

**SOUTH CENTRAL WORKFORCE  
INVESTMENT BOARD**

**Independent Auditor's Report  
and Financial Statements**

**June 30, 2024 and 2023**

# SOUTH CENTRAL WORKFORCE INVESTMENT BOARD

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## Welch, Couch & Company, PA Certified Public Accountants

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### INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
South Central Workforce Investment Board  
West Plains, Missouri

#### Report on the Audit of the Financial Statements

##### *Opinion*

We have audited the accompanying financial statements of South Central Workforce Investment Board (a nonprofit organization), which comprise the statements of financial position as of June 30, 2024 and 2023, 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 South Central Workforce Investment Board as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

##### *Basis for Opinion*

We conducted our 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 South Central Workforce Investment Board 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 South Central Workforce Investment Board's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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### ***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 South Central Workforce Investment Board'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 South Central Workforce Investment Board'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 January 14, 2025, on our consideration of South Central Workforce Investment Board'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 South Central Workforce Investment Board'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 South Central Workforce Investment Board's internal control over financial reporting and compliance.

  
**Welch, Couch & Company, PA**  
Certified Public Accountants

West Plains, Missouri  
January 14, 2025

# SOUTH CENTRAL WORKFORCE INVESTMENT BOARD

## Statements of Financial Position

June 30, 2024 and 2023

	<u>Assets</u>	<u>2024</u>	<u>2023</u>
<b>Current assets</b>			
Cash and cash equivalents - Notes 1 and 6		\$ 48,420	\$ 36,582
Grants receivable - Note 2		69,255	80,234
Prepaid expenses		12,145	7,980
<b>Total current assets</b>		<u>129,820</u>	<u>124,796</u>
<b>Furniture and equipment - Note 1</b>		92,037	84,739
Less: accumulated depreciation		(74,181)	(67,690)
<b>Total furniture and equipment</b>		<u>17,856</u>	<u>17,049</u>
<b>Other noncurrent assets</b>			
Operating lease right-of-use asset - Note 3		100,608	89,229
<b>Total noncurrent assets</b>		<u>100,608</u>	<u>89,229</u>
<b>Total assets</b>		<u><u>\$ 248,284</u></u>	<u><u>\$ 231,074</u></u>
	<u>Liabilities and Net Assets</u>		
<b>Current liabilities</b>			
Accounts payable		\$ 23,171	\$ 74,352
Accrued expenses		44,331	9,022
Operating lease liability - current portion - Note 3		25,987	16,728
<b>Total current liabilities</b>		<u>93,489</u>	<u>100,102</u>
<b>Noncurrent liabilities</b>			
Operating lease liability, less current portion - Note 3		74,621	72,501
<b>Total noncurrent liabilities</b>		<u>74,621</u>	<u>72,501</u>
<b>Net assets</b>			
Without donor restrictions - Note 1		80,174	58,471
<b>Total net assets</b>		<u>80,174</u>	<u>58,471</u>
<b>Total liabilities and net assets</b>		<u><u>\$ 248,284</u></u>	<u><u>\$ 231,074</u></u>

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

# SOUTH CENTRAL WORKFORCE INVESTMENT BOARD

## Statements of Activities

For the Years Ended June 30, 2024 and 2023

	Without Donor Restrictions <u>2024</u>	Without Donor Restrictions <u>2023</u>
<b>Revenues, gains, and other support</b>		
Federal award proceeds	\$ 1,318,342	\$ 775,192
Other revenue	55,989	-
<b>Total revenues, gains, and other support</b>	<u>1,374,331</u>	<u>775,192</u>
<b>Expenses</b>		
Salaries and wages	361,578	117,116
Employee benefits	86,453	27,369
Professional fees	13,500	13,240
Rent	27,655	19,546
Utilities	1,080	2,906
Travel	21,083	8,968
Insurance	8,354	8,906
Office supplies	9,053	7,765
Other	14,216	4,693
Depreciation	6,491	4,939
Participant services	803,165	549,098
<b>Total expenses</b>	<u>1,352,628</u>	<u>764,546</u>
<b>Change in net assets</b>	21,703	10,646
<b>Net assets, beginning of year</b>	<u>58,471</u>	<u>47,825</u>
<b>Net assets, end of year</b>	<u><u>\$ 80,174</u></u>	<u><u>\$ 58,471</u></u>

