



STATE OF INDIANA
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STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513

Fax: (317) 232-4711

Web Site: www.in.gov/sboa

February 6, 2024

Board of Directors
River Valley Resources, Inc.
Jefferson County, Indiana

We have reviewed the audit report of River Valley Resources, Inc., which was opined upon by MCM CPAs & Advisors LLP, Independent Public Accountants, for the period July 1, 2022 to June 30, 2023. Per the *Independent Auditor's Report* the financial statements included in the report present fairly the financial condition of River Valley Resources, Inc. as of June 30, 2023, and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, MCM CPAs & Advisors LLP prepared the audit report in accordance with the guidelines established by the Indiana State Board of Accounts.

The audit report is filed with this letter in our office as a matter of public record.

A handwritten signature in cursive script that reads "Tammy R. White".

Tammy R. White, CPA
Deputy State Examiner

River Valley Resources, Inc.

Financial Statements

Year Ended June 30, 2023

River Valley Resources, Inc.
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Year Ended June 30, 2023

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Independent Auditor's Report on Financial Statements

Board of Directors
River Valley Resources, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of River Valley Resource, Inc. ("RVR"), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of RVR as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") 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 RVR and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Independent Auditor's Report on Financial Statements (Continued)

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 GAAS 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 GAAS 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 RVR'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 RVR's ability to continue as a going concern for a reasonable period of time.

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

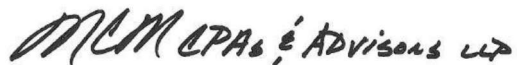
Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal awards, as required by Title 2 U.S. Code of Federal Regulations ("CFR") Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") 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.

Independent Auditor's Report on Financial Statements (Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2023, on our consideration of RVR'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 RVR'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 RVR's internal control over financial reporting and compliance.

MCM CPAs & Advisors LLP

Jeffersonville, Indiana
October 25, 2023

River Valley Resources, Inc.
Statement of Financial Position
June 30, 2023

Assets

Current assets	
Cash	\$ 1,213,305
Grants receivable	982,064
Prepaid expenses	<u>8,327</u>
Total current assets	2,203,696
Property, plant and equipment	
Land	23,051
Building	<u>1,320,121</u>
Total property, plant, and equipment	1,343,172
Less accumulated depreciation	<u>(320,117)</u>
Property, plant and equipment, net	<u>1,023,055</u>
Total assets	<u><u>\$ 3,226,751</u></u>

Liabilities and net assets

Current liabilities	
Accounts payable	\$ 180,376
Accrued payroll and related expenses	<u>166,639</u>
Total current liabilities	<u>347,015</u>
Total liabilities	347,015
Net assets	
Without donor restrictions	
Invested in capital assets	1,023,055
Expendable net assets	<u>1,496,582</u>
Total net assets without donor restrictions	2,519,637
With donor restrictions	
Restricted by purpose or time	<u>360,099</u>
Total net assets	<u>2,879,736</u>
Total liabilities and net assets	<u><u>\$ 3,226,751</u></u>

See accompanying notes.

River Valley Resources, Inc.
Statement of Activities
Year Ended June 30, 2023

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Revenue			
Grants			
Federal	\$ 3,443,624	\$ -	\$ 3,443,624
State	1,580,101	171,377	1,751,478
Other revenue	485,836	-	485,836
Interest	1,402	-	1,402
Net assets released from restrictions through satisfaction of program restrictions	<u>147,108</u>	<u>(147,108)</u>	<u>-</u>
Total revenue	5,658,071	24,269	5,682,340
Expenses			
Program services			
Workforce development	2,472,172	-	2,472,172
Youth employment	1,064,906	-	1,064,906
Adult education	1,204,884	-	1,204,884
Child care	402,377	-	402,377
Clearing-house	147,016	-	147,016
Local services	<u>96,183</u>	<u>-</u>	<u>96,183</u>
Total program activities	5,387,538	-	5,387,538
Supportive services			
Management and general	<u>12,775</u>	<u>-</u>	<u>12,775</u>
Total expenses	<u>5,400,313</u>	<u>-</u>	<u>5,400,313</u>
Changes in net assets	257,758	24,269	282,027
Net assets, beginning of year	<u>2,261,879</u>	<u>335,830</u>	<u>2,597,709</u>
Net assets, end of year	<u>\$ 2,519,637</u>	<u>\$ 360,099</u>	<u>\$ 2,879,736</u>

See accompanying notes.

