Services	\$256,443	\$-	\$-	\$-	\$-
Total Federal Expenditures	\$3,878,656	\$3,689,862	\$6,309,792	\$9,620,481	\$4,474,197

Kansas Dept. of Commerce

Juvenile Crime Prevention Community Grant	\$-	\$-	\$64,944	\$-	\$-
Older Kansas' Employment Program-KDC	\$-	\$-	\$59,098	\$99,000	\$-
Work Based Learning	\$170,200	\$-	\$170,200	\$169,163	\$170,200
Social Media Funds	\$-	\$-	\$-	\$-	\$39,733
Ticket To Work	\$18,515	\$	\$-	\$-	\$-
Total Kansas Dept of Commerce	\$188,715	\$3,689,862	\$294,242	\$268,163	\$209,933

Kansas Dept of Corrections

Kansas Dept of Corrections	\$34,527	\$-	\$-	\$-	\$-
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**Other Expenditures-
Public/Private Funding**

SNAP E&T	\$-	\$-	\$-	\$25,000	\$-
Evergy	\$-	\$-	\$-	\$280,000	\$-
Digital Skills	\$-	\$-	\$-	\$102,305	\$-
REAP				\$160,000	
Pace				\$20,000	
Youth Employment Project	\$-	\$-	\$-	\$125,000	\$-
United Healthcare Services- Local	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Healthy Bourbon County Grant	\$-	\$-	\$-	\$-	\$54,600
General	\$45,000	\$-	\$-	\$50,000	\$-
	<u>\$45,000</u>	<u>\$-</u>	<u>\$10,000</u>	<u>\$772,305</u>	<u>\$64,600</u>
Total Expenditures	\$4,146,898	\$3,699,862	\$6,614,034	\$10,650,950	\$4,748,730

**Please Note:

WIOA Clusters Adult, Dislocated Worker and Youth Funds are subject to change in award each Fiscal Year.

Some Grant that are listed in these expenditures may end prior to five (5) years.

Attachment E – Kansas Workforce One FY22 Audit

Kansas Local Area I Workforce Investment Board, Inc.

Salina, Kansas

Financial Statements and
Supplementary Information

June 30, 2022

Workforce Investment Works
WORKING FOR AMERICA 



WIPFLI

Kansas Local Area I Workforce Investment Board, Inc.

Year Ended June 30, 2022

Table of Contents

Independent Auditor's Report.....	1
Financial Statements	
Statement of Financial Position.....	4
Statement of Activities.....	5
Statement of Functional Expenses.....	6
Statement of Cash Flows.....	7
Notes to Financial Statements.....	8
Supplementary Information	
Schedule of Expenditures of Federal Awards.....	14
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	16
Independent Auditor's Report on Compliance For Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance	18
Schedule of Findings and Questioned Costs.....	21

Independent Auditor's Report

Board of Directors
Kansas Local Area I Workforce Investment Board, Inc.
Salina, Kansas

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Kansas Local Area I Workforce Investment Board, Inc., a nonprofit organization, which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Kansas Local Area I Workforce Investment Board, Inc. as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Kansas Local Area I Workforce Investment Board, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 Kansas Local Area I Workforce Investment Board, Inc.'s ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 auditing standards generally accepted in the United States of America 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 auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we:

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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all materiality 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 January 31, 2023 on our consideration of the Kansas Local Area I Workforce Investment Board, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Kansas Local Area I Workforce Investment Board, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Kansas Local Area I Workforce Investment Board, Inc.'s internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Wipfli LLP". The signature is written in a cursive, flowing style.

Wipfli LLP

Madison, Wisconsin
January 31, 2023

Kansas Local Area I Workforce Investment Board, Inc.

Statement of Financial Position

June 30, 2022

<i>Assets</i>	
<hr/>	
Current assets:	
Cash	\$ 56,265
Grants receivable	61,181
Accounts receivable	31,614
Prepaid expenses	44,436
<hr/>	
Total current assets	193,496
<hr/>	
Non current assets:	
Security deposit	2,900
<hr/>	
TOTAL ASSETS	\$ 196,396
<hr/> <hr/>	
<i>Liabilities and Net Assets</i>	
<hr/>	
Current liabilities:	
Accounts payable	\$ 73,157
Accrued payroll and related expenses	35,595
Accrued vacation	19,201
Refundable advances	60,456
<hr/>	
Total current liabilities	188,409
<hr/>	
Net assets:	
Without donor restrictions	7,987
<hr/>	
Total net assets	7,987
<hr/>	
TOTAL LIABILITIES AND NET ASSETS	\$ 196,396
<hr/> <hr/>	

See accompanying notes to financial statements.

Kansas Local Area I Workforce Investment Board, Inc.

Statement of Activities

Year Ended June 30, 2022

Revenue:

Grant revenue	\$ 1,837,296
---------------	--------------

Total revenue	1,837,296
---------------	-----------

Expenses:

Program activities	
Adult programs	445,995
Youth programs	295,563
Dislocated workers programs	293,517
Health professional opportunity program	105,137
Pathway program	98,575
Retain program	94,685
Apprenticeship expansion program	82,698
Other programs	320,669

Total program activities	1,736,839
--------------------------	-----------

Management and general	101,336
------------------------	---------

Total expenses	1,838,175
----------------	-----------

Change in net assets without donor restrictions	(879)
---	--------

Net assets without donor restrictions - Beginning of the year	8,866
---	-------

Net assets without donor restrictions - End of the year	\$ 7,987
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Kansas Local Area I Workforce Investment Board, Inc.

Statement of Functional Expenses Year Ended June 30, 2022

	Program	Management & General	Total
Payroll and related benefits	\$ 1,151,238	\$ 44,837	\$ 1,196,075
Training	100,881	0	100,881
Supportive services	77,332	0	77,332
Work experience	102,046	0	102,046
Travel	48,132	2,114	50,246
Rent, utilities, and janitorial	110,353	1,770	112,123
Paymaster fee	26,765	36,323	63,088
Meetings and conferences	4,624	181	4,805
Materials and supplies	25,061	1,357	26,418
Communication	21,314	767	22,081
Insurance	4,897	3,010	7,907
Other participant costs	39,455	0	39,455
Professional fees	16,769	8,923	25,692
Dues and subscriptions	865	1,271	2,136
Information technology support	7,107	783	7,890
Totals	\$ 1,736,839	\$ 101,336	\$ 1,838,175

See accompanying notes to financial statements.

Kansas Local Area I Workforce Investment Board, Inc.

Statement of Cash Flows

Year Ended June 30, 2022

Increase (decrease) in cash:

Cash flows from operating activities:

Change in net assets (\$ 879)

Adjustments to reconcile change in net assets to
net cash provided by operating activities:

Changes in operating assets and liabilities:

Grants receivable (20,830)

Accounts receivable 43,797

Prepaid expenses (22,584)

Accounts payable (161)

Accrued payroll and related expenses 1,598

Accrued vacation (5,806)

Refundable advances 23,937

Net cash provided by operating activities 19,071

Change in cash 19,071

Cash - Beginning of the year 37,194

Cash - End of the year \$ 56,265

Kansas Local Area I Workforce Investment Board, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

Nature of Operations

Kansas Local Area I Workforce Investment Board, Inc. (the "Organization") was organized as a nonprofit corporation in 2001. The Organization was formed to assist in meeting the training and employment needs of workers and employers in 62 counties in Central and Western Kansas. The primary duties of the Organization are to manage federal job training funds, operate One-Stop Workforce Centers, and coordinate the public workforce system within the region.

The Organization is primarily supported through federal, state, and local grants. Approximately 83% of grant funding is federal funding from the U.S. Department of Labor, passed-through the State of Kansas Department of Commerce. Approximately 12% of grant funding is federal funding from the U.S. Department of Health and Human Services, passed-through the State of Kansas Department of Commerce. A significant reduction in the level of funding from the U.S. Department of Labor and/or U.S. Department of Health and Human Services could have an adverse effect on the Organization's program services.

Basis of Presentation

The financial statements are prepared using accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Use of Estimates

The preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Accounts Receivable

Accounts receivable represents costs shared with partner agencies for office spaces and other services that were requested for reimbursement. No estimate is made for doubtful receivables, as the Organization believes they are fully collectible.

Property and Equipment

Property and equipment are capitalized at cost and depreciated over their estimated useful lives using the straight-line method. The Organization considers property and equipment to be items with a cost of \$5,000 or more and a useful life of over one year. The Organization has not acquired fixed assets costing in excess of \$5,000. Furniture and fixtures below the capitalization threshold have been acquired by the Organization and reported as an expense in the year of acquisition. An inventory record is maintained by the Organization to control their physical existence and movement.

Kansas Local Area I Workforce Investment Board, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Property and Equipment (Continued)

Property and equipment purchased with grant funds are owned by the Organization while used in the program for which it was purchased or in other future authorized programs. However, the various funding sources have a reversionary interest in the equipment purchased with grant funds. Its disposition, as well as the ownership of any proceeds therefrom, is subject to funding source regulations.

Classification of Net Assets

Net assets and revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed stipulations or where donor-imposed stipulations are met in the year of the contribution.

Net assets with donor restrictions: Net assets subject to donor-imposed stipulations that may or may not be met, either by actions of the Organization and/or the passage of time. When a restriction expires, net assets with donor restrictions are transferred to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Currently, the Organization does not have any net assets with donor restrictions.

Revenue Recognition

Contributions, including promises to give, are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions. A contribution or promise to give contains a donor or grantor condition when both of the following are present:

- An explicit identification of a barrier, that is more than trivial, that must be overcome before the revenue can be earned and recognized
- An implicit right of return of assets transferred or a right of release of a donor or grantor's obligation to transfer assets promised, if the condition is not met.

Conditional contributions are recognized when the barrier(s) to entitlement are overcome. Unconditional contributions are recognized as revenue when received.

Unconditional contributions or conditional contributions in which the conditions have been substantially met or explicitly waived by the donor are recorded as support with or without donor restrictions, depending on the existence and nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Kansas Local Area I Workforce Investment Board, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Grants Awards

The Organization's grant awards are contributions which are evaluated for conditions and recognized as revenue when conditions in the award are satisfied. Unconditional awards are recognized as revenue when the award is received. Amounts received in which conditions have not been met are reported as a refundable advance liability.

Income Taxes

The Organization is a nonprofit organization under Section 501(c)(3) of the Internal Revenue Code and is exempt from Federal and Kansas income taxes.

The Organization is required to assess whether it is more likely than not that a tax position will be sustained upon examination of the technical merits or the position, assuming the taxing authority has full knowledge of all information. If the tax position does not meet the more likely than not recognition threshold, the benefit of the tax position is not recognized in the financial statements. The Organization has determined there are no amounts to record as assets or liabilities related to uncertain tax positions.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of functional expenses and activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Personnel costs are allocated based on time and effort reporting. Rent and related costs are allocated based on square footage.

Upcoming Accounting Pronouncements

In 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842), which is intended to improve financial reporting on leasing transactions. ASU No. 2016-02 will require lessees to recognize right of use assets and lease obligations for operating and finance leases under terms greater than 12 months. ASU No. 2016-02 is effective for fiscal years beginning after December 15, 2021, with early adoption permitted. Management is currently evaluating the impact of this new standard.

Subsequent Events

The Organizations have evaluated events and transactions for potential recognition or disclosure in the financial statements through January 31, 2023, which is the date the financial statements were available to be issued.

Kansas Local Area I Workforce Investment Board, Inc.

Notes to Financial Statements

Note 2: Concentration of Credit Risk

The Organization maintains depository relationships with a single financial institution located in Wichita, Kansas. Balances are insured by Federal Deposit Insurance Corporation (FDIC) coverage up to \$250,000. At times, during the year, the balance in this account may exceed the insurance limits. Management believes the financial institution has a strong credit ratings and credit risk related to these deposits is minimal. There were no uninsured balances in excess of limits as of June 30, 2022.

Note 3: Liquidity and Availability of Financial Resources

As of June 30, 2022, the Organization has \$0 of financial assets available within one year of the statement of financial position date. The Organization does not have a formal liquidity policy but generally maintains financial assets in liquid form such as cash. The Organization can rely on a lower cash balance as it is primarily funded with cost reimbursement grants. Under cost reimbursement grants, once expenses are incurred, an organization can request reimbursement from the funding source (see Note 8).

Note 4: Grants Receivable

Grants receivable at June 30, 2022, consisted of the following:

Kansas Department of Commerce	\$	34,744
Kansas Department of Children and Families		18,721
Kansas Department of Corrections		7,716
<hr/>		
Total	\$	61,181

Note 5: Operating Leases

The Organization leases its corporate office space and One-Stop Workforce Centers for operation of its programs under operating lease agreements. The operating lease payments for the year ended June 30, 2022, were \$111,580 net of sublease reimbursements. The future rental commitments under these leases having remaining terms in excess of one year as of June 30, 2022, are as follows:

2023	\$	135,816
2024		89,040
2025		34,800
2026		34,800
<hr/>		
Total	\$	294,456

Kansas Local Area I Workforce Investment Board, Inc.

Notes to Financial Statements

Note 5: Operating Leases (Continued)

The Organization also subleases space at various locations. Sublease receipts for the year ended June 30, 2022, was \$42,937. The financial statement amounts are reported net of these receipts. Anticipated future minimum lease receipts on the Organization's subleases having remaining terms in excess of one year as of June 30, 2022 are as follows:

2023	\$	27,134
2024		27,134
2025		27,134
2026		27,134
<hr/>		
Total	\$	108,536

Note 6: Retirement Plan

The Organization maintains a 403(b)-retirement plan that covers substantially all employees. Employer contributions are made at the discretion of the Board and are up to 4% of participating employee's annual compensation. The retirement benefit is immediately vested upon employee enrollment. The contribution for the year ended June 30, 2022, is \$35,720.

Note 7: Related Parties

During the year ended June 30, 2022, the Organization entered into contracts for training services with the following entities. Officials of these entities also served as board members for the Organization, through June 30, 2022. The contracts were awarded through a competitive bid process and the Organization's policies were strictly followed. The board members of the Organization were not involved in the selection process and no special consideration was given in awarding the contracts.

During the year ended June 30, 2022, the following fees were paid:

Barton County Community College	\$54,443
Garden City Community College	2,247
Kansas Electric	11,806
Excel Industries	6,000
Salina Vortex	18,118
Salina Regional Health Center	8,000

Note 8: Grant Commitments

At June 30, 2022, the Organization had commitments for future funding under various grant awards of approximately \$2,070,000. The revenue relating to these grants is not recognized in the accompanying financial statements as the revenue recognition is conditional on the occurrence of expenditures or the performance of services in the future and availability of federal funding.

Supplementary Information

Kansas Local Area I Workforce Investment Board, Inc.

Schedule A-1 Schedule of Expenditures of Federal Awards Year Ended June 30, 2022

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	AL Number	Pass-Through Entity Identifying Number	Program Year	Passed Through to Subrecipients	Federal Expenditures
U.S. DEPARTMENT OF LABOR					
Passed through Kansas Department of Commerce					
WIOA Cluster					
WIOA Adult Program	17.258	FY21-A-001	10/01/20-06/30/22	\$ 0	\$ 37,378
WIOA Adult Program	17.258	PY21-A-001	07/01/21-06/30/23	0	60,106
WIOA Adult Program	17.258	FY22-A-001	10/01/21-06/30/23	0	385,311
Total Federal Expenditures - AL 17.258				0	482,795
WIOA Youth Program	17.259	PY20-Y-001	07/01/20-06/30/22	0	95,816
WIOA Youth Program	17.259	PY21-Y-001	07/01/21-06/30/23	0	240,817
Total Federal Expenditures - AL 17.259				0	336,633
WIOA Dislocated Worker Program	17.278	FY21-DW-001	10/01/20-06/30/22	0	54,983
WIOA Dislocated Worker Program	17.278	PY21-DW-001	07/01/21-06/30/23	0	87,111
WIOA Dislocated Worker Program	17.278	FY22-DW-001	10/01/21-06/30/23	0	106,585
WIOA Dislocated Worker Program	17.278	FY21-RR-001	10/01/20-09/30/21	0	11,489
WIOA Dislocated Worker Program	17.278	FY22-RR-001	10/01/21-09/30/22	0	26,816
WIOA Dislocated Worker Program	17.278	FY21-RRAA-001	07/01/21-06/30/22	0	30,000
Total Federal Expenditures - AL 17.278				0	316,984
Total Federal Expenditures -WIOA Cluster (AL 17.258, 17.259, 17.278)				0	1,136,412
Passed through Kansas Department of Commerce					
Reintegration of Ex-offenders	17.270	FY22-PTWH-001	11/01/21-12/31/24	0	98,575
Passed through Kansas Department of Commerce					
ODEP Retain	17.720	FY22-RETAIN2-001	05/17/21-05/16/25	0	94,685
Passed through Kansas Department of Commerce					
Apprenticeship USA	17.285	FY20-RASEG-001	07/01/19-06/30/22	0	59,156
Apprenticeship USA	17.285	FY22-SAEEI-001	07/01/21-06/30/25	0	23,542
Total Federal Expenditures - AL 17.285				0	82,698
TOTAL U.S. DEPARTMENT OF LABOR				0	1,412,370
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Passed through Kansas Department of Commerce					
ACA Health Profession Opportunity Grants	93.093	FY21-IMPACT-001	10/01/20-09/30/21	0	2,663
ACA Health Profession Opportunity Grants	93.093	FY21-KHPOP-001	09/30/20-09/29/21	0	102,474
Total Federal Expenditures - AL 93.093				0	105,137
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				0	105,137
Total Federal award expenditures				\$ 0	\$ 1,517,507

Kansas Local Area I Workforce Investment Board, Inc.

