

Workforce Investment Board, Inc D/B/A
NEMO Workforce Development Board

Audited Financial Statements
Year Ended June 30, 2022



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Board of Directors
Workforce Investment Board, Inc.
D/B/A NEMO Workforce Development Board
Trenton, Missouri

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the NEMO Workforce Development Board (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

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

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audit contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the NEMO Workforce Development 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.

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Auditors' Responsibility for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the NEMO Workforce Development 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 the NEMO Workforce Development 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.

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* 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 March 20, 2023, on our consideration of NEMO Workforce Development 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 NEMO Workforce Development 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 NEMO Workforce Development Board's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "KPM CPAs, PC". The letters are cursive and slightly slanted to the right.

KPM CPAs, PC
Springfield, Missouri
March 20, 2023

NEMO Workforce Development Board

Statement of Financial Position

June 30, 2022

Assets

Current Assets

Cash and cash equivalents	\$	35,310
Accounts receivable		12,900
Grants receivable		75,659
Total Assets	\$	123,869

Liabilities and Net Assets

Current Liabilities

Accounts payable	\$	124,194
Accrued expenses		19,041
Unearned revenue		200
Total Liabilities		143,435

Net Assets

Without donor restrictions		(19,566)
Total Net Assets		(19,566)
Total Liabilities and Net Assets	\$	123,869

See accompanying Notes to the Financial Statements.

NEMO Workforce Development Board

Statement of Activities Year Ended June 30, 2022

	Without Donor Restrictions
Revenues and Other Support	
Grants and other agreements	\$ 1,282,054
Donations	3,000
Miscellaneous	372
Total Revenues and Other Support	1,285,426
Expenses	
Program	1,182,810
Management and general	103,644
Total Expenses	1,286,454
<i>(Decrease) in Net Assets</i>	<i>(1,028)</i>
Net Assets, Beginning of Year	(18,538)
Net Assets, End of Year	\$ (19,566)

See accompanying Notes to the Financial Statements.

NEMO Workforce Development Board

Statement of Cash Flows

Year Ended June 30, 2022

Cash Flows from Operating Activities

Cash received from granting and other agencies	\$ 1,360,393
Cash received from donations	3,000
Other cash receipts	572
Cash paid to suppliers and employees	(1,387,132)
Net Cash (Used) by Operating Activities	<u>(23,167)</u>

<i>Net (Decrease) in Cash and Cash Equivalents</i>	(23,167)
--	----------

Cash and Cash Equivalents, Beginning of year	58,477
Cash and Cash Equivalents, End of year	<u><u>\$ 35,310</u></u>

Reconciliation of Changes in Net Assets to Net Cash (Used) by Operating Activities

(Decrease) in net assets	\$ (1,028)
Adjustments to reconcile change in net assets to net cash (used) by operating activities:	
Net changes in operating accounts	
Accounts receivable	(10,293)
Grants receivable	88,632
Prepaid expenses	232
Accounts payable	(99,827)
Accrued expenses	(1,083)
Unearned revenues	200
Net Cash (Used) by Operating Activities	<u><u>\$ (23,167)</u></u>

See accompanying Notes to the Financial Statements.

NEMO Workforce Development Board

Statement of Functional Expenses

Year Ended June 30, 2022

	Program	Management and General	Total
Salaries and related expenses	\$ 148,342	\$ 16,482	\$ 164,824
Contracted services	580,613	76,882	657,495
Insurance	3,418	854	4,272
Utilities	11,083	1,928	13,011
Occupancy	5,687	1,896	7,583
Office and other administration	44,406	-	44,406
Supplies	15,123	1,680	16,803
Professional fees	-	1,359	1,359
Repairs and maintenance	3,266	949	4,215
Training	323,891	-	323,891
Work experience	33,765	-	33,765
Travel	11,828	1,139	12,967
Miscellaneous	1,388	475	1,863
Total	\$ 1,182,810	\$ 103,644	\$ 1,286,454

See accompanying Notes to the Financial Statements.

NEMO Workforce Development Board

Notes to the Financial Statements

June 30, 2022

1. Description of Organization

NEMO Workforce Development Board was established in 1983 as a private, non-profit corporation. Its jurisdiction for administering Workforce Development Act Programs consists of 16 northeast Missouri counties including Adair, Knox, Clark, Scotland, Schuyler, Lewis, Macon, Monroe, Marion, Montgomery, Pike, Ralls, Randolph, Shelby, Lincoln, and Warren counties. The Organization has 21 individuals from the 16 counties on its Board of Directors. The private sector is represented by 12 positions on the Board of Directors. Board members are nominated by the county commissioners as described in the law and certified by the State of Missouri. The remaining 9 positions are held representatives from education, labor, economic development, vocational rehabilitation and community-based board in the Northeast Region. Board members are appointed by their governing agency. The purpose of the Organization is to maintain a private and public partnership within northeast Missouri that develops workforce development policies, evaluates local workforce skills needed by local business and industry, oversees the local workforce development efforts, ensures the coordinates and efficient use of workforce investment resources and provides leadership direction and accountability for the resources. The Organization also operates in coordination with Chief Local Elected Officials in all 16 counties with 16 county commissioners represented the consortium for northeast Missouri. The Organization is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes.

2. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Organization is required to report information regarding its financial position and activities according to two classes of net assets; net assets without donor restriction and net assets with donor restriction.

Net assets without donor restriction: 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. These net assets may be used at the discretion of the organization's management and the board of directors.

Net assets with donor restrictions: Net assets subject to donor-imposed stipulations that can be fulfilled by actions of the Organization pursuant to those stipulations, that expire by the passage of time, or that include funds of perpetual duration.

Donor restricted contributions are reported as increases in net assets with donor restriction. When a restriction expires, net assets are reclassified from net assets with donor restriction to net assets without donor restriction in the statement of activities.

Public Support and Revenue

Grants and other contributions of cash and other assets are reported as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Investment earnings available for distribution are recorded in net assets without donor restrictions. Investment earnings with donor restrictions are recorded in net assets with donor restrictions based on the nature of the restrictions.

Contributions of donated non-cash assets are recorded at their fair values in the period received.

NEMO Workforce Development Board

Notes to the Financial Statements

June 30, 2022

Estimates

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

Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Income Taxes

NEMO Workforce Development Board is a not-for-profit organization that is tax exempt from income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. The Organization complies with the provisions of FASB ASC 740-10-25. Under this standard, an organization must recognize the tax benefit associated with tax taken for tax return purposes when it is more likely than not the position will be sustained. The implementation for this standard had no impact on the Organization's financial statements. The Organization does not believe there are any material uncertain tax positions and, accordingly, it will not recognize any liability for unrecognized tax benefits. For the year ended June 30, 2022, there were no interest or penalties recorded or included in its financial statements. The Organization has been notified by the Internal Revenue Service (IRS) that their exempt status had been revoked due to the failure to file IRS Form 990s within the required timeframe. The Organization had submitted a request for retroactive reinstatement of exempt status. As of March 20, 2023, the Organization has not received IRS approval of the reinstatement request.

The Organization Form 990 Return of Organization Exempt from Income Taxes, for the years ending 2021, 2020, and 2019, are subject to examination by the IRS, generally three years after they were filed.

Subsequent Events

Management has evaluated subsequent events through March 20, 2023 the date the financial statements were available to be issued.

Revenue recognition accounted for in accordance with ASC 605: *Topic 958 Not for Profit Entities*

The Organization recognizes revenue using the following methods.

Contributions and grants: Contributions are recognized when cash, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction. The majority of grants received by the Board are nonreciprocal. Therefore, revenue is recognized as obligations are met.

Economic factors such as changes in the economy and the number of contributors impact the nature, amount, timing and variability of revenues and cash flows. Management has concluded refunds of membership dues and program service fees would be immaterial.

NEMO Workforce Development Board

Notes to the Financial Statements

June 30, 2022

Functional Expenses

The cost of providing the various programs and supporting services have been summarized on the statement of activities and changes in net assets on a functional basis. Most expenses can be directly allocated to one of the programs or supporting functions. Certain categories of expenses are attributed to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied and determined by management.

The expenses that are allocated include the following:

Expense	Method of Allocation
Salaries and related expenses	Time and effort
Contracted services	Direct costs
Insurance	Square footage
Utilities	Square footage
Occupancy	Direct costs
Office and other administration	Direct costs
Program supplies	Direct costs
Professional fees	Direct costs
Repairs and maintenance	Square footage
Training	Direct costs
Work experience	Direct costs
Travel	Direct costs
Miscellaneous	Direct costs

3. Liquidity & Availability

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise of the following:

Financial assets at year end	
Cash and cash equivalents	\$ 35,310
Accounts receivable	12,900
Grants receivable	75,659
Financial assets available to meet general expenditures over the next twelve months	<u><u>\$ 123,869</u></u>

The Organization receives significant revenue from federal and state agencies, which are available to meet cash needs for general expenditures.

4. Significant Concentration of Credit Risk

The Organization's cash balances on deposit were not in excess of FDIC insured balances as of June 30, 2022.

