

Workforce Alliance of South Central Kansas, Inc.

Wichita, Kansas

Financial Statements and Supplementary
Information

Years Ended June 30, 2022



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Workforce Alliance of South Central Kansas, Inc.

Year Ended June 30, 2022

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Workforce Alliance of South Central Kansas, Inc.'s ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. 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 February 16, 2023 on our consideration of the Workforce Alliance of South Central Kansas, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Workforce Alliance of South Central Kansas, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Workforce Alliance of South Central Kansas, Inc.'s internal control over financial reporting and compliance.

Wipfli LLP

Wipfli LLP

Madison, Wisconsin

February 16, 2023

Workforce Alliance of South Central Kansas, Inc.

Statement of Financial Position

June 30, 2022

<i>Assets</i>	
Current assets:	
Cash	\$ 602,127
Funds held for others	168,239
Grants receivable	764,038
Related-party receivable	46,974
Prepaid expenses	129,456
<hr/>	
Total current assets	1,710,834
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Property and equipment, net	139,090
<hr/>	
TOTAL ASSETS	\$ 1,849,924

<i>Liabilities and Net Assets</i>	
Current liabilities:	
Accounts payable	\$ 417,948
Accrued payroll and related expenses	239,588
Compensated absences and related expenses	219,394
Funds held for others	168,239
Refundable advances	66,938
Current portion of capital lease payable	84,172
<hr/>	
Total current liabilities	1,196,279
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Capital lease payable	33,084
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Total liabilities	1,229,363
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Net assets:	
Without donor restriction	460,561
With donor restriction	160,000
<hr/>	
Total net assets	620,561
<hr/>	
TOTAL LIABILITIES AND NET ASSETS	\$ 1,849,924

See accompanying notes to financial statements.

Workforce Alliance of South Central Kansas, Inc.

Statement of Activities

Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue:			
Grant revenue	\$ 7,151,312	\$ 160,000	\$ 7,311,312
Program income	49,166	0	49,166
Total revenue	7,200,478	160,000	7,360,478
Expenses:			
Program activities:			
Workforce Investment Program	3,611,071	0	3,611,071
Senior Community Services Employment Program	430,496	0	430,496
KEEP H-1B Grant	1,329,966	0	1,329,966
Health Profession Opportunity Project	61,298	0	61,298
Apprenticeship USA	127,532	0	127,532
RETAIN	165,653	0	165,653
Workforce Innovation Fund	85,295	0	85,295
Pathways	159,174	0	159,174
Other programs	844,885	0	844,885
Total program activities	6,815,370	0	6,815,370
Management and general	324,950	0	324,950
Total expenses	7,140,320	0	7,140,320
Change in net assets	60,158	160,000	220,158
Net assets - Beginning of the Year	400,403	0	400,403
Net assets - End of the Year	\$ 460,561	\$ 160,000	\$ 620,561

See accompanying notes to financial statements.

Workforce Alliance of South Central Kansas, Inc.

Statement of Functional Expenses

Year Ended June 30, 2022

	Program	Management & General	Total
Expenses:			
Wages	\$ 2,851,636	\$ 136,963	\$ 2,988,599
Payroll taxes	221,795	10,047	231,842
Benefits	460,818	23,662	484,480
Rent	302,844	24,480	327,324
Security	33,376	301	33,677
Utilities	25,827	4,502	30,329
Insurance	14,285	16,442	30,727
Office supplies	40,739	1,707	42,446
Office equipment / furniture	97,377	383	97,760
Postage	560	61	621
Dues and subscriptions	29,083	6,098	35,181
Conference	18,234	11,701	29,935
Job fairs	16,627	0	16,627
Meetings	18,696	1,959	20,655
Outreach	388,756	3,531	392,287
Staff development	25,849	780	26,629
Travel	17,362	1,485	18,847
Contract services	171,936	80,848	252,784
Miscellaneous	2,440	0	2,440
Depreciation expense	61,550	0	61,550
Interest expense	11,078	0	11,078
Incentives	14,378	0	14,378
Education and training	1,384,438	0	1,384,438
Supportive services	152,097	0	152,097
Subrecipient pass-thru	453,589	0	453,589
Total expenses	\$ 6,815,370	\$ 324,950	\$ 7,140,320

See accompanying notes to financial statements.

Workforce Alliance of South Central Kansas, Inc.