Schedule A-2

Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2022

Notes to the Schedule of Expenditures of Federal Awards

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Kansas Local Area I Workforce Investment Board, Inc. 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 Title 2 U.S. *Code of Federal Regulations* 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 Kansas Local Area I Workforce Investment Board, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of Kansas Local Area I Workforce Investment Board, Inc.

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. 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

Kansas Local Area I Workforce Investment Board, Inc. did not elect to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Independent Auditor's 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
Kansas Local Area I Workforce Investment Board, Inc.
Salina, Kansas

We have audited, in accordance with auditing standards generally accepted in the United States 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 Kansas Local Area I Workforce Investment Board, Inc., which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 31, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Kansas Local Area I Workforce Investment Board, Inc.'s internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Kansas Local Area I Workforce Investment Board, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Kansas Local Area I Workforce Investment Board, Inc.'s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies in internal control, such that there is reasonable possibility that a material misstatement of the Kansas Local Area I Workforce Investment Board, Inc.'s financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or 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 the Kansas Local Area I Workforce Investment Board, Inc.'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 Kansas Local Area I Workforce Investment Board, Inc.'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 Kansas Local Area I Workforce Investment Board, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Wipfli LLP". The signature is written in a cursive, flowing style.

Wipfli LLP

Madison, Wisconsin
January 31, 2023

Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance

Board of Directors
Kansas Local Area I Workforce Investment Board, Inc.
Salina, Kansas

Report on Compliance for Major Federal Program

Opinion on Major Federal Program

We have audited Kansas Local Area I Workforce Investment Board, Inc.'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 its major federal programs for the year ended June 30, 2022. Kansas Local Area I Workforce Investment Board, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Kansas Local Area I Workforce Investment Board, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2022.

Basis for Opinion on Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Kansas Local Area I Workforce Investment Board, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Kansas Local Area I Workforce Investment Board, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Kansas Local Area I Workforce Investment Board, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or 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 Auditor's 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.

A handwritten signature in black ink that reads "Wipfli LLP". The signature is written in a cursive, flowing style.

Wipfli LLP

Madison, Wisconsin

January 31, 2023

Kansas Local Area I Workforce Investment Board, Inc.

Notes to Schedule of Expenditures of Federal and State Awards

Year Ended June 30, 2022

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting:

 Material weakness(es) identified? yes no

 Significant deficiency(ies) identified? None Reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

 Material weakness(es) identified? yes no

 Significant deficiency(ies) identified? None Reported

Type of auditor's report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance [2 CFR 200.516(a)]? yes no

Identification of major federal programs:

<u>AL Number</u>	<u>Name of Federal Program or Cluster</u>
17.258, 17.259, 17.278	WIOA Cluster

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

Federal	\$750,000
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Auditee qualified as low-risk auditee? Yes

Section II - Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

Section IV – State Award Findings and Questioned Costs

None

Heartland Works, Inc.

Topeka, Kansas

Financial Statements and
Supplementary Information

Years Ended June 30, 2022 and 2021



Workforce Solutions Promoting Economic Growth

WIPFLI

Heartland Works, Inc.

Years Ended June 30, 2022 and 2021

Table of Contents

Independent Auditor's Report	1
Financial Statements	
Statements of Financial Position.....	4
Statements of Activities.....	5
Statements of Functional Expenses.....	6
Statements of Cash Flows.....	8
Notes to Financial Statements.....	9
Supplementary Information	
Schedule of Expenditures of Federal Awards.....	14
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	16
Independent Auditor's Report on Compliance For Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance.....	18
Schedule of Findings and Questioned Costs.....	21

Independent Auditor's Report

Board of Directors
Heartland Works, Inc.
Topeka, Kansas

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Heartland Works, Inc., a nonprofit organization, which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Heartland Works, Inc. as of June 30, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Heartland Works, Inc. 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, 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 Heartland Works, Inc.'s ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. 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 March 21, 2023 on our consideration of the Heartland Works, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Heartland Works, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Heartland Works, Inc.'s internal control over financial reporting and compliance.

Wipfli LLP

Wipfli LLP
Madison, Wisconsin

March 21, 2023

Heartland Works, Inc.

Statements of Financial Position

June 30, 2022 and 2021

	<i>Assets</i>	2022	2021
Current assets:			
Cash		\$ 98,046	\$ 57,161
Accounts receivable		45,011	49,362
Grants receivable		110,310	134,511
Total current assets		253,367	241,034
Property and equipment:			
Equipment		62,391	81,965
Accumulated depreciation		(62,391)	(81,965)
Property and equipment, net		0	0
TOTAL ASSETS		\$ 253,367	\$ 241,034
	<i>Liabilities and Net Assets</i>		
Current liabilities:			
Accounts payable		\$ 91,762	\$ 117,581
Compensated absences and related expenses		44,331	47,012
Refundable advances		46,762	13,635
Total current liabilities		182,855	178,228
Net assets:			
Without donor restrictions		70,512	62,806
TOTAL LIABILITIES AND NET ASSETS		\$ 253,367	\$ 241,034

See accompanying notes to financial statements.

Heartland Works, Inc.

Statements of Activities

Years Ended June 30, 2022 and 2021

	2022	2021
Revenue:		
Grant revenue	\$ 2,123,202	\$ 2,253,912
Other revenue	40,050	40,007
Total revenue	2,163,252	2,293,919
Expenses:		
Program activities:		
WIOA adult programs	854,346	885,356
WIOA youth programs	711,577	617,238
WIOA dislocated workers program	92,012	0
WIOA rapid response	2,419	1,468
Apprenticeship USA Grant	0	9,780
Health professional opportunity and other programs	126,826	460,846
Respectworks Pathway	8,032	0
Retain	62,589	0
Coronavirus relief fund	0	80,339
Other state programs	101,387	46,247
Total program activities	1,959,188	2,101,274
Management and general	196,358	152,561
Total expenses	2,155,546	2,253,835
Change in net assets without donor restrictions	7,706	40,084
Net assets without donor restrictions - Beginning of the Year	62,806	22,722
Net assets without donor restrictions - End of the Year	\$ 70,512	\$ 62,806

See accompanying notes to financial statements.

Heartland Works, Inc.

Statement of Functional Expenses

Year Ended June 30, 2022

	2022		
	Program	Management & General	Total
Staff salaries and benefits	\$ 536,207	\$ 115,293	\$ 651,500
Conference expenses	4,733	0	4,733
Board expenses	5,790	242	6,032
Membership and subscriptions	1,690	0	1,690
Publication and outreach	4,259	121	4,380
Travel	1,549	237	1,786
Insurance	6,598	4,063	10,661
Professional services	7,255	28,182	35,438
Computer and software	13,388	14,924	28,311
Phone and internet	13,183	2,465	15,649
Equipment lease	3,413	1,085	4,498
Rent	136,620	28,037	164,657
Utilities	4,724	56	4,780
Janitorial services	6,129	57	6,187
Office supplies	649	262	911
Resource center	22,159	0	22,159
Support services	27,580	0	27,580
Training	521,180	0	521,180
Youth provider contracts	641,112	0	641,112
Miscellaneous	971	1,333	2,304
Total	\$ 1,959,188	\$ 196,358	\$ 2,155,546

See accompanying notes to financial statements.

Heartland Works, Inc.

Statement of Functional Expenses (Continued)

Year Ended June 30, 2021

	2021		
	Program	Management & General	Total
Staff salaries and benefits	\$ 616,156	\$ 100,343	\$ 716,499
Conference expenses	1,744	0	1,744
Board expenses	3,569	147	3,716
Membership and subscriptions	2,869	86	2,955
Publication and outreach	900	105	1,005
Travel	392	0	392
Insurance	7,713	2,709	10,422
Professional services	9,514	19,572	29,086
Computer and software	68,195	15,192	83,387
Phone and internet	10,212	2,793	13,005
Equipment lease	3,807	690	4,497
Rent	133,154	8,831	141,985
Utilities	1,779	211	1,990
Janitorial services	3,037	95	3,132
Office supplies	41,457	122	41,579
Resource center	11,228	0	11,228
Support services	49,453	0	49,453
Training	610,680	0	610,680
Youth provider contracts	525,465	0	525,465
Miscellaneous	(50)	1,665	1,615
Total	\$ 2,101,274	\$ 152,561	\$ 2,253,835

See accompanying notes to financial statements.

Heartland Works, Inc.

Statements of Cash Flows

Years Ended June 30, 2022 and 2021

	2022	2021
Increase (decrease) in cash:		
Cash flows from operating activities:		
Changes in net assets	\$ 7,706	\$ 40,084
Adjustments to reconcile change in net assets to net cash from operating activities:		
Changes in operating assets and liabilities:		
Accounts receivable	4,351 (3,201)
Grants receivable	24,201 (31,722)
Accounts payable	(25,819)	7,503
Compensated absences and related expenses	(2,681) (2,579)
Refundable advances	33,127	13,635
Net cash from operating activities	40,885	23,720
Changes in cash	40,885	23,720
Cash - Beginning of the Year	57,161	33,441
Cash - End of the Year	\$ 98,046	\$ 57,161

See accompanying notes to financial statements.

Heartland Works, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

Nature of Operations

Heartland Works, Inc. (the "Organization") is private not-for-profit corporation incorporated in 1984. The Organization administers the Workforce Investment Opportunity Act (WIOA) program and other grant funding in the 17-county region known as Local Area II of Kansas. The Organization serves as the Administrative Entity, Fiscal Agent, Program Operator, and One-Stop Operator for Local Area II WIOA Title 1B funds. Their mission is to increase the employment, retention, and earning of its eligible customers and improve the quality of the workforce, thereby reducing welfare dependency and enhancing the productivity and competitiveness of the employers.

The Organization provides customers with workforce solutions which promote economic growth. Essentially all of the Organization's grant funding is from U.S. Department of Labor, U.S Department of Treasury and U.S. Department of Health and Human Services passed-through Kansas Department of Commerce for both years ended June 30, 2022 and 2021.

Basis of Presentation

All financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Accounts Receivable

Accounts receivable represent amounts due from various entities for performance on certain contracts. Accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Based on historical relationship with the customers that have outstanding balances, management anticipates that all receivables will be collected and no allowance has been recorded.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. The Organization capitalizes equipment costing \$5,000 or more and a useful life of over one year. Depreciation is charged to expense using the straight-line method over the estimated useful life of each asset.

Equipment purchased with grant funds is owned by the Organization while used in the program for which it was purchased or in other future authorized programs. However, the various funding sources have a reversionary interest in the equipment purchased with grant funds. Its disposition, as well as the ownership of any proceeds, therefore, is subject to funding source regulations. The net book value of grant-funded property and equipment as of June 30, 2022 and 2021, is \$0.

Heartland Works, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Classification of Net Assets

Net assets and revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed stipulations or where donor-imposed stipulations are met in the year of the contribution.

Net assets with donor restrictions: Net assets subject to donor-imposed stipulations that may or may not be met, either by actions of the Organization and/or the passage of time. When a restriction expires, net assets with donor restrictions are transferred to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Currently, the Organization does not have any net assets with donor restrictions.

Revenue Recognition

Contributions, including promises to give, are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions. A contribution or promise to give contains a donor or grantor condition when both of the following are present:

- An explicit identification of a barrier, that is more than trivial, that must be overcome before the revenue can be earned and recognized
- An implicit right of return of assets transferred or a right of release of a donor or grantor's obligation to transfer assets promised, if the condition is not met.

Conditional contributions are recognized when the barrier(s) to entitlement are overcome. Unconditional contributions are recognized as revenue when received.

Unconditional contributions or conditional contributions in which the conditions have been substantially met or explicitly waived by the donor are recorded as support with or without donor restrictions, depending on the existence and nature of any donor restrictions. When a restriction expires, 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.

Grant awards

The Organization's grant awards are contributions which are evaluated for conditions and recognized as revenue when conditions in the award are satisfied. Unconditional awards are recognized as revenue when the award is received. Amounts received in which conditions have not been met are reported as a refundable advance liability.

Heartland Works, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Income Taxes

The Organization is a nonprofit corporation under Section 501(c)(3) of the Internal Revenue Code and is exempt from Federal and Kansas income taxes.

The Organization is required to assess whether it is more likely than not that a tax position will be sustained upon examination on the technical merits of the position assuming the taxing authority has full knowledge of all information. If the tax position does not meet the more likely than not recognition threshold, the benefit of that position is not recognized in the financial statements. The Organization has determined there are no amounts to record as assets or liabilities related to uncertain tax positions.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Personnel costs are allocated based on time and effort reporting. Rent and related costs are allocated based on square footage.

Upcoming Accounting Pronouncements

In 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842), which is intended to improve financial reporting on leasing transactions. ASU No. 2016-02 will require lessees to recognize right of use assets and lease obligations for operating and finance leases under terms greater than 12 months. ASU No. 2016-02 is effective for fiscal years beginning after December 15, 2021, with early adoption permitted. Management is currently evaluating the impact of this new standard.

Subsequent Events

Subsequent events have been evaluated through March 21, 2023, which is the date the financial statements were available to be issued.

Note 2: Liquidity and Availability

As of June 30, 2022, the Organization has \$253,367 of financial assets available within one year of the statement of financial position date consisting of cash of \$98,046, grants receivable of \$110,310 and accounts receivable of \$45,011. As of June 30, 2021, the Organization has \$241,034 of financial assets available within one year of the statement of financial position date consisting of cash of \$57,161, grants receivable of \$134,511 and accounts receivable of \$49,362. The Organization does not have a formal liquidity policy but generally maintains financial assets in liquid form such as cash. The Organization can rely on a lower cash balance as it is primarily funded with cost reimbursement grants. Under cost reimbursement grants, once expenses are incurred, an organization can request reimbursement from the funding source (see Note 8).

Heartland Works, Inc.

Notes to Financial Statements

Note 3: Concentration of Credit Risk

The Organization maintains cash balance in one financial institution. Balances are insured by Federal Deposit Insurance Corporation (FDIC) coverage up to \$250,000. At times during the year, balances in this account may exceed the insurance limits. Management believes the financial institution has a strong credit ratings and credit risk related to these deposits is minimal. There were no uninsured balances in excess of limits as of June 30, 2022 and 2021.

Note 4: Grants Receivable

Grants receivable represents amounts due as of June 30 from Kansas Department of Commerce related to the following programs:

	2022	2021
WIOA Youth Activities	\$ 97,303	\$ 117,185
WIOA Dislocated Workers Activities	4,967	0
WIOA Rapid Response	22	470
KHPOP Impact Study	0	13,016
WIOA Adult Activities	0	271
Other	8,018	3,569
Totals	\$ 110,310	\$ 134,511

Note 5: Operating Leases

The Organization leases various buildings and office equipment for its administrative and field offices under operating lease agreements. Lease payments for the years ended June 30, 2022 and 2021 were \$262,019 and \$259,960, respectively. The future rental commitments under these leases having remaining terms in excess of one year as of June 30, 2022, are as follows:

2023	\$	207,228
2024		146,011
2025		136,318
2026		133,327
2027		118,371
Thereafter		10,413
Totals	\$	751,668

The Organization also subleases space in the various buildings. Sublease receipts for the years ended June 30, 2022 and 2021, were \$110,385 and \$103,564, respectively. The financial statement amounts for rent and equipment leases are reported net of these receipts. Anticipated future minimum lease receipts on the Organization's subleases as of June 30, 2022, are \$124,009 and are expected to be collected in 2023.