NEMO Workforce Development Board

Notes to the Financial Statements

June 30, 2022

5. Contingencies

The Organization receives a large percentage of its revenues from various sources within the federal and state governments. If those contracts were not renewed for any reason, or if the receivables in connection with services rendered became uncollectible, the effect to the Organization would be significant.

The Organization receives federal grants for specific purposes that are subject to review and audit. These reviews and audits could lead to requests for reimbursement or withholding of future funding for expenditures disallowed or for other noncompliance with terms of the grants. The amounts, if any, of expenditures which may be disallowed cannot be determined at this time, although the Organization expects such amounts, if any, to be immaterial.

6. Subsequent Event

The Organization turned over fiscal management to the Northwest Workforce Development Board on July 1, 2022 and the Organization intends to cease operations in fiscal year 2023. The northeast and northwest area workforce development boards have approval to merge into a single board to service the 34 counties of northern Missouri with an expected effective date of July 1, 2023.

Other Reporting Requirements



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

Board of Directors
Workforce Investment Board, Inc.
D/B/A NEMO Workforce Development Board
Trenton, Missouri

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of NEMO Workforce Development Board (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statement of activities, statement of cash flows, and statement of functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 20, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the NEMO Workforce Development 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of NEMO Workforce Development Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

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

A handwritten signature in black ink that reads "KPM CPAs, PC". The letters are cursive and fluid, with the "K" and "P" being particularly prominent.

KPM CPAs, PC
Springfield, Missouri
March 20, 2023



Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

Board of Directors
Workforce Investment Board, Inc.
D/B/A NEMO Workforce Development Board
Trenton, Missouri

Report on Compliance for Each Major Federal Program

Qualified Opinion on the Major Federal Program

We have audited NEMO Workforce Development Board's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on NEMO Workforce Development Board's major federal program for the year ended June 30, 2022. NEMO Workforce Development Board's major federal program is identified in the Schedule of Audit Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion section of our report, NEMO Workforce Development Board complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2022.

Basis for Qualified Opinion on the 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 Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of NEMO Workforce Development 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 the major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Matter Giving Rise to Qualified Opinion on the WIOA Cluster

As described in the accompanying Schedule of Findings and Questioned Costs, NEMO Workforce Development Board did not comply with requirements regarding the WIOA Cluster as described in finding number 2022-001 for Subrecipient Monitoring.

Compliance with such requirements is necessary, in our opinion, for NEMO Workforce Development Board to comply with the requirements applicable to that program.

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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 the Organization's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on NEMO Workforce Development 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 substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the NEMO Workforce Development 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 the NEMO Workforce Development 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 the NEMO Workforce Development 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 the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

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

Other Matters

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's responses to the noncompliance findings identified in our audit described in the accompanying Schedule of Findings and Questioned Costs. The College's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2022-001 to be a material weakness.

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. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2022-002 to be a significant deficiency.

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.

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's responses to the internal control over compliance findings identified in our compliance audit described in the accompanying Schedule of Findings and Questioned Costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
March 20, 2023

NEMO Workforce Development Board

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2022

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Assistance Listing Number</u>	<u>Pass-through Grantor's Number/ Other Identifying Number</u>	<u>Passed-through to Subrecipients</u>	<u>Federal Expenditures</u>
U.S. Department of Agriculture				
Missouri Department of Social Services				
SNAP Cluster				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	AOC20380039	\$ 13,509	\$ 15,450
Total U.S. Department of Agriculture			13,509	15,450
U.S. Department of Labor				
Missouri Department of Higher Education & Workforce Development				
WIOA Cluster				
WIOA Adult Program	17.258	AA-34778-20-55-A-29	75,696	101,348
		AA-36329-21-55-A-29	118,074	175,149
			193,770	276,497
WIOA Youth Activities	17.259	AA-34778-20-55-A-29	106,770	136,077
		AA-36329-21-55-A-29	103,362	188,267
			210,132	324,344
WIOA Dislocated Worker Formula Grants	17.278	AA-34778-20-55-A-29	193,686	275,858
		AA-36329-21-55-A-29	148,783	229,445
		AA-33239-19-55-A-29	-	20,326
			342,469	525,629
Total WIOA Cluster			746,371	1,126,470
Total U.S. Department of Labor			746,371	1,126,470
U.S. Department of Health and Human Services				
Missouri Department of Social Services				
Temporary Assistance for Needy Families (TANF)	93.558	AOC21380063	36,233	44,699
		AOC20380039	76,780	88,027
Total U.S. Department of Health and Human Services			113,013	132,726
Total Expenditures of Federal Awards			\$ 872,893	\$ 1,274,646

N/A - Not applicable

NEMO Workforce Development Board

Notes to the Schedule of Expenditures of Federal Awards

Year Ended June 30, 2022

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of NEMO Workforce Development Board under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of the Uniform Guidance. Because the Schedule presents only a selected portion of the operations of NEMO Workforce Development Board, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Organization.

