# EASTERN OREGON WORKFORCE BOARD

## ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2025

# EASTERN OREGON WORKFORCE BOARD
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# INTRODUCTORY SECTION

# EASTERN OREGON WORKFORCE BOARD
## List of Officials

### BOARD OF DIRECTORS

| | |
|---|---|
| Susie Cederholm | EOWB Chair |
| Jeffrey Gritz | EOWB Vice Chair |
| Brian Lemke | EOWB Executive Team |
| Kit Evans | EOWB Executive Team |
| Riley Hill | |
| Karla Jimenez | |
| Kelly Morgan | |
| Mark Browning | |
| William Wyllie | |
| Dana Young | |
| Doug Dalton | |
| Martha Corrigan | |
| Joanna Larson | |
| Meridith Hickman | |
| Matt Willson | |
| Kathy Cook | |
| Maisie Taylor | |
| Tori Stinnett | |
| Quinn Anderson | |

### OFFICIAL

| | |
|---|---|
| Erin Carpenter | Executive Director |

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# FINANCIAL SECTION

# Independent Auditors' Report

Board of Directors
Eastern Oregon Workforce Board
1215 Adams Ave., Suite B
La Grande, OR 97850

## Report on the Audit of the Financial Statements

### Opinion

We have audited the accompanying financial statements of Eastern Oregon Workforce Board (a nonprofit organization), which comprise the statement of financial position as of June 30, 2025, 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 financial statements present fairly, in all material respects, the financial position of Eastern Oregon Workforce Board as of June 30, 2025, 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 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 Eastern Oregon Workforce Board 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 opinions.

### ***Responsibilities of Management*** for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America 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 Eastern Oregon Workforce Board'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 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 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 Eastern Oregon Workforce Board'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 Eastern Oregon Workforce Board's ability to continue as a going concern for a reasonable period of time.

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

**Supplementary Information**

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2025 on our consideration of the Eastern Oregon Workforce Board'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 Eastern Oregon Workforce Board'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 Eastern Oregon Workforce Board's internal control over financial reporting and compliance.

CONNECTED PROFESSIONAL ACCOUNTANTS, LLC
Certified Public Accountants

By Lindsey Cole, CPA
Lindsey Cole, CPA

La Grande, Oregon
December 10, 2025

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# BASIC FINANCIAL STATEMENTS

**EASTERN OREGON WORKFORCE BOARD**
**Statement of Financial Position**
**As of June 30, 2025**

| | | |
|---|---|---|
| **Assets** | | |
| Current Assets: | | |
| Cash and Cash Equivalents | $ | 379,220 |
| Restricted Cash | | 127,914 |
| Total Cash, Cash Equivalents, and Restricted Cash | | 507,134 |
| Prepaid Expenses | | 3,094 |
| Grants and Other Receivables | | 442,134 |
| Property and Equipment (Net of Accumulated Depreciation) | | 14,667 |
| Total assets | $ | 967,029 |
| **Liabilities and Net Assets** | | |
| Current Liabilities: | | |
| Accounts Payable | $ | 371,715 |
| Accrued Payroll | | 16,355 |
| Payroll Taxes Payable | | 8,895 |
| Compensated Absences | | 74,786 |
| Deferred Revenue | | 127,914 |
| Total liabilities | | 599,665 |
| Net assets: | | |
| Without donor restrictions | | 239,450 |
| With donor restrictions | | 127,914 |
| Total net assets | | 367,364 |
| Total liabilities and net assets | $ | 967,029 |