Heartland Works, Inc.

Notes to Financial Statements

Note 6: Retirement Plan

The Organization contributes 5% of the qualified employee wages to a simplified employee pension plan. The plan is open to all employees who have worked for the Organization a minimum of six months or have fulfilled the probationary requirements, whichever is later. The total pension expense for the years ended June 30, 2022 and 2021 was \$20,298 and \$26,843, respectively.

Note 7: Related Parties

During the years ended June 30, 2022 and 2021, the Organization entered into contracts for training services with VAN GO, Inc., and Highland Community College, a lease agreement with Kansas Department of Commerce and a membership arrangement with the Greater Topeka Partnership. Employees of these entities also served as board members for the Organization during the years ended June 30, 2022 and 2021.

The contracts were awarded through a competitive bid process and the Organization's policies were strictly followed. The board members of the Organization were not involved in the selection process and no special consideration was given in awarding the contracts. During the years ended June 30, 2022 and 2021, the following fees were paid to related parties:

	2022	2021
Van Go, Inc.	\$ 304,417	\$ 236,021
Kansas Department of Commerce	58,300	68,017
Highland Community College	0	10,343
Greater Topeka Partnership	570	570
Totals	\$ 363,287	\$ 314,951

The receivable due from the Kansas Department of Commerce to the Organization for shared service expenses as of June 30, 2022 and 2021 were \$5,011 and \$48,115, respectively.

Note 8: Grant Commitments

As of June 30, 2022, the Organization had commitments for future funding under various grant awards of approximately \$2,156,000. The revenue relating to these grants is not recognized in the accompanying financial statements as the revenue recognition is conditional on the occurrence of expenditures or the performance of services in the future and availability of federal funding. The Organization has no future obligations with subrecipients related to the future funding under various grant awards previously mentioned.

Supplementary Information

Heartland Works, Inc.

Schedule A-1

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2022

AL Number / Pass-Through Granter / Cluster Title	Pass-Through Entity Identifying Number	Program Name	Program Period	Passed Through to Subrecipients	Federal Expenditures
ASSISTANCE PROGRAMS AS IDENTIFIED IN THE ASSISTANCE LISTINGS					
Department of Labor					
WIOA Cluster					
Passed through Kansas Department of Commerce					
17.258	FY21-A-002	WIOA Adult	10/01/20-06/30/22	\$ 0	\$ 404,441
17.258	PY21-A-002	WIOA Adult	07/1/21-06/30/23	0	104,351
17.258	FY22-A-002	WIOA Adult	10/1/21-06/30/23	0	423,148
Total Federal Expenditures AL # 17.258				0	931,940
17.259	PY20-Y-002	WIOA Youth	07/01/20-06/30/22	537,974	597,620
17.259	PY21-Y-002	WIOA Youth	07/01/21-06/30/23	110,410	176,991
Total Federal Expenditures AL # 17.259				648,384	774,611
17.278	FY21-RR-002	WIOA Rapid Response	10/01/20-09/30/21	0	429
17.278	FY21-RR-002	WIOA Rapid Response	10/01/21-09/30/22	0	1,990
17.278	PY-21-DW-002	WIOA Dislocated Worker	07/01/21-06/30/23	0	97,895
17.278	FY-22-DW-002	WIOA Dislocated Worker	10/01/21-06/30/23	0	49,847
Total Federal Expenditures AL # 17.278				0	150,161
Total Federal Expenditures WIOA Cluster AL # 17.258, # 17.259, # 17.278				648,384	1,856,712
Passed through Kansas Department of Commerce					
17.270	FY22-PTWH-002	Respect Pathways	11/01/21-12/31/24	0	8,032
Passed through Kansas Department of Commerce					
17.720	FY22-RETAIN2-002	Retain Works	05/17/21-05/16/25	0	62,589
Total Expenditures Department of Labor				648,384	1,927,333

See Independent Auditor's Report.

Heartland Works, Inc.

Schedule A-1

Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2022

AL Number / Pass-Through Granter / Cluster Title	Pass-Through Entity Identifying Number	Program Name	Program Period	Passed Through to Subrecipients	Federal Expenditures
ASSISTANCE PROGRAMS AS IDENTIFIED IN THE ASSISTANCE LISTINGS					
Department of Health and Human Services					
Passed through Kansas Department of Commerce					
93.093	FY21-KHPOP-002	ACA Health Profession Opportunity Grants	09/30/20-09/29/21	\$ 0	\$ 124,343
93.093	Impact Study FY21	ACA Health Profession Opportunity Grants	09/30/20-09/29/21	0	2,483
Total Federal Expenditures AL # 93.093				0	126,826
TOTAL FEDERAL PROGRAMS				\$ 648,384	\$ 2,054,159

Notes to the Schedule of Expenditures of Federal Awards

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Heartland Works, Inc. 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 Title 2 U.S. *Code of Federal Regulations* 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 Heartland Works, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of Heartland Works, Inc.

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. 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 Allocation

Heartland Works, Inc. has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

See Independent Auditor's Report.

Independent Auditor's 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
Heartland Works, Inc.
Topeka, Kansas

We have audited, in accordance with auditing standards generally accepted in the United States 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 Heartland Works, Inc., which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 21, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Heartland Works, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Heartland Works, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Heartland Works, Inc.'s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies in internal control, such that there is reasonable possibility that a material misstatement of Heartland Works, Inc.'s financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Heartland Works, Inc.'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 Heartland Works, Inc.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Heartland Works, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wipfli LLP

Wipfli LLP
Madison, Wisconsin

March 21, 2023

Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance

Board of Directors
Heartland Works, Inc.
Topeka, Kansas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Heartland Works, Inc.'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 its major federal programs for the year ended June 30, 2022. Heartland Works, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Heartland Works, 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, 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; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Heartland Works, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Heartland Works, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Heartland Works, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or 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 Auditor's 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.

Wipfli LLP

Wipfli LLP
Madison, Wisconsin

March 21, 2023

Heartland Works, Inc.

Schedule of Findings and Questioned Costs

Year Ended June 30, 2022

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting:

Material weakness(es) identified? yes None reported

Significant deficiency(ies) identified? None reported

Noncompliance material to financial statements noted? yes None reported

Federal Awards

Internal control over major programs:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified? None reported

Type of auditor's report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance [2 CFR 200.516(a)]? yes no

Identification of major federal programs:

<u>Name of Federal Major Program or Cluster</u>	<u>AL Number</u>
WIOA Cluster	17.258, 17.259, 17.278

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

Auditee qualified as low-risk auditee? Yes

Section II - Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

Section IV – Summary Schedule of Prior Year Findings

None

Local Workforce Investment Area III, Inc.

Auditor's Report and Financial Statements
For the years ended June 30, 2022 and 2021
(Including Reports Required by Title 2 U.S. *CFR Part 200, Uniform Guidance*)



Local Workforce Investment Area III, Inc.

June 30, 2022 and 2021

Table of Contents

Independent Auditor’s Report on Financial Statements	1-3
Financial Statements	
Statements of Financial Position	4
Statements of Activities	5
Statements of Functional Expenses	6-7
Statements of Cash Flows	8
Notes to the Financial Statements	9-15
Supplemental Information	
Schedule of Expenditures of Federal Awards	16-17
Notes to the Schedule of Expenditures of Federal Awards	18
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	19-20
Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by Uniform Guidance	21-24
Schedule of Findings and Questioned Costs	25-28
Summary Schedule of Prior Audit Findings	29
Corrective Action Plan	30-33

Independent Auditor's Report

To the Board of Directors
Local Workforce Investment Area III, Inc.
Lenexa, Kansas

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Local Workforce Investment Area III, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Local Workforce Investment Area III, Inc. as of June 30, 2022 and 2021, 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 audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Local Workforce Investment Area III, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 the Local Workforce Investment Area III, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor’s Responsibilities for the Audit of the Financial Statements

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

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

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare

the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 2023 on our consideration of the Local Workforce Investment Area III, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Local Workforce Investment Area III, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Local Workforce Investment Area III, Inc.'s internal control over financial reporting and compliance.

CMA Group, LLC

Overland Park, Kansas
February 23, 2023

Local Workforce Investment Area III, Inc.

Statements of Financial Position

June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets		
Current Assets		
Cash (Note 2)	\$165,697	\$ 510,253
Account Receivable (Note 3)	32,420	80,911
Grant Receivable (Note 3)	293,807	141,124
Prepayments	45,356	3,820
Total Current Assets	537,280	736,108
Fixed Assets (Note 4)		
Furniture & Equipment, Net	6,383	—
Total Fixed Assets	6,383	—
Other Assets		
Security Deposit	16,202	16,202
Total Other Assets	16,202	16,202
Total Assets	\$ 559,865	\$ 752,310
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable (Note 5)	\$180,737	\$ 428,492
Accrued Payroll	196,206	208,387
Accrued Vacation	30,580	28,335
Deferred Revenue	110,466	56,107
Current Portion of Deferred Lease (Note 6)	12,435	12,435
Total Current Liabilities	530,424	733,756
Deferred Lease - Long Term (Note 6)	8,128	20,563
Total Liabilities	538,552	754,319
Net Assets-Without Donor Restriction	21,313	(2,009)
Total Liabilities and Net Assets	\$ 559,865	\$ 752,310

Local Workforce Investment Area III, Inc.

Statements of Activities For the Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Revenue & Fees		
Grant Revenue	\$ 4,999,624	\$ 5,426,012
Pre-ETS Program Fee	2,100	17,175
In-kind Donation	6,725	—
Total Revenue	<u>5,008,449</u>	<u>5,443,187</u>
Expenses		
Program		
Workforce Innovation & Opportunity (WIOA)	\$2,746,581	2,827,740
JOCO Works	1,042,334	499,052
Youth Build-DOL	223,366	—
Kansas Health Profession Opportunity Grants (KHPOP)	137,095	\$399,041
EDA Grant	111,624	—
RETAIN2	107,643	—
KS ED Work Based Learning (WBL)	70,000	77,136
Older Kansas Employment	69,456	23,669
Pathway Home	59,138	—
YouthBuild-AmeriCorps	45,295	—
YouthBuild-Mentoring	19,679	—
Impact Study - KHPOP	6,689	—
Pre-ETS	1,180	9,365
RAA	324	—
CARES	—	1,167,318
Apprenticeship USA Grants (AP)	—	64,435
COVDeBruce	—	25,000
GKCCF	—	25,000
Total Program Expenses	<u>4,640,404</u>	<u>5,117,756</u>
Management and General	<u>344,723</u>	<u>306,825</u>
Total Expenses	<u>4,985,127</u>	<u>5,424,581</u>
Net Increase (Decrease) In Net Assets	<u>23,322</u>	<u>18,606</u>
Net Assets		
Beginning of Year-Without Donor Restriction	<u>(2009)</u>	<u>(20,615)</u>
Ending of Year-Without Donor Restriction	<u><u>\$ 21,313</u></u>	<u><u>\$ (2,009)</u></u>

Local Workforce Investment Area III, Inc.

Statement of Functional Expenses For the Years Ended June 30, 2022

Program Expenses

Expense Description	WIOA	JoCo Works	Youth Build	Pathway Home	KHPOP	EDA Grant	Retain2	OKEP, Pre-Etsvr, Impact Study	WBL & RAA	Total Program	Admin & General	Total Expenses
Building Security	42,083	-	-	-	-	-	-	-	-	42,083	-	42,083
Cleaning and Janitorial Services	19,273	-	5,803	-	-	-	-	-	-	25,076	-	25,076
Client training, Support Service, Work Experience	731,112	780,774	2,834	-	79,017	90,492	-	7,620	-	1,691,849	-	1,691,849
Conference and Meeting	-	-	-	75	-	-	1,159	-	-	1,234	6,021	7,255
Copy and Printing	11,100	-	1,068	49	-	-	98	-	-	12,315	1,859	14,174
Depreciation	-	-	-	-	-	-	-	-	-	-	342	342
Dues and Subscription	-	-	796	-	-	-	-	-	-	796	3,403	4,199
Expense Cost Recovery	(198,398)	-	-	-	-	-	-	-	-	(198,398)	-	(198,398)
Insurance	9,892	-	3,059	-	-	-	-	-	-	12,951	4,579	17,530
Internet	1,031	-	808	-	-	-	-	-	-	1,839	-	1,839
Materials	50,964	32,706	10,813	6,054	2,217	200	462	40	324	103,780	1,002	104,782
Office Rent	290,600	20,238	-	6,000	4,879	-	7,456	400	-	329,573	7,095	336,668
Outreach/Job Fairs	2,872	40,847	-	-	-	-	-	-	-	43,719	685	44,404
Overhead	117,290	-	30,905	-	-	-	-	-	-	148,195	12	148,207
Payroll Taxes	86,679	9,312	15,168	2,841	2,811	1,243	6,570	3,947	4,428	132,999	17,618	150,617
Performance Incentive	83,418	-	-	-	-	-	-	-	-	83,418	-	83,418
Postage	430	-	23	-	29	-	-	-	-	482	257	739
Premise and Facility	4,750	370	13	-	-	-	-	-	-	5,133	528	5,661
Professional Fee	50,932	6,500	1,298	800	1,050	-	1,000	1,300	-	62,880	48,458	111,338
Salary and Benefits	1,342,362	151,587	211,297	42,692	47,092	19,689	90,036	64,008	65,572	2,034,335	244,536	2,278,871
Staff Training and Travel	24,630	-	2,289	446	-	-	458	11	-	27,834	3,979	31,813
Telephone and Communications	66,475	-	2,166	180	-	-	404	-	-	69,225	4,349	73,574
Utilities	9,086	-	-	-	-	-	-	-	-	9,086	-	9,086
Total	\$2,746,581	\$1,042,334	\$288,340	\$59,137	\$137,095	\$111,624	\$107,643	\$77,326	\$70,324	\$4,640,404	\$344,723	\$4,985,127

See accompanying notes to financial statements

Local Workforce Investment Area III, Inc.

Statement of Functional Expenses For the Years Ended June 30, 2021

Program Expenses

Expense Description	WIOA	APPR EXPNS	CARES	GKCCF, COVDeBruce	JOCO- WORKS	KHPOP	OKEP, PRE- ETSVR	WBL	Total	Management and General	Total Expenses
Building Securities	\$ 33,386	\$ —	\$ 2,800	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 36,186	\$ —	\$36,186
Cleaning & Janitorial Services	18,689	—	1,000	—	—	—	—	—	19,689	—	19,689
Client Training, Support Service, Work Experience	866,388	59,763	810,544	—	354,702	175,961	1,170	—	2,268,528	—	2,268,528
Conference and Meeting	99	—	—	—	—	—	—	—	99	2,534	2,633
Contract Services	5,720	—	6,076	260	2,500	4,550	1,690	—	20,796	39,184	59,980
Copier Leases & Service	12,034	—	550	—	—	—	—	—	12,584	1,563	14,147
Dues and Membership	5,546	—	76,096	49,740	—	—	—	—	131,382	5,974	137,356
Expense Cost Recovery	(185,016)	—	—	—	—	—	—	—	(185,016)	—	(185,016)
Insurance	10,297	—	—	—	—	—	—	—	10,297	4,200	14,497
Internet	758	—	—	—	—	—	—	—	758	—	758
Materials	5,035	—	—	—	—	19	—	—	5,054	380	5,434
Office Rent	270,136	—	10,159	—	4,817	20,493	2,875	—	308,480	11,869	320,349
Outreach/Job Fairs	656	—	134,876	—	59,170	—	—	—	194,702	292	194,994
Overhead Expense	143,072	—	—	—	—	—	—	—	143,072	—	143,072
Payroll Taxes	88,291	387	7,831	—	4,680	12,025	307	4,940	118,461	14,693	133,154
Performance Incentive	152,265	—	—	—	—	—	—	—	152,265	—	152,265
Postage	148	—	—	—	—	—	—	—	148	336	484
Premise And Facility	2,021	—	—	—	—	—	—	—	2,021	—	2,021
Professional Fee	—	—	—	—	—	—	—	—	—	2,256	2,256
Salary and Wages	1,314,199	4,285	117,386	—	73,183	185,661	26,992	72,196	1,793,902	217,930	2,011,832
Staff Training and Travel	12,384	—	—	—	—	332	—	—	12,716	1,051	13,767
Telephone & Communication	63,543	—	—	—	—	—	—	—	63,543	4,563	68,106
Utilities	8,089	—	—	—	—	—	—	—	8,089	—	8,089
Total	\$2,827,740	\$64,435	\$1,167,318	\$50,000	\$499,052	\$399,041	\$33,034	\$77,136	\$5,117,756	\$306,825	\$5,424,581

See accompanying notes to financial statements

Local Workforce Investment Area III, Inc.