2. Summary of Significant Accounting Policies

1. Expenditures reported in the Schedule are reported on the accrual basis of accounting, which is described in Note 2 to the Organization's basic financial statements.
2. Pass-through entity identifying numbers are presented where available.
3. The Organization elected not to use the 10% de minimis indirect cost rate.

NEMO Workforce Development Board

Schedule of Findings and Questioned Costs

Year Ended June 30, 2022

Section I – Schedule of Audit Results

Financial Statements		
Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:		Unmodified
Internal Control over Financial Reporting:		
Material weakness(es) identified?		No
Significant deficiency(ies) identified?		None Reported
Noncompliance material to financial statements noted?		No
Federal Awards		
Internal control over major federal programs:		
Material weakness(es) identified?		Yes
Significant deficiency(ies) identified?		Yes
Type of auditors’ report issued on compliance for major federal programs:		Qualified
Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a)?		Yes
Identification of major federal programs:		
Assistance Listing Number(s)	Name of Federal Programs or Clusters	
17.258, 17.259, and 17.278	WIOA Cluster	
Dollar threshold used to distinguish between type A and type B programs:		\$750,000
Auditee qualified as low-risk auditee?		No

Section II – Financial Statement Findings

None

NEMO Workforce Development Board

Schedule of Findings and Questioned Costs

Year Ended June 30, 2022

Section III – Federal Award Findings and Questioned Costs

Material Weakness and Compliance

U.S. Department of Labor

WIOA Cluster

Assistance Listing Numbers: 17.259, 17.278 & 17.258

Award Year: 2021-2022

2022-001 Subrecipient Monitoring

Criteria: In accordance with 2 CFR 200.331, the Organization is required to ensure that subrecipients monitor activities as necessary to ensure that the subaward is used for authorized purposes, complies with the terms and conditions of the subaward, and achieves performance goals.

Condition: The Organization did not always maintain adequate documentation of support for monitoring subrecipients in accordance with 2 CFR 200.331 and their own internal policies.

Context: When available, monthly, quarterly, and annual subrecipient monitoring documentation was reviewed.

Effect: The Organization could not effectively determine that subrecipients met all subaward requirements.

Cause: The Organization did have effective policies and procedures in place to evaluate risk and monitor subrecipients. However, documentation and support for monitoring procedures were not adequately maintained.

Questioned Costs: None reported.

Recommendation: We recommend the Organization review policies and procedures for subrecipient monitoring. Further, the Organization should ensure that all documentation and support for the monitoring of activities for subawards in regards to authorized purpose, terms and conditions, and performance goals are properly maintained.

Response: We concur with this finding. As of July 1, 2022, North Central Missouri College was selected as the Grant Recipient/Fiscal Agent for the Northeast Workforce Development Board's grant funds. Procedures to manage, track, and account for all subrecipient grant awards are in place and will be followed.

NEMO Workforce Development Board

Schedule of Findings and Questioned Costs

Year Ended June 30, 2022

Significant Deficiency

U.S. Department of Labor

WIOA Cluster

Assistance Listing Numbers: 17.259, 17.278 & 17.258

Award Year: 2021-2022

2022-002 Allowable Costs/Cost Principles

Criteria: Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) provides that amounts charged to the federal programs must be for allowable costs. To be allowable under federal awards, costs must be adequately documented and supported.

Condition: The Organization does not have an internal control structure to properly differentiate between WIOA and non-WIOA expenditures in the general ledger.

Context: A sample of 40 disbursements in the general ledger revealed that compliance for allowable costs/cost principles had been followed, however, within the general ledger there was no identification of how the specific federal expenditures were coded.

Effect: The Organization could incorrectly report federal expenditures on the Schedule of Expenditures of Federal Awards.

Cause: The Organization did not have adequate internal controls to ensure federal grants were properly identified within the general ledger system.

Questioned Costs: None reported.

Recommendation: We recommend the Organization enhance internal controls over grant coding and identification within the general ledger system to more easily and accurately reconcile required grant financial reports to the general ledger system.

Response: We concur with this finding. As of July 1, 2022, North Central Missouri College was selected as the Grant Recipient/Fiscal Agent for the Northeast Workforce Development Board's grant funds. Internal controls are in place to ensure federal grants are properly identified between WIOA and non-WIOA expenditures within the general ledger.