Statement of Cash Flows

Year Ended June 30, 2022

Increase (decrease) in cash and funds held for others:

Cash flows from operating activities:	
Change in net assets	\$ 220,158
Adjustments to reconcile change in net assets to net cash from operating activities:	
Depreciation	61,550
Changes in operating assets and liabilities:	
Grants receivable	(325,329)
Related-party receivable	(25,428)
Prepaid expenses	(17,175)
Accounts payable	256,323
Accrued payroll and related expenses	9,566
Compensated absences and related expenses	2,345
Funds held for others	33,461
Refundable advances	49,031
Net cash from operating activities	264,502
Cash flows from financing activities	
Principal payments on capital lease obligation	(81,834)
Net cash from financing activities	(81,834)
Change in cash and funds held for others	182,668
Cash and funds held for others - Beginning of the Year	587,698
Cash and funds held for others- End of the Year	\$ 770,366
Reconciliation of cash and funds held for others:	
Cash	\$ 602,127
Funds held for others	168,239
Total cash and funds held for others	\$ 770,366
Schedule of other cash activity	
Cash paid for interest expense	\$ 11,078

See accompanying notes to financial statements.

Workforce Alliance of South Central Kansas, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

Nature of Operations

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

The Organization's services are funded primarily through WIA/WIOA. A significant reduction in the level of this support could have an adverse effect on the Organization's programs and services. Approximately 83% of grant funding is direct from the United States Department of Labor and federal pass-through funds received from the State of Kansas Department of Commerce.

Basis of Presentation

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

Use of Estimates

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

Funds Held for Others

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

Related-Party Receivable

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

Workforce Alliance of South Central Kansas, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Property and Equipment

Property and equipment for which title passes to the Organization is capitalized and stated at cost. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in operations for the period. The cost of maintenance and repairs is charged to operations as incurred. Depreciation is provided by straight-line method over the estimated useful lives of the assets. The useful lives for computer equipment, software licenses, and office equipment are 3, 10, and 5 years, respectively. Whenever events or changes in circumstances occur that indicate the carrying amount of long-lived assets may not be recoverable, management reviews the assets for possible impairment.

Property and equipment purchased with grant funds are owned by the Organization while used in the program for which it was purchased or in other future authorized programs. However, the various funding sources have a reversionary interest in the equipment purchased with grant funds. Its disposition, as well as the ownership of any proceeds therefrom, is subject to funding source regulations. The net book value of grant-funded property and equipment as of June 30, 2022, is \$139,090.

Classification of Net Assets

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

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

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

Revenue Recognition

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

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

Workforce Alliance of South Central Kansas, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

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

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

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

A. Grant Awards That Are Contributions

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

B. Grant Awards That Are Exchange Transactions

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

Income Taxes

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

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

Workforce Alliance of South Central Kansas, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Cost Allocation

Direct costs that can be identified specifically with a final cost objective are directly charged to the program benefited. Joint costs are allocated to benefiting programs using various allocation methods depending on the type of joint cost being allocated. Joint costs are those costs incurred for the common benefit of all of the Organization's programs, which cannot be readily identified with a final cost objective.

Functional Expenses

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

New Accounting Pronouncements

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

Subsequent Events

The Organization have evaluated events and transactions for potential recognition or disclosure in the financial statements through February 16, 2023, which is the date the financial statements were available to be issued.

Note 2: Liquidity and Availability of Financial Resources

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, without one year of the statement of financial position, are comprised of the following at June 30, 2022:

Cash	\$	602,127
Grants receivable		764,038
Related party receivable		46,974
Subtotal financial assets		1,413,139
Less - Current liabilities		(943,868)
Less - Net assets with donor restrictions		(160,000)
Total	\$	309,271

Workforce Alliance of South Central Kansas, Inc.

Notes to Financial Statements

Note 2: Liquidity and Availability of Financial Resources (Continued)

The Organization does not have a formal liquidity policy but generally maintains financial assets in liquid form such as cash. The Organization can rely on a lower cash balance as it is primarily funded with cost reimbursement grants. Under cost reimbursement grants, once expenses are incurred, an organization can request reimbursement from the funding source (see Note 10).

Note 3: Cash and Investments

The Organization maintains its cash in bank deposits that, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash deposits. The following table represents the detail cash balances, as of June 30, 2022:

Bank account:	
WIOA cash	\$ 276,108
Non-Federal cash	326,019
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Total bank accounts	602,127
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Funds held for others:	
REAP	164,457
Flexible spending-employees	3,782
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Total funds held for others	168,239
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Total cash	\$ 770,366

Note 4: Grants Receivable

Grants receivable represents reimbursable expenditures incurred and accrued for WIOA program and other grant funds. Management does not believe that estimate for doubtful receivables would be necessary since such funds are awarded by the federal, state, and other local governments and are expected to be fully reimbursed. As of June 30, 2022, the Organization reported the following outstanding receivables:

Kansas Department of Commerce	\$ 155,279
U.S. Department of Labor	108,564
Partners 4 Work	36,095
Midwest Urban Strategies	59,139
Other	404,961
<hr/>	
Total	\$ 764,038

Workforce Alliance of South Central Kansas, Inc.