*(The accompanying notes are an integral part of these financial statements)*

## EASTERN OREGON WORKFORCE BOARD
## Statement of Activities
## For the Fiscal Year Ended June 30, 2025

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---|---|---|
| **Revenues and Support:** | | | |
| WIOA Grants | - | 1,701,443 | 1,701,443 |
| ARPA | - | 994,717 | 994,717 |
| Federal Grants | - | 284 | 284 |
| State Grants | - | 1,348,435 | 1,348,435 |
| Other Grants | - | 22,694 | 22,694 |
| Total revenue | - | 4,067,573 | 4,067,573 |
| **Net assets released from restrictions:** | | | |
| Satisfaction of program and support | 4,335,210 | (4,335,210) | - |
| Total support and revenue | 4,335,210 | (267,637) | 4,067,573 |
| **Expenses:** | | | |
| Program services: | | | |
| Employment & training | 3,598,811 | - | 3,598,811 |
| Support services: | | | |
| Management & general | 462,168 | - | 462,168 |
| Total operating expenses | 4,060,979 | - | 4,060,979 |
| Change in net assets | 274,231 | (267,637) | 6,594 |
| Net assets - beginning of year | (34,781) | 395,551 | 360,770 |
| Net assets - end of year | $ 239,450 | $ 127,914 | $ 367,364 |

*(The accompanying notes are an integral part of these financial statements)*

## EASTERN OREGON WORKFORCE BOARD
## Statement of Functional Expenses
## For the Fiscal Year Ended June 30, 2025

| | Program Services<br>Employment and Training | Support Services<br>Management & General | Total |
|---|---|---|---|
| Salaries & wages | $ 559,567 | $ 186,523 | $ 746,090 |
| Federal payments to grant subrecipient providers | 2,049,937 | - | 2,049,937 |
| State payments to grant subrecipients providers | 723,305 | - | 723,305 |
| Other payroll expenses | 27,786 | 9,262 | 37,048 |
| Depreciation Expense | 9,778 | - | 9,778 |
| Professional services | - | 126,085 | 126,085 |
| Legal services | - | 850 | 850 |
| Meeting/Events | 34,300 | - | 34,300 |
| Outreach | 38,333 | - | 38,333 |
| Audit services | - | 17,659 | 17,659 |
| Telephone & internet | - | 5,840 | 5,840 |
| Facilities | - | 27,000 | 27,000 |
| Insurance | - | 14,191 | 14,191 |
| Lease expense | 56,633 | - | 56,633 |
| Supplies | - | 8,107 | 8,107 |
| Dues & fees | - | 32,468 | 32,468 |
| Travel | - | 34,183 | 34,183 |
| Database costs | 99,172 | - | 99,172 |
| Total expenses | $ 3,598,811 | $ 462,168 | $ 4,060,979 |

## EASTERN OREGON WORKFORCE BOARD
## Statement of Cash Flows
## For the Fiscal Year Ended June 30, 2025

| | | |
|---|---|---|
| **Cash Flows Used For Operating Activities:** | | |
| Change in net assets | $ | 6,594 |
| Adjustment to reconcile change in net assets to net cash used for operating activities: | | |
| Depreciation | | 9,778 |
| (Increase) decrease in prepaid expense | | (319) |
| (Increase) decrease in accounts & grants receivable | | 21,036 |
| Increase (decrease) in accounts payable | | 179,967 |
| Increase (decrease) in accrued payroll taxes payable | | 563 |
| Increase (decrease) in accrued payroll | | (1,493) |
| Increase (decrease) in deferred revenue | | (267,637) |
| Increase (decrease) in benefits payable | | 15,346 |
| Change in operating lease assets and liabilites | | 1,051 |
| Net cash provided by operating activities | | (35,114) |
| Cash, cash equivalents and restricted cash at beginning of year | | 542,248 |
| Cash, cash equivalents and restricted cash at end of year | $ | 507,134 |
| **Supplemental Cash Flow Information:** | | |
| Cash paid for operating leases | $ | 29,656 |
| Non-cash investing and financing activities | | |
| Right of use assets obtained in exchange for lease liabilities | $ | 9,910 |

*(The accompanying notes are an integral part of these financial statements)*

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# NOTES TO BASIC FINANCIAL STATEMENTS

## Note 1 - Summary of Significant Accounting Policies:

### Organization and Nature of Activities

Eastern Oregon Workforce Board (EOWB or the Organization) was formed on July 1, 2015 as a 501(c)(3) nonprofit corporation organized in the state of Oregon. The Organization services an eight county area in Eastern Oregon, including Baker, Grant, Harney, Malheur, Morrow, Umatilla, Union and Wallowa Counties. WIOA requires that each Workforce Development Area form a Workforce Development Board. The Board of Directors of EOWB was designated to meet this requirement for the geographic area of the counties in Oregon noted above.

