

| ROGUE WORKFORCE PARTNERSHIP
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023
WITH
INDEPENDENT AUDITOR'S REPORT



Rogue Workforce Partnership

Years ended June 30, 2024 and 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Rogue Workforce Partnership
Medford, Oregon

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Rogue Workforce Partnership (the Organization), which comprise the statements of financial position as of June 30, 2024, and June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements (hereunder, the financial statements).

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2024, and June 30, 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 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 generally accepted auditing standards 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 the Organization'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 the Organization's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditure 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 6, 2025 on our consideration of the Organization'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 Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.



Benjamin Cohn, CPA, Director
KDP Certified Public Accountants, LLP
Medford, Oregon
March 6, 2025



| FINANCIAL STATEMENTS

ROGUE WORKFORCE PARTNERSHIP
Statements of Financial Position
June 30, 2024 and 2023

<u>ASSETS:</u>		2024	2023
Current assets:			
Cash and cash equivalents	\$	367,336	\$ 443,550
Investments		438,887	392,155
Grants and contract receivables		1,560,655	1,339,900
Other receivables		43,476	17,695
Prepaid expenses		81,006	48,854
Total current assets		<u>2,491,360</u>	<u>2,242,154</u>
Non-current assets:			
Operating lease right-of-use assets		<u>232,554</u>	<u>287,762</u>
Total assets	\$	<u><u>2,723,914</u></u>	<u><u>\$ 2,529,916</u></u>
<u>LIABILITIES AND NET ASSETS:</u>			
Current liabilities:			
Accounts payable and accrued liabilities	\$	1,148,730	1,191,038
Deferred revenue		239,589	-
Accrued payroll payable		93,436	84,111
Accrued vacation payable		74,972	56,768
Current portion of operating lease liability		<u>51,368</u>	<u>46,484</u>
Total current liabilities		<u>1,608,095</u>	<u>1,378,401</u>
Long-term liabilities:			
Operating lease liability, net of current portion		<u>202,555</u>	<u>253,924</u>
Total long-term liabilities		<u>202,555</u>	<u>253,924</u>
Total liabilities		<u>1,810,650</u>	<u>1,632,325</u>
Net assets:			
Without donor restriction		<u>913,264</u>	<u>897,591</u>
Total net assets		<u>913,264</u>	<u>897,591</u>
Total liabilities and net assets	\$	<u><u>2,723,914</u></u>	<u><u>\$ 2,529,916</u></u>

ROGUE WORKFORCE PARTNERSHIP
Statement of Activities
Year Ended June 30, 2024

	Without Donor Restriction	With Donor Restriction	Total
Operating activities:			
Revenues and support:			
Federal grants	\$ 4,610,404	\$ -	\$ 4,610,404
Other grants	561,107	-	561,107
Program revenue	344,048	-	344,048
Investment income (loss), net	46,732	-	46,732
Rental income	19,925	-	19,925
Other revenue	58,840	-	58,840
Total revenues and support before net assets released from restriction	<u>5,641,056</u>	<u>-</u>	<u>5,641,056</u>
Net assets released from restrictions	<u>-</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>5,641,056</u>	<u>-</u>	<u>5,641,056</u>
Expenses:			
Workforce investment program	5,316,919	-	5,316,919
Management and general	308,464	-	308,464
Total expenses	<u>5,625,383</u>	<u>-</u>	<u>5,625,383</u>
Operating income (loss)	<u>15,673</u>	<u>-</u>	<u>15,673</u>
Change in net assets	15,673	-	15,673
Net assets at beginning of year	<u>897,591</u>	<u>-</u>	<u>897,591</u>
Net assets at end of year	<u>\$ 913,264</u>	<u>\$ -</u>	<u>\$ 913,264</u>

ROGUE WORKFORCE PARTNERSHIP
Statement of Activities
Year Ended June 30, 2023

	Without Donor Restriction	With Donor Restriction	Total
Operating activities:			
Revenues and support:			
Federal grants	\$ 4,227,635	\$ -	\$ 4,227,635
Other grants	800,057	-	800,057
Investment income (loss), net	(9,845)	-	(9,845)
Contributions (in-kind)	9,899	-	9,899
Rental income	21,782	-	21,782
Other revenue	48,875	-	48,875
Total revenues and support before net assets released from restriction	5,098,403	-	5,098,403
Net assets released from restrictions	1,285,542	(1,285,542)	-
Total revenue and support	6,383,945	(1,285,542)	5,098,403
Expenses:			
Workforce investment program	6,308,487	-	6,308,487
Management and general	406,345	-	406,345
Total expenses	6,714,832	-	6,714,832
Operating income (loss)	(330,887)	(1,285,542)	(1,616,429)
Change in net assets	(330,887)	(1,285,542)	(1,616,429)
Net assets at beginning of year	1,228,478	1,285,542	2,514,020
Net assets at end of year	\$ 897,591	\$ -	\$ 897,591

