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March 22, 2021

Board of Directors  
River Valley Resources, Inc.  
100 E. Second Street, Ste E  
Madison, IN 47250

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, 2019 to June 30, 2020. 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, 2020 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 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 blue ink that reads "Paul D. Joyce".

Paul D. Joyce, CPA  
State Examiner

**River Valley Resources, Inc.**

**Financial Statements**

**Year Ended June 30, 2020**

**River Valley Resources, Inc.**  
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**Year Ended June 30, 2020**

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## **Independent Auditor's Report**

Board of Directors  
River Valley Resources, Inc.

### **Report on the Financial Statements**

We have audited the accompanying financial statements of River Valley Resources, Inc. ("RVR") which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to RVR's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

MCM CPAs & Advisors LLP

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## Independent Auditor's Report (Continued)

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of RVR as of June 30, 2020, 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.

### Other Matters

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 is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations ("CFR") Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") 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 December 7, 2020 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.



Jeffersonville, Indiana  
December 7, 2020

**River Valley Resources, Inc.**  
**Statement of Financial Position**  
**June 30, 2020**

**Assets**

Current assets	
Cash	\$ 595,604
Grants receivable	<u>545,004</u>
Total current assets	1,140,608
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>(215,351)</u>
Property, plant and equipment, net	<u>1,127,821</u>
Total assets	<u><u>\$ 2,268,429</u></u>

**Liabilities and net assets**

Current liabilities	
Current portion of refundable advance - payroll protection program	\$ 24,716
Accounts payable	43,346
Accrued payroll and related expenses	<u>106,277</u>
Total current liabilities	174,339
Refundable advance - payroll protection program, less current portion	<u>31,484</u>
Total liabilities	205,823
Net assets	
Without donor restrictions	
Invested in capital assets	1,127,821
Expendable net assets	<u>768,355</u>
Total net assets without donor restrictions	1,896,176
With donor restrictions	
Restricted by purpose or time	<u>166,430</u>
Total net assets	<u>2,062,606</u>
Total liabilities and net assets	<u><u>\$ 2,268,429</u></u>

See accompanying notes.

**River Valley Resources, Inc.**  
**Statement of Activities**  
**Year Ended June 30, 2020**

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Revenue			
Grants			
Federal	\$ 2,511,635	\$ -	\$ 2,511,635
State	276,635	165,651	442,286
Other revenue	1,428,331	-	1,428,331
Interest	151	-	151
Net assets released from restrictions through satisfaction of program restrictions	<u>130,041</u>	<u>(130,041)</u>	<u>-</u>
Total revenue	4,346,793	35,610	4,382,403
Expenses			
Program services			
Workforce development	1,369,853	-	1,369,853
Youth employment	993,606	-	993,606
Adult education	1,083,766	-	1,083,766
Child care	273,583	-	273,583
Local services	<u>315,936</u>	<u>-</u>	<u>315,936</u>
Total program activities	4,036,744	-	4,036,744
Supportive services			
Management and general	<u>263,326</u>	<u>-</u>	<u>263,326</u>
Total expenses	<u>4,300,070</u>	<u>-</u>	<u>4,300,070</u>
Changes in net assets	46,723	35,610	82,333
Net assets, beginning of year	<u>1,849,453</u>	<u>130,820</u>	<u>1,980,273</u>
Net assets, end of year	<u>\$ 1,896,176</u>	<u>\$ 166,430</u>	<u>\$ 2,062,606</u>

See accompanying notes.

**River Valley Resources, Inc.**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2020**

	Program activities					Management and general	Totals
	Workforce development	Youth employment	Adult education	Child care	Local services		
Salaries and related expenses							
Salaries and wages	\$ 894,373	\$ 666,571	\$ 746,609	\$ 168,565	\$ 130,735	\$ 119,625	\$ 2,726,478
Payroll taxes	70,010	51,093	58,947	12,969	7,936	10,439	211,394
Employee benefits	129,158	96,254	55,696	50,541	21,232	19,734	372,615
Total salaries and related expenses	1,093,541	813,918	861,252	232,075	159,903	149,798	3,310,487
Operating expenses							
Direct client services	227,681	116,254	72,058	-	23,200	-	439,193
Supplies	14,111	22,146	80,451	2,137	10,491	3,071	132,407
Occupancy and leases expenses	-	-	25,985	26,147	37,713	34,278	124,123
Mileage and travel	15,717	21,060	8,871	3,002	2,624	191	51,465
Communication	8,826	11,894	3,214	3,647	16,677	1,509	45,767
Equipment	4,650	3,307	7,491	834	20,396	2,851	39,529
Depreciation	-	-	-	-	34,922	-	34,922
Audit fees	-	-	-	-	-	23,154	23,154
Liability insurance	-	-	-	-	6,087	13,904	19,991
Staff training	2,204	506	11,719	-	-	3,350	17,779
Bank and processing fees	-	-	-	-	-	12,997	12,997
Rental	-	126	3,121	3,209	-	3,367	9,823
Professional and service fees	-	623	30	-	1,923	6,951	9,527
Printing and publications	-	-	7,800	-	-	-	7,800
Membership and registration fees	459	3,219	405	-	20	2,687	6,790
Postage	550	361	552	2,532	261	1,473	5,729
Legal fees	-	-	-	-	-	3,624	3,624
Staff expenses	2,114	192	817	-	-	121	3,244
Interest	-	-	-	-	1,719	-	1,719
Total operating expenses	276,312	179,688	222,514	41,508	156,033	113,528	989,583
Total functional expenses	\$ 1,369,853	\$ 993,606	\$ 1,083,766	\$ 273,583	\$ 315,936	\$ 263,326	\$ 4,300,070