EOWB is a workforce development organization dedicated to assisting employers in recruiting and retaining employees, helping individuals find employment and helping people progress in their careers. Specifically, the Organization is charged with planning, oversight, and administrative responsibility for local job training including, but not limited to, those funded under the Workforce Innovation and Opportunity Act of 2014 (WIOA).

### Public Support and Revenue

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a 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 statements of activity as net assets released from restrictions.

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

Contributions of donated services that create or enhance nonfinancial assets, and/or that require specialized skills, are provided by individuals possessing those skills, and which would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Entity receives funding in primarily from the Higher Education Coordinating Commission.

### Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles, except for debt recognition of losses. All revenues are recognized when they are earned. Expenses are recognized when the related fund liability is incurred. Information is required to be reported regarding financial position and activities according to the following net asset classifications.

*Net Assets without donor restrictions*: Net assets that are not subject to donor-imposed restrictions may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of Entity's management and governance.

*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 action of the Entity or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

**Entity Funds - Fund Accounting**

The Eastern Oregon Workforce Board's programs are funded by separate and distinct grants, and net assets in one program cannot generally be applied to a deficit in another. Each grant is considered a separate accounting entity and is accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, net assets, revenues and expenditures. Resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped in the financial statements in this report into "Net assets without donor restrictions" and "Net assets with donor restrictions" funds.

The following fund was accounted for during the fiscal year ended June 30, 2025:

*General Fund* - This fund accounts for all grant and contract income and related expenses.

*Workforce Innovation and Opportunity Act of 2014 (WIOA)*

Approximately 42% of grant funds received are WIOA funds used to help job seekers access employment, education, training and support services to help them succeed. There are WIOA funds that are specific to adult, youth and dislocated workers. EOWB passes these funds to subrecipients that have been selected by the state of Oregon.

**Revenue and Revenue Recognition**

*Contributions*
The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

A portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Funds received before incurring qualifying expenditures are reported as deferred revenue in the statement of financial position. The Organization received grants of $127,914 that have not been recognized at June 30, 2025 because qualifying expenditures have not yet been incurred.

*Revenue from Contracts with Customers*

The Organization recognizes revenue from contract bookkeeping. The services have an exchange element based on the value of services provided. The bundle of services is a separate performance obligation that is satisfied on a monthly basis, thus revenue is recognized at a point in time. The monthly fee is contracted for a one year period. The bundle of services is performed and revenue is recognized upon completion of the services. The Organization bills for services after the services have been performed and recognizes revenue when the obligation has been met.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

**Property, Equipment and Depreciation**

Acquisitions of property and equipment in excess of $5,000 are capitalized and carried at cost or, if donated, at their fair market value at the date of donation. Depreciation of equipment is provided over the estimated useful lives of the respective assets on a straight-line basis. Useful lives range from five to forty years.

**Leases**

The Organization accounts for leases in accordance with FASB ASC 842. The Organization is a lessee in several noncancellable operating leases for office space. Leases for other equipment are evaluated using the criteria outlined in FASB ASC 842 to determine whether they will be classified as operating leases or finance leases. Eastern Oregon Workforce Board determines if an arrangement is a lease, or contains a lease, at inception of a contract and when terms of an existing contract are changed. The Organization determines if an arrangement conveys the right to use an identified asset and whether the Organization obtains substantially all of the economic benefits from and has the ability to direct the use of the asset. The Organization recognizes a lease liability and right-of-use (ROU) asset at the commencement date of the lease.

Beginning July 1, 2022, operating lease ROU assets and related current and long-term portions of operating lease liabilities have been presented in the statement of financial position.