Notes to Financial Statements

Note 5: Property and Equipment

Property and equipment consist of computer equipment, software licenses and office equipment. For the year ended June 30, 2022, depreciation expense was \$61,550. The assets recorded totaled \$264,376 with accumulated depreciation of \$125,286 for a net book value of \$139,090 as of June 30, 2022.

Note 6: Capital Lease Obligation

The Organization leases various office systems under capital lease agreements. The minimum future lease payments under the capital leases as of June 30, 2022, in the aggregate are:

2023	\$	90,555
2024		24,533
2025		9,113
Total minimum lease payments		124,201
Less: amount representing interest		(6,945)
Total		117,256
Less: Current Portion		84,172
Total		\$ 33,084

The assets recorded under the capital lease totaled \$264,376 with accumulated depreciation of \$125,286 for a net book value of \$139,090 as of June 30, 2022. Interest paid on the capital leases for the year ended June 30, 2022, was \$11,078.

Note 7: Operating Leases

The Organization leases various office space for its administrative and field offices under operating lease agreements. Lease payments net of sublease reimbursements for the year ended June 30, 2022, were \$327,324. The future rental commitments under these leases having remaining terms in excess of one year as of June 30, 2022, are as follows:

2023	\$	555,652
2024		500,080
2025		110,751
Total		\$ 1,166,483

The Organization also subleases space in the various buildings. Sublease receipts for the year ended June 30, 2022, were \$217,131. The financial statement amounts for the rent expense is reported net of these receipts. Anticipated future minimum lease receipts on the Organization's subleases as of June 30, 2022, are \$12,309.

Workforce Alliance of South Central Kansas, Inc.

Notes to Financial Statements

Note 8: Retirement Plan

The Organization has a 403(b) plan covering substantially all employees. The Organization matches 100% of employee contributions up to a maximum of 3% of compensation once employed for six months. The Organization contributed \$67,697 to this Plan for the year ended June 30, 2022.

Note 9: Related Parties

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

	Expenses
Wichita Area Technical College	\$ 107,722
Wichita Electrical Joint Appr. Training Center	31,800
Cerebral Palsy Research Foundation	98,012
Plumbers & Pipefitters	13,600
Butler Community College	23,598
Spirit AeroSystems	27,653
Evergy	14,604
Iron Workers Local 606	6,600
Wichita Chamber of Commerce	20,974
Youngers and Sons Manufacturing	31,698
Cowley Community College	63,126
Keycentrix	40,908
Wichita Public Works	6,600
Creekstone Farms	7,659
Kansas Department of Commerce	7
Total	\$ 494,561

Note 10: Grant Award Commitments

At June 30, 2022, the Organization had received future funding commitments under various grants. The remaining unspent amount of these commitments is approximately \$13,000,000. These commitments are not recognized in the accompanying financial statements as revenue and receivables as they are conditional awards.

Note 11: Net Assets with Donor Restriction

Net assets with donor restrictions at June 30, 2022 were \$160,000, which were restricted for the RoadTrip Nation program.

Supplementary Information

Workforce Alliance of South Central Kansas, Inc.