ROGUE WORKFORCE PARTNERSHIP
Statements of Functional Expenses
Years Ended June 30, 2024 and 2023

2024				
	Program Services	Supporting Services		
	Workforce Investment Program	Management and General		Total
Payroll	\$ 986,723	\$ 216,773	\$	1,203,496
Training and travel	61,998	8,845		70,843
Workforce services	3,949,222	-		3,949,222
Program costs	104,972	-		104,972
Contracted services	14,880	-		14,880
Legal and accounting	900	42,500		43,400
Facilities costs	76,424	730		77,154
Operations	54,343	21,631		75,974
Insurance	1,667	9,864		11,531
IT and telephone	65,790	8,121		73,911
	\$ 5,316,919	\$ 308,464	\$	5,625,383

2023				
	Program Services	Supporting Services		
	Workforce Investment Program	Management and General		Total
Payroll	\$ 911,557	\$ 297,058	\$	1,208,615
Training and travel	31,238	10,631		41,869
Workforce services	4,809,868	-		4,809,868
Program costs	350,000	12		350,012
Legal and accounting	-	37,146		37,146
Facilities costs	64,287	8,599		72,886
Operations	92,430	32,483		124,913
Insurance	3,096	7,677		10,773
IT and telephone	46,011	12,739		58,750
	\$ 6,308,487	\$ 406,345	\$	6,714,832

ROGUE WORKFORCE PARTNERSHIP
Statements of Cash Flows
Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Change in net assets	\$ 15,673	\$ (1,616,429)
Adjustments to reconcile change in net assets to cash provided by (used in) operating activities:		
Realized and unrealized change in value of investments and reinvested interest, net	(46,732)	9,845
Noncash lease expense	8,723	12,646
Changes in:		
(Increase) decrease in grants and contract receivables	(220,755)	621,494
(Increase) decrease in other receivables	(25,781)	(14,236)
(Increase) decrease in prepaid expenses	(32,152)	(16,567)
(Decrease) increase in accounts payable and accrued liabilities	(42,308)	(411,531)
(Decrease) increase in deferred revenue	239,589	-
(Decrease) increase in accrued payroll payable	9,325	(21,974)
(Decrease) increase in accrued vacation payable	18,204	(5,608)
Net cash provided/(used) by operating activities	<u>(76,214)</u>	<u>(1,442,360)</u>
Net increase (decrease) in cash and cash equivalents	(76,214)	(1,442,360)
Cash and cash equivalents, beginning of year	443,550	1,885,910
Cash and cash equivalents, end of year	<u>\$ 367,336</u>	<u>\$ 443,550</u>
Supplemental disclosure of noncash investing and financing activities:		
Recognition of right-of-use asset and lease liability upon adoption of ASC-842	<u>\$ -</u>	<u>\$ 336,404</u>



| NOTES TO THE BASIC FINANCIAL STATEMENTS

ROGUE WORKFORCE PARTNERSHIP
Notes to the Basic Financial Statements
June 30, 2024 and 2023

Note 1 - Summary of Significant Accounting Policies

The Reporting Entity

Rogue Workforce Partnership (the Organization) is a business-led coalition that works to strengthen the economy of the Rogue Valley. The Organization catalyzes and convenes dynamic partnerships with business leaders, K-20 educators, workforce service providers, economic development, and other key community partners. The focus of the Organization is on building innovative solutions to address the workforce priorities and needs of employers, especially those in traded-sector industries that drive the region's economic growth. Working collaboratively across complex systems and institutional boundaries, the Organization leverages and aligns resources to build the skills and talents of the region's workforce, so local businesses and career seekers can succeed in the modern global economy.