River Valley Resources, Inc.
Statement of Functional Expenses
Year Ended June 30, 2023

	Program activities							Totals
	Workforce development	Youth employment	Adult education	Child care	Local services	Clearing - house	Management and general	
Salaries and related expenses								
Salaries and wages	\$ 1,135,712	\$ 708,879	\$ 796,067	\$ 263,368	\$ 60,206	\$ 39,082	\$ 2,250	\$ 3,005,564
Payroll taxes	157,977	135,893	70,597	51,882	7,193	765	90	424,397
Employee benefits	85,536	50,616	59,956	19,164	4,608	3,030	172	223,082
Total salaries and related expenses	1,379,225	895,388	926,620	334,414	72,007	42,877	2,512	3,653,043
Operating expenses								
Direct client services	997,028	84,539	84,502	-	12,156	-	8,405	1,186,630
Supplies	18,032	15,419	67,163	13,842	1,706	1,257	66	117,485
Occupancy and leases expenses	12,106	7,685	41,877	30,197	4,650	399	-	96,914
Equipment	6,528	2,963	11,043	3,834	209	43,999	-	68,576
Mileage and travel	19,545	25,485	8,175	1,770	1,584	13	-	56,572
Communication	12,914	9,861	5,211	6,879	544	15,198	-	50,607
Depreciation	-	-	-	-	-	34,922	-	34,922
Audit fees	11,396	7,220	6,461	3,218	752	375	-	29,422
Liability insurance	6,301	3,991	3,573	1,779	416	6,562	-	22,622
Printing and publications	313	298	20,887	579	22	10	-	22,109
Staff training	749	2,425	15,357	212	444	504	-	19,691
Professional and service fees	1,854	1,982	9,951	523	1,322	61	500	16,193
Bank and processing fees	4,811	3,048	2,727	1,359	317	159	9	12,430
Staff expenses	209	4,082	650	63	10	9	-	5,023
Postage	196	205	230	3,393	11	4	-	4,039
Membership and registration fees	965	315	457	315	33	667	-	2,752
Legal fees	-	-	-	-	-	-	1,283	1,283
Total operating expenses	1,092,947	169,518	278,264	67,963	24,176	104,139	10,263	1,747,270
Total functional expenses	\$ 2,472,172	\$ 1,064,906	\$ 1,204,884	\$ 402,377	\$ 96,183	\$ 147,016	\$ 12,775	\$ 5,400,313

See accompanying notes.

River Valley Resources, Inc.
Statement of Cash Flows
Year Ended June 30, 2023

Operating activities	
Change in net assets	\$ 282,027
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	34,922
Increase (decrease) in	
Grants receivable	141,901
Other current assets	(8,327)
Accounts payable	59,643
Accrued payroll and related expenses	<u>9,040</u>
Net cash provided by operating activities	<u>519,206</u>
Cash, beginning of year	<u>694,099</u>
Cash, end of year	<u><u>\$ 1,213,305</u></u>

See accompanying notes.

River Valley Resources, Inc.
Notes to Financial Statements
Year Ended June 30, 2023

Note A - Nature of Organization and Operations

River Valley Resources, Inc. ("RVR") was organized as a nonprofit corporation in 1990. RVR was formed to prepare youth and unskilled adults for entry into the workforce and to provide economically disadvantaged individuals and others facing barriers to employment with job training in Bartholomew, Dearborn, Decatur, Franklin, Harrison, Jackson, Jefferson, Jennings, Marion, Ohio, Ripley, Switzerland, and Washington counties in Indiana. RVR is primarily supported through federal, state and local grants.

Note B - Summary of Significant Accounting Policies

1. Basis of Accounting: The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The Accounting Standards Codification ("ASC") as provided by the Financial Accounting Standards Board ("FASB") is the sole source of authoritative GAAP.
2. Classification of Net Assets: Net assets and revenue, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of RVR and changes therein are classified and reported as follows:
 - *Net Assets Without Donor Restrictions*: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of RVR. These net assets may be used at the discretion of RVR's management and the Board of Directors.
 - Invested in Capital Assets: These net assets represent cumulative resources expended for property and equipment, less accumulated depreciation recorded on the property and equipment.
 - Expendable Net Assets: These net assets represent the portion of expendable funds available for support in the operation of RVR.
 - *Net Assets with Donor Restrictions*: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of RVR or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds must be maintained in perpetuity. RVR had no net assets restricted in perpetuity at June 30, 2023.
3. Use of Estimates: The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.
4. Subsequent Events: RVR has evaluated events and transactions for potential recognition or disclosure through the date of the Independent Auditor's Report, the date the accompanying financial statements were available to be issued.
5. Revenue Recognition: RVR receives the majority of its revenue from grants and rent which are outside the scope of Accounting Standard Update ("ASU") 2014-09, *Revenue from Contracts with Customers (Topic 606)*. RVR also receives revenue from program fees. Revenue is recognized when the performance obligation is satisfied which typically occurs at the point of service to the customer. Payment occurs at the time the service is provided, or the program is held. Program fees consist of fees charged to clients onsite for various programs. Revenues from cost-reimbursement grants are recognized in the period in which the related expenses are incurred and claimed for reimbursement. Revenues from grants based upon contractually agreed-upon rates are recognized in the period in which the services are rendered.