See accompanying notes.

**River Valley Resources, Inc.**  
**Statement of Cash Flows**  
**Year Ended June 30, 2020**

Operating activities	
Change in net assets	\$ 82,333
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	34,922
Increase (decrease) in	
Grants receivable	264,989
Refundable advance	56,200
Accounts payable	(54,773)
Accrued payroll and related expenses	<u>(2,266)</u>
Net cash provided by operating activities	381,405
Financing activities	
Principal payments on long-term debt	<u>(67,811)</u>
Net cash used in financing activities	<u>(67,811)</u>
Net increase in cash	313,594
Cash	
Beginning of year	<u>282,010</u>
End of year	<u>\$ 595,604</u>
Supplemental disclosure of cash flow information	
Interest paid	\$ 3,624

See accompanying notes.

**River Valley Resources, Inc.**  
**Notes to Financial Statements**  
**Year Ended June 30, 2020**

**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.

Effective July 1, 2019, RVR adopted ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* ("Topic 606"). The standard was adopted using the modified retrospective method. Topic 606 creates a single framework for recognizing revenue from contracts with customers that fall within its scope and supersedes nearly all existing GAAP for revenue recognition guidance. The standard's core principle is that an entity will recognize revenue when it transfers promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in the exchange for those goods and services. RVR did not record any material impact from the adoption of this standard.

Effective July 1, 2019, RVR adopted ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard assists entities in 1) evaluating whether transactions should be accounted for as contributions (non-reciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject to other guidance and 2) determining whether a contribution is conditional. This standard was adopted as it relates to contributions received for the fiscal year ended June 30, 2020 and will apply to contributions made for the fiscal year ending June 30, 2021. RVR did not record any material impact from the adoption of this standard as it relates to contributions received.

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.
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.

**River Valley Resources, Inc.**  
**Notes to Financial Statements (Continued)**  
**Year Ended June 30, 2020**

**Note B - Summary of Significant Accounting Policies (Continued)**

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 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.
6. Description of Leasing Arrangements: RVR leases portions of its building to other non-profit organizations. These leases are operating in nature and vary in terms. During the year ended June 30, 2020, RVR recognized \$167,559 in occupancy revenue from these leases. See Note J for additional information.
7. 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.
8. 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, 2020.
9. 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, 2020 for these receivables.
10. 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, 2020 was \$34,922.
11. Advertising: RVR expenses advertising costs as incurred. RVR did not charge any advertising expenses to operations for the year ended June 30, 2020.
12. 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.

**River Valley Resources, Inc.**  
**Notes to Financial Statements (Continued)**  
**Year Ended June 30, 2020**

**Note B - Summary of Significant Accounting Policies (Continued)**

13. Recent Accounting Pronouncements: In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and lease liability on the balance sheet at the date of lease commencement. Leases will be classified as either finance or operating. This standard will be effective for RVR for the year ending June 30, 2023.

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 2016-02 and ASU 2016-13 on the financial statements.

**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, 2020 are as follows:

Cash	\$ 595,604
Grants receivable	<u>545,004</u>
Total financial assets	1,140,608
Less amounts not available to be used within one year	
Donor restricted by time or purpose	<u>166,430</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 974,178</u>

**D - Grants Receivable**

Grants receivable at June 30, 2020, were due from the following funding sources:

Southeast Indiana Workforce Investment Board	\$ 236,000
Indiana Department of Workforce Development	248,506
Family & Social Services Administration	60,393
Miscellaneous	<u>105</u>
Total	<u>\$ 545,004</u>

**River Valley Resources, Inc.**  
**Notes to Financial Statements (Continued)**  
**Year Ended June 30, 2020**

**Note E - Operating Leases**

RVR leases various facilities for operation of its programs. RVR leases office space for its operations on a month-to-month basis. Total rent expense related to these month-to-month leases was \$53,610. In February 2018, RVR entered into a lease for office space that expires January 2023. Monthly rent expense for this office space is \$211. Total rent expense related to the above operating lease for the year ended June 30, 2020, was \$2,532.