The Organization is the local Workforce Development Board (WDB) for both Jackson and Josephine County (Oregon) as described in the Workforce Innovation and Opportunity Act of 2014 (WIOA). WIOA programs provide employment and training programs for adults, dislocated workers, and youth. WIOA is administered at the Federal level by the Department of Labor (DOL) and at the State level by the Higher Education Coordinating Commission (HECC). In accordance with WIOA, the Organization contracted with the Oregon Employment Department (OED) to serve as the American Job Center (AJC) as defined in WIOA. The OED is deemed to be a sub-recipient of WIOA funds.

In addition, the Organization receives other workforce-related grants from HECC and other State agencies, as well as grants from public and non-profit entities.

The Organization, a not-for-profit entity, is governed by a Board of Directors. A primary function of the Organization is to receive and administer funds provided under WIOA through the State of Oregon. The Board of Directors is responsible for all funds received and makes policy and program decisions. The Board of Directors serves as the Executive Committee for the federally-mandated Workforce Development Board. The full Workforce Development Board is charged with overseeing and creating a stronger alignment of the workforce, education, and economic development systems. It makes policy and program decision as required under WIOA.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and are presented in accordance with accounting for financial statements of not-for-profit organizations, which requires classification of an organization's net assets and its revenues, expenses, gains, and losses based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of the two classes of net assets be presented in a statement of financial position and that the amounts of change in each of those classes of net assets be presented in a statement of activities. The assets, liabilities, revenues, expenses, and net assets of the Organization are reported in the following categories:

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 the Organization. These net assets may be used at the discretion of management and the board of directors (assuming no other restrictions exist).

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 the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

ROGUE WORKFORCE PARTNERSHIP
Notes to the Basic Financial Statements
June 30, 2024 and 2023

Note 1 - Summary of Significant Accounting Policies (continued)

Contributions

Contributions and other income received are recorded as net assets without donor restrictions or net assets with donor restrictions support, depending upon the existence and nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor restricted support is reported as an increase in net assets with donor restrictions, depending upon the nature of the restriction. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Donated Materials, Services and Facilities

Donated materials, services and facilities are reflected as in-kind contributions and corresponding expense in the accompanying statements at their estimated value at the date of receipt. The in-kind contributions consisted of software and other goods and services. The donated services reported were provided by people with specialized skills that otherwise would have been purchased by the Organization. The amounts recognized as revenue and expense for contributed services were \$0 and \$9,899 for the years ending June 30, 2024 and 2023, respectively.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with original maturities of 90 days or less to be cash equivalents. Cash and cash equivalents include bank and brokerage deposits and money market funds not otherwise held by an investment advisor.

Investments

Investments are stated at fair value based on quoted market prices. Investment in marketable securities is adjusted to fair value through recognition of unrealized gains and losses as they are classified as trading securities. Gains and losses are calculated based on specific identification of the investments. Dividend, interest, and other investment income are recorded net of related custodial and advisory fees.

Grant Revenue, Receivables, and Deferred Revenue

The majority of grant revenues are recognized under cost reimbursement contracts. For cost reimbursement contracts, revenues are considered measurable and available when the expenditures related to the programs have been incurred. Unreimbursed grant expenditures due from grantor agencies are reflected in the basic financial statements as receivables and revenues. Grant revenues are recorded at the time eligible expenditures are incurred.

Certain grants received by the Organization are not cost reimbursement contracts. In addition, certain grants contain provisions regarding potential repayment if certain metrics are not met. Accounting standards update No. 2018-08 clarified the conditions under which an entity would record deferred revenue. There must exist a donor-imposed condition, which is a barrier to overcome and a right of return of assets transferred or a right of release of the promisor's obligation to transfer assets, in order for the contribution to be considered conditional. When grant monies are received in advance for such grants, the Organization only records such balances as deferred revenue if the contribution is conditional as defined above.

Management of the Organization considers all amounts included in accounts and grants receivable to be collectible. Therefore, no provision for uncollectible accounts has been made.

ROGUE WORKFORCE PARTNERSHIP
Notes to the Basic Financial Statements
June 30, 2024 and 2023

Note 1 - Summary of Significant Accounting Policies (continued)

Accrued Personal Time Off

It is the Organization's policy to permit employees to accumulate earned but unused Personal Time Off (PTO), up to a maximum of 240 hours. All unused PTO is accrued when earned. A liability is recorded in the Statement of Financial Position and is the amount of PTO earned but unused at year end. The liability is reduced as employees use the PTO or terminate.

Use of Estimates

The preparation of basic financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that effect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements and reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among different services and supporting services benefited. Such allocations are determined on an equitable basis.