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

**SOUTH CENTRAL WORKFORCE INVESTMENT BOARD**

**Statement of Functional Expenses**

**For the Year Ended June 30, 2024**

	<u>Program</u>	<u>Management and General</u>	<u>Total</u>
Participant services	\$ 803,165	\$ -	\$ 803,165
Salaries	101,858	259,720	361,578
Employee benefits	25,773	60,680	86,453
Insurance	-	8,354	8,354
Office expense	-	9,053	9,053
Utilities	-	1,080	1,080
Rent	-	27,655	27,655
Travel	21,083	-	21,083
Professional fees	-	13,500	13,500
Other operating expenses	-	14,216	14,216
Depreciation	-	6,491	6,491
	<u>\$ 951,879</u>	<u>\$ 400,749</u>	<u>\$ 1,352,628</u>

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



# SOUTH CENTRAL WORKFORCE INVESTMENT BOARD

## Statement of Functional Expenses

For the Year Ended June 30, 2023

	<u>Program</u>	<u>Management and General</u>	<u>Total</u>
Participant services	\$ 549,098	\$ -	\$ 549,098
Salaries	32,992	84,124	117,116
Employee benefits	8,159	19,210	27,369
Insurance	-	8,906	8,906
Office expense	-	7,765	7,765
Utilities	-	2,906	2,906
Rent	-	19,546	19,546
Travel	8,968	-	8,968
Professional fees	-	13,240	13,240
Other operating expenses	-	4,693	4,693
Depreciation	-	4,939	4,939
	<u>\$ 599,217</u>	<u>\$ 165,329</u>	<u>\$ 764,546</u>

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

# SOUTH CENTRAL WORKFORCE INVESTMENT BOARD

## Statements of Cash Flows

For the Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 21,703	\$ 10,646
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	6,491	4,939
Net changes in:		
Grants receivable	10,979	24,490
Prepaid expenses	(4,165)	(3,077)
Accounts payable and accrued expenses	(15,872)	(28,179)
<b>Net cash provided by operating activities</b>	<u>19,136</u>	<u>8,819</u>
<b>Cash flows from investing activities</b>		
Purchases of fixed assets	<u>(7,298)</u>	<u>(6,703)</u>
<b>Net cash (used in) investing activities</b>	<u>(7,298)</u>	<u>(6,703)</u>
<b>Increase in cash and cash equivalents</b>	11,838	2,116
<b>Cash and cash equivalents, beginning of year</b>	<u>36,582</u>	<u>34,466</u>
<b>Cash and cash equivalents, end of year</b>	<u><u>\$ 48,420</u></u>	<u><u>\$ 36,582</u></u>

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

## **SOUTH CENTRAL WORKFORCE INVESTMENT BOARD**

### **Notes to Financial Statements**

**June 30, 2024 and 2023**

#### **Note 1 – Summary of Significant Accounting Policies**

##### ***Nature of Activities***

South Central Workforce Investment Board (the Organization) is a nonprofit corporation, established by the State of Missouri, which receives primarily all funding from the Department of Labor under the Workforce Innovation and Opportunity Act (WIOA) grants. The Organization is responsible for overseeing the expenditures of federal funds allocated under various federal employment and training programs. The Organization contracts with qualified service providers with the necessary training and skills to provide the appropriate services to eligible recipients under the various programs.

##### ***Basis of Accounting***

The financial statements of South Central Workforce Investment Board have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) and the financial provisions of the WIOA regulations.

##### ***Furniture and Equipment***

Expenditures for furniture, equipment and improvements are capitalized at cost. Equipment expenditures of \$1,000 or less are charged to expense. Ordinary repairs and maintenance are charged to expense when incurred. Donated assets are capitalized, and recorded as support, at their fair value at the date of receipt. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use, and contributions of cash that must be used to acquire furniture and equipment, are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Depreciation is computed using the straight-line method over the estimated useful lives ranging from 3 to 40 years of the related assets. Depreciation expense for the years ended June 30, 2024 and 2023, was \$6,491 and \$4,939, respectively.

##### ***Net Assets***

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

*With Donor Restrictions:* Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. The donors of these assets permit the Organization to use all of the income earned on related investments for general or specific purposes.

Net assets with donor restrictions also include net assets subject to donor-imposed stipulations that may or will be met by actions of the Organization and/or the passage of time.

