

**WORKFORCE DEVELOPMENT BOARD OF FULTON,
MONTGOMERY AND SCHOHARIE COUNTIES, INC.**

AMSTERDAM, NEW YORK

AUDITED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

PHILIP BECKETT CPA, P.C.
132 East State Street, Gloversville, New York 12078

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Workforce Development Board of Fulton, Montgomery and Schoharie Counties, Inc.
Amsterdam, New York

Opinion

We have audited the accompanying financial statements of Workforce Development Board of Fulton, Montgomery and Schoharie Counties, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Workforce Development Board of Fulton, Montgomery and Schoharie Counties, Inc. as of June 30, 2023 and 2022, and the changes in net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Development Board of Fulton, Montgomery and Schoharie Counties, 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 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 Workforce Development Board of Fulton, Montgomery and Schoharie Counties, 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 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

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INDEPENDENT AUDITOR'S REPORT
(continued)

from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, 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, 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 purposes of expressing an opinion on the effectiveness of Workforce Development Board of Fulton, Montgomery and Schoharie Counties, 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 Development Board of Fulton, Montgomery and Schoharie Counties, 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.

Other matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by 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

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INDEPENDENT AUDITOR'S REPORT
(continued)

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 August 23, 2023, on our consideration of Workforce Development Board of Fulton, Montgomery and Schoharie Counties, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Workforce Development Board of Fulton, Montgomery and Schoharie Counties, Inc.'s internal control over financial reporting and compliance.



Philip Beckett CPA, P.C.

Gloversville, New York
August 23, 2023

**WORKFORCE DEVELOPMENT BOARD OF FULTON,
MONTGOMERY AND SCHOHARIE COUNTIES, INC.**

Statements of Financial Position

As of June 30, 2023 and 2022

	- ASSETS -	
	<u>2023</u>	<u>2022</u>
CURRENT ASSETS		
Cash	\$ 12,923	\$ 27,265
Grants and accounts receivable	48,694	40,681
Prepaid expenses	<u>25,668</u>	<u>19,960</u>
Total current assets	<u>\$ 87,285</u>	<u>\$ 87,906</u>
NON-CURRENT ASSETS:		
PROPERTY AND EQUIPMENT		
Office equipment	\$ 292,279	\$ 239,190
Computer software	62,607	62,607
Leasehold improvements	<u>34,400</u>	<u>34,400</u>
Total property and equipment	389,286	336,197
Accumulated depreciation	<u>(343,900)</u>	<u>(332,913)</u>
Property and equipment - net	<u>\$ 45,386</u>	<u>\$ 3,284</u>
LEASES		
Operating right of use assets	\$ 191,662	\$ 0
Total right-of-use assets	<u>191,662</u>	<u>0</u>
TOTAL ASSETS	<u>\$ 324,333</u>	<u>\$ 91,190</u>
- LIABILITIES AND NET ASSETS -		
CURRENT LIABILITIES		
Accounts payable	\$ 23,886	\$ 34,904
Deferred revenue	25,668	20,141
Current operating lease liabilities	104,241	0
Accrued expenses	<u>5,030</u>	<u>3,688</u>
Total current liabilities	<u>\$ 158,825</u>	<u>\$ 58,733</u>
LONG-TERM LIABILITIES		
Lease payable - long term	<u>86,781</u>	<u>0</u>
Total long-term liabilities	<u>86,781</u>	<u>0</u>
Total liabilities	<u>\$ 245,606</u>	<u>\$ 58,733</u>
NET ASSETS:		
Without donor restrictions	\$ 0	\$ 0
With donor restrictions	<u>78,727</u>	<u>32,457</u>
TOTAL NET ASSETS	<u>\$ 78,727</u>	<u>\$ 32,457</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 324,333</u>	<u>\$ 91,190</u>

See accompanying footnotes.