The expenses that are allocated include the following:

Expense	Method of Allocation
Payroll	Time and effort
Training & Travel	Actual usage
Workforce Services	Actual usage
Program Costs	Actual usage
Legal	Actual usage
Accounting	Time and effort (allocated with administration)
Facilities Costs	Time and effort / office space
Utilities	Time and effort / office space
Operations	Actual usage
Insurance	Time and effort (administration) / facilities cost method
IT & Telephone	Time and effort / actual usage

Performance Indicator

"Increase/(decrease) in net assets without donor restrictions" as reflected in the accompanying statement of activities is the performance indicator. Change in net assets without donor restriction includes all changes in net assets without donor restrictions and assets released from donor restrictions related to long-lived assets, extraordinary items, and investment returns by donors or law.

Advertising Expense

The Organization expenses advertising as incurred. Total advertising expense was \$13,056 and \$28,572 for the years ended June 30, 2024 and 2023, respectively.

ROGUE WORKFORCE PARTNERSHIP
Notes to the Basic Financial Statements
June 30, 2024 and 2023

Note 1 - Summary of Significant Accounting Policies (continued)

Tax-Exempt Status

Rogue Workforce Partnership has been recognized by the Internal Revenue Service as a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes on related activities. No tax provision has been made in the accompanying statement of activities. Rogue Workforce Partnership recognizes the tax benefit from uncertain tax positions only if it is more likely than not that the tax positions will be sustained on examination by the tax authorities, based on the technical merits of the position. The tax benefit is measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. Rogue Workforce Partnership recognizes interest and penalties related to income tax matters in operating expenses. As of June 30, 2024, there were no such uncertain tax positions.

Leases

The Organization determines if an arrangement contains a lease at the inception of a contract. The lease classification is determined at the commencement date. Operating leases are included in operating lease right of use (ROU) assets, current liabilities, and long-term liabilities on the statements of financial position. Right-of-use assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease during the lease term.

Right-of-use assets and lease liabilities are recognized at the commencement date based on the present value of the remaining future minimum lease payments during the lease term. Lease commencement is the date the Organization has the right to control the property. The Organization utilizes its incremental borrowing rate to discount the lease payments. The incremental borrowing rate is based on the Organization's estimated rate of interest for a collateralized borrowing over a similar term as the lease term.

The operating lease right-of-use assets also include lease payments made before commencement, lease incentives, and are recorded net of impairment. Operating leases are expensed on a straight-line basis over the lease term. The Organization accounts for lease components and non-lease components as a single lease component. Variable lease payment amounts that cannot be determined at the commencement of the lease such as increases in lease payments based on changes in index rates or usage, are not included in the right-of-use assets or lease liabilities. These are expensed as incurred. The Organization has real estate leases which require additional payments based on reimbursement for real estate taxes and common area maintenance and insurance, which are expensed as incurred as variable lease costs and hence are not included in the lease payments used to calculate lease liability. Other real estate leases contain one fixed lease payment that includes real estate taxes, common area maintenance and insurance. These fixed payments are considered part of the lease payment and included in the right-of-use assets and lease liabilities. The Organization does not separately account for the land portion of the leases involving land and building. See Note 5 - Leases, for further information.

Note 2 - Deposits in Excess of Insured Limits

Rogue Workforce Partnership has several bank accounts at various financial institutions located in Oregon. The Federal Deposit Insurance Corporation (FDIC) insures accounts at each banking institution up to \$250,000. As of June 30, 2024, and 2023, funds held at a certain financial institution exceeded amounts insured by the FDIC by \$2,859 and \$199,993, respectively. All deposits not covered by FDIC insurance are covered by the Public Fund Collateralization Program (PFCP) of the State of Oregon.

ROGUE WORKFORCE PARTNERSHIP
Notes to the Basic Financial Statements
June 30, 2024 and 2023

Note 3 - Availability and Liquidity

As of June 30, 2024 and 2023, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses, and capital construction costs not financed with debt, were as follows:

Financial assets at year end:	2024	2023
Cash and cash equivalents	\$ 367,336	\$ 443,550
Investments	438,887	392,155
Receivables	1,604,131	1,357,595
Total financial assets		
available within one year	<u>\$ 2,410,354</u>	<u>\$ 2,193,300</u>

The Organization's goal is generally to maintain financial assets available to meet 90 days of general expenditures (operating expenses). Utilizing the 2024 statement of activities, 90 days of operating expenses approximates \$1,400,000

As part of its liquidity plan, the Organization established an investment policy which considers risks and investment allocation. The Organization's investment policy sets the following allocation parameters:

The Organization generally requires that the majority of its assets shall be invested in liquid, publicly traded securities, subject to the exception process described in the Investment Policy Statement. Exceptions must be approved in writing by the Corporate Director's Investment Committee, in advance of the investment, if the Investment Manager presents an acceptable investment plan. Liquid securities are those that can be transacted quickly and efficiently for the Organization absent significant liquidation penalties or fees and with minimal impact on market price.

