



STATE OF INDIANA
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STATE BOARD OF ACCOUNTS
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October 14, 2022

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, 2020 to June 30, 2021. 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, 2021 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 cursive script that reads "Tammy R. White".

Tammy R. White, CPA
Deputy State Examiner

River Valley Resources, Inc.

Financial Statements

Year Ended June 30, 2021

River Valley Resources, Inc.
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Year Ended June 30, 2021

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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, 2021, 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, 2021, 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 January 14, 2022 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
January 14, 2022

River Valley Resources, Inc.
Statement of Financial Position
June 30, 2021

Assets

Current assets	
Cash	\$ 1,135,716
Grants receivable	<u>453,665</u>
Total current assets	1,589,381
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>(250,273)</u>
Property, plant and equipment, net	<u>1,092,899</u>
Total assets	<u><u>\$ 2,682,280</u></u>

Liabilities and net assets

Current liabilities	
Accounts payable	65,743
Accrued payroll and related expenses	<u>134,290</u>
Total current liabilities	200,033
Total liabilities	200,033
Net assets	
Without donor restrictions	
Invested in capital assets	1,092,899
Expendable net assets	<u>970,309</u>
Total net assets without donor restrictions	2,063,208
With donor restrictions	
Restricted by purpose or time	<u>419,039</u>
Total net assets	<u>2,482,247</u>
Total liabilities and net assets	<u><u>\$ 2,682,280</u></u>

See accompanying notes.

River Valley Resources, Inc.
Statement of Activities
Year Ended June 30, 2021

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Revenue			
Grants			
Federal	\$ 2,214,607	\$ -	\$ 2,214,607
State	1,353,156	510,186	1,863,342
Other revenue	793,913	-	793,913
Interest	277	-	277
Net assets released from restrictions through satisfaction of program restrictions	<u>257,577</u>	<u>(257,577)</u>	<u>-</u>
Total revenue	4,619,530	252,609	4,872,139
Expenses			
Program services			
Workforce development	1,388,468	-	1,388,468
Youth employment	1,000,893	-	1,000,893
Adult education	1,220,498	-	1,220,498
Child care	284,422	-	284,422
Local services	<u>271,775</u>	<u>-</u>	<u>271,775</u>
Total program activities	4,166,056	-	4,166,056
Supportive services			
Management and general	<u>286,442</u>	<u>-</u>	<u>286,442</u>
Total expenses	<u>4,452,498</u>	<u>-</u>	<u>4,452,498</u>
Changes in net assets	167,032	252,609	419,641
Net assets, beginning of year	<u>1,896,176</u>	<u>166,430</u>	<u>2,062,606</u>
Net assets, end of year	<u><u>\$ 2,063,208</u></u>	<u><u>\$ 419,039</u></u>	<u><u>\$ 2,482,247</u></u>

See accompanying notes.

River Valley Resources, Inc.
Statement of Functional Expenses
Year Ended June 30, 2021

	Program activities						Totals
	Workforce development	Youth employment	Adult education	Child care	Local services	Management and general	
Salaries and related expenses							
Salaries and wages	\$ 803,959	\$ 712,260	\$ 765,151	\$ 179,459	\$ 103,808	\$ 152,756	\$ 2,717,393
Employee benefits	130,403	100,608	65,219	46,202	14,296	19,922	376,650
Payroll taxes	61,328	53,410	58,834	12,883	8,076	11,251	205,782
Total salaries and related expenses	995,690	866,278	889,204	238,544	126,180	183,929	3,299,825
Operating expenses							
Direct client services	354,482	78,642	142,237	-	14,257	97	589,715
Supplies	12,408	25,789	91,002	6,055	14,485	7,239	156,978
Occupancy and leases expenses	-	-	38,045	26,773	39,863	33,040	137,721
Communication	10,071	10,306	4,499	4,963	16,690	1,415	47,944
Depreciation	-	-	-	-	34,922	-	34,922
Staff training	-	4,910	22,440	-	10	-	27,360
Mileage and travel	5,975	9,037	7,319	653	1,758	-	24,742
Equipment	6,012	3,315	1,741	1,586	7,469	3,830	23,953
Audit fees	-	-	-	-	-	21,474	21,474
Liability insurance	-	-	-	-	4,803	10,930	15,733
Professional and service fees	-	-	-	-	10,543	4,830	15,373
Printing and publications	3,730	81	8,976	-	-	110	12,897
Bank and processing fees	-	-	-	-	-	12,557	12,557
Staff expenses	100	406	11,028	8	22	735	12,299
Rental	-	-	3,259	3,259	-	3,741	10,259
Membership and registration fees	-	2,019	449	175	650	2,449	5,742
Postage	-	110	299	2,406	123	66	3,004
Total operating expenses	392,778	134,615	331,294	45,878	145,595	102,513	1,152,673
Total functional expenses	\$ 1,388,468	\$ 1,000,893	\$ 1,220,498	\$ 284,422	\$ 271,775	\$ 286,442	\$ 4,452,498

See accompanying notes.