Statements of Cash Flows For the Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash Flow from Operating Activities:		
Change in Net Assets	\$23,323	\$ 18,606
Adjustments to Reconcile Change in Net Assets to Net Cash (Used In) Provided by Operating Activities:		
Non-cash Donation	(6,725)	—
Depreciation	342	—
Decrease (Increase) in Operating Assets:		
Accounts Receivable	48,491	(48,535)
Grant Receivable	(152,683)	145,336
Prepayments	(41,536)	38,695
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	(247,755)	237,563
Accrued Payroll	(12,181)	24,685
Accrued Vacation	2,245	(5,531)
Deferred Revenue	54,359	56,107
Deferred Lease	(12,435)	(12,435)
Increase (Decrease) in Cash Flow from Operating Activity	<u>(344,556)</u>	<u>454,491</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(344,556)	454,491
Cash and Cash Equivalents Beginning of The Year	<u>510,253</u>	<u>55,762</u>
Cash and Cash Equivalents End of Year	<u><u>\$165,697</u></u>	<u><u>\$ 510,253</u></u>
Supplemental Disclosure of Cash Flow Information		
Cash Paid for Interest during the Period (Net of Capitalization)	None	None
Cash Paid for Income Tax	None	None

Local Workforce Investment Area III, Inc.

Notes to the Financial Statements
For the Years Ended June 30, 2022 and 2021

Note 1: Nature of Organization and Summary of Accounting Policies

Nature of Organization

Local Workforce Investment Area III, Inc. (the Organization) was incorporated in 2003 in the State of Kansas following the enactment of the Workforce Investment Act (WIA) of 1998 which was later replaced by Workforce Innovation and Opportunity Act (WIOA) effective July 22, 2014. The Organization serves as a Local Workforce Development Board (LWDB) for Wyandotte, Johnson, and Leavenworth counties in the state of Kansas. The primary duties of the Organization are to develop and manage employment and training programs that increase the employment, retention, earnings, and occupational skill attainment of workers, particularly those individuals with barriers to employment, so they can move into good jobs and careers and provide businesses with the skilled workforce needed.

Basis of Accounting

The financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under the accrual basis of accounting, expenses are matched with revenues by recognizing in the period in which the related revenue is recognized on the income statement, rather than when they are paid. Revenues are recognized when they are earned and realized or realizable. The balances on the statement of financial position are also affected at the time expenses are incurred (increase in Accounts Payable or decrease in assets) and revenues are earned and realized or realizable (increase in assets).

Cash and Cash Equivalents

For cash flow purposes, the Organization considers investments with original maturity less than three months as cash equivalents. During the year the Organization has no investments that are considered as cash and cash equivalents.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Property and Equipment

The Organization's fixed assets, consisting primarily of equipment and furniture. Purchased capital assets are reported in the financial statements at their historical cost while donated capital assets are reported at their approximate fair value as of the date of donation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets. The estimated useful lives for furniture and equipment range from three to seven years.

Local Workforce Investment Area III, Inc.

Notes to the Financial Statements
For the Years Ended June 30, 2022 and 2021

Note 1: Nature of Organization and Summary of Accounting Policies (Continued...)

When assets are retired or disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in operation for the period. The cost of maintenance and repairs is charged to operations as incurred.

Leasehold improvement is amortized over the lease period or the estimated useful life whichever is shorter.

Property and equipment purchased with grant funds is owned by the Organization while it is being used in the program for which it was purchased or in other future programs as authorized by the grantor. Grantors have a reversionary interest in the equipment purchased with grant funds. The disposition of these assets and ownership of any proceeds received is subject to grantors' approval.

Government Grants

Program fundings in the form of government grants are recognized as the Organization performs the services pursuant to the grant agreements or incur expenses that are eligible for reimbursement under the terms of the agreements. Grant activities and expenses are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

Income Taxes

The Organization is a not-for-profit public charity that is exempt from Federal Income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization had no unrelated business income, as defined by the Internal Revenue Code, during the year ended June 30, 2022, and 2021. As of June 30, 2022, there were no uncertain tax positions identified.

The Organization is no longer subject to taxes examinations by tax authorities for Form 990, Return of Organization Exempt from Income Tax, for fiscal years before 2018.

Unclaimed Property

The Organization classifies checks issued to beneficiaries in unclaimed property account if the checks are not claimed within 180 days after the issuance date.

Allocation of Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statement functional expenses. Direct costs that can be identified specifically with a final cost objective are directly charged to the program that benefited. Joint costs that are incurred for the common benefit of all of the Organization's programs, which cannot be readily identified with a specific final cost objective, are allocated to benefiting programs using various allocation methods depending on the type of joint cost being allocated.

Local Workforce Investment Area III, Inc.

Notes to the Financial Statements
For the Years Ended June 30, 2022 and 2021

Note 1: Nature of Organization and Summary of Accounting Policies (Continued...)

Accordingly, certain costs have been allocated among program service and supporting services that benefited. Such allocations are determined by management on an equitable basis. The organization allocates salaries and benefits to the various programs and supporting services that benefited based on the amount of personnel time worked in each area. All other expenses are allocated based on the cost drivers that are deemed most appropriate.

Financial Statement Presentation

Financial statement presentation follows Financial Accounting Standards Board Accounting Standards Codification Topic Not-for-Profit Entities. In accordance with Topic ASU No. 2016- 14, net assets, revenue, gains and losses are classified and reported based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations or where donor-imposed stipulations are met in the year of the contribution.

Net Assets with Donor Restrictions - Net assets subject to donor-imposed stipulations that may or may not be met, either by actions of the Organization and/or the passage of time. When a restriction expires, net assets with donor restrictions are transferred to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Currently, the Organization does not have any net assets with donor restrictions.

Revenue Recognition

Contributions (nonexchange), including promises to give, are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions. For contributions or promises to give that are conditional, the revenue will be recognized as the conditions are met. Unconditional contributions are recognized as revenue when received. For a donor-imposed condition to exist, it must have both:

- A. A right of return of assets transferred or a right of release of a donor or grantor's obligation to transfer assets promised, if the condition is not met.
- B. A measurable barrier that must be overcome before the revenue can be earned and recognized.

Contributions are recorded as support with or without donor restrictions, depending on the existence and nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement

Local Workforce Investment Area III, Inc.

Notes to the Financial Statements
For the Years Ended June 30, 2022 and 2021

Note 1: Nature of Organization and Summary of Accounting Policies (Continued...)

of activities as net assets released from restrictions. Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award.

The Organization's revenue is derived from cost-reimbursable contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions.

As of June 30, 2022, grants and contributions approximating \$4,396,963, have not been recognized in the accompanying statement of activities because the condition on which they depend has not yet been met.

Grant awards that are contributions are evaluated for conditions and recognized as revenue when conditions in the award are satisfied. Unconditional awards are recognized as revenue when the award is received. Amounts received in which conditions have not been met are reflected as refundable advances. Grant awards that are exchange transactions are reimbursed based on a predetermined rate for services performed. The revenue is recognized in the period the service is performed. Amounts received in excess of those earned are reflected in the statement of financial position as deferred revenue.

Concentration of Risk

The Organization's services are funded primarily through Federal grants passed-through the state of Kansas. A significant reduction in the level of these grants could have an adverse effect on the Organization's programs and services.

Note 2: Cash and Cash Equivalents

The Organization maintains its cash in a demand deposit account at Commerce Bank, n.a. The deposit may sometimes during the year exceed the federally insured limits of \$250,000. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash deposits. As of June 30, 2022, the Organization had cash in the amount of \$311,395 before outstanding checks in the amount of \$145,698 were cleared. As of June 30, 2021, the organization had cash in the amount of \$515,701 before outstanding checks in the amount of \$ 5,448 were cleared.

Note 3: Receivables

Grant receivables as of June 30, 2022, and 2021 represents costs incurred for the programs for which request for reimbursements were submitted to the grantor organizations. In addition, accounts receivable represents shared costs between the Organization and KDOC.

The following table shows the receivables for each program as of June 30:

Local Workforce Investment Area III, Inc.

Notes to the Financial Statements
For the Years Ended June 30, 2022 and 2021

Grant Receivables:

Entity	Program	2022	2021
KDOC	WIOA	227,185	\$ 103,568
	KHPOP	–	33,698
	OKEP	–	2,114
	Youth Build - DOL	20,579	–
	Youth Build -AmeriCorps/United Way	3,957	–
	EDA Grant - MARC	42,086	–
	Work-Based Learning	–	1,744
		<u>\$293,807</u>	<u>\$ 141,124</u>

Accounts Receivables:

KDOC – Cost Sharing	32,420	\$ 60,911
Kansas Department of Labor/MOU	–	20,000
Total	<u>32,420</u>	<u>80,911</u>

Note 4: Property and Equipment

	2022	2021
Property and equipment:		
Furniture, Fixture and Equipment (FFE)	669,717	\$ 686,868
Less: Disposal of Fixed Asset	–	(23,877)
Less: accumulated depreciation – FFE	(663,334)	(662,991)
Total Property and Equipment	<u>\$ 6,383</u>	<u>\$ –</u>

Note 5: Accounts Payable

The accounts payable balance as of June 30, 2022 and 2021 represent invoices owed to vendors in the amount of \$322,951 and \$428,492 respectively.

Note 6: Operating Lease

The Organization has multiple office lease agreements for its corporate office and the operations of American Job Centers (AJCs). The job centers are located at Leavenworth, Wyandotte and Johnson Counties, Kansas. The lease agreement for the AJC office in Leavenworth, was extended from November 1, 2021 through December 31, 2025 with a monthly rent of \$2,913. The Wyandotte County AJC office lease dated October 9, 2014 was amended to expire on March 31, 2024. These lease contracts are cancellable in the event the Organization could not secure WIOA grant. Also, the Organization sublets a portion of the office spaces to KDOC and other partners and received \$92,504 during the year. Reimbursements received for shared facility operational costs were credited to the expense recovery account.

Local Workforce Investment Area III, Inc.

Notes to the Financial Statements For the Years Ended June 30, 2022 and 2021

The lease agreements for the Johnson and the Wyandotte County offices included free rents for four and three months, respectively. Based on ASC 840 lease accounting rules, the Organization recorded deferred rent liability that will be amortized over the length of the lease period. The total deferred lease liabilities for the years ended June 30, 2022 and 2021 are \$20,563 and \$32,998.

Future lease commitments due for subsequent years are as follows:

Period End	Johnson			Total
	County	Leavenworth	Wyandotte	
June 30, 2023	200,599	34,956	121,834	357,389
June 30, 2024	134,910	34,956	94,836	264,702
June 30, 2025	—	34,956	—	34,956
Thereafter	—	17,478	—	17,478
Total	355,509	122,346	216,670	674,525

Note 7: Employee Retirement Plan

The Organization has a 401K retirement plan covering its employees. The Organization contributes 5.0% of each eligible employee's salary annually. Employer contributions to the plan during the fiscal year ended June 30, 2022 and 2021 were \$40,059 and \$35,264, respectively.

Note 8: Liquidity and Availability of Resources

The substantial portion of the Organization's operating revenues are derived from federal and state grants. Accordingly, all general expenses expected to be incurred in the next year are related to such federal or state programs and are funded with the corresponding grants appropriated for the year. The Organization has signed various grant agreements with the Kansas Department of Commerce to fund its operations for the fiscal year 2022 and beyond. The WIOA grant is provided to the Organization up to September 30, 2024. As of the year ended June 30, 2022, the Organization has \$4,396,936 in unobligated grants WIOA and other program funds. Management believes that they have adequate financial resources to meet obligations arising from general and administrative expenses of the fiscal year 2023 and can settle outstanding liabilities as of June 30, 2022. The Organization has not developed a formal liquidity policy but maintains current assets to settle obligations incurred. The following summary shows the available resources, estimated general and administration expenses and obligations:

Financial Assets:	
Cash and cash equivalents	\$165,697
Current receivables	326,227
	<u>491,924</u>
Less: Contractual donor imposed restrictions	—
Financial assets available to meet cash needs for general expenditures within one year.	<u>\$491,924</u>

Local Workforce Investment Area III, Inc.

Notes to the Financial Statements
For the Years Ended June 30, 2022 and 2021

The Organization has contract agreements with service providers, vendors, contractors and landlords. These contracts are cancellable if the Organization cannot secure federal grants. Accordingly, all program related expenditures are tied to encumbered funds from either the federal, state or any other funding sources.

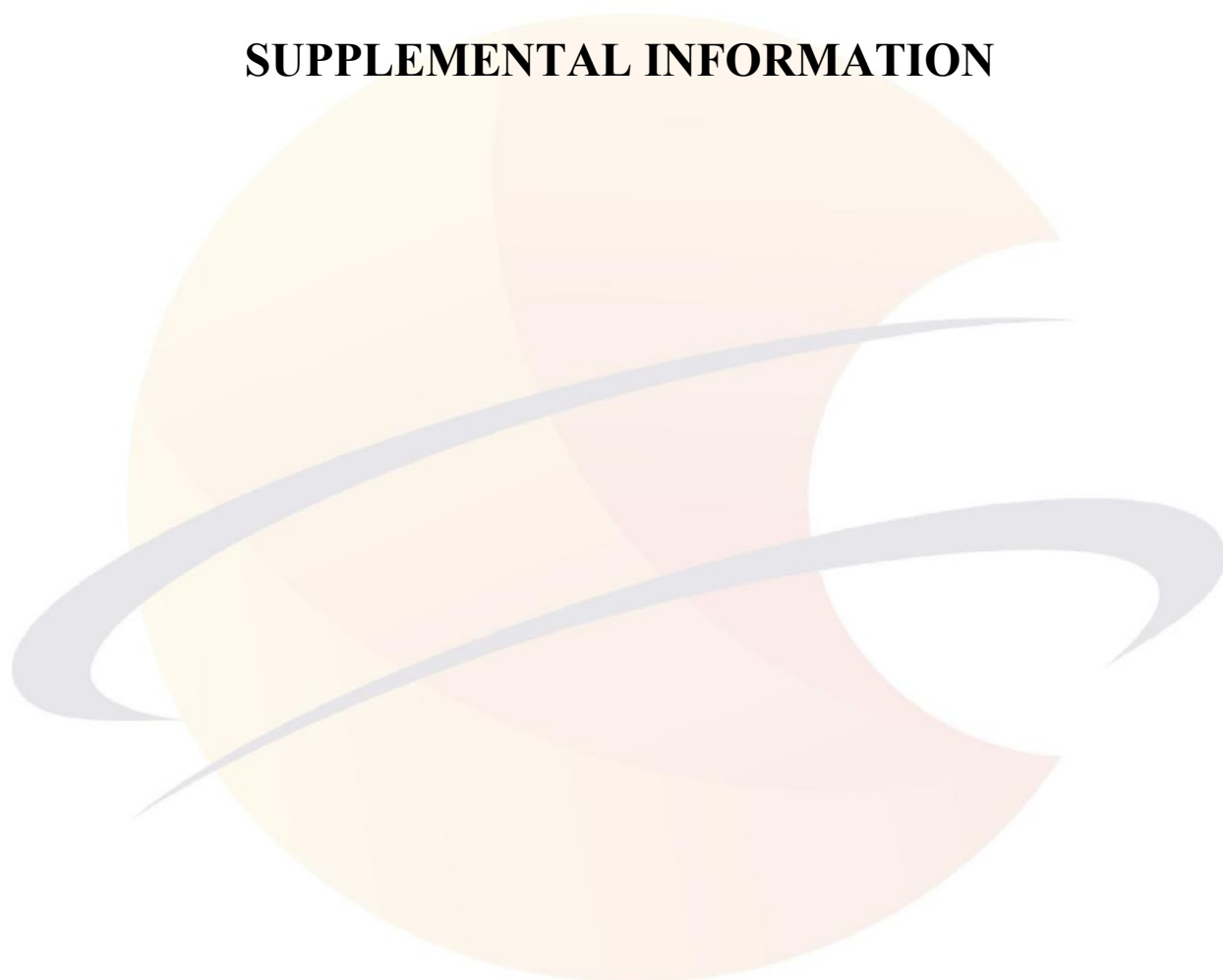
Note 9: Related Party Transaction

The operations of the Organization are funded largely with state and federal grants passed-through the Kansas Department of Commerce (KDOC) on cost reimbursement basis. For the fiscal year ended June 30, 2022, KDOC reimbursed \$3,397,289 to the Organization for program expenditures. KDOC also leases facilities from the Organization and shares a portion of the facility and operational costs. The total shared costs billed to KDOC was \$128,499.