The Organization reviews investment performance annually.

Note 4 – Investments

Marketable securities consist of mutual funds and are recorded at fair market value. All marketable securities are managed by a brokerage firm. Realized and unrealized gains and losses are computed by the specific identification method.

Investment income from all investments for the year ended June 30, 2024 and 2023 are summarized as follows:

	2024	2023
Interest and dividends	\$ 21,394	\$ 11,070
Less: Investment fees	(3,103)	(2,741)
Net realized and unrealized gain/(loss)	<u>28,441</u>	<u>(18,174)</u>
Total	<u>\$ 46,732</u>	<u>\$ (9,845)</u>

Expenses for the years ended June 30, 2024 and 2023 relating to investment revenues including investment advisory fees amounted to \$3,103 and \$2,741, respectively. Investment expenses have been netted against investment income in the accompanying Statement of Activities.

ROGUE WORKFORCE PARTNERSHIP
Notes to the Basic Financial Statements
June 30, 2024 and 2023

Note 5 - Leases

Operating Leases

The Organization leases office space and copiers from unrelated parties. There are various leases, which expire at times between 2027 - 2028, and some of which contain options to renew at the Organization's discretion. The renewal option is included in the measurement of right-of-use ("ROU") assets and lease liabilities as the Organization is reasonably certain to exercise the available option for the lease for office space. Rent escalations occurring during the term of the lease are included in the calculation of the future minimum lease payments and the rent expense related to these leases is recognized on a straight-line basis over the lease term.

Operating lease costs consist of the following for the years ended June 30:

Statement of Activities supplemental information:	2024	2023
Operating lease cost		
Fixed	\$ 49,831	\$ 53,238
Sublease income	(19,925)	(21,782)
Total operating lease cost	<u>\$ 29,906</u>	<u>\$ 31,456</u>

Future minimum lease payments under non-cancelable operating leases were as follows as of June 30, 2024:

Year ended June 30,	
2025	\$ 64,894
2026	66,907
2027	68,989
2028	69,454
2029	17,162
Total future minimum lease payments	\$ 287,406
Less: interest	(33,483)
Totals lease liability	<u>\$ 253,923</u>
Current lease liability	\$ 51,368
Long-term lease liability	202,555
Total lease liabilities	<u>\$ 253,923</u>

As of June 30, 2024, the weighted-average remaining lease term for operating leases was 4.2 years and the weighted-average discount rate for operating leases was 6.00%.

ROGUE WORKFORCE PARTNERSHIP
Notes to the Basic Financial Statements
June 30, 2024 and 2023

Note 5 – Leases (continued)

Subleases

Additionally, the Organization leases a portion of their office space to unaffiliated third parties. In addition to base rent, there are additional requirements to pay certain other variable costs. The term of the sublease is from October 1, 2018 through October 31, 2023 and was renewed for an additional five years. The sublease is subject to escalation and de-escalation per actual costs accounted on an annual basis.

Sublease income for the years end June 30, 2024 and 2023 was \$19,925 and \$21,782, respectively.

Future sublease income for office space as of June 30, 2024 are as follows:

For the year ending June 30,

2025	\$	18,594
2026		19,100
2027		19,621
2028		20,160
2029		5,085
		\$ 82,560

Note 6 - Fair Value of Financial Instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. There are three levels of inputs that may be used to measure fair value:

Level 1 – Inputs to the valuation methodology are adjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 – Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the assets or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the determination of which category within the fair value hierarchy is appropriate for any given investment is based on the lowest level of input that is significant to the fair value measurement. The Organization's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgement and considers factors specific to the investment.