*Lease liabilities.* A lease liability is measured based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or rate and are measured using the index or rate at the commencement date. Lease payments, including variable payments made based on an index rate, are remeasured when any of the following occur: (1) the lease is modified (and the modification is not accounted for as a separate contract), (2) certain contingencies related to variable lease payments are resolved, or (3) there is a reassessment of any of the following: the lease term, purchase options, or amounts that are probable of being owed under a residual value guarantee. The discount rate is the rate implicit in the lease if it is readily determinable; otherwise, the Organization uses its incremental borrowing rate. The implicit rates of the Organizations' leases are not readily determinable; accordingly, the Organization uses its incremental borrowing rate based on the information available at the commencement date for each lease. The Organization's incremental borrowing rate for a lease is the rate of interest it would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms and in a similar economic environment and geographic location. The Organization determines its incremental borrowing rates by starting with the interest rates on recent borrowings and other observable market rates and adjusting those rates to reflect differences in the amount of collateral and the payment terms of the leases.

*ROU assets.* A ROU asset is measured at the commencement date at the amount of the initially measured liability plus any lease payments made to the lessor before or after commencement date, minus any lease incentives received, plus any initial direct costs. Unless impaired, the ROU asset is subsequently measured throughout the lease term at the amount of the lease liability (that is the present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid accrued lease payments, less the unamortized balance of lease incentives received Lease cost for lease payments is recognized on a straight-line basis over the lease term. Finance lease ROU assets are amortized on a straight-line basis over the shorter of the lease term or the remaining useful life of the asset.

*Accounting Policy election for short-term leases*. The Organization has elected for all underlying classes of assets, to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less, but greater than one month at lease commencement, and do not include an option to purchase the underlying asset that the Organization is reasonable certain to exercise. The Organization recognizes lease cost associated with its short-term leases on a straight-line basis over the lease term.

**Allowance for Credit Losses**

Effective July 1, 2023, the Organization adopted ASU 2016-13 (Topic 326) on credit losses, which modifies the measurement of expected credit losses on accounts receivable trade and certain financial instruments. The Company adopted this new guidance using the modified retrospective transition method. The most significant change under Topic 326 compared to existing standards for computing credit losses is a shift from the incurred loss model to the expected loss model. The adoption of this ASU was not material to the financial statements and primarily resulted in enhanced disclosures.

**Compensated Absences**

The liability for compensated absences, included in benefits payable, reported in the Statement of Financial Position consist of unpaid, accumulated annual leave balances. Vested or accumulated vacation and sick leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a liability. Total accrued vacation and sick pay at June 30, 2025 amounted to $74,786.

**Income Taxes**

The Board is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. None of its present or future activities are anticipated to be subject to unrelated business income taxes; therefore no provision for federal or state income taxes is made in the financial statements.

**Accounting Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from these estimates.

**Functional Allocation of Expenses**

The costs of providing the various programs and activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Budgets and Budgetary Accounting**

Budgets are prepared in accordance with the requirements of the individual grants and as a cost control used by management.

**Cost Allocation Plan**

The Board has a plan to allocate indirect costs among funds based on labor hours charged to each grant. Other expenses are charged directly to funds, when possible.

**Note 2 - Liquidity and Reserves:**

The following reflects the Organization's financial assets as of June 30, 2025, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual restrictions or internal board designations.

| | |
|---|---|
| Financial assets at June 30, 2025: | |
| Cash & Restricted Cash | $ 507,134 |
| Grants and Other Receivables | 442,134 |
| Donor-imposed restrictions: | |
| Funds subject to grantor restrictions | (127,914) |
| Net financial assets after donor-imposed restrictions | 821,354 |
| Less those unavailable for general expenditures within one year: | - |
| Financial assets available to meet cash needs for general expenditures within one year | $ 821,354 |

The organization is substantially supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the entity must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditures within one year. As part of the entity's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

**Note 3 - Concentration of Credit Risk:**

All accounts are insured by FDIC up to $250,000. Deposits exceeded federally insured limits by $349,269 as of June 30, 2025. Deposits that exceeded FDIC limits were fully collateralized, in accordance with standard banking practices throughout the fiscal year. However, the Corporation was not collateralized in accordance with generally accepted accounting principles.

