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January 26, 2023

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, 2021 to June 30, 2022. 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, 2022 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, 2022**

**River Valley Resources, Inc.**  
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**Year Ended June 30, 2022**

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## **Report on the Audit of the Financial Statements**

Board of Directors  
River Valley Resources, Inc.

### **Opinion**

We have audited the financial statements of River Valley Resource, Inc. ("RVR"), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

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

MCM CPAs & Advisors LLP

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## **Independent Auditor's Report (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 schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

## Independent Auditor's Report (Continued)

### Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 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.

Handwritten signature in black ink that reads "MCM CPAs & Advisors LLP". The signature is stylized and cursive.

Jeffersonville, Indiana  
December 2, 2022

**River Valley Resources, Inc.**  
**Statement of Financial Position**  
**June 30, 2022**

**Assets**

Current assets	
Cash	\$ 694,099
Grants receivable	<u>1,123,965</u>
Total current assets	1,818,064
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>(285,195)</u>
Property, plant and equipment, net	<u>1,057,977</u>
Total assets	<u><u>\$ 2,876,041</u></u>

**Liabilities and net assets**

Current liabilities	
Accounts payable	\$ 120,733
Accrued payroll and related expenses	<u>157,599</u>
Total current liabilities	<u>278,332</u>
Total liabilities	278,332
Net assets	
Without donor restrictions	
Invested in capital assets	1,057,977
Expendable net assets	<u>1,203,902</u>
Total net assets without donor restrictions	2,261,879
With donor restrictions	
Restricted by purpose or time	<u>335,830</u>
Total net assets	<u>2,597,709</u>
Total liabilities and net assets	<u><u>\$ 2,876,041</u></u>

See accompanying notes.

**River Valley Resources, Inc.**  
**Statement of Activities**  
**Year Ended June 30, 2022**

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Revenue			
Grants			
Federal	\$ 2,542,938	\$ -	\$ 2,542,938
State	2,613,323	201,968	2,815,291
Other revenue	560,178	-	560,178
Interest	264	-	264
Net assets released from restrictions through satisfaction of program restrictions	<u>285,177</u>	<u>(285,177)</u>	<u>-</u>
Total revenue	6,001,880	(83,209)	5,918,671
Expenses			
Program services			
Workforce development	2,266,687	-	2,266,687
Youth employment	1,429,175	-	1,429,175
Adult education	1,163,477	-	1,163,477
Child care	321,009	-	321,009
Local services	<u>346,042</u>	<u>-</u>	<u>346,042</u>
Total program activities	5,526,390	-	5,526,390
Supportive services			
Management and general	<u>276,819</u>	<u>-</u>	<u>276,819</u>
Total expenses	<u>5,803,209</u>	<u>-</u>	<u>5,803,209</u>
Changes in net assets	198,671	(83,209)	115,462
Net assets, beginning of year	<u>2,063,208</u>	<u>419,039</u>	<u>2,482,247</u>
Net assets, end of year	<u>\$ 2,261,879</u>	<u>\$ 335,830</u>	<u>\$ 2,597,709</u>

See accompanying notes.

**River Valley Resources, Inc.**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2022**

Program activities

	Workforce development	Youth employment	Adult education	Child care	Local services	Management and general	Totals
Salaries and related expenses							
Salaries and wages	\$ 598,346	\$ 1,010,000	\$ 747,342	\$ 207,448	\$ 136,684	\$ 142,795	\$ 2,842,615
Employee benefits	89,983	151,977	78,815	45,796	22,869	19,083	408,523
Payroll taxes	44,935	74,471	55,781	14,959	10,060	10,994	211,200
Total salaries and related expenses	733,264	1,236,448	881,938	268,203	169,613	172,872	3,462,338
Operating expenses							
Direct client services	1,485,410	140,271	120,164	-	45,305	(15,228)	1,775,922
Supplies	29,554	18,502	56,973	9,936	10,427	10,137	135,529
Occupancy and leases expenses	-	-	39,577	27,030	-	31,307	97,914
Equipment	2,054	6,145	8,793	4,585	48,662	18,962	89,201
Communication	4,692	11,502	5,097	6,630	16,821	968	45,710
Mileage and travel	11,250	15,058	9,496	1,953	1,398	86	39,241
Depreciation	-	-	-	-	34,922	-	34,922
Staff training	137	-	22,605	-	-	-	22,742
Audit fees	-	-	-	-	-	22,504	22,504
Liability insurance	-	-	-	-	5,308	14,135	19,443
Professional and service fees	-	102	-	-	13,083	3,454	16,639
Printing and publications	(244)	684	12,084	-	(330)	562	12,756
Bank and processing fees	-	-	-	-	19	12,445	12,464
Staff expenses	219	63	6,270	8	7	95	6,662
Postage	182	-	31	2,489	157	2,898	5,757
Membership and registration fees	169	400	449	175	650	1,622	3,465
Total operating expenses	1,533,423	192,727	281,539	52,806	176,429	103,947	2,340,871
Total functional expenses	\$ 2,266,687	\$ 1,429,175	\$ 1,163,477	\$ 321,009	\$ 346,042	\$ 276,819	\$ 5,803,209

See accompanying notes.