## **SOUTH CENTRAL WORKFORCE INVESTMENT BOARD**

### **Notes to Financial Statements**

**June 30, 2024 and 2023**

#### **Note 1 – Summary of Significant Accounting Policies (Cont.)**

##### ***Net Assets (cont.)***

*Without Donor Restrictions:* Net assets not subject to donor-imposed stipulations.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

##### ***Cash and Cash Equivalents***

Cash and cash equivalents include all demand and savings accounts.

##### ***Allocation of Indirect Costs and Functional Allocation of Expenses***

Expenses that can be identified with a specific program or supporting service are charged directly to the program or supporting service. Expenses which apply to more than one functional category have been allocated on the basis determined by management.

Indirect costs benefiting more than one grant are allocated to the various grant programs based on the relationship of direct labor hours charged to each grant program to the total direct labor hours charged to all grant programs.

##### ***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. 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 the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

##### ***Revenue Recognition***

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires because the contributed resources are spent in accordance with the donor's instructions or because of passage of time, net assets with donor restrictions are reclassified to net assets without donor restrictions.

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

## **SOUTH CENTRAL WORKFORCE INVESTMENT BOARD**

### **Notes to Financial Statements**

**June 30, 2024 and 2023**

#### **Note 1 – Summary of Significant Accounting Policies (Cont.)**

##### ***Revenue Recognition (Cont.)***

###### **A. Grant Awards That Are Contributions**

Grants that qualify as contributions are recorded as invoiced to the funding sources in accordance with the terms of the award and ASC Topic 605. Revenue is recognized in the accounting period when the related expenses are incurred. Amounts received or receivable in excess of expenses are reflected as a deferred revenue liability.

###### **B. Grant Awards That Are Exchange Transactions**

Exchange transactions are reimbursed based on a predetermined rate for services performed in accordance with the terms of the award and ASC Topic 606. Revenue is recognized when control of the promised goods or services is transferred to the customer (grantor) in an amount that reflects the consideration to which the Organization expects to be entitled in exchange for those goods or services. Amounts received in excess of recognized revenue are reflected as a contract liability. The Organization has no grant awards that are exchange transactions.

##### ***Risk Management***

The Organization is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruptions; errors and omissions; employee injuries and illnesses; natural disasters, and employee health, dental and accident benefits. Commercial insurance coverage is purchased for claims arising from property losses, professional and general liability.

##### ***Reclassifications***

Certain reclassifications have been made to the 2023 financial statements to conform to the 2024 financial statement presentation. These reclassifications had no effect on the change in net assets as previously reported.

##### ***Leases***

The Organization leases office space. The determination of whether an arrangement is a lease is made at the lease's inception. Under ASC 842, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

Operating leases are included in operating lease right-of-use ("ROU") assets, current and noncurrent operating lease liabilities in the statements of financial position.

## SOUTH CENTRAL WORKFORCE INVESTMENT BOARD

### Notes to Financial Statements

June 30, 2024 and 2023

#### Note 1 – Summary of Significant Accounting Policies (Cont.)

##### *Leases (Cont.)*

ROU assets represent our right to use an underlying asset for the lease term, and lease liabilities represent our obligation to make lease payments. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Organization uses the implicit rate when it is readily determinable. Since most of the Organization's leases do not provide an implicit rate, to determine the present value of lease payments, management uses the Organization's incremental borrowing rate based on the information available at lease commencement. Operating lease ROU assets also includes any lease payments made and excludes any lease incentives. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Organization's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise the option.

##### *Recently Adopted Accounting Pronouncements*

In June 2016, the FASB issued Accounting Standards Update (ASU) 2016-13, *Financial Instruments - Credit Losses* (Topic 326); *Measurement of Credit Losses on Financial Instruments*, which creates a new credit impairment standard for financial assets measured at amortized cost. The ASU requires financial assets measured at amortized cost (accounts and loans receivable) to be presented at the net amount expected to be collected, through an allowance for credit losses that are expected to occur over the remaining life of the asset, rather than incurred losses. The measurement of credit losses for newly recognized financial assets (other than certain purchased assets) and subsequent changes in the allowance for credit losses are recorded in the statement of activities as the amounts expected to be collected change. South Central Workforce Investment Board adopted ASU 2016-13 effective July 1, 2023. The adoption of ASU 2016-13 did not have a material impact on the financial statements.