**Note 4 - Accounts Receivable:**

As of June 30, 2025, grants and other receivables were composed of:

| | | |
|---|---|---|
| WIOA | $ | 154,996 |
| OCC | | 75,347 |
| Re Entry Program | | 84,552 |
| Maritime | | 26,018 |
| YTEP | | 10,617 |
| WorkEX | | 40,428 |
| WBN | | 13,895 |
| WS | | 20,000 |
| Other | | 16,281 |
| Total | $ | 442,134 |

Accounts receivable are stated at the amount management expects to collect from outstanding balances. All accounts receivable are expected to be collected in full. Management provides for probable uncollectible amounts through a provision for credit loss expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. No accounts receivable were over 90 days at June 30, 2025.

Accounts receivable are considered delinquent if uncollected after 30 days.

**Note 5 - Leases - Lessee:**

The Organization has obligations as a lessee for office space with initial noncancelable terms in excess of one year. The office space leases have an initial term of 2 years and are classified as operating leases. The Organization's leases do not include guaranteed residual values or restrictive financial, other covenants, or the option to purchase the leased asset.

Payments due under lease contracts include fixed payments. The Organization's office space leases do not require it to make any variable payments.

Other information related to leases as of or for the year ended June 30, 2025 are as follows:

| | |
|---|---|
| Weighted-average remaining lease term (years): | |
| Operating leases | Ended June 30, 2025 |
| Weighted-average discount rate: | |
| Operating leases | 4.02% |

Supplemental cash flow information for the year ended June 30, 2025:

| | | |
|---|---|---|
| Cash paid for amounts included in the measurement of lease Liabilities: | | |
| Operating cash flows - operating leases | $ | 29,656 |
| Right-of-use assets obtained in exchange for lease liabilities: | | |
| Operating leases | $ | 9,910 |
| Reduction to right-of-use assets resulting from reduction to lease liabilities: | | |
| Operating leases | $ | 33,288 |

**Note 6 - Property and Equipment:**

| | Balance at July 1, 2024 | Additions | Deletions | Balance at June 30, 2025 |
|---|---|---|---|---|
| Capital assets being depreciated: | | | | |
| Vehicle | $ 30,556 | $ - | $ - | $ 30,556 |
| Less: accumulated depreciation: | | | | |
| Vehicle | (6,111) | (9,778) | - | (15,889) |
| Property and Equipment, net | $ 24,445 | $ (9,778) | $ - | $ 14,667 |

**Note 7 - Net Assets With Donor Restrictions**

Net assets with donor restrictions are available for the following purposes or periods:

| | |
|---|---|
| Subject to expenditure for specified purpose: | |
| Workforce Benefit Navigator | $ 1,125 |
| Prosperity | 77,304 |
| Catalyze | 2,741 |
| Go Stem | 21,403 |
| Miscellaneous Local Grants | 25,341 |
| Total net assets with donor restrictions | $ 127,914 |

**Note 8 - Restricted Cash**

The Organization has cash from program funds that are restricted for the purpose of that program. This balance of restricted cash was $127,914 as of June 30, 2025. The following are Donor Restricted Programs with cash restrictions:

| | |
|---|---|
| HECC | $ 78,429 |
| Catalyze | 2,741 |
| Go Stem | 21,403 |
| Other | 25,341 |
| Total | $ 127,914 |

**Note 9 - Defined Contribution Pension Plan:**

The Board provides pension benefits for its eligible employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The Board contributes a 3% match for Simple IRA contributions and a 3.5% match for ROTH IRA contributions. Employees generally become eligible to participate in the plan after a six month employment probationary period. Contributions are vested immediately, therefore no amounts were forfeited during the fiscal year.

The Board's total payroll for the fiscal year was $600,379, all were eligible for pension benefits. The Board contributed $15,643 to the plan during the fiscal year and employees contributed $50,014.