**River Valley Resources, Inc.**  
**Statement of Cash Flows**  
**Year Ended June 30, 2022**

Operating activities	
Change in net assets	\$ 115,462
Adjustments to reconcile change in net assets to net cash used in operating activities	
Depreciation	34,922
Increase (decrease) in	
Grants receivable	(670,300)
Accounts payable	54,990
Accrued payroll and related expenses	<u>23,309</u>
Net cash used in operating activities	<u>(441,617)</u>
Cash, beginning of year	<u>1,135,716</u>
Cash, end of year	<u><u>\$ 694,099</u></u>

See accompanying notes.

**River Valley Resources, Inc.**  
**Notes to Financial Statements**  
**Year Ended June 30, 2022**

**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, 2022.
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. See note E for additional information.
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, 2022**

**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, 2022, RVR recognized \$162,887 in occupancy revenue from these leases. See Note I 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, 2022.
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, 2022 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, 2022 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, 2022.
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. RVR does not expect adoption of this standard to have a material impact on the financial statements.

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, 2022**

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

14. Recent Accounting Pronouncements (Continued): The Organization adopted ASU 2020-07, *Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets* for its fiscal year ended June 30, 2022. This ASU requires that contributions of nonfinancial assets are presented as separate line items in the statement of activities and disclosures include a disaggregation of the amount contributed by category, a description of donor restrictions, and valuation techniques for the nonfinancial assets received. ASU 2020-07 was adopted with no material impact 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, 2022 are as follows:

Cash	\$ 694,099
Grants receivable	<u>1,123,965</u>
Total financial assets	1,818,064
Less amounts not available to be used within one year	
Donor restricted by time or purpose	<u>335,830</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 1,482,234</u></u>

**D - Grants Receivable**

Grants receivable at June 30, 2022, were due from the following funding sources:

Southeast Indiana Workforce Investment Board	\$ 903,444
Indiana Department of Workforce Development	125,850
Family & Social Services Administration	<u>94,671</u>
Total	<u><u>\$ 1,123,965</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 \$10,924. 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, 2022 was \$2,532.

In December 2016, RVR entered into a lease for office equipment that expired 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, 2022 was \$8,028.

**River Valley Resources, Inc.**  
**Notes to Financial Statements (Continued)**  
**Year Ended June 30, 2022**

**Note E - Operating Leases (Continued)**

In August 2019, RVR renewed a month-to-month lease for office space that expired in December 2021. Total rent expense related to this lease for the year ended June 30, 2022 was \$22,890. A new agreement was signed and effective January 2022, monthly lease expense is \$1,908 until January 2023 when monthly lease expense increases to \$1,993.

In April 2020 RVR entered into a lease for office space. This lease was extended during the year and expired in March 2022. Total rent expense related to this lease for the year ended June 30, 2022 was \$17,520. A new agreement was signed and effective September 2022, monthly lease expense will be \$1,460 until January 2023 when monthly lease expense increases to \$1,540.

Minimum future lease payments under these leases as of June 30, 2022 are as follows:

2023	\$ 39,960
2024	<u>21,198</u>
Total minimum future lease payments	<u>\$ 61,158</u>

**Note F - 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, 2022. The contribution for the year ended June 30, 2022 was \$77,493. Employer contributions vest over a three-year period.

**Note G - 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, 2022**

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

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

Rural works	\$ 214,381
Summer scholarships	32,101
Duke energy grant	30,836
Other	25,545
Literacy grant	16,775
United Way	8,988
Summer meals program	4,732
GED program	<u>2,472</u>
Total	<u>\$ 335,830</u>

**Note I - 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 minimum future rentals on the operation leases for the year ending June 30, 2023 is \$55,275.