#### Note 2 – Grants Receivable

Grants receivable are from government agencies and are considered collectible. Accordingly, no provision for credit losses has been provided. As of June 30, 2024, and 2023, the Organization had grants receivable from the following sources:

	<u>2024</u>	<u>2023</u>
Workforce Innovation and Opportunity Act	\$ 69,255	\$ 80,234
<b>Total grants receivable</b>	<u>\$ 69,255</u>	<u>\$ 80,234</u>

# SOUTH CENTRAL WORKFORCE INVESTMENT BOARD

## Notes to Financial Statements

June 30, 2024 and 2023

### Note 3 – Leases

South Central Workforce Investment Board leases its facilities under a yearly renewable operating lease. Rent expense for the years ended June 30, 2024 and 2023, under this lease was \$27,655 and \$19,546, respectively.

The following summarizes the line items in the statements of financial position which include amounts for operating leases as of June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Operating lease right-of-use assets	\$ 100,608	\$ 89,229
Operating lease liability - current portion	\$ 25,987	\$ 16,728
Operating lease liability, less current portion	74,621	72,501
<b>Total operating lease liabilities</b>	<b>\$ 100,608</b>	<b>\$ 89,229</b>

The following is a schedule by year of future minimum lease payments under operating leases that have initial or remaining terms in excess of one year as of June 30, 2024:

<u>Year Ending June 30:</u>	<u>Operating</u>
2025	\$ 30,000
2026	30,000
2027	30,000
2028	18,000
2029	1,500
<b>Total Lease Payments</b>	<b>109,500</b>
Less: Interest	(8,892)
<b>Present value of lease liabilities</b>	<b>\$ 100,608</b>

The following summarizes the weighted average remaining lease term and discount rate as of June 30, 2024:

<u>Operating Leases</u>	<u>2024</u>
Cash paid for operating cash flows from operating leases	\$(30,000)
Weighted average remaining lease term	3.72 years
Weighted average discount rate	4.52%

## **SOUTH CENTRAL WORKFORCE INVESTMENT BOARD**

### **Notes to Financial Statements**

**June 30, 2024 and 2023**

#### **Note 4 – SEP Retirement Plan**

South Central Workforce Investment Board provides retirement benefits for all of its eligible employees through a SEP IRA retirement plan. The plan is authorized and may be amended by the Organization's Board of Directors. In a SEP IRA plan, benefits are the same percentage for all eligible employees. Employees are eligible to participate after completing twelve months of continuous employment and 21 years of age.

South Central Workforce Investment Board's total payroll in fiscal year ended June 30, 2024 and 2023, was \$361,578 and \$117,116, respectively. For the fiscal year ended June 30, 2024 and 2023, South Central Workforce Investment Board's contributions to the plan were \$13,018 and \$3,867, respectively.

#### **Note 5 – Compensated Absences**

South Central Workforce Investment Board's personnel policy allows employees to accumulate and carry forward sick leave to subsequent periods. However, sick leave is not payable upon separation from services. Vacation leave is payable upon separation from services, and unused vacation leave may be carried over to the next benefit year. At June 30, 2024 and 2023, the Organization had an accrued liability of \$10,206 and \$311, respectively, in unused vacation leave, which was included in accrued expenses.

#### **Note 6 – Liquidity and Availability of Financial Assets**

The Organization monitors its liquidity so that it is able to meet its operating needs and other contractual commitments while maximizing the investment of its excess operating cash. At June 30, 2024 and 2023, the Organization has the following financial assets that could readily be made available to fund expenses without limitations:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 48,420	\$ 36,582
Grants receivable	69,255	80,234
<b>Financial assets available to meet cash needs for expenses within one year</b>	<b>\$ 117,675</b>	<b>\$ 116,816</b>

#### **Note 7 – Credit Risk**

Credit risk is the risk that the issuer or other counterparty will not fulfill its obligation. Financial instruments that potentially subject South Central Workforce Investment Board to concentrations of credit risk consist principally of cash and cash equivalents. The bank balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 from each institution. At June 30, 2024, the Organization's carrying amount of deposits was \$48,420 and the bank balance was \$59,281. The entire bank balance was covered by FDIC insurance. At June 30, 2023, the Organization's carrying amount of deposits was \$36,582 and the bank balance was \$39,012. The entire bank balance was covered by FDIC insurance.