**WORKFORCE DEVELOPMENT BOARD OF FULTON,
MONTGOMERY AND SCHOHARIE COUNTIES, INC.**

Statements of Activities

For the years ended June 30, 2023 and 2022

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total 2023</u>	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total 2022</u>
REVENUE AND SUPPORT:						
Federal and State Grants	\$ 0	\$ 1,415,755	\$ 1,415,755	\$ 0	\$ 1,399,159	\$ 1,399,159
Other income	0	(63,871)	(63,871)	0	(89,302)	(89,302)
MOU income	0	108,388	108,388	0	116,544	116,544
Fund balances released from restrictions	1,414,000	(1,414,000)	0	1,428,029	(1,428,029)	0
TOTAL REVENUE AND SUPPORT	\$ 1,414,000	\$ 46,272	\$ 1,460,272	\$ 1,428,029	\$ (1,628)	\$ 1,426,401
PROGRAM EXPENSES:						
WIOA programs	\$ 974,934	\$ 0	\$ 974,934	\$ 1,106,223	\$ 0	\$ 1,106,223
Other programs	313,039	0	313,039	208,866	0	208,866
TOTAL PROGRAM EXPENSES	\$ 1,287,973	\$ 0	\$ 1,287,973	\$ 1,315,089	\$ 0	\$ 1,315,089
CHANGE IN NET ASSETS BEFORE ADMINISTRATIVE EXPENSES	\$ 126,027	\$ 46,272	\$ 172,299	\$ 112,940	\$ (1,628)	\$ 111,312
ADMINISTRATIVE EXPENSES:						
Management and general	\$ 126,027	\$ 0	\$ 126,027	\$ 112,940	\$ 0	\$ 112,940
Fundraising	0	0	0	0	0	0
TOTAL ADMINISTRATIVE EXPENSES	\$ 126,027	\$ 0	\$ 126,027	\$ 112,940	\$ 0	\$ 112,940
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	\$ 0	\$ 46,272	\$ 46,272	\$ 0	\$ (1,628)	\$ (1,628)
Statements of Changes in Net Assets						
Net assets beginning of the year	\$ 0	\$ 32,457	\$ 32,457	\$ 0	\$ 34,086	\$ 34,086
Change in net assets for the year	0	46,272	46,272	0	(1,628)	(1,628)
Rounding	0	(2)	(2)	0	(1)	(1)
NET ASSETS END OF YEAR	\$ 0	\$ 78,727	\$ 78,727	\$ 0	\$ 32,457	\$ 32,457

See accompanying footnotes.

**WORKFORCE DEVELOPMENT BOARD OF FULTON,
MONTGOMERY AND SCHOHARIE COUNTIES, INC.**

Statements of Functional Expenses
For the years ended June 30, 2023

	Program Activities			Supporting Activities			Total 2023 Expenses
	<u>WIOA Programs</u>	<u>Other Programs</u>	<u>Total Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Supporting</u>	
Contract services	\$ 547,775	\$ 203,802	\$ 751,577	\$ 132	\$ 0	\$ 132	\$ 751,709
Salaries and wages	76,710	72,598	149,308	65,421	0	65,421	214,729
Payroll taxes and fringes	21,326	11,189	32,515	18,626	0	18,626	51,141
Operating supplies and expenses	13,051	180	13,231	1,080	0	1,080	14,311
Marketing expenses	3,164	60	3,224	26	0	26	3,250
Meeting and conferences	5,532	3,151	8,683	700	0	700	9,383
Rent expense	148,312	10,051	158,363	11,287	0	11,287	169,650
Leased equipment	6,597	359	6,956	515	0	515	7,471
Utilities	15,983	1,013	16,996	1,715	0	1,715	18,711
Repairs and maintenance	37,125	750	37,875	2,494	0	2,494	40,369
Insurance	6,043	0	6,043	670	0	670	6,713
Legal and professional	0	0	0	11,450	0	11,450	11,450
Telephone and internet	16,614	2,408	19,022	777	0	777	19,799
Information technology	66,718	6,978	73,696	9,925	0	9,925	83,621
Postage	205	500	705	0	0	0	705
Depreciation	9,779	0	9,779	1,209	0	1,209	10,988
TOTALS	<u>\$ 974,934</u>	<u>\$ 313,039</u>	<u>\$ 1,287,973</u>	<u>\$ 126,027</u>	<u>\$ 0</u>	<u>\$ 126,027</u>	<u>\$ 1,414,000</u>

See accompanying footnotes.