River Valley Resources, Inc.
Notes to Financial Statements (Continued)
Year Ended June 30, 2023

Note B - Summary of Significant Accounting Policies (Continued)

6. Income Taxes: RVR is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code. RVR evaluates all local, state, and federal income tax returns for potential uncertain tax positions taken. Management has concluded there are no tax positions attributed to the reporting entity which meet the more-likely-than-not criterion in the ASC. Accordingly, the accompanying financial statements do not include a provision for uncertain tax positions, and no related interest or penalties have been recorded in the statement of activities or accrued in the statement of financial position. RVR does not have any ongoing tax examinations and is not aware of any pending examinations by tax authorities.
7. Cash and Cash Equivalents: RVR considers all short-term investments with an original maturity of three months or less to be cash equivalents. RVR had no cash equivalents as of June 30, 2023.
8. Receivables: Grants receivable represent reimbursable grants and contracts outstanding at year end. RVR uses the allowance for bad debts method of valuing doubtful receivables which is based on historical experience, coupled with a review of the current status of existing receivables. No allowance was considered necessary as of June 30, 2023 for these receivables.
9. Property, Plant and Equipment: Property, plant and equipment with a cost of \$5,000 or more is capitalized at cost and depreciated over its useful life which range from 15 years to 40 years using the straight-line method. Depreciation expense for the year ended June 30, 2023 was \$34,922.
10. Advertising: RVR expenses advertising costs as incurred. RVR did not charge any advertising expenses to operations for the year ended June 30, 2023.
11. Functional Allocation of Expenses: The costs of providing the various programs and other activities have been summarized by funding source on the statement of activities. The statement of functional expenses presents expenses by function and natural classification. Expenses directly attributable to a specific functional area of RVR are reported as expenses of those functional areas. 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 agency programs, which cannot be readily identified with a final cost objective. Certain program costs, such as personnel, conferences and training, and professional services have been allocated among the program and supporting services based on estimates of time, level of effort, and square footage.
12. Recent Accounting Pronouncements: In June 2016, the FASB issued ASU 2016-13, *Financial Instruments-Credit Losses*. The standard requires a financial asset (including trade receivables) measured at amortized cost basis to be presented at the net amount expected to be collected. Thus, the income statement will reflect the measurement of credit losses for newly recognized financial assets as well as the expected increases or decreases of expected credit losses that have taken place during the period. This standard will be effective for RVR for the year ending June 30, 2024. RVR is currently in the process of evaluating the impact of adoption of ASU 2016-13 on the financial statements.

River Valley Resources, Inc.
Notes to Financial Statements (Continued)
Year Ended June 30, 2023

Note B - Summary of Significant Accounting Policies (Continued)

13. Leases: In February 2016, the FASB issues ASU 2016-02, *Leases*, which required all leases to be recognized on the Organization's statement of financial position as a Right-of-Use ("ROU") asset and a lease liability, unless the lease is a short-term lease (generally a lease with a term of twelve months or less). On July 1, 2022, the Organization adopted ASU 2016-02 with no material impact on the financial statements.

The Organization leases office space and classrooms under short-term lease agreements. Total rent expense paid under these short-term lease agreements was \$56,327 for the year ended June 30, 2023. In accordance with ASU 2016-02, the Organization elected the practical expedient excluding short-term leases with a lease term of 12 months or less.

RVR also leases portions of its building to other non-profit organizations. These leases are operating in nature and carry terms of 12 month or less. During the year ended June 30, 2023, RVR recognized \$158,395 in occupancy revenue from these short-term leases.