Due to higher cash flows at certain times during the year, the Organization's risk for uninsured and uncollateralized deposits and investments could be higher or lower than at year end.



## **SOUTH CENTRAL WORKFORCE INVESTMENT BOARD**

### **Notes to Financial Statements**

**June 30, 2024 and 2023**

#### **Note 8 – Concentrations**

Approximately 91.5% and 97.7% of the Organization's revenues are derived from grants under the Department of Labor in the years ended June 30, 2024 and 2023, respectively. Accordingly, the Organization is economically dependent upon such grants. The Organization's activities are limited to a twelve-county geographic area.

#### **Note 9 – Contingencies**

South Central Workforce Investment Board is subject to possible examinations made by federal regulators who determine compliance with terms, conditions, laws and regulations governing grants given to South Central Workforce Investment Board in the current and prior years. These examinations may result in required refunds by the Organization to federal grantors and/or program beneficiaries. Management does not anticipate any material questioned costs for the contracts and grants administered during the period.

#### **Note 10 – Income Taxes**

The Organization is exempt from federal and state income taxes as an organization described under Section 501(c)(3) of the Internal Revenue Code. However, they are subject to federal income tax on any unrelated business taxable income. Management annually reviews its tax positions and has determined that there are no material uncertain tax positions that require recognition in the financial statements as of June 30, 2024.

The Organization's federal returns could be subject to examination by federal taxing authorities, for the past three years.

#### **Note 11 – Subsequent Events**

Management has evaluated subsequent events through January 14, 2025, the date on which the financial statements were available to be issued. No events were noted which would require recognition or disclosure in the financial statements.

# SOUTH CENTRAL WORKFORCE INVESTMENT BOARD

## Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor  <u>Program or Cluster Title</u>	Federal Assistance Listing	Grant Number/ Pass-Through Entity Identifying Number	Federal Expenditures (Cash Basis)	Expenditures to Subrecipients
<b><u>U.S. Department of Labor</u></b>				
<i>Pass-through program from:</i>				
Missouri Division of Workforce Development and Training				
WIOA Cluster				
PY 2022 WIOA Title I-B Adult Formula	17.258	10-10-10-22	\$ 61,417	\$ -
PY 2023 WIOA Title I-B Adult Formula	17.258	10-10-10-23	46,774	43,259
FY 2023 WIOA Title I-B Adult Formula	17.258	10-10-10-23	305,137	173,480
<b>Total</b>			<u>413,328</u>	<u>216,739</u>
PY 2021 WIOA Title I-B Youth Formula	17.259	10-10-10-21	-	-
PY 2022 WIOA Title I-B Youth Formula	17.259	10-10-10-22	338,669	80,513
PY 2023 WIOA Title I-B Youth Formula	17.259	10-10-10-23	23,956	-
PY 2023 EO WIOA Title I-B Youth Formula	17.259	10-10-10-23	32,104	-
<b>Total</b>			<u>394,729</u>	<u>80,513</u>
PY 2022 WIOA Title I-B Dislocated Worker Formula	17.278	10-10-10-22	68,887	20,095
FY 2022 WIOA Title I-B Dislocated Worker Formula	17.278	10-10-10-22	36,305	-
FY 2023 WIOA Title I-B Dislocated Worker Formula	17.278	10-10-10-23	253,584	-
<b>Total</b>			<u>358,776</u>	<u>20,095</u>
QUEST Disaster Recovery	17.277	10-10-10-23	17,184	-
<b>Total</b>			<u>17,184</u>	<u>-</u>
<b>Total U.S. Department of Labor</b>			<u><u>\$ 1,184,017</u></u>	<u><u>\$ 317,347</u></u>
<b><u>U.S. Department of Health and Human Services</u></b>				
<i>Pass-through program from:</i>				
Missouri Division of Social Services				
Family Support Division				
FY 2023 TANF - Jobs League	93.558	AOC20380034	\$ 22,008	\$ -
<b>Total</b>			<u>22,008</u>	<u>-</u>
<i>Pass-through program from:</i>				
Missouri Division of Workforce Development and Training				
Employment Service Cluster				
PY 2021 Employment/Wagner-Peyser	17.207	10-10-10-22	22,356	7,313
PY 2023 Employment/Wagner-Peyser	17.207	10-10-10-24	37,383	-
<b>Total</b>			<u>59,739</u>	<u>7,313</u>
<i>Pass-through program from:</i>				
Missouri Division of Workforce Development and Training				
Unemployment Insurance/RESEA 2023	17.225	10-10-10-23	28,546	-
<b>Total</b>			<u>28,546</u>	<u>-</u>
<b>Total U.S. Department of Health and Human Services</b>			<u><u>\$ 110,293</u></u>	<u><u>\$ 7,313</u></u>
<b>Total Expenditures for Federal Awards</b>			<u><u>\$ 1,294,310</u></u>	<u><u>\$ 324,660</u></u>