**WORKFORCE DEVELOPMENT BOARD OF FULTON,
MONTGOMERY AND SCHOHARIE COUNTIES, INC.**

Statements of Functional Expenses
For the years ended June 30, 2022

	<u>Program Activities</u>			<u>Supporting Activities</u>			<u>Total 2022 Expenses</u>
	<u>WIOA Programs</u>	<u>Other Programs</u>	<u>Total Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Supporting</u>	
Contract services	\$ 649,263	\$ 177,563	\$ 826,826	\$ 0	\$ 0	\$ 0	\$ 826,826
Salaries and wages	113,351	10,481	123,832	61,274	0	61,274	185,106
Payroll taxes and fringes	21,653	913	22,566	14,229	0	14,229	36,795
Operating supplies and expenses	11,246	0	11,246	1,031	0	1,031	12,277
Marketing expenses	1,479	0	1,479	45	0	45	1,524
Meeting and conferences	3,645	0	3,645	441	0	441	4,086
Rent expense	134,991	12,190	147,181	8,882	0	8,882	156,063
Leased equipment	6,791	555	7,346	490	0	490	7,836
Utilities	15,776	0	15,776	1,453	0	1,453	17,229
Repairs and maintenance	33,215	0	33,215	2,264	0	2,264	35,479
Insurance	7,956	0	7,956	806	0	806	8,762
Legal and professional	435	0	435	11,215	0	11,215	11,650
Telephone and internet	16,376	1,318	17,694	1,309	0	1,309	19,003
Information technology	85,963	5,351	91,314	9,019	0	9,019	100,333
Postage	279	495	774	12	0	12	786
Depreciation	3,804	0	3,804	470	0	470	4,274
TOTALS	<u>\$ 1,106,223</u>	<u>\$ 208,866</u>	<u>\$ 1,315,089</u>	<u>\$ 112,940</u>	<u>\$ 0</u>	<u>\$ 112,940</u>	<u>\$ 1,428,029</u>

See accompanying footnotes.

**WORKFORCE DEVELOPMENT BOARD OF FULTON,
MONTGOMERY AND SCHOHARIE COUNTIES, INC.**

Statements of Cash Flows

	<u>Years ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Change in net assets for the year	\$ 46,272	(1,628)
Adjustments to reconcile change in net assets to net cash from (used for) operating activities:		
Depreciation	\$ 10,988	\$ 4,274
Operating lease amortization	123,593	0
Accounts receivable	(8,013)	21,545
Prepaid expenses	(5,708)	499
Accounts payable	(11,018)	(3,591)
Accrued expenses	1,342	210
Operating lease liabilities	(124,233)	0
Deferred revenue	5,527	(319)
Total adjustments	(7,522)	22,618
Net cash from operating activities	\$ 38,750	\$ 20,990
Cash flows from (used for) investing activities:		
Capital expenditures	\$ (53,092)	\$ (1)
Net cash from (used for) investing activities	\$ (53,092)	\$ (1)
Cash flows from (used for) financing activities:		
Financing activities	\$ 0	\$ 0
Net cash from financing activities	\$ 0	\$ 0
Net increase (decrease) in cash	\$ (14,342)	\$ 20,989
Cash at the beginning of the year	27,265	6,276
Cash at the end of the year	\$ 12,923	\$ 27,265

See accompanying footnotes.

**WORKFORCE DEVELOPMENT BOARD OF FULTON,
MONTGOMERY AND SCHOHARIE COUNTIES, INC.**

Notes to Financial Statements
June 30, 2023 and 2022

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Organization was incorporated on July 22, 1997 under the Not-for-Profit Corporation Law of the State of New York. The corporation is organized exclusively for charitable purposes, more specifically to carry out and administer the Workforce Investment Act of 1998 (WIA), and currently the Workforce Innovation and Opportunity Act (WIOA) by accessing all the resources within the counties of Fulton, Montgomery and Schoharie, New York to assist local employers to become or stay competitive in a global economy, as well as to assist individuals attain the life skills necessary for employment in family sustaining positions. Support consists primarily of federal funding received from the United States Department of Labor, and through the New York State Department of Labor and the participating counties.