Note C - Liquidity

As part of RVR's liquidity management, it has a policy to structure its financial assets to be available for general expenditures, liabilities, and other obligations as they come due. RVR's financial assets available within one year of the statement of financial position date for general expenditures as of June 30, 2023, are as follows:

Cash	\$ 1,213,305
Grants receivable	<u>982,064</u>
Total financial assets	2,195,369
Less amounts not available to be used within one year	
Donor restricted by time or purpose	<u>360,099</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 1,835,270</u></u>

D - Grants Receivable

Grants receivable at June 30, 2023, were due from the following funding sources:

Southeast Indiana Workforce Investment Board	\$ 738,766
Indiana Department of Workforce Development	130,807
Family & Social Services Administration	<u>112,491</u>
Total	<u><u>\$ 982,064</u></u>

River Valley Resources, Inc.
Notes to Financial Statements (Continued)
Year Ended June 30, 2023

Note E - Retirement Plan

RVR has a retirement plan that covers all employees who have completed one year of service or 1,000 service hours and are at least 18 years old. RVR contributed 4% of the annual compensation of the participating employees during the year ended June 30, 2023. The contribution for the year ended June 30, 2023 was \$89,338. Employer contributions vest over a three-year period.

Note F - Significant Concentrations and Contingencies

Cash Concentration Risk

RVR's cash is maintained with one financial institution which, at times, may exceed the federally insured limit of \$250,000 coverage by the Federal Deposit Insurance Corporation ("FDIC"). RVR has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Revenue Concentration Risk

A majority of all programs administered by RVR are funded by federal, state, and local governments. A significant reduction in the level of this support could have a material effect on RVR's future operations.

Note G - Net Assets with Donor Restrictions

Net assets are restricted by purpose or time from the following sources:

Rural works	\$ 197,371
La Casa Miga	57,709
Duke energy grant	23,031
Summer scholarships	22,802
Other	18,402
Caesars	15,928
United Way	8,988
GED program	6,657
Summer meals program	4,732
Literacy grant	4,479
	<hr/>
Total	<u>\$ 360,099</u>

Supplementary Information

**River Valley Resources
Schedule of Expenditures and Federal Awards
Year Ended June 30, 2023**

Federal grantor / program or cluster title	Federal CFDA number	Pass-through entity	Pass-through entity identifying number	Award period	Federal expenditures	Pass-through to sub-recipients
Department of Labor						
Workforce Investment Act cluster						
WIOA adult program	17.258	Southeast Indiana workforce investment board	WIOA0 - 22 - Adult/DW-RVR	7/1/2022-6/30/2023	\$ 264,032	\$ -
WIOA adult program	17.258	Southeast Indiana workforce investment board	WIOA-PSG-21-RVR	09/1/2021-3/31/2023	242,499	-
Subtotal 17.258					506,531	-
WIOA youth activities	17.259	Southeast Indiana workforce investment board	WIOA-22-Youth-RVR	7/1/2022-6/30/2023	191,263	-
WIOA youth activities	17.259	Southeast Indiana workforce investment board	PSG-2209-RVR	8/1/2022-12/31/2023	254,691	-
					445,954	-
WIOA dislocated worker formula grants	17.278	Southeast Indiana workforce investment board	WIOA0 - 22 - Adult/DW-RVR	7/1/2022 - 6/30/2023	264,080	-
Total Workforce Investment Act cluster					1,216,565	-
National Dislocated Worker Grants	17.277	Southeast Indiana workforce investment board	DWOP-19-RVR	7/1/2019-6/30/2023	155,174	-
National Dislocated Worker Grants	17.277	Southeast Indiana workforce investment board	ERCOVID-20-RVR	9/4/2020-5/15/2023	238,475	-
National Dislocated Worker Grants	17.277	Southeast Indiana workforce investment board	Quest-22-RVR	10/1/2022-8/31/2024	490	-
Subtotal of National Dislocated Worker Grants					394,139	-
Employment service/Wagner-Peyser funded activities	17.207	Southeast Indiana workforce investment board	BC-22-RVR	07/01/2022-06/30/2023	120,000	-
Unemployment Insurance	17.225	Southeast Indiana workforce investment board	RESEA-21-RVR and RESEA-22-RVR	1/1/21-8/15/2023 and 01/01/2022-09/30/2023	236,043	-
H-1B Job Training Grants	17.268	Southeast Indiana workforce investment board	Rural Health-20-RVR	2/1/2021-1/31/2025	74,140	-
Apprenticeship Exp	17.285	Southeast Indiana workforce investment board	ASEDRI2009	07/01/2019-11/30/2022	65,875	-
Apprenticeship Exp	17.285	Southeast Indiana workforce investment board	ABA-22-RVR	7/1/2022-5/15/2026	127	-
					66,002	-
Total from Department of Labor					2,106,889	-

See accompanying Independent Auditor's Report and notes.