## **Supplementary Information**

**River Valley Resources  
Schedule of Expenditures and Federal Awards  
Year Ended June 30, 2022**

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
<b>Department of Labor</b>						
Workforce Investment Act cluster						
WIOA adult program	17.258	Southeast Indiana workforce investment board	WIOA - 21 - Adult/Dislocated Worker	7/1/2021-6/30/2023	\$ 209,920	\$ -
WIOA adult program	17.258	Southeast Indiana workforce investment board	WIOA-PSG-21-RVR	09/1/2021-3/31/2023	181,050	-
Subtotal 17.258					390,970	-
WIOA youth activities	17.259	Southeast Indiana workforce investment board	WIOA-21-Youth-RVR	7/1/2021-6/30/2023	294,207	-
WIOA dislocated worker formula grants	17.278	Southeast Indiana workforce investment board	WIOA - 21 - Adult/Dislocated Worker	7/1/2021 - 6/30/2023	250,775	-
COVID-19 WIOA Dislocated Worker Grant	17.278	Southeast Indiana workforce investment board	RRCOVID-21-RVR	4/1/2021-3/31/2022	85,206	-
Subtotal 17.278					335,981	-
<b>Total Workforce Investment Act cluster</b>					1,021,158	-
National Dislocated Worker Grants	17.277	Southeast Indiana workforce investment board	DWOP-19-RVR	7/1/2019-6/30/2023	149,911	-
National Dislocated Worker Grants	17.277	Southeast Indiana workforce investment board	ERCOVID-20-RVR	9/4/2020-6/30/2022	122,704	-
National Dislocated Worker Grants	17.277	Southeast Indiana workforce investment board	DRCOVID-20-RVR	7/1/2020-2/15/2022	205,815	-
Subtotal of National Dislocated Worker Grants					478,430	-
Employment service/Wagner-Peyser funded activities	17.207	Southeast Indiana workforce investment board	BC-20-RVR and BC-21-RVR	7/1/2020- 12/31/2021 and 07/01/2021-06/30/2022	135,778	-
Unemployment Insurance	17.225	Southeast Indiana workforce investment board	RESEA-20-RVR and RESEA-21-RVR	1/1/20-8/15/2022 and 01/01/2021-09/30/2022	184,239	-
H-1B Job Training Grants	17.268	Southeast Indiana workforce investment board	Rural Health-20-RVR	2/1/2021-1/31/2025	113,157	-
Apprenticeship Exp	17.285	Southeast Indiana workforce investment board	ASEDRI2009	07/01/2019-06/30/2022	97,000	-
<b>Total from Department of Labor</b>					2,029,762	-

See accompanying Independent Auditor's Report and notes.

**River Valley Resources  
Schedule of Expenditures and Federal Awards (Continued)  
Year Ended June 30, 2022**

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
<b>Department of Health and Human Services</b>						
Rehabilitation Services Vocational Rehabilitation Grants to States	84.126	Southeast Indiana Workforce Investment Board	PRE-ETS-21-RVR	07/1/2021-12/31/2022	\$ 169,663	\$ -
<b>Total Department of Health and Human Services</b>					169,663	-
<b>Department of Education</b>						
Adult Education-Basic Grants to States	84.002	Indiana Department of Workforce Development	AE2171 56040	7/1/2021-6/30/2022	283,124	-
<b>Total Department of Education</b>					283,124	-
<b>Department of Treasury</b>						
Coronavirus Relief Fund	21.019	Southeast Indiana workforce investment board	WRGCARES-21-RVR	3/1/2020-12/31/2021	60,389	-
<b>Total Department of Treasury</b>					60,389	-
<b>Total expenditures of federal awards</b>					<u>\$ 2,542,938</u>	<u>\$ -</u>

See accompanying Independent Auditor's Report and notes.

**River Valley Resources, Inc.**  
**Notes to Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2022**

**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, 2022 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, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated December 2, 2022.

### **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 may exist that have not been identified.

### **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*.

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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)**

**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

December 2, 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**

#### **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, 2022. 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, 2022.

#### **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.

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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)**

### **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  
December 2, 2022

**River Valley Resources, Inc.**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2022**

**Section I - summary of auditor's results**

Financial statements

Type of auditor's report issued	<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	\$	390,970
17.259	Workforce Innovation and Opportunity Act Youth Activities		294,207
17.278	Workforce Innovation and Opportunity Act Dislocated Worker Formula Grants		<u>335,981</u>
	Total WIOA Cluster	\$	<u><u>1,021,158</u></u>
Dollar threshold used to distinguish between Type A and Type B programs		\$	750,000
Auditee qualified as a low-risk auditee?		_____ yes	_____ <u>X</u> 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, 2021**

None.