General

These financial statements have been prepared under the accrual method of accounting in accordance with generally accepted accounting principles (GAAP) of the United States of America. The accounting principles under GAAP are defined by the Financial Accounting Standards Board (FASB) under the Accounting Standards Codification (ASC) as updated by Accounting Standards Updates (ASU).

The International Accounting Standards Board (IASB) has issued International Financial Reporting Standards (IFRS) and International Financial Reporting Standards for Small and Medium Entities (IFRS SME).

There remain differences between US GAAP and IFRS. In consideration of the pending contemplated merger of US GAAP with IFRS, the Organization has adopted the format of the combined accounting principles where practical in all areas that do not conflict with US GAAP.

Activities, Programs, and Services

The **Dislocated Worker** program provides activities that increase re-employment/attachment to the workforce, earnings of participants and increases education and occupation skill attainment in order to improve the quality of the workforce, reduce welfare dependency, and enhance the productivity and competitiveness of the local economy. To qualify as a dislocated worker, a participant needs to have been terminated, laid off or received a notice of termination or layoff from employment and is unlikely to return to a previous industry or occupation. Participants must meet the eligibility guidelines specified in the Workforce Innovation and Opportunity Act.

The **Title I Adult and Youth** programs provide activities that increase employment retention, earnings of participants and increases education and occupation skill attainment in order to improve the quality of the workforce, reduce welfare dependency, and enhance the productivity and competitiveness of the local economy. Participants must meet the eligibility guidelines specified in the Workforce Innovation and Opportunity Act.

**WORKFORCE DEVELOPMENT BOARD OF FULTON,
MONTGOMERY AND SCHOHARIE COUNTIES, INC.**

Notes to Financial Statements
June 30, 2023 and 2022

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Activities, Programs, and Services (continued)

The **Summer Youth Employment** program provides full wage subsidy summer employment opportunities and educational experience to eligible youth under the Temporary Assistance to Needy Families legislation.

The **Trade Adjustment Assistance (TAA)** program provides funding to assist individuals who become unemployed because of increased imports from, or shifts in production, to foreign countries. The program also provides training-related services to Trade Act impacted customers or other eligible dislocated workers.

The **Trade and Economic Transition (TET) Dislocated Worker Grant (DWG)** program addresses emerging workforce and economic challenges that may not be limited to one business, industry, or geographic area. Through this grant, the NYS Department of Labor will partner with 30 Local Workforce Investment Boards to coordinate training, and career and supportive services to dislocated workers seeking reentry into the workforce and increasing their skills.

The **New York Systems Change and Inclusive Opportunities Network (NY-SCION)** initiative is a three-year, \$100,000 annual award and include funds for wages, fringes, DRC training, travel, assistive technology, and general and administrative expenses for the Disability Resource Coordinator Pilot Program.

The **Employment Recovery National Dislocated Worker Grant (ER-NDWG)** provides funding for program activities that include career services, training services, supportive services and needs-related payments to eligible participants, including dislocated workers, workers laid off as a result of a disaster, self-employed individuals unemployed or underemployed because of a disaster, and long-term unemployed individuals.

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" (the Guide). (ASC) 958-205 was effective January 1, 2018.

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

Net assets without donor restrictions – net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.

**WORKFORCE DEVELOPMENT BOARD OF FULTON,
MONTGOMERY AND SCHOHARIE COUNTIES, INC.**

Notes to Financial Statements
June 30, 2023 and 2022

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (continued)

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

Donations

Contributions received are recorded as without donor restrictions or with donor restrictions depending on the existence or nature of any donor restrictions.

Support and Revenue

Workforce Development Board of Fulton, Montgomery and Schoharie Counties, Inc. receives its contract support from the New York State Department of Labor and the United States Department of Labor. Any expenditure inconsistent with grant or contract provisions and unused grant or contract funds are subject to repayment to the grantor or contractor. The final determination of allowability of any grant or contract expense is made by the government agencies.

Revenue Recognition Policy

The Workforce Development Board of Fulton, Montgomery and Schoharie Counties, Inc. derives its revenue primarily from contributions and contract support from the New York State Department of Labor and the United States Department of Labor. Revenues are recognized when these services are transferred to its clients, in an amount that reflects the consideration Workforce Development Board of Fulton, Montgomery and Schoharie Counties, Inc. expects to be entitled to in exchange for those services. Workforce Development Board of Fulton, Montgomery and Schoharie Counties, Inc. does not have any significant financing components as payment is received at or shortly after services are rendered.