In December 2016, RVR entered into a lease for office equipment that expires December 2021 with an option to extend the lease through December 2022. Monthly lease expense for this office equipment is \$669. Total equipment lease expense related to the above operating lease for the year ended June 30, 2020, was \$8,027.

In August 2019, RVR renewed a month-to-month lease for office space that will expire September 2021 with an option to extend the lease through September 2023. Monthly lease expense for future periods for this office space is \$1,877. Total rent expense related to this lease was \$20,646.

Minimum future lease payments under these leases as of June 30, 2020 are as follows:

2021	\$ 29,068
2022	8,163
2023	<u>1,477</u>
Total minimum future lease payments	<u><u>\$ 38,708</u></u>

**Note F - Refundable Advance**

RVR received a refundable advance of \$56,200 in April 2020 from the SBA Payroll Protection Program. Under the CARES Act, subject to limitations, as defined, the advance may be partially or fully forgiven, depending on specified actual payroll and other qualified costs for the covered period following receipt of the advance. Any amount not forgiven will be payable in 24 monthly installments of principle and interest at 1% and will be unsecured. RVR is accounting for the loan proceeds as a conditional contribution in accordance with ASC 958-605. As such, RVR maintains the conditions will be substantially met when forgiveness notification is received from its bank. In the event the loan is not forgiven, expected future maturities are as follows:

2021	\$ 24,716
2022	<u>31,484</u>
Total future maturities of long-term debt	<u><u>\$ 56,200</u></u>

**Note G - 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, 2020. The contribution for the year ended June 30, 2020 was \$70,045. Employer contributions vest over a three-year period.

**River Valley Resources, Inc.**  
**Notes to Financial Statements (Continued)**  
**Year Ended June 30, 2020**

**Note H - 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 I - Net Assets with Donor Restrictions**

At June 30, 2020, RVR had net assets with donor restrictions of \$166,430. Net assets are restricted by purpose or time and primarily include cash and receivables from the following sources:

Strada grant	\$ 42,098
Summer scholarships	30,834
Rural works	28,980
Duke energy grant	28,343
Summer meals program	13,879
Literacy grant	13,595
GED program	5,902
Other	2,514
Midcor ECO 15	<u>285</u>
Total	<u><u>\$ 166,430</u></u>

**Note J - Lease Income**

RVR leases portions of its building to other non-profit organizations. These leases are operating in nature and vary in terms from month-to-month to long-term. The following is a schedule by years of minimum future rentals on the operating lease as of June 30, 2020:

<u>Year ending June 30,</u>	
2021	\$ 26,994
2022	14,400
2023	<u>3,600</u>
Total minimum future rentals	<u><u>\$ 44,994</u></u>

**River Valley Resources, Inc.**  
**Notes to Financial Statements (Continued)**  
**Year Ended June 30, 2020**

**Note K - Global Novel Coronavirus 2019**

In March 2020, the World Health Organization declared the global novel coronavirus disease 2019 ("COVID-19") outbreak a pandemic. Further, the United States Centers for Disease Control and Prevention confirmed the spread of the disease throughout the United States. Prior to June 30, 2020 and as of the date the financial statements were available to be issued, RVR's operations have been significantly impacted by the COVID-19 outbreak. It is likely RVR's operations will continue to be adversely affected as a result of COVID-19, but the impact is not known at this point as the scale and severity of the outbreak, and resulting economic impact, is still largely unknown.

## **Supplementary Information**

River Valley Resources, Inc.  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2020