NEMO Workforce Development Board

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2022

Financial Statement Findings

2021-001 Disclaimed Opinion on the Financial Statements

Auditors' Recommendation: Procedures and processes should be in place to ensure that all transactions are properly recorded and adequate documentation is retained to substantiate accounting records, especially in regards to federal grant awards and reporting. Personnel performing accounting functions and oversight should be qualified for their respective responsibilities.

Status: Corrected. The Organization contracted with an outside accounting firm for assistance with the accounting function.

2021-002 Internal Control Over Preparation of Financial Statements

Auditors' Recommendation: Management should continue to weigh the cost/benefit of hiring additional staff with the necessary knowledge, skill, and ability to prepare GAAP financial statements and other required financial reports versus relying on the auditor to prepare the statements.

Status: Corrected. The Organization has the ability to take responsibility for the financial statements.

2021-003 Going Concern and Intent to Cease Operations

Auditors' Recommendation: Management and the Board review, assess, and implement a plan for future operations.

Status: Corrected. The State and Board approved merging the Organization with the Northwest Workforce Development Board with a interim year where the Northwest Workforce Development Board will provide oversight and administration of the various grant programs.

Federal Award Findings

Material Weaknesses

U.S. Department of Labor

WIOA Cluster

Assistance Listing Numbers: 17.258, 17.278, and 17.259

2021-004 Single Audit Report Filing with Federal Audit Clearinghouse

Auditors' Recommendation: Procedures should be implemented to ensure that the reporting package and data collection form are prepared and submitted timely.

Status: Corrected.

NEMO Workforce Development Board

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2022

U.S. Department of Labor

WIOA Cluster

Assistance Listing Numbers: 17.258, 17.278, and 17.259

2021-005 Schedule of Expenditures of Federal Awards

Auditors' Recommendation: Procedures and processes should be in place to ensure all transactions are properly recorded and adequate documentation is retained to substantiate accounting records, especially in regards to federal grant awards and reporting. Personnel performing accounting functions and oversight should be qualified for their respective responsibilities.

Status: Corrected

Material Weakness and Compliance

U.S. Department of Labor

WIOA Cluster

Assistance Listing Numbers: 17.258, 17.278, and 17.259

2021-006 Disclaimed Opinion on the Compliance for Each Major Program

Auditors' Recommendation: Procedures and processes should be in place to ensure all transactions are properly recorded and adequate documentation is retained to substantiate accounting records, especially in regards to federal grant awards and reporting. Personnel performing accounting functions and oversight should be qualified for their respective responsibilities.

Status: Corrected except for where noted at 2022-001 and 2022-002.



NEMO WORKFORCE DEVELOPMENT BOARD



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March 20, 2023

U.S. DEPARTMENT OF LABOR

NEMO Workforce Development Board respectfully submits the following corrective action plan for the year ended June 30, 2022.

Contact information for the individual responsible for the corrective action:

Mr. Brent Stevens, Executive Director
NEMO Workforce Development Board
912 Main Street
Trenton, MO 64683
(660) 359-3622

Independent public accounting firm: KPM CPAs, PC, 1445 E Republic Rd, Springfield, Missouri 65804

Audit Period: Year Ended June 30, 2022

The finding from the June 30, 2022, audit of the financial statements is below. The findings are numbered with the number assigned in the schedule.

FINDINGS – MAJOR FEDERAL AWARD PROGRAM AUDIT

2022-001 Subrecipient Monitoring

Recommendation: We recommend the Organization review policies and procedures for subrecipient monitoring. Further, the Organization should ensure that all documentation and support for the monitoring of activities for subawards in regards to authorized purpose, terms and conditions, and performance goals are properly maintained.

Corrective Action Taken: As of July 1, 2022, North Central Missouri College was selected as the Grant Recipient/Fiscal Agent for the Northeast Workforce Development Board's grant funds. Procedures to manage, track, and account for all subrecipient grant awards are in place and will be followed.

Anticipated Completion Date: July 1, 2022.

2022-002 Allowable Costs/Cost Principles

Recommendation: We recommend the Organization enhance internal controls over grant coding and identification within the general ledger system to more easily and accurately reconcile required grant financial reports to the general ledger system.

Corrective Action Taken: As of July 1, 2022, North Central Missouri College was selected as the Grant Recipient/Fiscal Agent for the Northeast Workforce Development Board's grant funds. Internal controls are in place to ensure federal grants are properly identified between WIOA and non-WIOA expenditures within the general ledger.

Anticipated Completion Date: July 1, 2022.

Sincerely,

A handwritten signature in blue ink, appearing to read "Brent Stevens", with a stylized flourish extending to the right.

Brent Stevens
Executive Director