Measure of Operations

The statements of activities report all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Organization's ongoing activities. Non-operating activities are limited to resources that include financing costs and other activities considered to be of a more unusual or nonrecurring nature.

Property, Equipment and Depreciation

Property and equipment are stated at cost or market value at the time of donation. Expenditures for maintenance and repairs are charged against operations. Renewals and betterments that materially extend the life of the assets are capitalized.

Depreciation is provided using the straight-line and modified accelerated cost recovery method based upon the estimated useful lives of the assets. The half year convention is used in the year of acquisition or disposal for depreciation purposes. The estimated useful lives of depreciable assets are:

**WORKFORCE DEVELOPMENT BOARD OF FULTON,
MONTGOMERY AND SCHOHARIE COUNTIES, INC.**

Notes to Financial Statements
June 30, 2023 and 2022

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, Equipment and Depreciation (continued)

	Estimated Useful Lives
Equipment	5-7
Furniture and fixtures	5-7

Deferred Revenue

Funds received from grantors that have not been expended for a program are recorded as liabilities until the expenditure has been made. Grant revenue is recognized when expenditures have been recognized.

Advertising and Marketing

Advertising and marketing costs are expensed as incurred. Advertising and marketing expenses are detailed in the statements of functional expenses.

Income Tax Status

The Organization is exempt from income tax by the Internal Revenue Service under Section 501(c)(3) of the Internal Revenue Code effective February 17, 2005.

Estimates

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

Financial Statement Classification

The financial statements for the year ended June 30, 2022 have been presented in conformity with the June 30, 2023 format.

Subsequent Events

The Organization has evaluated subsequent events through August 23, 2023, the date on which the financial statements were available to be issued. No subsequent events have been recognized or disclosed.

ACCRUED EXPENSES

Accrued expenses at June 30, consisted of the following:

	2023	2022
Salaries payable	\$ 4,360	\$ 3,426
Payroll tax liabilities	670	262
TOTAL ACCRUED EXPENSES	\$ 5,030	\$ 3,688

**WORKFORCE DEVELOPMENT BOARD OF FULTON,
MONTGOMERY AND SCHOHARIE COUNTIES, INC.**

Notes to Financial Statements
June 30, 2023 and 2022

LIQUIDITY

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date. There are no donor-restricted amounts that are available for use within one year for general purposes.

	<u>2023</u>	<u>2022</u>
Cash	\$ 12,923	\$ 27,265
Grants and accounts receivable	<u>48,694</u>	<u>40,681</u>
Totals	<u>\$ 61,617</u>	<u>\$ 67,946</u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

FINANCIAL INSTRUMENTS AND CONCENTRATIONS OF CREDIT RISK

The carrying values of cash, grants and accounts receivable, accounts payable and accrued expenses approximate fair market value due to the short-term nature of these financial instruments. Financial instruments that potentially subject the Organization to a concentration of credit risk consist primarily of cash and accounts and grants receivable. The Organization maintains its cash with established financial institutions. Concentration of credit risk with respect to grants and accounts receivable is limited to program sponsors and customers with whom the organization periodically makes contracts and from whom the organization receives its revenue. To reduce its credit risk, the Organization routinely assesses the financial strength of its sponsors and maintains an allowance for potential credit losses.

RETIREMENT PLAN

Workforce Development Board of Fulton, Montgomery and Schoharie Counties, Inc. maintains a retirement plan covering substantially all of its employees. Pension costs totaled \$3,993 and \$4,523 for the 2023 and 2022 fiscal year ends, respectively. In January, 2006, the organization established a Simple IRA retirement plan, replacing the prior retirement plan. Under the Simple IRA plan, the organization contributes up to a maximum of 3% of each eligible employee's salary as determined by the Board of Directors. The organization had contributed 6% of eligible compensation to a retirement account selected by each individual employee prior to establishing the Simple IRA plan.