**Note 10 - Economic Dependency:**

A material part of the Board's funding is dependent on contracts with the Oregon Office of Community Colleges and Workforce Development (CCWD). Although these are not formal continuing contracts that assure funding beyond the annual contract period, the Board has operated these contracts for a number of years. The current contract provides funding through June 30, 2025.

**Note 11 - Related Party Transactions:**

EOWB has entered into contracts with organizations whose management includes members of the EOWB Board of Directors or Eastern Oregon Jobs Council.

The following contracts were in effect during the year ended June 30, 2025:

| Agency | Funding Title | Expense | Payable |
|---|---|---|---|
| Training and Employment Consortium | WIOA/NEG | $ 2,049,937 | $ 258,341 |

**Note 12 - Uncertain Tax Position:**

The Board's federal and state income tax returns are subject to possible examination by the taxing authorities until the expiration of the related statutes of limitation on those tax returns. In general, the federal and state income tax returns have a three year statute of limitations. The Board would recognize accrued interest and penalties associated with uncertain tax provisions, if any, as part of the income tax provisions.

**Note 13 - Subsequent Event:**

Management has evaluated events through December 10, 2025 when the financial statements were available to be issued. Management is not aware of any subsequent events that require recognition or disclosure in the financial statements other than the item discussed above.

# AUDIT DELIVERABLES REQUIRED

# BY THE SINGLE AUDIT ACT OF

# 1996

connected professional ACCOUNTANTS LLC
P.O. Box 1024 | 1121 Adams Avenue | La Grande, OR 97850
P 541.963.4191 | F 541.963.9434 | W lagrandecpa.com

**Independent Auditors' 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
Eastern Oregon Workforce Board
1215 Adams Ave., Suite B
La Grande, OR 97850

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 Eastern Oregon Workforce Board (a nonprofit organization), which comprise the statement of financial position as of June 30, 2025, 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 10, 2025.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Eastern Oregon Workforce Board'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 Eastern Oregon Workforce Board's internal control. Accordingly, we do not express an opinion on the effectiveness of Eastern Oregon Workforce Board'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as items 2025-001 that we consider to be a material weakness.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Eastern Oregon Workforce Board'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*.

**Eastern Oregon Workforce Board's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on Eastern Oregon Workforce Board's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Eastern Oregon Workforce Board's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

**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.

CONNECTED PROFESSIONAL ACCOUNTANTS, LLC
Certified Public Accountants

By Lindsey Cole, CPA
Lindsey Cole, CPA

La Grande, Oregon
December 10, 2025

connected professional ACCOUNTANTS LLC

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**Independent Auditors' Report on Compliance for the Major Program and on Internal Control over Compliance Required by the Uniform Guidance**

Board of Directors
Eastern Oregon Workforce Board
1215 Adams Ave., Suite B
La Grande, OR 97850

**Report on Compliance for the Major Federal Program**

***Opinion on the Major Federal Program***

We have audited Eastern Oregon Workforce Board'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 Eastern Oregon Workforce Board's major federal program for the year ended June 30, 2025. Eastern Oregon Workforce Board's major federal program are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Eastern Oregon Workforce Board complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2025.

***Basis for Opinion on the 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; 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 Eastern Oregon Workforce Board 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 Eastern Oregon Workforce Board'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 Eastern Oregon Workforce Board's federal program.

***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 Eastern Oregon Workforce Board'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 Eastern Oregon Workforce Board'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 Eastern Oregon Workforce Board'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 Eastern Oregon Workforce Board'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 Eastern Oregon Workforce Board'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.

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.