Federal grantor / program or cluster title	Federal CFDA number	Pass-through entity	Pass-through entity identifying number	Award period	Federal expenditures	Total federal expenditures	Pass-through to sub-recipients
<b>Department of Labor</b>							
Workforce Investment Act cluster							
WIOA adult program	17.258	Southeast Indiana workforce investment board	WIOA - 19 - Adult/Dislocated Worker	7/1/19-6/30/20	\$ 242,191		\$ -
WIOA adult program	17.258	Southeast Indiana workforce investment board	WIOA SP-19-RVR	7/1/19-6/30/20	96,203		-
Subtotal 17.258					338,394	\$ 338,394	-
WIOA youth activities	17.259	Southeast Indiana workforce investment board	WIOA-19-Youth-RVR	7/1/19-6/30/21	278,967		-
WIOA youth activities	17.259	Southeast Indiana workforce investment board	BC-19-RVR Amendment #1	7/1/19 - 6/30/20	56,648		-
Subtotal 17.259					335,615	335,615	-
Opioid Grant	17.277	Southeast Indiana Workforce Investment Board	DWOP-19-RVR Amendment 3	7/1/19-6/30/20	148,845	148,845	-
WIOA dislocated worker formula grants	17.278	Southeast Indiana workforce investment board	WIOA - 19- Adult/Dislocated Worker	7/1/19-6/30/20	297,846		-
WIOA dislocated worker formula grants	17.278	Southeast Indiana workforce investment board	RR-19-RVR	6/30/19 - 9/30/2020	13,871		-
Subtotal 17.278					311,717	311,717	-
<b>Total Workforce Investment Act cluster</b>						1,134,571	-
Employment service/Wagner-Peyser funded	17.207	Southeast Indiana workforce investment board	BC-19-RVR-Amendment #1	7/1/19- 6/30/20	60,000		-
Subtotal 17.207					60,000	60,000	-
Unemployment Insurance	17.225	Southeast Indiana Workforce Investment Board	RESEA909-19-RVR Amendment 1	1/1/19-8/15/2020	154,459		-
Unemployment Insurance	17.225	Southeast Indiana Workforce Investment Board	RVR S1805-RESEA-19-WOI	12/1/18-12/31/19	210,794		-
COVID Grant	17.225	Southeast Indiana Workforce Investment Board	RRCOVID2009	3/23/2020-3/31/2021	17,400		-
Subtotal 17.225					382,653	382,653	-
<b>Total from Department of Labor</b>						442,653	-
<b>Department of Health and Human Services</b>							
Temporary Assistance for Needy Families	93.558	Southeast Indiana Workforce Investment Board	JAGTANF-18-RVR Amendment 1 and JAGT-19-RVR	10/1/18-9/30/19 and 10/1/19-6/30/20	495,776		-
Temporary Assistance for Needy Families	93.558	Southeast Indiana Workforce Investment Board	WINTANF-18-RVR	10/1/18 - 9/30/19	5,095		-
Subtotal 93.558					500,871	500,871	-
Pre-ETS-JAG	84.126	Southeast Indiana Workforce Investment Board	PRE-ETS-19-RVR	7/1/2019-6/30/2020	56,799		-
Subtotal 93.558					56,799	56,799	-
<b>Total Department of Health and Human Services</b>						557,670	-
<b>Department of Education</b>							
Adult Education - Basic Grants	84.002A	Indiana Department of Workforce Development	AE971 36624	7/1/19-6/30/20	376,741		-
<b>Total Department of Education</b>						376,741	-
<b>Total expenditures of federal awards</b>						\$ 2,511,635	\$ -

See accompanying Independent Auditor's Report and notes.

**River Valley Resources, Inc.**  
**Notes to Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2020**

**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, 2020 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 the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of River Valley Resources, Inc. ("RVR"), which comprise the statement of financial position as of June 30, 2020, 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 December 7, 2020.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered RVR's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of RVR's internal control. Accordingly, we do not express an opinion on the effectiveness of RVR'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 may exist that have not been identified.

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether RVR'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

MCM CPAs & Advisors LLP

Jeffersonville, Indiana  
December 7, 2020

## **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**

We have audited River Valley Resources, Inc.'s ("RVR") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of RVR's major federal programs for the year ended June 30, 2020. RVR's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of RVR's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* ("CFR") Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about RVR's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of RVR's compliance.

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

In our opinion, RVR complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

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**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**

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

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

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

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



Jeffersonville, Indiana  
December 7, 2020

**River Valley Resources, Inc.**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2020**

**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?	_____ yes	<u>  X  </u> no
Significant deficiency(ies) identified not considered to be material weaknesses?	_____ yes	<u>  X  </u> none reported
Noncompliance material to financial statements noted?	_____ yes	<u>  X  </u> no

Federal awards

Internal control over major programs Material weakness(es) identified?	_____ yes	<u>  X  </u> no
Significant deficiency(ies) identified not considered to be material weaknesses?	_____ yes	<u>  X  </u> none reported

Type of auditor's report issued on compliance for major programs	<u>Unmodified</u>	
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Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance?	_____ yes	<u>  X  </u> no
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<u>CFDA number</u>	<u>Name of federal program or cluster</u>		
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WIOA cluster			
17.258	Workforce Innovation and Opportunity Act Adult Program	\$	338,394
17.259	Workforce Innovation and Opportunity Act Youth Activities		335,615
17.278	Workforce Innovation and Opportunity Act Dislocated Worker Formula Grants		<u>311,717</u>
	Total WIOA Cluster	\$	<u>985,726</u>

Dollar threshold used to distinguish between Type A and Type B programs	\$	750,000
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Auditee qualified as a low-risk auditee?	_____ <u>  X  </u> yes	_____ 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, 2020**

None.