LEASES

Effective July 1, 2022, the Organization recognizes its leases in accordance with FASB ASC 842, *Leases* and subsequent updates. The Organization is a lessee in several noncancellable operating leases for real estate and office equipment. The Organization determines if an arrangement is a lease, or contains a lease, at the inception of a contract and when the terms of an existing contract are changed. For its first year adopting the lease standards, the Organization has elected to use the practical expedient of recognizing a lease liability and right of use (ROU) asset at July 1, 2022 for existing leases, and at the commencement date of a new lease. The lease liability is initially and subsequently recognized based on the present value of its future lease payments. Variable payments

**WORKFORCE DEVELOPMENT BOARD OF FULTON,
MONTGOMERY AND SCHOHARIE COUNTIES, INC.**

Notes to Financial Statements
June 30, 2023 and 2022

LEASES (continued)

are included in the future lease payments when those variable payments depend on an index or a rate. The discount rate is the implicit rate if it is readily determinable or otherwise the Organization uses its incremental borrowing rate. The Organization is using its incremental borrowing rate based on the information available at the commencement date for all leases. The Organization's incremental borrowing rate for a lease is the rate of interest it would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms and in a similar economic environment. The ROU asset is subsequently measured throughout the lease term at the amount of the remeasured lease liability. Lease cost for lease payments is recognized on a straight-line basis over the lease term.

The Organization has elected, for all underlying classes of assets, 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. The lease costs, when applicable, associated with those short-term leases are recognized on a straight-line basis over the lease term.

The components of lease cost for the year ended June 30, 2023 are as follows:

Operating lease cost	\$ 123,593
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Amounts reported in the statements of financial position as of June 30, 2023 were as follows:

Operating lease ROU assets	\$ 191,662
Current operating lease liabilities	104,241
Long-term operating lease liabilities	86,781

Other information related to leases as of June 30, 2023 was as follows:

Weighted average remaining lease term:	
Operating leases	2.5 years

Weighted average discount rate:	
Operating leases	6.50%

Maturities of lease liabilities under noncancellable operating leases as of June 30, 2023 are as follows:

2024	104,241
2025	58,678
2026	25,991
2027	892
2028	911
Thereafter	309

**WORKFORCE DEVELOPMENT BOARD OF FULTON,
MONTGOMERY AND SCHOHARIE COUNTIES, INC.**

Notes to Financial Statements
June 30, 2023 and 2022

COMMITMENTS AND CONTINGENT LIABILITIES

Contract Audits

Workforce Development Board of Fulton, Montgomery and Schoharie Counties, Inc. participates in State and Federal assistance programs. These programs are subject to financial and compliance audits by the government or their representatives, the purpose of which is to ensure compliance with conditions precedent to the contracts. Certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such questioned costs could lead to reimbursement to the grantor agencies. Management believes that it would be able to provide support acceptable to the grantor and that any disallowed costs would not be material. There are no accrued liabilities for any potential adjustment, which may arise as the result of these audits.

Compensated Absences

The organization has unrecorded compensated absences consisting of unused vacation time, sick leave, personal leave, and floating holidays approximating \$10,900 and \$13,400 as of June 30, 2023 and 2022, respectively. Since the funds have not been requested, the expense has not been accrued on the books of the organization.

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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

Workforce Development Board of Fulton, Montgomery and Schoharie Counties, Inc.
Amsterdam, New York

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 Workforce Development Board of Fulton, Montgomery and Schoharie Counties, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated August 23, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Workforce Development Board of Fulton, Montgomery and Schoharie Counties, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Workforce Development Board of Fulton, Montgomery and Schoharie Counties, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Workforce Development Board of Fulton, Montgomery and Schoharie Counties, 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 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Workforce Development Board of Fulton, Montgomery and Schoharie Counties, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and


**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***
(continued)

grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Workforce Development Board of Fulton, Montgomery and Schoharie Counties, Inc. in a separate letter dated August 23, 2023.

Purpose of the Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.



Philip Beckett CPA, P.C.

Gloversville, New York
August 23, 2023

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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

Workforce Development Board of Fulton, Montgomery and Schoharie Counties, Inc.