CONNECTED PROFESSIONAL ACCOUNTANTS, LLC
Certified Public Accountants

By Lindsey Cole, CPA
Lindsey Cole, CPA

La Grande, Oregon
December 10, 2025

# Eastern Oregon Workforce Board
## Schedule of Expenditures of Federal Awards
## For the Year Ended June 30, 2025

| Program Title | Federal Assistance No. | Additional Award Information | Pass-Through Entity Contract Number | Federal Expenditures | Pass through to Subrecipient |
|---|---|---|---|---|---|
| **Department of Labor** | | | | | |
| **Passed through Department of Community Colleges and Workforce Development of the Higher Education Coordinating Commission:** | | | | | |
| WIOA Cluster | | | | | |
| WIOA Adult Program | 17.258 | | 22-154G & 24-006D | $ 541,097 | $ - |
| Passed through to Training and Employment Consortium | | | | | 431,350 |
| WIOA Youth Activities | 17.259 | | 22-154G & 24-005D | 650,272 | |
| WIOA Youth Activities-High Concentration of Youth | 17.259 | | 24-005D | 6,050 | |
| Passed through to Training and Employment Consortium | | | | | 550,103 |
| WIOA Dislocated Worker Formula Grants | 17.278 | | 22-154G & 24-007D | 366,443 | |
| Passed through to Training and Employment Consortium | | | | | 275,968 |
| WIOA Rapid Response Layoff Aversion Funds | 17.278 | | 23-023G & 24-153E | 54,850 | |
| Passed through to Training and Employment Consortium | | | | | 46,253 |
| WIOA Rapid Response 25% Statewide Activities | 17.278 | | 23-123C | 82,730 | |
| Passed through to Training and Employment Consortium | | | | | 70,466 |
| Total WIOA Cluster | | | | 1,701,442 | 1,374,140 |
| **Passed through Oregon Workforce Partnership** | | | | | |
| Coronavirus State Fiscal Recovery Fund-OWP Re-Entry | 17.270 | COVID | 007-24 | 267,567 | |
| Passed through to Training and Employment Consortium | | | | | 239,456 |
| Total Department of Labor | | | | 1,969,009 | 1,613,596 |
| **US Department of Treasury** | | | | | |
| **Passed through Department of Community Colleges and Workforce Development of the Higher Education Coordinating Commission:** | | | | | |
| Coronavirus State Fiscal Recovery Fund-Prosperity 10K ARPA | 21.027 | COVID | 21-221C | 365,580 | |
| Passed through to Training and Employment Consortium | | | | | 334,457 |
| Coronavirus State Fiscal Recovery Fund-Workforce Benefit Navigator | 21.027 | COVID | 23-015C | 360,563 | |
| Passed through to Training and Employment Consortium | | | | | 101,600 |
| Total Coronavirus Relief Fund | | | | 726,143 | 436,057 |
| **Department of Health and Human Services** | | | | | |
| **Direct Programs:** | | | | | |
| Temporary Assistance for Needy Families | 93.558 | | 23-009B | 284 | - |
| Passed through to Training and Employment Consortium | | | | | 284 |
| Total expenditures of federal awards | | | | $ 2,695,436 | $ 2,049,937 |

## Note A - Purpose of the Schedule:

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") is a supplementary schedule to Eastern Oregon Workforce Board's financial statements and is presented for purposes of additional analysis. Because the Schedule presents only a selected portion of the activities of Eastern Oregon Workforce Board, it is not intended to and does not present either the financial position, results of operations, or changes in net assets of Eastern Oregon Workforce Board.

## Note B - Significant Accounting Policies:

### Reporting Entity

The reporting entity is fully described in Note 1 to Eastern Oregon Workforce Board's basic financial statements. The Schedule includes all federal programs administered by Eastern Oregon Workforce Board for the year ended June 30, 2025.

### Basis of Presentation

The accompanying Schedule includes the federal award activity of the Eastern Oregon Workforce Board under programs of the federal government for the year ended June 30, 2025. The information in the 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 Entity, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the entity.

### Federal Financial Assistance

Pursuant to the Single Audit Act and the Uniform Guidance, federal financial assistance is defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance or direct appropriations. Accordingly, nonmonetary federal assistance, including federal surplus property, is included in federal financial assistance and, therefore, is reported on the Schedule, if applicable. Federal financial assistance does not include direct federal cash assistance to individuals. Solicited contracts between Eastern Oregon Workforce Board and the federal government for which the federal government procures tangible goods or services are not considered to be federal financial assistance.