ROGUE WORKFORCE PARTNERSHIP
Notes to the Basic Financial Statements
June 30, 2024 and 2023

Note 6 - Fair Value of Financial Instruments (continued)

The following tables present the fair value hierarchy for those assets measured at fair value on a recurring basis:

		2024			
		Level 1	Level 2	Level 3	Total
Investments:					
Cash and cash equivalents		\$ 25,411	\$ -	\$ -	\$ 25,411
Equities		211,148	-	-	211,148
Fixed income		77,431	-	-	77,431
ETFs		107,526	-	-	107,526
Other assets		17,371	-	-	17,371
Total investments		<u>\$ 438,887</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 438,887</u>

		2023			
		Level 1	Level 2	Level 3	Total
Investments:					
Cash and cash equivalents		\$ 24,607	\$ -	\$ -	\$ 24,607
Equities		182,476	-	-	182,476
Fixed income		82,002	-	-	82,002
ETFs		88,841	-	-	88,841
Other assets		14,229	-	-	14,229
Total investments		<u>\$ 392,155</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 392,155</u>

Note 7 – Net Assets

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrences of other events specified by donors. Net assets released from net assets with donor restrictions for the years ended June 30, 2024 and 2023 were as follows:

	2024	2023
Purpose restrictions accomplished:		
Prosperity 10,000 program	\$ -	\$ 1,285,542
Total net assets with purpose restrictions released from restrictions	<u>\$ -</u>	<u>\$ 1,285,542</u>

ROGUE WORKFORCE PARTNERSHIP
Notes to the Basic Financial Statements
June 30, 2024 and 2023

Note 8 - Related Parties Transactions

The Organization made payments to Express Services to process payroll for Oregon Employment Department participants. The franchise owner of Express Services is a member of the Organization's Workforce Development Board. Following the Organization's procurement policy, Express Services was selected to perform these services based on providing the lowest bid. The Organization paid Express Services \$0 and \$251,159 during the years ended June 30, 2024, and 2023, respectively, which is recorded in the contracted services line item on the statement of functional expenses.

During the year ended June 30, 2024, the Organization awarded the Prosperity 10K ARPA grant to Valley Immediate Care for the amount of \$249,999. The owner of Valley Immediate Care is Brent Kell, board chair of the Workforce Development Board. Valley Immediate Care was selected based off the Organization's standard criteria for all applicants. The term of the grant is from January 1, 2024 through March 31, 2026. The first disbursement to Valley Immediate Care did not occur until September 2024.

Note 9 - Contingencies

Amounts received or receivable from grantor agencies are subject to compliance audits by grantors or their representatives. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the Organization expects such amounts, if any, to be immaterial.

Note 10 - Retirement Plan

The Organization provides a 401(k)-retirement savings plan for eligible employees. Employees may voluntarily contribute a percentage of their annual compensation to the plan, limited to a maximum annual amount as set periodically by the Internal Revenue Service. The Organization, at the discretion of the Board of Directors, made a guaranteed contribution of 4% of wages per pay period, and a matching contribution of up to 4% of wages for qualified employees. Retirement contribution expense associated with the plan for the years ended June 30, 2024, and 2023 was \$51,085 and \$48,778, respectively. There were eight employees participating in the plan as of June 30, 2024.

Note 11 - Concentration of Credit Risk

The Organization carries out various iterations of federal, state, and local workforce programs. However, the Organization relies heavily on the WIOA funding stream as it provided 66% and 77% of total revenue for the years ended June 30, 2024 and 2023, respectively.

Note 12 - Subrecipient Service Provider Contract

The Organization has contracted with two subrecipient-service providers for the years ended June 30, 2024 and 2023, respectively. The subrecipients provide the specified services to eligible participants under the WIOA program as outlined in the State of Oregon Higher Education Coordinating Commission grant awards. The subcontracts generally coincide with the program years and are administered on a cost-reimbursement basis. The Organization had amounts payable to the subrecipient-service providers under these contracts totaling \$922,904 and \$1,188,551 at June 30, 2024 and 2023, respectively.

Note 13 - Subsequent Events

Management of the Organization has evaluated events and transactions occurring after June 30, 2024, through the date the financial statements were available for issuance, for recognition and/or disclosure in the financial statements. There were no additional events and/or transactions that required recognition and disclosure in the financial statements.



**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**

To the Board of Directors
Rogue Workforce Partnership
Medford, Oregon

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 Rogue Workforce Partnership (the Organization), which comprise the statement of financial position as of June 30, 2024, 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 March 6, 2025.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "Benjamin R. Cohn", with a long horizontal flourish extending to the right.