See accompanying notes to schedule of expenditures of federal awards and independent auditor's report.

**SOUTH CENTRAL WORKFORCE INVESTMENT BOARD**  
**Notes to Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2024**

**Note 1 – Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grants activity of South Central Workforce Investment Board and is presented on the cash basis of accounting. The information in the 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). Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of the financial statements.

**Note 2 – Summary of Significant Accounting Policies**

- 1) Expenditures reported on the schedule are reported on the cash 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.
- 2) Pass-through identifying numbers are presented when available.
- 3) The Organization has elected not to use the 10% de minimis indirect costs rate as allowed under the Uniform Guidance.

**Note 3 – Subrecipients**

Of the federal expenditures presented in the schedule, South Central Workforce Investment Board provided federal awards to subrecipients as follows:

<u>Subrecipient/Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
<i>Educational Data Solutions Inc.</i>		
WIOA Adult Program	17.258	\$ 216,739
WIOA Youth Activities	17.259	80,513
WIOA Dislocated Worker Formula	17.278	20,095
WIOA Employment/Wagner-Peyser	17.207	7,313
		<u>324,660</u>
<b>Total Paid to Subrecipients</b>		<b><u>\$ 324,660</u></b>

**Note 4 – Contingencies**

In connection with various federal grant programs, the Organization is obligated to administer related programs and spend the funds in accordance with regulatory restrictions, and is subject to audit by grantor agencies and other auditors. In cases of noncompliance, the agencies involved may require the Organization to refund program funds.



## Welch, Couch & Company, PA Certified Public Accountants

Jeff D. Welch, CPA, JD | Rachel M. Pennywitt, CPA  
M. Garrett McSpadden, CPA | Allen E. Brinkman, CPA

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### 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 of  
South Central Workforce Investment Board  
West Plains, Missouri

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 South Central Workforce Investment Board (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, 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 14, 2025.

#### Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered South Central Workforce Investment Board'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 South Central Workforce Investment Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the South Central Workforce Investment Board'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 Organization'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 the 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.

**Batesville:** PO Box 2094 | Batesville, AR 72503 | P: 870.793.5231 | F: 870.793.7788

**Salem:** PO Box 647 | Salem, AR 72576 | P: 870.895.3212 | F: 870.895.2998

**West Plains:** 1386 Bill Virdon Blvd. | West Plains, MO 65775 | P: 417.256.6624 | F: 417.256.1171

**Little Rock:** 1501 N. University, Suite 268 | Little Rock, AR 72207 | P: 501.468.0089 | F: 501.557.3929

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether South Central Workforce Investment Board'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.

*Welch, Couch & Company, PA*  
**Welch, Couch & Company, PA**  
Certified Public Accountants

West Plains, Missouri  
January 14, 2025



## Welch, Couch & Company, PA Certified Public Accountants

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

To the Board of Directors of  
South Central Workforce Investment Board  
West Plains, Missouri

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

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

We have audited South Central Workforce Investment Board'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 South Central Workforce Investment Board's major federal programs for the year ended June 30, 2024. South Central Workforce Investment Board'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, South Central Workforce Investment Board 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, 2024.

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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 South Central Workforce Investment Board 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 South Central Workforce Investment Board'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 South Central Workforce Investment Board's federal programs.

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### ***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 South Central Workforce Investment Board'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 South Central Workforce Investment Board'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 South Central Workforce Investment Board'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 South Central Workforce Investment Board'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 South Central Workforce Investment Board'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 have not been 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.