Note 10: Subsequent Events

Subsequent events have been evaluated through February 23, 2023, which is the date the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION



Local Workforce Investment Area III, Inc.

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2022

Federal Agency/Pass-through	Program Name	CFDA #	Award #	Sub-award #	Performance period	Total Expenditures
US Department of Labor (DOL)						
	Youth Build	17.274	YB364612160A20	PY20-YouthBuild	7/1/21-10/31/24	223,366
	Total USDOL Direct Funding					223,366
US Economic Development Agency (EDA)/MARC						
	Economic Adjustment Assistance CARES ACT	11.307	05-79-06096	CARES Grant	4/5/21-12/31/22	111,624
	Total USED A Funding passed-through MARC					111,624
US Department of Justice (DOJ)/United Way						
	Juvenile Mentoring Program (YouthBuild)	16.726	2019-JU-FX-0005		1/1/20-12/31/21	19,679
	Total USDOJ Funding passed-through United Way					19,679
USDOL/Kansas Department of Commerce (KDOC)						
	WIOA Adult Program	17.258	AA357692044A20	FY21-A-003	10/1/20-6/30/22	545,250
	WIOA Adult Program	17.258	AA363202155A20	PY21-A-003	7/1/21-6/30/24	264,048
	WIOA Adult Program	17.258	AA363202155A20	FY22-A-003	10/1/21-6/30/23	1,139,335
	Total CFDA #17.258					1,948,633
	WIOA Youth Activities	17.259	AA357692044A20	PY20-YI-003	4/1/20-6/30/22	459,320
	WIOA Youth Activities	17.259	AA3633202155A20	PY21-YI-003	4/1/21-6/30/24	346,901
	Total CFDA #17.259					806,221
	WIOA- Dislocated Workers Program	17.278	AA357692044A20	FY21-DW-003	10/1/20-6/30/22	116,190
	WIOA- Dislocated Workers Program	17.278	AA363202155A20	PY21-DW-003	7/1/21-6/30/24	122,828
	WIOA- Dislocated Workers Program	17.278	AA363202155A20	FY22-DW-003	10/1/21-6/30/23	21,337
	Rapid Response	17.278	AA347692055A20	FY21-RR-003	10/1/20-9/30/21	21,233
	Rapid Response	17.278	AA363202155A20	FY22-RR-003	10/1/21-9/30/22	66,887
	Total CFDA #17.278					348,475
	Total WIOA Cluster Programs (17.258, 17.259, 17.278)					3,103,329
	Disability Employment Policy Development	17.720	OD363622175420	FY22-RETAIN2-003	5/17/21-5/16/25	107,643
	Reentry Employment Opportunities	17.270	PE365522160A20	FY22-PTWH-003	11/1/21-12/31/24	59,138
	Total USDOL Funds Passed-through KDOC					3,270,110

See Independent Auditor's Report and notes to SEFA

Local Workforce Investment Area III, Inc.

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2022

Federal Agency/Pass-through	Program Name	CFDA #	Award #	Sub-award #	Performance period	Total Expenditures
US Health and Human Services (HHS)/KDOC						
	Health Profession Opportunity Grants (KHPOP)	93.093	90FX00470501	FY21-KHPOP-003	9/30/20-9/29/21	137,094
		93.093	90FX00470400	KHPOP Impact Study	9/30/15-9/30/21	6,689
	Total USHHS Fund Passed-through KDOC					143,783
Corporation for National and Community Service (AmeriCorps)/United Way						
	AmeriCorps State and National	94.006	19NDHMA0030034		8/15/18-12/31/21	9,240
		94.006	19NDHMA0030034		8/15/20-8/14/22	36,056
	Total CNCS Grant passed through United Way					45,296
	Total Expenditures of Federal Awards					\$3,813,858

Local Workforce Investment Area III, Inc.

Notes to the Schedule of Expenditures of Federal Awards Year Ended June 30, 2022

Note 1: General

The accompanying schedule of expenditures of federal awards presents all activities of federal programs of the Local Workforce Investment Area III, Inc. for the fiscal year ended June 30, 2022.

Note 2: Basis of Presentation

The accompanying schedule of expenditures of federal awards is presented on the accrual basis of accounting described in Note 1 of the financial statement. The information in this schedule is presented in accordance with the 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)*. Because the schedule presents only a selected portion of the operations of Local Workforce Investment Area III, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of Local Workforce Investment Area III, Inc.

Note 3: Cluster Program

A cluster of programs means Federal programs with different Catalog of Federal Domestic Assistance (CFDA) numbers which are closely related programs that share common compliance requirements. The Workforce Innovation and Opportunity Act (WIOA) program is considered a cluster.

Note 4: Subrecipient

The Organization did not transfer funds to any subrecipient. The Organization used Kaiser Group, Inc. as a contractor to assist the accomplishment of its program activities.

Note 5: Indirect Costs

The Organization did not elect to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance except for the YouthBuild grant.

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors
Local Workforce Investment Area III, Inc.
Lenexa, Kansas

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 Local Workforce Investment Area III, Inc. (a nonprofit organization) which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 23, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Local Workforce Investment Area III, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Local Workforce Investment Area III, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Local Workforce Investment Area III, Inc.'s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

To the Board of Directors
Local Workforce Investment Area III, Inc.

Page -2

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Local Workforce Investment Area III, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CMA Group, LLC

Overland Park, Kansas
February 23, 2023

Independent Auditor's Report on Compliance for Each Major Federal Program And on Internal Control over Compliance Required by the Uniform Guidance

To the Board of Directors
Local Workforce Investment Area III, Inc.
Lenexa, Kansas

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

We have audited Local Workforce Investment Area III, Inc.'s (the Organization) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Local Workforce Investment Area III, Inc.'s major federal programs for the year ended June 30, 2022. Local Workforce Investment Area III, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Qualified Opinion on WIOA Youth Activities

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, Local Workforce Investment Area III, 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, 2022.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, Local Workforce Investment Area III, 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 other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

To the Board of Directors
Local Workforce Investment Area III, Inc.

Page – 2

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

Matter(s) Giving Rise to Qualified Opinion on Youth Activities

As described in the accompanying schedule of findings and questioned costs, Local Workforce Investment Area III, Inc. did not comply with requirements regarding Youth Activities as described in finding numbers 2022-001 for Earmarking.

Compliance with such requirements is necessary, in our opinion, for Local Workforce Investment Area III, Inc. to comply with the requirements applicable to that program.

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 Local Workforce Investment Area III, Inc.'s federal programs.

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Local Workforce Investment Area III, Inc.’s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Local Workforce Investment Area III, Inc.’s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Local Workforce Investment Area III, Inc.’s internal control over compliance. Accordingly, no such opinion is expressed.

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

Other Matters

The results of our auditing procedures disclosed other instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2022-002. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on Local Workforce Investment Area III, Inc.’s response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Local Workforce Investment Area III, Inc.’s response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

To the Board of Directors
Local Workforce Investment Area III, Inc.

Page – 4

Our consideration of internal control over compliance was for the limited purpose described in the Auditor’s 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.

CMA Group, LLC

Overland Park, Kansas
February 23, 2023

Local Workforce Investment Area III, Inc.
 Schedule of Findings and Questioned Costs
 Year Ended June 30, 2022

A. Summary of Auditor's Results

1. The opinion expressed in the independent auditor's report was:
 Unmodified Qualified Adverse Disclaimer

2. The independent auditors' report on internal control over financial reporting described:
 Significant deficiency(ies) noted considered material weakness(es)? Yes No
 Significant deficiency(ies) noted that are not considered material weakness(es)? Yes No

3. Noncompliance considered material to the financial statement was disclosed by the auditor? Yes No

4. The independent auditors' report on internal control over compliance with requirements applicable to major federal programs described:
 Significant deficiency(ies) noted considered material weakness(es)? Yes No
 Significant deficiency(ies) noted that are not considered material weakness(es)? Yes No

5. The type of report issued on compliance for major federal programs/Clusters:
 Qualified for WIOA Youth Activities
 Unmodified for WIOA Adult and Dislocated Workers Programs.

6. The audit disclosed findings relative to the major federal award program required to be reported by Uniform Guidance: Yes No

7. The programs tested as a major federal program were:

<u>Cluster/Programs</u>	<u>CFDA Number</u>
Workforce Innovation and Opportunity Act Cluster:	
WIOA Adult Program	17.258
WIOA Youth Activities	17.259
WIOA Dislocated Workers Program	17.278

8. The threshold used to distinguish between Types A and B programs was \$750,000.

9. Local Workforce Investment Area III, Inc. qualified as a low-risk auditee as that term is defined in Uniform Guidance? Yes No

B. Findings Required to be Reported by *Government Auditing Standards* on Financial Statement: -

None

Local Workforce Investment Area III, Inc.

Schedule of Findings and Questioned Costs

Year Ended June 30, 2022

C. Findings Required to be Reported by Uniform Guidance on Major Federal Award Programs:

Findings 2022-001: WIOA Youth Activities (CFDA # 17.259)

Agency: Department of Labor

Compliance: Earmarking

Finding Type: Compliance

Criteria: The Organization is required to comply with the WIOA Act section 129 (c)(4) when utilizing the Youth Activities program funds. Accordingly, not less than 20 percent of Youth Activities funds allocated to the local area, except for the local area expenditures for administration, must be used to provide paid and unpaid work experiences to in-school and out-of-school youth.

Condition: The Organization has not fulfilled the earmarking percentage requirement for work experience for youth activities.

Context: Out of the funds allocated for the WIOA Youth Activities, only 11.21% was used to provide in-school youth and out-of-school youth with paid and unpaid work experiences.

Identification of Repeat Finding: Yes, see Finding 2020-001.

Questioned Cost: None

Cause: The continued impact by the worldwide COVID-19 pandemic health crisis has caused on-going and significant reduction in youth enrollments thus resulting in a significant reduction of the number of youth work experience opportunities. In addition, the impact of the pandemic created significant staff shortages and prolonged vacancies which resulted in the inability to recruit youth enrollments and identify work experience opportunities overall. Finally, the unsubsidized labor market has created extreme competition in the ability to entice youth involvement in the WIOA Youth work experience program.

Effect: Fund allocated for paid and unpaid work experience for Youth Activities was not fully utilized.

Local Workforce Investment Area III, Inc.

Schedule of Findings and Questioned Costs

Year Ended June 30, 2022

Recommendation: We recommend that the Organization comply with the requirements or seek a waiver from the federal funding agency.

View of Responsible Official: Management agrees with the finding. See the management's views and corrective action plan.

Findings 2022-002: WIOA Youth Activities (CFDA # 17.259)

Agency: Department of Labor

Compliance: Earmarking

Finding Type: Compliance

Criteria: The Organization is required to comply with the WIOA Act section 129 (a)(4)(A), WIOA, 128 Stat. 1506 when utilizing the Youth Activities program funds. Accordingly, a minimum of 75 percent of the Youth Activities funds allocated to states and local areas, except for the local area expenditures for administration, must be used to provide services to out-of-school youth.

Condition: The cumulative effect of the prior years' waivers that allowed the Organization to spend up to 50% of the youth activities funds for In-School-Youth activities hindered the Organization from fulfilling the 75% Youth Activities fund expenditures requirement.

Context: Out of the funds allocated for the WIOA Youth Activities, only 70 percent of the total Youth Activities fund was used to provide service to out-of-school youth.

Identification of Repeat Finding: Not applicable

Questioned Cost: None

Cause: The Kansas Department of Commerce/Workforce Services Division received a waiver from U.S. DOL/ETA during program years 2018 and 2019 that allowed all local workforce boards in the state to spend up to 50% of their WIOA Youth funds on In-School Youth (ISY). All local workforce boards, including Local Workforce investment Area III, Inc., were strongly encouraged to utilize the waiver and to actively recruit and enroll more ISY during the waiver period. Local Workforce Investment Area III, Inc. complied with that request and increased enrollments of ISY during this

Local Workforce Investment Area III, Inc.

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

time. ISY enrollments made during the waiver period, however, continued to impact the total expenditure percentage split between ISY and Out-of-School Youth (OSY) in the fiscal year ended June 30, 2022 (program year 2021). The service and follow-up periods for many of the “extra” ISY enrolled under the waiver naturally continued long past the closure of the waiver period, and any expenditures on behalf of those ISY (case management time, supportive services and training dollars) must accordingly continue to be allocated to ISY. As a result, the effect of the waiver was not experienced only during the waiver enrollment time frame, but also continues to result in higher ISY expenditures until those ISY finally roll off. In addition, Local Workforce Investment Area III continued enrolling Youth based on the expectation and understanding that the ISY expenditure waiver would be extended yet again for program year 2020. However, in August 2020, they were notified that the waiver had not been extended. This late notification also delayed an appropriate adjustment to their program enrollment practices to get back to the 75/25 requirements.

Effect: Funds that was supposed to serve Out-of-School-Youth are used for the activities of In-School-Youth participants.

Recommendation: We recommend that the Organization comply with the requirements or seek a waiver from the federal funding agency.

View of Responsible Official: Management agrees with the finding. See the management’s views and corrective action plan.

Local Workforce Investment Area III, Inc.

Summary Schedule of Prior Audit Findings

For the Year Ended June 30, 2022

Summary Schedule of Prior Audit Findings Required to be Reported According to Uniform Guidance “§ 200.516 Audit findings.”

Program/Cluster: WIOA Youth Activities (CFDA # 17.259)

Finding 2020-001: Per WIOA Act section 129 (c)(4), not less than 20 percent of Youth Activities funds allocated to the local area, except for the local area expenditures for administration, must be used to provide paid and unpaid work experiences to in-school and out-of-school youth. The Local Area has not fulfilled the percentage requirement. Out of the funds allocated for the WIOA Youth Activities, only 17.63 percent was used to provide in-school youth and out-of-school youth with paid and unpaid work experiences that have as a component academic and occupational education.

Status: Corrective Action In-Progress. See the Local Workforce Investment Area III, Inc’s corrective action plan.



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Local Workforce Investment Area III, Inc
Corrective Action Plan
For the Year Ended June 30, 2022

Title 2, U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), Subpart F, Section 511 – Audit Findings Follow-up requires the auditee to prepare a corrective action plan to address each audit finding included in the current and prior year auditor’s reports. The *Corrective Action Plan for Current Year Findings* present the Local Workforce Investment Area III Inc’s corrective action plan for the Federal Award Finding described in the accompanying *Schedule of Prior Audit Findings* for the period ended June 30, 2022 and the prior year finding listed in the summary of prior year findings.

2022-001 and 2020-001: Program: WIOA Youth Activities (CFDA # 17.259)

Compliance: Earmarking

Finding Type: Compliance

Agency: US Department of Labor

Internal Control Impact: None

Finding: Per WIOA Act section 129 (c)(4), not less than 20 percent of Youth Activities funds allocated to the local area, except for the local area expenditures for administration, must be used to provide paid and unpaid work experiences to in-school and out-of-school youth. The Local Area has not fulfilled the percentage requirement. Out of the funds allocated for the WIOA Youth Activities, only 11.21% and 17.63% were used to provide in-school youth and out-of-school youth with paid and unpaid work experiences in 2022 and 2020, respectively.