Benjamin Cohn CPA, Director
KDP Certified Public Accountants, LLP
Medford, Oregon
March 6, 2025



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
Rogue Workforce Partnership
Medford, Oregon

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Rogue Workforce Partnership's (the Organization) 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 the Organization's major federal programs for the year ended June 30, 2024. The Organization'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, Rogue Workforce Partnership 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, 2024.

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; 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 the Organization 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 the Organization'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 the Organization's federal programs.

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 the Organization'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 generally accepted auditing standards, *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 the Organization's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization'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 the Organization'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 the Organization'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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

A handwritten signature in dark ink, appearing to read "Benjamin R. Cohn", with a long horizontal flourish extending to the right.

Benjamin Cohn CPA, Director
KDP Certified Public Accountants, LLP
Medford, Oregon
March 6, 2025

ROGUE WORKFORCE PARTNERSHIP
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

Federal Grantor/Pass-through Grantor/Program Title	Federal AL Number	Pass-through Grantor's Identification Number	Passed Through To Subrecipients	Total Federal Expenditures
<u>U.S. DEPARTMENT OF LABOR:</u>				
<u>Passed through the State of Oregon acting through its Higher Education Coordinating Commission</u>				
Workforce Innovation and Opportunity Act - Adult	17.258	J01007	\$ 884,023	\$ 949,214
Workforce Innovation and Opportunity Act - Dislocated Worker	17.278	J01007	509,580	868,483
Workforce Innovation and Opportunity Act - Youth	17.259	J01007	<u>605,382</u>	<u>889,688</u>
Total WIOA Cluster			<u>1,998,985</u>	<u>2,707,385</u>
WIOA National Dislocated Worker Grants / WIA National Emergency Grants - Wildfire	17.277	J01007	<u>820,344</u>	<u>1,005,384</u>
Total AL 17.277			<u>820,344</u>	<u>1,005,384</u>
<u>U.S. DEPARTMENT OF THE TREASURY:</u>				
<u>Passed through the State of Oregon acting through its Higher Education Coordinating Commission</u>				
COVID-19 Coronavirus State and Local Fiscal Recovery Fund - Benefits Navigator	21.027	23-015F	-	187,674
COVID 19 Coronavirus State and Local Fiscal Recovery Fund - Prosperity 10k	21.027	21-221G	<u>21,143</u>	<u>121,379</u>
Total Coronavirus Cluster			<u>21,143</u>	<u>309,053</u>
<u>U.S. DEPARTMENT OF COMMERCE:</u>				
<u>Passed through the Southern Oregon Workforce Investment Board</u>				
Economic Adjustment Assistance - Driving Prosperity Good Jobs Challenge	11.307	G3LVWKKZN9L9	<u>469,200</u>	<u>588,582</u>
Total AL 11.307			<u>469,200</u>	<u>588,582</u>
Total Expenditures of Federal Awards			<u>\$ 3,309,672</u>	<u>\$ 4,610,404</u>

ROGUE WORKFORCE PARTNERSHIP
Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal awards activity of the Organization under programs of the federal government for the year ended June 30, 2024. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, change in net assets, or cash flows of the Organization.

Note 2 - Summary of Significant Accounting Policies

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

Note 3 - Indirect Cost Rate

The Organization has elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

ROGUE WORKFORCE PARTNERSHIP
Schedule of Findings and Questioned Costs
Year ended June 30, 2024

SECTION I - SUMMARY OF AUDIT RESULTS

1. The independent auditor's report expresses an unmodified opinion on the financial statements.
2. No significant deficiencies or material weaknesses in internal controls were disclosed by the audit of the Financial Statements.
3. No instances of noncompliance material to the financial statements which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies or material weaknesses in internal control over major programs were disclosed by the audit.
5. The auditor's report on compliance for the major federal award programs expresses an unmodified opinion on all major federal programs.
6. The audit disclosed no findings that are required to be reported in accordance with 2 CFR section 200.516(a).
7. The programs tested as major were:
 - WIOA Cluster (AL# 17.258, AL# 17.259, & AL# 17.278).
 - Coronavirus State and Local Fiscal Recovery Fund (AL# 21.027).
8. The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
9. Rogue Workforce Partnership qualified as a low-risk auditee under the criteria specified in the Uniform Guidance.

SECTION II - FINANCIAL STATEMENTS AUDIT

None

SECTION III - FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

None