River Valley Resources, Inc.
Statement of Cash Flows
Year Ended June 30, 2021

Operating activities	
Change in net assets	\$ 419,641
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	34,922
Refundable advance	(56,200)
Increase (decrease) in	
Grants receivable	91,339
Accounts payable	22,397
Accrued payroll and related expenses	<u>28,013</u>
Net cash provided by operating activities	540,112
Cash, beginning of year	<u>595,604</u>
Cash, end of year	<u><u>\$ 1,135,716</u></u>

See accompanying notes.

River Valley Resources, Inc.
Notes to Financial Statements
Year Ended June 30, 2021

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, 2021.
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, 2021

Note B - Summary of Significant Accounting Policies (Continued)

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, 2021, RVR recognized \$159,871 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, 2021.
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, 2021 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, 2021 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, 2021.
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.
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.

River Valley Resources, Inc.
Notes to Financial Statements (Continued)
Year Ended June 30, 2021

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, 2021 are as follows:

Cash	\$ 1,135,716
Grants receivable	<u>453,665</u>
Total financial assets	1,589,381
Less amounts not available to be used within one year	
Donor restricted by time or purpose	<u>419,039</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 1,170,342</u></u>

D - Grants Receivable

Grants receivable at June 30, 2021, were due from the following funding sources:

Southeast Indiana Workforce Investment Board	\$ 222,678
Indiana Department of Workforce Development	165,533
Family & Social Services Administration	65,379
Miscellaneous	<u>75</u>
Total	<u><u>\$ 453,665</u></u>

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 \$26,288. 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, 2021 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, 2021 was \$8,027.

In August 2019, RVR renewed a month-to-month lease for office space that will expire in December 2021. Total rent expense related to this lease for the year ended June 30, 2021 was \$22,523. A new agreement was signed and effective January 2022, monthly lease expense will be \$1,908 until January 2023 when monthly lease expense increases to \$1,993.

River Valley Resources, Inc.
Notes to Financial Statements (Continued)
Year Ended June 30, 2021

Note E - Operating Leases (Continued)

In April 2020 RVR entered into a lease for office space. This lease was extended during the year and will expire in March 2022. Monthly lease expense for this office space was \$1,460. Total rent expense related to this lease for the year ended June 30, 2021 was \$17,520.

Minimum future lease payments under these leases as of June 30, 2021 are as follows:

2022	\$ 30,947
2023	<u>1,477</u>
Total minimum future lease payments	<u>\$ 32,424</u>

Note F - Refundable Advance

RVR received a refundable advance of \$56,200 in April 2020 from the SBA Paycheck Protection Program. During 2021 RVR was notified that the advance had been forgiven by the SBA. RVR has thus recognized \$56,200 of the refundable advance as other income in the accompanying statement of activities for the year ended June 30, 2021.

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, 2021. The contribution for the year ended June 30, 2021 was \$77,945. Employer contributions vest over a three-year period.

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.

River Valley Resources, Inc.
Notes to Financial Statements (Continued)
Year Ended June 30, 2021

Note I - Net Assets with Donor Restrictions

At June 30, 2021, RVR had net assets with donor restrictions of \$419,039. Net assets are restricted by purpose or time and primarily include cash and receivables from the following sources:

Rural works	\$ 205,698
Youth program	69,898
Strada grant	35,262
Summer scholarships	32,030
Literacy grant	23,113
Duke energy grant	19,857
Summer meals program	15,807
United Way	8,988
HSE program	5,542
Other	<u>2,844</u>
 Total	 <u><u>\$ 419,039</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 leases as of June 30, 2021:

<u>Year ending June 30,</u>	
2022	\$ 70,892
2023	<u>4,650</u>
 Total minimum future rentals	 <u><u>\$ 75,542</u></u>

Note K - Risks and Uncertainties

During 2020, the outbreak of the novel coronavirus disease 2019 ("COVID-19") was declared a United States and global pandemic. RVR's operations have been adversely impacted by the outbreak of COVID-19. RVR's operations may continue to be adversely affected as a result of the outbreak of COVID-19. Based on current circumstances, management believes RVR has adequate financial resources and the liquidity to continue to sustain operations throughout the pandemic and for a period of at least one year beyond the date the accompanying financial statements were available to be issued.