Status: Corrective Action In-Progress

Corrective Action Plan: Local Workforce Investment Area III, Inc. closely tracked its youth work experience percentage during program year 2021, and was aware that its percentage was too low due to a very low number of youth enrollments for the year. Knowing that action needed to be taken to increase youth enrollments, which would naturally increase work experience expenditures, it began taking steps to understand and rectify the problem in spring 2022. Local Workforce Investment Area III, Inc.’s WIOA



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Youth Provider, Dynamic Workforce Solutions, hired Thomas P. Miller and Associates (TPMA) to provide consultative services to assist in the development of new outreach and recruitment strategies and of new ideas to improve retention of youth during work experiences. In addition, Local Workforce Investment Area III, Inc. convened its Youth Committee on two distinct occasions specifically to discuss these issues and to provide guidance to staff, including a review of and feedback on the TPMA draft report. As a result of TPMA's research and these consultations, Local Workforce Investment Area III, Inc. made the following Youth Program modifications to improve its overall enrollment numbers and increase its work experience expenditures:

- A personnel change was made to improve work experience/work-based learning worksite outreach, recruitment, and participant placements.
- To further expand the potential pool of worksites, strategic efforts were undertaken to foster closer coordination between the Youth Team and the Local Area's Business Services Team.
- Full Youth Team staffing was achieved after a prolonged period of vacancies and staff shortages emerging from the pandemic.
- Staff training and outreach and recruitment strategies and tactics were re-orientated to focus squarely work experience and work-based learning as the service option of first and priority resort.
- All youth outreach flyers, communication and collateral materials were revamped/refreshed to present an appropriate value proposition to prospective youth participants with a pronounced emphasis on earning and learning through work-based learning.
- Program service plans were strategically arranged to increase the volume of individuals who received technical, classroom-based certification training coupled with a complementary work-based learning experience.
- Website content was refreshed to reemphasize and promote work-based learning as a critical employment solution and a Youth service of first-resort.
- Work experience policies and pay rates were reviewed and adjusted upward to the degree allowed for a closely alignment with trends in the unsubsidized labor market.

Local Workforce Investment Area III, Inc. is confident in its corrective actions taken thus far, as it experienced excellent increases in enrollment numbers starting in early summer



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2022 which have continued through PY22. As a result of these efforts, the current work experience expenditure percentage is already at 19.60% as of January 2023, with 5 more months yet remaining in the program year.

Person(s) Responsible for Implementation: Keely Schneider

Implementation Date: June 30, 2023.

Findings 2022-002: WIOA Youth Activities (CFDA # 17.259)

Compliance: Earmarking

Finding Type: Compliance

Agency: US Department of Labor

Internal Control Impact: None

Finding: Per WIOA Act section 129 (a)(4)(A), the Organization is required to utilize a minimum of 75 percent of the Youth Activities funds allocated to the local area, except for the local area expenditures for administration, to provide services to out-of-school youth. Out of the funds allocated for the WIOA Youth Activities, only 70 percent of the total Youth Activities fund was used to provide service to out-of-school youth.

Status: Corrective Action In-Progress

Corrective Action Plan: Local Workforce Investment Area III, Inc. has taken numerous actions to address the impacts of the prior waivers and to get back to the WIOA requirement of utilizing a minimum of 75 percent of the Youth Activities funds (less administration expenditures) to provide services for Out-of-School Youth (OSY):

- Youth Team vacancies were filled and full staffing was achieved to better support comprehensive OSY-focused outreach and recruitment.
- Agency-level networking and outreach efforts were redirected exclusively to those organizations and entities serving (or most likely to serve) youth who met OSY criteria.
- Youth outreach flyers, communication and collateral materials were revamped/refreshed to expressly target OSY.



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- New partnerships were forged with local community-based GED provider Made Men, Inc., YouthBuild KCK, and U.S.D. 500 REACH, expanding access to OSY applicants and prospective participants.
- The Youth services online application was refined to strategically prioritize and redirect applicants who met OSY criteria directly to Youth Team representatives.
- Semi-monthly evening virtual workshops and orientations were created to expand OSY outreach and recruitment.
- Enrollment practices were narrowed to focus squarely on OSY applicants, which successfully brought caseloads, workloads and attendant expenditures back into alignment with baseline WIOA Youth spending expectations.

Local Workforce Investment Area III, Inc. is experiencing great success with these actions so far. As of January 2023, we are spending approximately 90% of our PY22 Youth program dollars (less administration expenditures) to provide services for OSY.

Person(s) Responsible for Implementation: Keely Schneider

Implementation Date: June 30, 2023.

Workforce Alliance of South Central Kansas, Inc.

Wichita, Kansas

Financial Statements and
Supplementary Information

Year Ended June 30, 2023



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Workforce Alliance of South Central Kansas, Inc.

Year Ended June 30, 2023

Table of Contents

Independent Auditor's Report.....	1
Financial Statements	
Statement of Financial Position.....	4
Statement of Activities.....	5
Statement of Functional Expenses.....	6
Statement of Cash Flows.....	7
Notes to Financial Statements.....	8
Supplementary Information	
Schedule of Expenditures of Federal Awards.....	17
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	19
Independent Auditor's Report on Compliance For Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance.....	21
Schedule of Findings and Questioned Costs.....	24

Independent Auditor's Report

Board of Directors
Workforce Alliance of South Central Kansas, Inc.
Wichita, Kansas

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Workforce Alliance of South Central Kansas, Inc., a nonprofit organization, which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Workforce Alliance of South Central Kansas, Inc. as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Workforce Alliance of South Central Kansas, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, 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 Workforce Alliance of South Central Kansas, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 auditing standards generally accepted in the United States of America 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 auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we:

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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 January 25, 2024 on our consideration of Workforce Alliance of South Central Kansas, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Workforce Alliance of South Central Kansas, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Workforce Alliance of South Central Kansas, Inc.'s internal control over financial reporting and compliance.

Wipfli LLP

Wipfli LLP

Madison, Wisconsin

January 25, 2024

Workforce Alliance of South Central Kansas, Inc.

Statement of Financial Position

June 30, 2023

<i>Assets</i>	
Current assets:	
Cash	\$ 313,380
Funds held for others	96,716
Grants receivable	1,180,896
Related-party receivable	29,380
Prepaid expenses	118,076
Total current assets	1,738,448
Other assets:	
Right of use lease assets - Operating	1,816,224
Right of use lease assets - Finance	77,539
TOTAL ASSETS	\$ 3,632,211
<i>Liabilities and Net Assets</i>	
Current liabilities:	
Current portion of operating lease liabilities	\$ 512,278
Current portion of finance lease liabilities	24,931
Accounts payable	495,236
Accrued payroll and related expenses	143,741
Compensated absences and related expenses	230,761
Funds held for others	96,716
Refundable advances	258,925
Total current liabilities	1,762,588
Long-term liabilities:	
Operating lease liabilities, long term	1,310,777
Finance lease liabilities, long term	7,190
Total liabilities	3,080,555
Net assets:	
Without donor restriction	391,656
With donor restriction	160,000
Total net assets	551,656
TOTAL LIABILITIES AND NET ASSETS	\$ 3,632,211

See accompanying notes to financial statements.

Workforce Alliance of South Central Kansas, Inc.

Statement of Activities

Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue:			
Grant revenue	\$ 8,025,524	\$ 0	\$ 8,025,524
Program income	58,769	0	58,769
Total revenue	8,084,293	0	8,084,293
Expenses:			
Program activities:			
Workforce Investment Program	3,473,011	0	3,473,011
Senior Community Services Employment Program	719,802	0	719,802
KEEP H-1B Grant	1,863,980	0	1,863,980
Regional Economic Area Partnership Program	236,407	0	236,407
Older Kansas Employment Program	107,157	0	107,157
RETAIN	254,697	0	254,697
Workforce Innovation Fund	161,205	0	161,205
Pathways	309,084	0	309,084
American Rescue Plan Program	201,122	0	201,122
Other programs	415,930	0	415,930
Total program activities	7,742,395	0	7,742,395
Management and general	410,803	0	410,803
Total expenses	8,153,198	0	8,153,198
Change in net assets	(68,905)	0	(68,905)
Net assets - Beginning of the Year	460,561	160,000	620,561
Net assets - End of the Year	\$ 391,656	\$ 160,000	\$ 551,656

See accompanying notes to financial statements.

Workforce Alliance of South Central Kansas, Inc.

Statement of Functional Expenses

Year Ended June 30, 2023

	Program	Management & General	Total
Expenses:			
Wages	\$ 3,071,637	\$ 188,799	\$ 3,260,436
Payroll taxes	233,998	12,671	246,669
Benefits	411,569	39,245	450,814
Rent	337,517	21,602	359,119
Security	43,328	556	43,884
Utilities	31,205	3,101	34,306
Insurance	20,549	12,417	32,966
Office supplies	21,579	1,625	23,204
Office equipment / furniture	79,018	1,507	80,525
Postage	625	109	734
Dues and subscriptions	32,788	3,338	36,126
Conference	38,997	25,072	64,069
Job fairs	15,552	0	15,552
Meetings	33,927	1,730	35,657
Outreach	94,771	8,484	103,255
Staff development	18,543	474	19,017
Travel	24,192	792	24,984
Contract services	171,779	122,712	294,491
Miscellaneous	31,525 (35,667) (4,142)
Depreciation expense	61,550	0	61,550
Interest expense	5,419	0	5,419
Incentives	23,552	0	23,552
Education and training	2,272,275	0	2,272,275
Supportive services	194,823	0	194,823
Subrecipient pass-thru	380,075 (587)	379,488
IT Supplies	8,338	81	8,419
IT Licenses	56,215	2,347	58,562
IT Contracts	27,049	395	27,444
Total expenses	\$ 7,742,395	\$ 410,803	\$ 8,153,198

See accompanying notes to financial statements.

Workforce Alliance of South Central Kansas, Inc.

Statement of Cash Flows

Year Ended June 30, 2023

Increase (decrease) in cash and funds held for others:	
Cash flows from operating activities:	
Change in net assets	(\$ 68,905)
Adjustments to reconcile change in net assets to net cash from operating activities:	
Depreciation	61,550
Non-cash operating lease expense	6,832
Changes in operating assets and liabilities:	
Grants receivable	(416,858)
Related-party receivable	17,594
Prepaid expenses	11,380
Accounts payable	77,288
Accrued payroll and related expenses	(95,847)
Compensated absences and related expenses	11,367
Funds held for others	(71,523)
Refundable advances	191,987
Net cash from operating activities	(275,135)
Cash flows from financing activities	
Principal payments on finance lease obligation	(85,135)
Net cash from financing activities	(85,135)
Change in cash and funds held for others	(360,270)
Cash and funds held for others - Beginning of the Year	770,366
Cash and funds held for others- End of the Year	\$ 410,096
Reconciliation of cash and funds held for others:	
Cash	\$ 313,380
Funds held for others	96,716
Total cash and funds held for others	\$ 410,096
Supplemental schedule of other cash activity:	
Cash paid for interest expense	\$ 4,126
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	\$ 554,731
Operating cash flows from finance leases	93,894
Supplemental disclosure of noncash operating activity:	
Right of use assets obtained in exchange for new finance lease liabilities	\$ 48,263

See accompanying notes to financial statements.

Workforce Alliance of South Central Kansas, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

Nature of Operations

Workforce Alliance of South Central Kansas, Inc. (the "Organization") is a tax-exempt, nonprofit organization under Section 501(c)(3) of the Internal Revenue Code. The Organization incorporated in 2001 following the passage of the Workforce Investment Act (WIA) of 1998. As the Local Workforce Investment Board (LWIB) for Butler, Cowley, Harper, Kingman, Sedgwick, and Sumner counties in the state of Kansas, the primary duties of the Organization are to manage federal job training funds, operate One-Stop Workforce Centers and coordinate the public workforce system in South Central Kansas. The Workforce Innovation and Opportunity Act (WIOA) became effective July 1, 2015, and replaces WIA. The LWIB transitioned to the Local Workforce Development Board (LWDB) on that date and continues to operate programs and One-Stop centers across South Central Kansas.

The Organization's services are funded primarily through WIA/WIOA. A significant reduction in the level of this support could have an adverse effect on the Organization's programs and services. Approximately 82% of grant funding is direct from the United States Department of Labor and federal pass-through funds received from the State of Kansas Department of Commerce.

Basis of Presentation

All financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Use of Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Funds Held for Others

The Organization manages activities associated with the Regional Economic Area Partnership (REAP) program. The cash is held separately in a cash account with a corresponding liability as ownership of the funds rests with the REAP organization. Neither the receipt nor the disbursement of REAP funds are recognized as an operating activity in the Organization's financial statements as the Organization is acting as the fiscal agent.

Related-Party Receivable

Related-party receivable represents costs shared with partner agencies for office spaces and other services that were requested for reimbursement. No estimate is made for doubtful receivables, as the Organization believes they are fully collectible.

Workforce Alliance of South Central Kansas, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Property and Equipment

Property and equipment for which title passes to the Organization is capitalized and stated at cost. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in operations for the period. The cost of maintenance and repairs is charged to operations as incurred. Depreciation is provided by straight-line method over the estimated useful lives of the assets. Due to adoption of ASC 842, capital leases has been accounted as finance leases and hence net book value of grant-funded property and equipment is \$0 and net book value of right of use lease assets, finance is \$77,539 as of June 30, 2023.

Classification of Net Assets

Net assets and revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed stipulations or where donor-imposed stipulations are met in the year of the contribution.

Net assets with donor restrictions: Net assets subject to donor-imposed stipulations that may or may not be met, either by actions of the Organization and/or the passage of time. When a restriction expires, net assets with donor restrictions are transferred to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Revenue Recognition

Contributions, including promises to give, are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions. A contribution or promise to give contains a donor or grantor condition when both of the following are present:

- An explicit identification of a barrier, that is more than trivial, that must be overcome before the revenue can be earned and recognized
- An implicit right of return of assets transferred or a right of release of a donor or grantor's obligation to transfer assets promised, if the condition is not met.

Workforce Alliance of South Central Kansas, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Conditional contributions are recognized when the barrier(s) to entitlement are overcome. Unconditional contributions are recognized as revenue when received.

Unconditional contributions or conditional contributions in which the conditions have been substantially met or explicitly waived by the donor are recorded as support with or without donor restrictions, depending on the existence and nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. If a restriction is satisfied in the year of contribution, the program contribution is recorded as without donor restrictions.

Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award.

A. Grant Awards That Are Contributions

Grant awards that are contributions are evaluated for conditions and recognized as revenue when conditions in the award are satisfied. Unconditional awards are recognized as revenue when the award is received. Amounts received in which conditions have not been met are reflected as refundable advances.

B. Grant Awards That Are Exchange Transactions

Exchange transactions reimburse based on a predetermined rate for services performed. The revenue is recognized in the period the service is performed. Amounts received in excess of those earned are reflected in the statement of financial position as a contract liability.

Income Taxes

The Organization is a nonprofit organization under Section 501(c)(3) of the Internal Revenue Code and is exempt from Federal and Kansas income taxes.

The Organization is required to assess whether it is more likely than not that a tax position will be sustained upon examination on the technical merits of the position assuming the taxing authority has full knowledge of all information. If the tax position does not meet the more likely than not recognition threshold, the benefit of that position is not recognized in the financial statements. The Organization has determined there are no amounts to record as assets or liabilities related to uncertain tax positions.

Cost Allocation

Direct costs that can be identified specifically with a final cost objective are directly charged to the program benefited. Joint costs are allocated to benefiting programs using various allocation methods depending on the type of joint cost being allocated. Joint costs are those costs incurred for the common benefit of all of the

Workforce Alliance of South Central Kansas, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Cost Allocation (Continued)

Organization's programs, which cannot be readily identified with a final cost objective.

Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Adoption of New Accounting Policy

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, *Leases* (Topic 842). ASU No. 2016-02 is intended to improve financial reporting of leasing transactions by requiring organizations that lease assets to recognize assets and liabilities for the rights and obligations created by leases on the statement of financial position. This accounting update also requires additional disclosures surrounding the amount, timing, and uncertainty of cash flows arising from leases.

The Organization adopted this guidance for the year June 30, 2023, with modified retrospective application to July 1, 2022, through a cumulative effect adjustment. The Organization has elected the package of practical expedients permitted in ASC Topic 842.

Accordingly, the Organization accounted for its existing operating leases as operating leases and capital leases as finance leases under the new guidance, without reassessing (a) whether the contracts contain a lease under ASC Topic 842, (b) whether the classification of the leases would be different in accordance with ASC Topic 842, or (c) whether any unamortized initial direct costs before transition adjustments (as of July 1, 2022) would have met the definition of initial direct costs in ASC Topic 842 at lease commencement. Similarly, the Organization did not reassess service contracts evaluated for lease treatment under ASC Topic 840 for embedded leases under ASC Topic 842.