*Welch, Couch & Company, PA*  
**Welch, Couch & Company, PA**  
Certified Public Accountants

West Plains, Missouri  
January 14, 2025



# **SOUTH CENTRAL WORKFORCE INVESTMENT BOARD**

## **Schedule of Findings and Questioned Costs**

**For the Year Ended June 30, 2024**

### **SECTION I – SUMMARY OF AUDIT RESULTS**

#### **FINANCIAL STATEMENTS**

Type of auditor's report:	Unmodified
Internal control over financial reporting:	
Material weakness identified	None Reported
Significant deficiencies identified that are not considered to be material weaknesses	None Reported
Non-compliance material to financial statements noted:	None Reported

#### **FEDERAL AWARDS**

Internal control over major programs:	
Material weakness identified	None Reported
Significant deficiencies identified that are not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Findings required to be reported in accordance with 2CFR Section 200.516 (a):	None Reported
Identification of major programs:	

***Assistance  
Listing  
number:***

***Name of Federal Program  
or Cluster***

***WIOA Cluster***

17.258	WIOA Adult Program
17.259	WIOA Youth Activities
17.278	WIOA Dislocated Worker Formula Grants
17.277	WIOA National Emergency Grants

Dollar threshold for Type A programs:	\$750,000
Auditee qualified as low risk auditee:	Yes

**SOUTH CENTRAL WORKFORCE INVESTMENT BOARD**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2024**

**SECTION II – FINANCIAL STATEMENT FINDINGS**

**Significant Deficiencies**

No matters reportable.

**Material Weaknesses**

No matters reportable.

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

**Significant Deficiencies**

No matters reportable.

**Material Weaknesses**

No matters reportable.

**SOUTH CENTRAL WORKFORCE INVESTMENT BOARD**  
**Prior Year Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2024**

**SECTION I – SUMMARY OF AUDIT RESULTS**

**FINANCIAL STATEMENTS**

Type of auditor's report:	Unmodified
Internal control over financial reporting:	
Material weakness identified	None Reported
Significant deficiencies identified that are not considered to be material Weaknesses	Yes
Non-compliance material to financial statements noted:	None Reported

**FEDERAL AWARDS**

Internal control over major programs:	
Material weakness identified	None Reported
Significant deficiencies identified that are not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Findings required to be reported in accordance with 2CFR Section 200.516(a):	None Reported
Identification of major programs:	

<b><i>Assistance Listing number</i></b>	<b><i>Name of Federal Program or Cluster</i></b>
17.258	WIOA Adult Program
17.259	WIOA Youth Activities
17.278	WIOA Dislocated Worker Formula Grants
17.277	WIOA National Emergency Grant

Dollar threshold for type A programs:	\$750,000
Auditee qualified as low risk auditee:	Yes

**SOUTH CENTRAL WORKFORCE INVESTMENT BOARD**  
**Prior Year Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2024**

**SECTION II – FINANCIAL STATEMENT FINDINGS**

**Significant Deficiency**

**2023-01 – Retirement Plan**

**Condition:** In the process of performing our audit, we encountered confusion over what type of retirement plan that South Central Workforce Investment Board had.

**Criteria:** Consistent retirement plan policy documents should be maintained by the Organization to achieve accurate communication to employees related to their retirement benefits.

**Cause:** It is our belief that due to the turnover in the Executive Director position, the type of retirement plan offered by the Organization was not accurately defined.

**Effect:** Due to inconsistencies in the type of retirement plans in the policy documents, there is potential that the retirement plan could become disqualified and lose its tax-exempt status.

**Recommendation:** We recommend that the Organization's policies and procedures be updated to ensure compliance with the laws and regulations for the type of retirement plan that the Organization offers.

**Response:** South Central Workforce Investment Board offers a SEP IRA retirement plan to the employees. We will review all documentation and update any inconsistencies to show the correct type of retirement plan. We will also work with each employee's custodian to ensure compliance with the applicable regulations related to SEP IRA contributions.

**Material Weaknesses**

No matters reportable.

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

**Significant Deficiencies**

No matters reportable.

**Material Weaknesses**

No matters reportable.

## **SOUTH CENTRAL WORKFORCE INVESTMENT BOARD**

### **Supplemental Data Sheet**

**For the Year Ended June 30, 2024**

Entity's full name:	South Central Workforce Investment Board
Entity's address:	408 Washington Ave. Suite 210 West Plains, MO 65775
Entity's employer identification number:	36-4539906
Entity's phone number:	(417) 257-2630
Director:	Jody James
Contact person:	Jody James
Audit cost:	Available upon request