Supplementary Information

River Valley Resources
Schedule of Expenditures and Federal Awards
Year Ended June 30, 2021

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	WIOA - 20 - Adult/Dislocated Worker	7/1/2020-6/30/2021	\$ 212,928	\$ -
WIOA adult program	17.258	Southeast Indiana workforce investment board	WIOA SP-19-RVR	10/1/2019-5/15/2021	21,434	-
Subtotal 17.258					234,362	-
WIOA youth activities	17.259	Southeast Indiana workforce investment board	WIOA-20-Youth-RVR	7/1/2020-6/30/2021	239,855	-
WIOA dislocated worker formula grants	17.278	Southeast Indiana workforce investment board	WIOA - 20 - Adult/Dislocated Worker	7/1/2020 - 6/30/2021	257,627	-
WIOA dislocated worker formula grants	17.278	Southeast Indiana workforce investment board	RR-19-RVR	9/17/2019 - 9/30/2020	2,439	-
COVID-19 WIOA Dislocated Worker Grant	17.278	Southeast Indiana workforce investment board	RRCOVID-19-RVR and RRCOVID-21-RVR	3/23/2020-3/31/2020 and 4/1/2021-3/31/2022	31,718	-
Subtotal 17.278					291,784	-
Total Workforce Investment Act cluster					766,001	-
National Dislocated Worker Grants	17.277	Southeast Indiana workforce investment board	DWOP-19-RVR	7/1/2019-6/30/2021	107,841	-
National Dislocated Worker Grants	17.277	Southeast Indiana workforce investment board	ERCOVID-20-RVR	9/4/2020-5/15/2022	101,152	-
National Dislocated Worker Grants	17.277	Southeast Indiana workforce investment board	DRCOVID-20-RVR	7/1/2020-2/15/2022	96,774	-
Subtotal of National Dislocated Worker Grants					305,767	-
Employment service/Wagner-Peyser funded activities	17.207	Southeast Indiana workforce investment board	BC-20-RVR	7/1/2020- 6/30/2021	104,222	-
Unemployment Insurance	17.225	Southeast Indiana workforce investment board	RESEA-20-RVR	1/1/20-8/15/2021	156,693	-
H-1B Job Training Grants	17.268	Southeast Indiana workforce investment board	Rural Health-20-RVR	2/1/2021-1/31/2025	2,575	-
Total from Department of Labor					1,335,258	-

**River Valley Resources
Schedule of Expenditures and Federal Awards (Continued)
Year Ended June 30, 2021**

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 Health and Human Services						
Temporary Assistance for Needy Families	93.558	Southeast Indiana Workforce Investment Board	JAGT-19-RVR and JAGT-20-RVR	10/1/2019-9/30/2020 and 10/1/2020- 8/15/2021	\$ 106,282	\$ -
Rehabilitation Services Vocational Rehabilitation Grants to States	84.126	Southeast Indiana Workforce Investment Board	PRE-ETS-20-RVR	10/1/2020-6/30/2021	127,838	-
Total Department of Health and Human Services					234,120	-
Department of Education						
Adult Education-Basic Grants to States	84.002	Indiana Department of Workforce Development	AE2071 45815	7/1/2020-6/30/2021	286,117	-
Total Department of Education					286,117	-
Department of Treasury						
Coronavirus Relief Fund	21.019	Southeast Indiana workforce investment board	ETGCARES-20RVR	3/1/2020-12/30/2020	165,000	-
Coronavirus Relief Fund	21.019	Southeast Indiana workforce investment board	WRGCARES-21-RVR	3/1/2020-9/30/2021	194,112	-
Total Department of Treasury					359,112	-
Total expenditures of federal awards					<u>\$ 2,214,607</u>	<u>\$ -</u>

See accompanying Independent Auditor's Report and notes.

River Valley Resources
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

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, 2021 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, 2021, 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 January 14, 2022.

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
January 14, 2022

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 U.S. Office of Management and Budget *Compliance Supplement* that could have a direct and material effect on each of RVR's major federal programs for the year ended June 30, 2021. 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, 2021.

**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.

MCM CPAs & Advisors LLP

Jeffersonville, Indiana
January 14, 2022

River Valley Resources, Inc.
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

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>	
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance?	_____ yes	<u> X </u> no

Identification of major programs

<u>CFDA number</u>	<u>Name of federal program or cluster</u>		
WIOA cluster			
17.258	Workforce Innovation and Opportunity Act Adult Program	\$	234,362
17.259	Workforce Innovation and Opportunity Act Youth Activities		239,855
17.278	Workforce Innovation and Opportunity Act Dislocated Worker Formula Grants		<u>291,784</u>
	Total WIOA Cluster	<u>\$</u>	<u>766,001</u>
21.019	Coronavirus Relief Fund	<u>\$</u>	<u>359,112</u>
	Dollar threshold used to distinguish between Type A and Type B programs	\$	750,000
	Auditee qualified as a low-risk auditee?	<u> X </u> yes	_____ no

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.