As a result of the adoption of the new lease accounting guidance, the Organization recognized the following right-of-use (ROU) assets and lease liabilities as of July 1, 2022:

ROU assets - Operating leases	\$ 2,318,962
ROU assets - Finance leases	76,695
Lease obligation - Operating leases	\$ 2,318,962
Lease obligation - Finance leases	76,695

This standard did not have a material impact on the Organization's net assets or cash flows from operations and had an immaterial impact on its operating results. The most significant impact was the recognition of the ROU assets and lease obligations for operating and finance leases.

Workforce Alliance of South Central Kansas, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

ASC 842 Lease Accounting

The Organization is a lessee in multiple noncancelable operating and financing leases. If the contract provides the Organization the right to substantially all the economic benefits and the right to direct the use of the identified asset, it is considered to be or contain a lease. ROU assets and lease liabilities are recognized at the lease commencement date based on the present value of the future lease payments over the expected lease term. The ROU asset is also adjusted for any lease prepayments made, lease incentives received, and initial direct costs incurred.

The lease liability is initially and subsequently recognized based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. Increases (decreases) to variable lease payments due to subsequent changes in an index or rate are recorded as variable lease expense (income) in the future period in which they are incurred.

The ROU asset for operating leases is subsequently measured throughout the lease term at the amount of the remeasured lease liability (i.e., present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized. The ROU asset for finance leases is amortized on a straight line basis over the lease term. For operating leases with lease payments that fluctuate over the lease term, the total lease costs are recognized on a straight line basis over the lease term.

For all underlying classes of assets, the Organization has elected to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement and do not include an option to purchase the underlying asset that the Organization is reasonably certain to exercise. Leases containing termination clauses in which either party may terminate the lease without cause and the notice period is less than 12 months are deemed short-term leases with lease costs included in short-term lease expense. The Organization recognizes short-term lease cost on a straight line basis over the lease term.

The Organization made an accounting policy election for all underlying classes of assets to not separate the lease components of a contract and its associated non-lease components.

Subsequent Events

The Organization have evaluated events and transactions for potential recognition or disclosure in the financial statements through January 25, 2024, which is the date the financial statements were available to be issued.

Workforce Alliance of South Central Kansas, Inc.

Notes to Financial Statements

Note 2: Liquidity and Availability of Financial Resources

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, without one year of the statement of financial position, are comprised of the following at June 30, 2023:

Cash	\$	313,380
Grants receivable		1,180,896
Related party receivable		29,380
<hr/>		
Subtotal financial assets		1,523,656
Less - Current liabilities		(1,128,663)
Less - Net assets with donor restrictions		(160,000)
<hr/>		
Total	\$	234,993
<hr/>		

The Organization does not have a formal liquidity policy but generally maintains financial assets in liquid form such as cash. The Organization can rely on a lower cash balance as it is primarily funded with cost reimbursement grants. Under cost reimbursement grants, once expenses are incurred, an organization can request reimbursement from the funding source (see Note 8).

Note 3: Cash and Investments

The Organization maintains its cash in bank deposits that, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash deposits. The following table represents the detail cash balances, as of June 30, 2023:

Bank account:		
WIOA cash	\$	28,041
Non-Federal cash		285,339
<hr/>		
Total bank accounts		313,380
<hr/>		
Funds held for others:		
REAP		91,548
Flexible spending-employees		5,168
<hr/>		
Total funds held for others		96,716
<hr/>		
Total cash	\$	410,096
<hr/>		

Workforce Alliance of South Central Kansas, Inc.

Notes to Financial Statements

Note 4: Grants Receivable

Grants receivable represents reimbursable expenditures incurred and accrued for WIOA program and other grant funds. Management does not believe that estimate for doubtful receivables would be necessary since such funds are awarded by the federal, state, and other local governments and are expected to be fully reimbursed. As of June 30, 2023, the Organization reported the following outstanding receivables:

Kansas Department of Commerce	\$	154,260
U.S. Department of Labor		248,848
Partners 4 Work		239,654
Midwest Urban Strategies		190,555
Other		347,579
<hr/>		
Total	\$	1,180,896

Note 5: Leases

The Organization leases various office space and copiers for operation of its programs. Some of the leases entered into include one or more options to renew. In the normal course of business, it is expected that these leases will be renewed or replaced by similar leases. Renewal option periods are included in the measurement of the ROU asset and the lease liability when the exercise is reasonably certain to occur.

The depreciable life of assets and leasehold improvements are limited by the expected lease term, unless there is a transfer of title or purchase option reasonably certain of exercise.

Components of lease expense were as follows for the year ended June 30, 2023:

Finance lease cost		
Interest	\$	1,183
Amortization of right-of-use asset		92,872
<hr/>		
Subtotal		94,055
Operating lease cost		561,562
<hr/>		
Total lease cost	\$	655,617

The weighted-average of the remaining lease terms and weighted average discount rates are as follows for the year ended June 30, 2023:

Weighted-average remaining lease term - Operating leases	3.6 years
Weighted-average remaining lease term - Finance leases	0.9 years
Weighted-average discount rate - Operating leases	2.87%
Weighted-average discount rate - Finance leases	1.80%

Workforce Alliance of South Central Kansas, Inc.

Notes to Financial Statements

Note 5: Leases (Continued)

Maturities of lease liabilities are as follows as of June 30, 2023:

	Operating Leases	Finance Leases
2024	\$ 556,647	\$ 24,533
2025	564,729	8,962
2026	395,457	0
2027	401,583	0
<hr/>		
Total lease payments	1,918,416	33,495
Less: Imputed Interest	(95,361)	(1,374)
<hr/>		
Subtotals	1,823,055	32,121
Less: Current portion	512,278	24,931
<hr/>		
Long-term portion	\$ 1,310,777	\$ 7,190

Note 6: Retirement Plan

The Organization has a 403(b) plan covering substantially all employees. The Organization matches 100% of employee contributions up to a maximum of 3% of compensation once employed for six months. The Organization contributed \$70,544 to this Plan for the year ended June 30, 2023.

Note 7: Related Parties

During the year ended June 30, 2023, the Organization entered into contracts for training services with the following entities. Officials of these entities also served as board members for the Organization, through June 30, 2023. The contracts were awarded through a competitive bid process and the Organization's policies were strictly followed. The board members of the Organization were not involved in the selection process and no special consideration was given in awarding the contracts.

Workforce Alliance of South Central Kansas, Inc.

Notes to Financial Statements

Note 7: Related Parties (Continued)

During the year ended June 30, 2023, the following amounts are reported in the Organization's financial statements:

	Expenses
Wichita Area Technical College	\$ 400,026
Cerebral Palsy Research Foundation	137,068
Butler Community College	107,422
Spirit AeroSystems	174,400
Evergy	27,420
Wichita Chamber of Commerce	42,463
Cowley Community College	50,821
Keycentrix	44,600
City of Wichita	11,774
Creekstone Farms	10,794
Flagship Kansas Tech	500
Total	\$ 1,007,288

Note 8: Grant Award Commitments

At June 30, 2023, the Organization had received future funding commitments under various grants. The remaining unspent amount of these commitments is approximately \$9,330,000. These commitments are not recognized in the accompanying financial statements as revenue and receivables as they are conditional awards.

Note 9: Net Assets with Donor Restriction

Net assets with donor restrictions at June 30, 2023 were \$160,000, which were restricted for the RoadTrip Nation program.

Supplementary Information

Workforce Alliance of South Central Kansas, Inc.

Schedule A-1

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2023

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	AL Number	Pass-Through Entity Identifying Number	Program Year	Passed Through to Subrecipients	Federal Expenditures
U.S. DEPARTMENT OF LABOR					
Passed through Kansas Department of Commerce					
Employment Service Cluster					
Employment Service - RETAIN	17.207	FY22-RETAIN2-004	05/17/21-05/16/25	\$ 0	\$ 254,697
Senior Community Service Employment	17.235	PY22-SCSEP-004	07/01/22-06/30/23	2,316	761,577
WIOA Cluster					
WIOA Adult Program	17.258	FY22-A-004	10/01/21-06/30/23	6,001	99,080
WIOA Adult Program	17.258	PY22-A-004	07/01/22-06/30/24	13,775	254,649
WIOA Adult Program	17.258	FY23-A-004	10/01/22-06/30/24	62,224	902,190
Total Federal Expenditures - AL 17.258				82,000	1,255,919
WIOA Youth Program	17.259	PY21-Y-004	04/01/21-06/30/23	14,495	501,990
WIOA Youth Program	17.259	PY22-Y-004	04/01/22-06/30/24	67,453	1,064,772
Total Federal Expenditures - AL 17.259				81,948	1,566,762
WIOA Dislocated Worker Program	17.278	FY22-DW-004	10/01/21-06/30/23	13	29,899
WIOA Dislocated Worker Program	17.278	PY22-DW-004	07/01/22-06/30/24	1,749	142,180
WIOA Dislocated Worker Program	17.278	FY23-DW-004	10/01/22-06/30/24	16,797	371,798
WIOA Dislocated Worker Program	17.278	FY22-RR-004	10/01/21-09/30/22	75	4,034
WIOA Dislocated Worker Program	17.278	FY23- RR-004	10/01/22-09/30/23	328	19,992
Total Federal Expenditures - AL 17.278				18,962	567,903
Total Federal Expenditures - WIOA Cluster (AL 17.258, 17.259, 17.278)				182,910	3,390,584
Direct Funding					
H-1B Job Training (KAMP)	17.268	HG-35909-21-60-A-20	02/01/21-01/31/25	135,419	1,863,980
Passed through Midwest Urban Strategies					
Pathway Home Grant Program	17.270	WA-PE-35039-20-60-A-55	07/01/20-12/31/23	0	309,084
Direct Funding					
National Emergency Grant - DWG	17.277	DW-34833-20-60-A-20	01/01/20-12/31/22	1,715	156,140
Passed through Partners 4 Work					
Midwest Urban Strategies - DWG	17.277	WA-DW-37016-21-60-A-55	09/24/21-09/23/23	0	295,311
Total Federal Expenditures - AL 17.277				1,715	451,451
Passed through Kansas Department of Commerce					
Work Based Learning	17.283	FY22-SSA-004	01/01/22-12/31/22	0	18,405
Work Based Learning	17.283	FY-23-WBL-004	07/01/22-06/30/23	1,372	142,800
Total Federal Expenditures - AL 17.283				1,372	161,205
TOTAL U.S. DEPARTMENT OF LABOR				323,732	7,192,578
U.S. DEPARTMENT OF TREASURY					
Passed through The City of Wichita Housing and Community Services Department					
COVID-19 American Rescue Plan Program	21.027	(not provided)	07/05/22-01/31/27	45,070	201,122
TOTAL U.S. DEPARTMENT OF TREASURY				45,070	201,122
TOTAL FEDERAL AWARDS				\$ 368,802	\$ 7,393,700

See Independent Auditor's Report
See Notes to Schedule of Expenditures of Federal Awards

Workforce Alliance of South Central Kansas, Inc.

Schedule A-2

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2023

Notes to the Schedule of Expenditures of Federal Awards

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Workforce Alliance of South Central Kansas, Inc. under programs of the federal government for the year ended June 30, 2023. The information in this schedule is presented in accordance with the 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). Because the schedule presents only a selected portion of the operations of Workforce Alliance of South Central Kansas, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of Workforce Alliance of South Central Kansas, Inc.

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.

Note 3 - Indirect Cost Rate

Workforce Alliance of South Central Kansas, Inc. did not elect to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

See Independent Auditor's Report

Independent Auditor's 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
Workforce Alliance of South Central Kansas, Inc.
Wichita, Kansas

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 Workforce Alliance of South Central Kansas, Inc. (a nonprofit organization), which comprises the statement of financial position as of June 30, 2023, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 25, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Workforce Alliance of South Central Kansas, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Workforce Alliance of South Central Kansas, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Workforce Alliance of South Central Kansas, Inc.'s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies in internal control, such that there is 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 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 weakness. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Workforce Alliance of South Central Kansas, Inc.'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 Workforce Alliance of South Central Kansas, Inc.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Workforce Alliance of South Central Kansas, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wipfli LLP

Wipfli LLP

Madison, Wisconsin

January 25, 2024

Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance

Board of Directors
Workforce Alliance of South Central Kansas, Inc.
Wichita, Kansas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Workforce Alliance of South Central Kansas, Inc.'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 its major federal programs for the year ended June 30, 2023. Workforce Alliance of South Central Kansas, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Workforce Alliance of South Central Kansas, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's 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 Workforce Alliance of South Central Kansas, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America, *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 Workforce Alliance of South Central Kansas, Inc.'s compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Workforce Alliance of South Central Kansas, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Workforce Alliance of South Central Kansas, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Workforce Alliance of South Central Kansas, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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 Auditor's 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.

Wipfli LLP

Wipfli LLP

Madison, Wisconsin

January 25, 2024

Workforce Alliance of South Central Kansas, Inc.

Schedule of Findings and Questioned Costs

Year Ended June 30, 2023

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting:

 Material weakness(es) identified? yes no

 Significant deficiency(ies) identified? None reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

 Material weakness(es) identified? yes no

 Significant deficiency(ies) identified? None reported

Type of auditor's report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance [2 CFR 200.516(a)]? yes no

Identification of major federal programs:

<u>AL Number</u>	<u>Name of Federal Program or Cluster</u>
17.235	Senior Community Services employment Program
17.258, 17.259, 17.278	WIOA Cluster

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

Federal \$750,000

Auditee qualified as low-risk auditee? Yes

Section II - Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

Section IV – Summary Schedule of Prior Year Findings

None

Southeast KANSASWORKS, Inc.

Emporia, Kansas

Financial Statements and
Supplementary Information

Year Ended June 30, 2022



Southeast KANSASWORKS, Inc.

Year Ended June 30, 2022

Table of Contents

Independent Auditor’s Report	1
Financial Statements	
Statement of Financial Position.....	4
Statement of Activities.....	5
Statement of Functional Expenses.....	6
Statement of Cash Flows.....	7
Notes to Financial Statements.....	8
Supplementary Information	
Schedule of Expenditures of Federal Awards.....	14
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	16
Independent Auditor's Report on Compliance For Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance	18
Schedule of Findings and Questioned Costs	21

Independent Auditor's Report

Board of Directors
Southeast KANSASWORKS, Inc.
Emporia, Kansas

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Southeast KANSASWORKS, Inc., a nonprofit organization, which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Southeast KANSASWORKS, Inc. as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Southeast KANSASWORKS, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 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 Southeast KANSASWORKS, Inc.'s ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 March 28, 2023, on our consideration of Southeast KANSASWORKS, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Southeast KANSASWORKS, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Southeast KANSASWORKS, Inc.'s internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Wipfli LLP". The signature is written in a cursive, flowing style.

Wipfli LLP

Madison, Wisconsin
March 28, 2023

Southeast KANSASWORKS, Inc.

Statement of Financial Position

June 30, 2022

Assets	
Current assets:	
Cash	\$ 99,897
Grants receivable	19,914
Accounts receivable	40,482
Accounts receivable, related party	40,958
Prepaid expenses	46,714
<hr/>	
Total current assets	247,965
Property and equipment:	
Equipment	44,584
Accumulated depreciation	(44,584)
<hr/>	
Property and equipment, net	0
<hr/>	
TOTAL ASSETS	\$ 247,965
<hr/> <hr/>	
Liabilities and Net Assets	
Current liabilities:	
Accounts payable	\$ 73,545
Accrued payroll and related liabilities	82,911
Accrued vacation	34,087
Refundable advances	40,414
<hr/>	
Total current liabilities	230,957
Net assets:	
Without donor restrictions	17,008
<hr/>	
TOTAL LIABILITIES AND NET ASSETS	\$ 247,965
<hr/> <hr/>	

See accompanying notes to financial statements.

Southeast KANSASWORKS, Inc.