**River Valley Resources
Schedule of Expenditures and Federal Awards (Continued)
Year Ended June 30, 2023**

Federal grantor / program or cluster title	Federal CFDA number	Pass-through entity	Pass-through entity identifying number	Award period	Federal expenditures	Pass-through to sub-recipients
Department of Education						
Rehabilitation Services Vocational Rehabilitation Grants to States	84.126	Southeast Indiana Workforce Investment Board	PRE-ETS-21-RVR and PRE-ETS-22- RVR	07/1/2021-12/31/2022 and 1/1/2023-06/30/2023	\$ 173,606	\$ -
Adult Education-Basic Grants to States	84.002	Indiana Department of Workforce Development	AE2271 65573	7/1/2022-6/30/2023	1,143,254	-
Career and Technical Education	84.048	Southeast Indiana workforce investment board	Ambassador-22-RVR	1/1/2023-06/30/2023	19,875	-
Total Department of Education					1,336,735	-
Total expenditures of federal awards					<u>\$ 3,443,624</u>	<u>\$ -</u>

River Valley Resources, Inc.
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Note A - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards ("Schedule") includes the grant activity of River Valley Resources, Inc. ("RVR") under programs of the federal government for the year ended June 30, 2023 and is presented on the accrual basis of accounting. The information in this Schedule is presented in accordance with Title 2 U.S. Code of Federal Regulations ("CFR"), 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 RVR, it is not intended to and does not present the financial position, changes in net position, or cash flows of RVR.

Note B - Indirect Costs

Pursuant to a cost allocation plan, the indirect expenses are allocated based on hours charged to each program. RVR has not elected to use the 10-percent de minimis indirect cost rate 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
River Valley Resources, Inc.

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 River Valley Resources, Inc., which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated October 25, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered River Valley Resources, Inc.'s internal control over financial reporting (internal control) as a basis for designing 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 River Valley Resources, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of River Valley Resources, Inc.'s internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether River Valley Resources, 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*.

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

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

MCM CPAs & Advisors LLP

Jeffersonville, Indiana

October 25, 2023



Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance

Board of Directors
River Valley Resources, Inc.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited River Valley Resources, 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 River Valley Resources, Inc.'s major federal programs for the year ended June 30, 2023. River Valley Resources, 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, River Valley Resources, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 River Valley Resources, 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 River Valley Resources, 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 River Valley Resources, Inc.'s federal programs.

Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance (Continued)

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on River Valley Resources, 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 GAAS, *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 River Valley Resources, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *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 River Valley Resources, 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 River Valley Resources, 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 River Valley Resources, 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.

**Independent Auditor's Report on Compliance for Each Major Federal Program and
Report on Internal Control over Compliance in Accordance with the Uniform Guidance (Continued)**

Report on Internal Control over Compliance (Continued)

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.

MCM CPAs & Advisors LLP

Jeffersonville, Indiana
October 25, 2023

River Valley Resources, Inc.
Schedule of Findings and Questioned Costs
Year Ended June 30, 2023

Section I - summary of auditor's results

Financial statements

Type of auditor's report issued	<u>Unmodified</u>	
Internal control over financial reporting		
Material weakness(es) identified?	<u> </u> yes	<u> X </u> no
Significant deficiency(ies) identified not considered to be material weaknesses?	<u> </u> yes	<u> X </u> none reported
Noncompliance material to financial statements noted?	<u> </u> yes	<u> X </u> no

Federal awards

Internal control over major programs		
Material weakness(es) identified?	<u> </u> yes	<u> X </u> no
Significant deficiency(ies) identified not considered to be material weaknesses?	<u> </u> yes	<u> X </u> 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 Uniform Guidance?	<u> </u> yes	<u> X </u> no
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Identification of major programs

<u>Name of federal program or cluster</u>	<u>CFDA number</u>	<u>Amount</u>
National Dislocated Worker Grants	17.277	\$ 394,139
Adult Education-Basic Grants to States	84.002	1,143,254

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

Auditee qualified as a low-risk auditee?	<u> </u> yes	<u> X </u> no
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Section II - financial statement findings

None

Section III - major federal award programs audit findings

None

River Valley Resources, Inc.
Summary Schedule of Prior Year Audit Findings
Year Ended June 30, 2023

None.