Schedule A-1

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2022

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	AL Number	Pass-Through Entity Identifying Number	Program Year	Passed Through to Subrecipients	Federal Expenditures
U.S. DEPARTMENT OF LABOR					
Passed through Kansas Department of Commerce					
Employment Service Cluster					
Employment Service - RETAIN	17.207	PY18-RETAIN-004	10/01/18-12/31/21	\$ 1,510	\$ 78,697
Employment Service - RETAIN	17.207	FY22-RETAIN2-004	05/17/21-05/16/25	2,304	86,956
Total Federal Expenditures - AL 17.207				3,814	165,653
Senior Community Service Employment	17.235	PY21-SCSEP-004	07/01/21-06/30/22	2,585	458,699
WIOA Cluster					
WIOA Adult Program	17.258	FY21-A-004	10/01/20-06/30/22	-	38,357
WIOA Adult Program	17.258	PY21-A-004	07/01/21-06/30/23	31	253,415
WIOA Adult Program	17.258	FY22-A-004	10/01/21-06/30/23	78,512	1,066,587
Total Federal Expenditures - AL 17.258				78,543	1,358,359
WIOA Youth Program	17.259	PY20-Y-004	04/01/20-06/30/22	19,169	473,010
WIOA Youth Program	17.259	PY21-Y-004	04/01/21-06/30/23	35,129	743,116
Total Federal Expenditures - AL 17.259				54,298	1,216,126
WIOA Dislocated Worker Program	17.278	FY21-DW-004	10/01/20-06/30/22	-	79,493
WIOA Dislocated Worker Program	17.278	PY21-DW-004	07/01/21-06/30/23	1,019	99,004
WIOA Dislocated Worker Program	17.278	FY22-DW-004	10/01/21-06/30/23	10,582	404,156
WIOA Dislocated Worker Program	17.278	FY22-RR-004	10/01/20-09/30/21	-	6,277
WIOA Dislocated Worker Program	17.278	FY22-RR-004	10/01/21-09/30/22	283	10,608
Total Federal Expenditures - AL 17.278				11,884	599,538
Total Federal Expenditures - WIOA Cluster (AL 17.258, 17.259, 17.278)				144,725	3,174,023
Direct Funding					
H-1B Job Training (KAMP)	17.268	HG-30145-17-60-A-20	01/01/17-12/31/21	1,948	350,782
H-1B Job Training (KAMP)	17.268	HG-35909-21-60-A-20	02/01/21-01/31/25	182,275	979,184
Total Federal Expenditures - AL 17.268				184,223	1,329,966
Passed through Midwest Urban Strategies					
Pathway Home Grant Program	17.270	WA-PE-35039-20-60-A-55	07/01/20-12/31/23	3,626	159,174
Direct Funding					
National Emergency Grant - DWG	17.277	DW-34833-20-60-A-20	01/01/20-12/31/22	10,845	662,057
Passed through Partners 4 Work					
Midwest Urban Strategies - DWG	17.277	WA-DW-37016-21-60-A-55	09/24/21-09/23/23	1,825	74,167
Total Federal Expenditures - AL 17.277				12,670	736,224
Passed through Kansas Department of Commerce					
Work Based Learning	17.283	FY22-SSA-004	01/01/22-12/31/22	1,157	15,295
Work Based Learning	17.283	(not provided)	07/01/21-06/30/22	1,081	70,000
Total Federal Expenditures - AL 17.283				2,238	85,295

Workforce Alliance of South Central Kansas, Inc.

Schedule A-2

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2022

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	AL Number	Pass-Through Entity Identifying Number	Program Year	Passed Through to Subrecipients	Federal Expenditures
U.S. DEPARTMENT OF LABOR, continued					
Passed through Kansas Department of Commerce					
Apprenticeship USA	17.285	FY20-RASEG-004	07/01/19-06/30/22	\$ -	\$ 127,532
TOTAL U.S. DEPARTMENT OF LABOR				353,881	6,236,566
U.S. DEPARTMENT OF TREASURY					
Passed through The City of Wichita Housing and Community Services Department					
COVID - Wichita Emergency Rental Assistance	21.023	(not provided)	02/23/21-01/31/22	596	44,509
TOTAL U.S. DEPARTMENT OF TREASURY				596	44,509
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Passed through Kansas Department of Commerce					
ACA Health Profession Opportunity Grants	93.093	FY21-KHPOP-004	10/01/20-09/30/21	209	60,740
KHPOP Impact Study - Year 5	93.093	FY21-IMPACT-004	10/01/20-09/30/21	9	558
Total Federal Expenditures - AL 93.093				218	61,298
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				218	61,298
TOTAL FEDERAL AWARDS				\$ 354,695	\$ 6,342,373

Notes to the Schedule of Expenditures of Federal Awards

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Workforce Alliance of South Central Kansas, Inc. under programs of the federal government for the year ended June 30, 2022. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Workforce Alliance of South Central Kansas, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of Workforce Alliance of South Central Kansas, Inc.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 - Indirect Cost Rate

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

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

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

We have audited, in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Workforce Alliance of South Central Kansas, Inc., which comprises the statement of financial position as of June 30, 2022 and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 16, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Wipfli LLP

Wipfli LLP

Madison, Wisconsin

February 16, 2023

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

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

Report on Compliance for Major Federal Program

Opinion on Major Federal Program

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

In our opinion, Workforce Alliance of South Central Kansas, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each major federal program for the year ended June 30, 2022.

Basis for Opinion on Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibility for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over-compliance. Accordingly, no such opinion is expressed.

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

Wipfli LLP

Wipfli LLP

Madison, Wisconsin

February 16, 2023

Workforce Alliance of South Central Kansas, Inc.

Schedule of Findings and Questioned Costs

Year Ended June 30, 2022

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting:
Material weakness(es) identified? ___ yes x no
Significant deficiency(ies) identified? None reported

Noncompliance material to financial statements noted? ___ yes x no

Federal Awards

Internal control over major programs:
Material weakness(es) identified? ___ yes x no
Significant deficiency(ies) identified? None reported

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

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

Identification of major federal programs:

<u>AL Number</u>	<u>Name of Federal Program or Cluster</u>
17.268	H-1B Job Training Grants

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

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

Section II - Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

Section IV – Summary Schedule of Prior Year Findings

None