Statement of Activities

Year Ended June 30, 2022

Revenue:	
Grant revenue	\$ 2,729,908
Program income	3,184
<hr/>	
Total revenue	2,733,092
<hr/>	
Expenses:	
Program activities:	
Adult programs	1,148,813
Youth programs	858,343
Dislocated workers programs	79,150
Health professional opportunity program	102,550
Pathway program	12,213
Retain program	59,934
Registered apprentice	117,259
Other programs	68,357
<hr/>	
Total program activities	2,446,619
<hr/>	
Management and general	273,963
<hr/>	
Total expenses	2,720,582
<hr/>	
Change in net assets without donor restrictions	12,510
<hr/>	
Net assets without donor restriction, beginning of year	4,498
<hr/>	
Net assets without donor restriction, end of year	\$ 17,008
<hr/>	

See accompanying notes to financial statements.

Southeast KANSASWORKS, Inc.

Statement of Functional Expenses

Year Ended June 30, 2022

	Program	Management and General	Total
Staff salaries and benefits	\$ 1,215,287	\$ 192,871	\$ 1,408,158
On-the-job training	182,719	0	182,719
Work experience	79,835	0	79,835
Support services	161,841	0	161,841
ITA education and training	325,947	0	325,947
Other program expenses	108,644	0	108,644
Contracted services	81,719	6,599	88,318
Paymaster services	8,644	40,349	48,993
Rent	96,269	7,207	103,476
Insurance	4,311	4,747	9,058
Phone and internet	24,095	1,575	25,670
Printing expense	5,837	0	5,837
Travel and meeting expense	75,274	9,706	84,980
Training expense	7,347	1,250	8,597
Materials	50,364	8,921	59,285
Membership dues	14,717	825	15,542
Miscellaneous expenses	3,769	(87)	3,682
Totals	\$ 2,446,619	\$ 273,963	\$ 2,720,582

See accompanying notes to financial statements

Southeast KANSASWORKS, Inc.

Statement of Cash Flows

Year Ended June 30, 2022

Increase (decrease) in cash:

Cash flows from operating activities

Change in net assets	\$	12,510
----------------------	----	--------

Adjustments to reconcile change in net assets

to net cash from operating activities:

Changes in operating assets and liabilities:

Grants receivable		1,018
-------------------	--	-------

Accounts receivable	(6,492)
---------------------	---	--------

Prepaid expenses		6,079
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Accounts payable	(58,682)
------------------	---	---------

Accrued payroll and related expenses		22,538
--------------------------------------	--	--------

Accrued vacation	(1,975)
------------------	---	--------

Refundable advances		2,147
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Net cash from operating activities	(22,857)
------------------------------------	---	---------

Change in cash	(22,857)
----------------	---	---------

Cash, beginning of year		122,754
-------------------------	--	---------

Cash, end of year	\$	99,897
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Southeast KANSASWORKS, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

Nature of Operations

Southeast KANSASWORKS, Inc. (the "Organization") is a tax-exempt non-profit organization under Section 501(c)(3) of the Internal Revenue Code. The Organization was incorporated in 1997. As the Local Workforce Investment Board (LWIB) for 17 counties in southeast Kansas, the primary duties of the Organization are to manage federal job training funds, operate One-Stop Workforce Centers and coordinate the public workforce system in Southeastern Kansas.

The Organization is fully funded with the federal grants provided for various job training programs. The funds passed through the Kansas Department of Commerce from the U.S. Department of Labor constitutes approximately 93% of the Organization's total funding. A significant reduction in the level of funding from the U.S. Department of Labor could have an adverse effect on the Organization's program services.

Basis of Presentation

The financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Use of Estimates

The preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Accounts and Related Party Receivables

Accounts receivable consist primarily of employee accruals. The balance as of June 30, 2022 was \$40,482. The related party receivables consist costs shared with partner agencies for office spaces and other services that were requested for reimbursement. The balance as of June 30, 2022 was \$40,958. The Organization analyzes the receivables and records an allowance for doubtful accounts based on prior collection, experience, and specific customer attributes. When all collection efforts have been exhausted, the Organization writes off receivables against the allowance. There was no allowance for doubtful accounts related to accounts and related party receivables at June 30, 2022.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. The Organization capitalizes equipment costing \$5,000 or more and a useful life of over one year. Depreciation is charged to expense using the straight-line method over the estimated useful life of each asset.

Southeast KANSASWORKS, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Property and Equipment (Continued)

Property and equipment purchased with grant funds are owned by the Organization while used in the program for which it was purchased or in other future authorized programs. However, the various funding sources have a reversionary interest in the equipment purchased with grant funds. Its disposition, as well as the ownership of any proceeds therefrom, is subject to funding source regulations. The net book value of grant-funded property and equipment as of June 30, 2022, was \$0.

Classification of Net Assets

Net assets and revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed stipulations or where donor-imposed stipulations are met in the year of the contribution.

Net assets with donor restrictions: Net assets subject to donor-imposed stipulations that may or may not be met, either by actions of the Organization and/or the passage of time. Other explicit donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. When a restriction expires, net assets with donor restrictions are transferred to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Currently, the Organization does not have any net assets with donor restrictions.

Revenue Recognition

Contributions, including promises to give, are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions. A contribution or promise to give contains a donor or grantor condition when both of the following are present:

- An explicit identifying of a barrier, that is more than trivial, that must be overcome before the revenue can be earned and recognized
- An implicit right of return of assets transferred or a right of release of a donor or grantor's obligation to transfer assets promised, if the condition is not met

Conditional contributions are recognized when the barrier(s) to entitlement are overcome. Unconditional contributions are recognized as revenue when received.

Southeast KANSASWORKS, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Unconditional contributions or conditional contributions in which the conditions have been substantially met or explicitly waived by the donor are recorded as support with or without donor restrictions, depending on the existence and nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Grant Awards

The Organization's grant awards are contributions which are evaluated for conditions and recognized as revenue when conditions in the award are satisfied. Unconditional awards are recognized as revenue when the award is received. Amounts received in which conditions have not been met are reported as a refundable advance liability.

Income Taxes

The Organization is a nonprofit corporation organized under Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and Kansas income taxes.

The Organization assesses whether it is more likely than not that a tax position will be sustained upon examination of the technical merits or the position, assuming the taxing authority has full knowledge of all information. If the tax position does not meet the more likely than not recognition threshold, the benefit of the tax position is not recognized in the financial statements. The Organization recorded no assets or liabilities for uncertain tax positions or unrecognized tax benefits.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Personnel costs are allocated based on time and effort reporting. Rent and related costs are allocated based on square footage.

Upcoming Accounting Pronouncement

In 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842), which is intended to improve financial reporting on leasing transactions. ASU No. 2016-02 will require lessees to recognize right of use assets and lease obligations for operating and finance leases under terms greater than 12 months. ASU No. 2016-02 is effective for fiscal years beginning after December 15, 2021, with early adoption permitted. Management is currently evaluating the impact of this new standard.

Southeast KANSASWORKS, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Subsequent Events

Subsequent events have been evaluated through March 28, 2023, which is the date the financial statements were available to be issued.

Note 2: Concentration of Credit Risk

The Organization maintains cash balances at financial institutions where the accounts are insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$250,000. At certain times during the year, cash balances may be in excess of FDIC coverage. Management believes the financial institutions have strong credit ratings and credit risk related to these deposits is minimal.

Note 3: Liquidity and Availability of Financial Resources

As of June 30, 2022, the Southeast KANSASWORKS, Inc. has \$4,381 of financial assets available within one year of the statement of financial position date consisting of cash of \$99,897, grants receivable of \$19,914, accounts receivable of \$40,482 and related party receivable of \$40,958, offset by accounts payable of \$73,545, accrued payroll and related expenses of \$82,911, refundable advances of \$40,414. The Organization does not have a formal liquidity policy but generally maintains financial assets in liquid form such as cash. The Organization can rely on a lower cash balance as it is primarily funded with cost reimbursement grants. Under cost reimbursement grants, once expenses are incurred, an organization can request reimbursement from the funding source (see Note 8).

Note 4: Grants Receivable

Grants receivable represents reimbursable expenditures incurred and accrued for program and other grant funds. Management does not believe that an estimate for doubtful receivables would be necessary since such funds are awarded by the federal, state, and other local governments and are expected to be fully reimbursed. Total grants receivable as of June 30, 2022, was \$19,914.

Southeast KANSASWORKS, Inc.

Notes to Financial Statements

Note 5: Operating Leases

The Organization leases various buildings and office equipment for its administrative and field offices under operating lease agreements. The operating lease payments for the year ended June 30, 2022, were \$103,476 net of sublease reimbursements. The future rental commitments under these leases having remaining terms in excess of one year as of June 30, 2022, are as follows:

2023	\$	162,831
2024		105,867
2025		105,867
2026		105,867
2027		48,000
Thereafter		105,000
Total		\$ 633,432

The Organization also subleases space in the various buildings. Sublease receipts for the year ended June 30, 2022, was \$73,868. The financial statement expenses are reported net of these receipts. Anticipated future minimum lease receipts on the Organization's subleases having remaining terms in excess of one year as of June 30, 2022, are as follows:

2023	\$	66,668
2024		39,898
2025		39,898
2026		39,898
2027		18,881
Thereafter		37,762
Total		\$ 243,005

Note 6: Retirement Plan

The Organization participates in a cost sharing, multiple-employer defined benefit pension plan (the Plan). The Plan is administered by the Kansas Public Employees Retirement System (KPERS), a body corporate and an instrumentality of the State of Kansas. Participation in the Plan was optional, but irrevocable once elected. Plan benefits include retirement benefits, life insurance, disability income benefits, and death benefits and may only be changed by the Kansas General Assembly.

KPERS issues a stand-alone comprehensive annual financial report, which is available on the KPERS website at www.kpers.org. The June 30, 2022, report indicated that the Plan was 69.75% funded. KPERS has also estimated that the Organization's share of the net pension liability was \$1,158,374 as of that date.

Southeast KANSASWORKS, Inc.

Notes to Financial Statements

Note 6: Retirement Plan (Continued)

The Organization was required to contribute at a rate of 8.87% of covered salary from July 1, 2021 through December 31, 2021, and 8.90% from January 1, 2022 through June 30, 2022. The State of Kansas is required to contribute the remaining amount necessary to achieve the actuarially determined contribution rate. The Organization was also required to contribute up to 1% of covered salary for life insurance. During the year ended June 30, 2022, the Organization contributed \$103,978 to KPERS. The member-employee contribution rate for Tier 1 and Tier 2 is 6% of covered salary. Member-employee's contributions are withheld by their employer and paid to KPERS.

Note 7: Related Parties

During the year ended June 30, 2022, the Organization entered into contracts for training services with Norfolk Iron and Metal and Doherty Steel, Inc. Employees of these entities also served as board members for the Organization during the year ended June 30, 2022. The Organization also entered into a shared leasing agreement with the Kansas Department of Commerce, for which the Organization receives a majority of its funding.

The board members of the Organization were not involved in the selection process and no special consideration was given in awarding the contracts. During the year ended June 30, 2022, the following fees were paid to related parties:

Doherty Steel, Inc	\$	11,652
Norfolk Iron and Metal		1,236

There was a receivable from Kansas Department of Commerce of \$40,958, which is for the shared leasing agreement with the Organization. There was a payable to Doherty Steel, Inc for \$9,301 as of June 30, 2022. There were no other receivables or payables due to these related parties to the Organization for the service expenses as of June 30, 2022.

Note 8: Grant Award Commitments

At June 30, 2022, the Organization had received future funding commitments under various grants of approximately \$2,573,000. These commitments are not recognized in the accompanying financial statements as they are conditional awards.

Supplementary Information

Southeast KANSASWORKS, Inc.

Schedule A-1

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2022

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	AL Number	Pass-Through Entity Identifying Number	Program Year	Passed Through to Subrecipients	Federal Expenditures
U.S. DEPARTMENT OF LABOR					
Passed through Kansas Department of Commerce					
WIOA Cluster					
WIOA Adult Program	17.258	PY20-A-005	07/01/20-06/30/22	\$ 0	\$ 18,925
WIOA Adult Program	17.258	FY21-A-005	10/01/20-06/30/22	0	921,401
WIOA Adult Program	17.258	PY21-A-005	07/01/21-06/30/23	0	139,985
WIOA Adult Program	17.258	FY22-A-005	10/01/21-09/30/24	0	187,574
Total Federal Expenditures - AL 17.258				0	1,267,885
WIOA Youth Program	17.259	PY20-Y-005	04/01/20-06/30/22	0	765,672
WIOA Youth Program	17.259	PY21-Y-005	04/01/21-06/30/23	0	235,362
Total Federal Expenditures - AL 17.259				0	1,001,034
WIOA Dislocated Worker Program	17.278	PY20-DW-005	07/01/20-06/30/22	0	81,412
WIOA Dislocated Worker Program	17.278	PY21-DW-005	07/01/21-06/30/23	0	9,938
Total Federal Expenditures - AL 17.278				0	91,350
Total Federal Expenditures - WIOA Cluster (AL 17.258, 17.259, 17.278)				0	2,360,269
Passed through Kansas Department of Commerce					
Pathway Home	17.270	FY22-PTWH-005	11/01/21-12/31/24	0	12,213
Passed through Kansas Department of Commerce					
Retain Works	17.720	FY22-RETAIN-005	05/17/21-05/16/25	0	59,934
Passed through Kansas Department of Commerce					
Apprenticeship USA	17.285	FY20-RASEG-005	07/01/19-06/30/22	0	117,259
TOTAL U.S. DEPARTMENT OF LABOR				0	2,549,675
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Passed through Kansas Department of Commerce					
ACA Health Profession Opportunity Grant	93.093	FY21-KHPOP-005	09/30/20-09/29/21	0	98,018
KHPOP Impact Study	93.093	FY22-IMPACT-005	10/01/21-06/30/22	0	4,532
Total Federal Expenditures - AL 93.093				0	102,550
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				0	102,550
TOTAL EXPENDITURES OF FEDERAL AWARDS				\$ 0	\$ 2,652,225

Southeast KANSASWORKS, Inc.

Schedule A-2

Notes to the Schedule of Expenditures of Federal Awards

Year Ended June 30, 2022

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Southeast KansasWorks, Inc. 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 Title 2 U.S. *Code of Federal Regulations* 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 Southeast KansasWorks, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of Southeast KansasWorks, Inc.

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. 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

Southeast KansasWorks, Inc. did not elect to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Independent Auditor's 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
Southeast KANSASWORKS, Inc.
Emporia, Kansas

We have audited, in accordance with auditing standards generally accepted in the United States 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 Southeast KANSASWORKS, Inc., which comprises the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 28, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Southeast KANSASWORKS, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Southeast KANSASWORKS, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Southeast KANSASWORKS, Inc.'s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies in internal control, such that there is reasonable possibility that a material misstatement of the Southeast KANSASWORKS, Inc.'s financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or 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 the Southeast KANSASWORKS, Inc.'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 Southeast KANSASWORKS, Inc.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Southeast KANSASWORKS, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Wipfli LLP". The signature is written in a cursive, flowing style.

Wipfli LLP

Madison, Wisconsin
March 28, 2023

Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance

Board of Directors
Southeast KANSASWORKS, Inc.
Emporia, Kansas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Southeast KANSASWORKS, Inc.'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 each of its major federal programs for the year ended June 30, 2022. Southeast KANSASWORKS, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Southeast KANSASWORKS, 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, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibility 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 Southeast KANSASWORKS, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States, *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 Southeast KANSASWORKS, Inc.'s compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Southeast KANSASWORKS, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Southeast KANSASWORKS, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Southeast KANSASWORKS, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or 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 Auditor's 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.

A handwritten signature in black ink that reads "Wipfli LLP". The signature is written in a cursive, flowing style.

Wipfli LLP

Madison, Wisconsin
March 28, 2023

Southeast KANSASWORKS, Inc.
Schedule of Findings and Questioned Costs

Year Ended June 30, 2022

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting:

Material weakness(es) identified? ___ yes x no

Significant deficiency(ies) identified? None reported

Noncompliance material to financial statements noted? ___ yes x no

Federal and State Awards

Internal control over major programs:

Material weakness(es) identified? ___ yes x no

Significant deficiency(ies) identified? None reported

Type of auditor's report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance [2 CFR 200.516(a)]? ___ yes x no

Identification of major federal programs:

<u>AL Number</u>	<u>Name of Federal Program or Cluster</u>
17.258, 17.259, 17.278	WIOA Cluster

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

Federal	\$750,000
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Auditee qualified as low-risk auditee? Yes

Section II - Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

Section IV – Summary Schedule of Prior Year Findings

None