Amsterdam, New York

Report on Compliance for Each Major Federal Program

We have audited Workforce Development Board of Fulton, Montgomery and Schoharie Counties, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Workforce Development Board of Fulton, Montgomery and Schoharie Counties, Inc.'s major federal programs for the year ended June 30, 2023. Workforce Development Board of Fulton, Montgomery and Schoharie Counties, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Workforce Development Board of Fulton, Montgomery and Schoharie Counties, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Workforce Development Board of Fulton, Montgomery and Schoharie Counties, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Workforce Development Board of Fulton, Montgomery and Schoharie Counties, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Workforce Development Board of Fulton, Montgomery and Schoharie Counties, 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.

Report on Internal Control Over Compliance

Management of Workforce Development Board of Fulton, Montgomery and Schoharie Counties,

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

Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Workforce Development Board of Fulton, Montgomery and Schoharie Counties, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Workforce Development Board of Fulton, Montgomery and Schoharie Counties, Inc.'s internal control over compliance.

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

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

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


Philip Beckett CPA, P.C.

Gloversville, New York
August 23, 2023

**WORKFORCE DEVELOPMENT BOARD OF FULTON,
MONTGOMERY AND SCHOHARIE COUNTIES, INC.**
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>	<u>Passed Through to Subrecipients</u>
U.S. Department of Labor			
WIOA Cluster			
Pass-through programs from:			
New York State Department of Labor			
WIOA Title I Dislocated Worker Formula Grants	17.278	\$ 383,753	\$ 220,877
WIOA Title I NY-SCION	17.278	80,167	0
WIOA Title I Employment Recovery National Dislocated Worker Grants	17.277	9,422	9,422
WIOA Title I Adult Program	17.258	340,389	185,705
WIOA Title I Youth Activities	17.259	322,739	127,727
Total WIOA Cluster		<u>1,136,470</u>	<u>543,731</u>
U.S. Department of Health and Human Services			
477 Cluster			
Pass-through program from:			
New York State Office of Temporary Disability Assistance			
TANF Summer Youth	93.558	284,179	190,274
Total 477 Cluster		<u>284,179</u>	<u>190,274</u>
TOTAL FEDERAL EXPENDITURES		<u>\$ 1,420,649</u>	<u>\$ 734,005</u>

NOTES:

- (1) The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Workforce Development Board of Fulton, Montgomery and Schoharie Counties, 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 Development Board of Fulton, Montgomery and Schoharie Counties, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Workforce Development Board of Fulton, Montgomery and Schoharie Counties, Inc.
- (2) Expenditures reported on this Schedule are presented 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.
- (3) Workforce Development Board of Fulton, Montgomery and Schoharie Counties, Inc. has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.
- (4) The management and general expenditures for the Title I WIOA funds have been allocated to the Dislocated Worker, Adult and Youth programs proportionately to their expenditures for the Title I program funds.

**WORKFORCE DEVELOPMENT BOARD OF FULTON,
MONTGOMERY AND SCHOHARIE COUNTIES, INC.**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2023

Section 1 - SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Workforce Development Board of Fulton, Montgomery and Schoharie Counties, Inc. were prepared in accordance with GAAP.
2. No significant deficiencies disclosed during the audit of the financial statements are reported in the 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*. No material weaknesses are reported.
3. No instances of noncompliance material to the financial statements of Workforce Development Board of Fulton, Montgomery and Schoharie Counties, Inc. were disclosed during the audit.
4. No significant deficiencies in internal control over major federal award programs disclosed during the audit are reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award programs for Workforce Development Board of Fulton, Montgomery and Schoharie Counties, Inc. expresses an unmodified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a) are reported in this Schedule.
7. The programs tested as major programs include:

WIOA Adult Program	17.258
WIOA Youth Activities	17.259
WIOA Dislocated Worker Formula Grants	17.278
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. Workforce Development Board of Fulton, Montgomery and Schoharie Counties, Inc. was determined to be a low-risk auditee.

**WORKFORCE DEVELOPMENT BOARD OF FULTON,
MONTGOMERY AND SCHOHARIE COUNTIES, INC.**

**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023**

Section 2 – Finding of financial statement audit

None

Section 3 – Finding of major federal awards programs

None

**WORKFORCE DEVELOPMENT BOARD OF FULTON,
MONTGOMERY AND SCHOHARIE COUNTIES, INC.**

**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2023**

Finding Number

Condition/Status

None reported for year ended June 30, 2022.