### Major Programs

The Single Audit Act and the Uniform Guidance establish criteria to be used in defining major programs. Major programs for Eastern Oregon Workforce Board are those programs selected for testing by the auditor using a risk-assessment model, as well as certain minimum expenditure requirements, as outlined in the Uniform Guidance. Programs with similar requirements may be grouped into a cluster for testing purposes.

### Basis of Accounting

Federal awards are reported using the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred.

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.

### Insurance Coverage

For the fiscal year ended June 30, 2025, Eastern Oregon Workforce Board had insurance coverage in effect comparable to other entities of similar size and circumstance.

### Indirect Cost Rate

Eastern Oregon Workforce Board has elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

## A. Summary of Audit Results

| **Financial Statements Audit** | **Results** |
|---|---|
| 1. Type of auditor's report issued | Unmodified |
| 2. Internal control over financial reporting: | |
| Were significant deficiencies disclosed? | Yes |
| Of the significant deficiencies disclosed were any material weaknesses? | Yes |
| 3. Did the audit disclose any noncompliance material to the financial statements? | No |
| **Federal Awards** | |
| 1. Type of auditor's report issued: | |
| *Major program:* | |
| WIOA Cluster | Unmodified |
| WIA/WIOA Adult Program: Assitance #17.258 | |
| WIA/WIOA Youth Activities: Assistance #17.259 | |
| WIA/WIOA Dislocated Worker Formula Grants: Assistance #17.278 | |
| 2. Internal control over major programs: | |
| Were significant deficiencies disclosed? | No |
| Of the significant deficiencies disclosed were any material weaknesses? | N/A |
| 3. Were any of the following disclosed in accordance with 2 CFR Section 200.516(a)? | |
| Significant deficiencies in internal control over major programs? | No |
| Material Noncompliance with the provisions of laws, regulations, contracts, or grant agreements related to major programs? | No |
| Known questioned costs which are greater than $25,000 for a type of compliance requirement for a major program? | No |
| Known questioned costs which are greater than $25,000 for a federal program which is not audited as a major program? | No |
| 4. The threshold for distinguishing Types A and B programs. | $ 750,000 |
| 5. Auditee qualified as a low-risk auditee | No |

## B. Findings and Questioned Costs - Financial Statement Audit

**2025-001:**

*Material Weakness*
Entity staff rely on the auditors, to assist them in drafting the financial statements and related note disclosures.

*Criteria*
Auditing standards require auditors to assess the internal control system of the Entity. In addition, the standards clearly state that the auditor cannot be relied upon as part of the entity's internal control system. Statements on Auditing Standards define the reporting requirements for internal control related matters. One aspect of this standard requires us to extend this assessment to controls over financial statement presentation. Proper controls over financial statement presentation require adequate knowledge and involvement to detect errors and omissions in the financial statements.

*Condition*
The Entity relies on the auditor to assist them in drafting the financial statements. In addition, we verify the financial statements, including note disclosures, contain all of the elements required to comply with accounting principles generally accepted in the United States of America. We do believe the Entity has staff with the ability to understand, review, and take responsibility for the financial statements required to comply with independence standards outlined under both Government Auditing Standards and Section 1.2 of the Code of Professional Conduct. However, our assistance in drafting the financial statements described above does produce a material weakness in the Entity's internal control system.

*Cause*
This condition is caused by the Financial Director's limited experience in presenting financial information in the form of financial statements and the Entity's reliance upon the auditors to perform these functions.

*Effect*
Since the financial statements and related note disclosures are prepared by independent auditors annually there is no effect caused by this condition.

*Context*
Although the condition results in a material weakness, the reader should be aware that it is not unusual for an entity to rely on its auditors to assist them in drafting the financial statements and related note disclosures. This is a repeat finding.

*Recommendations*
We do not recommend any change in the preparation of the financial statements, but the Board of Directors should be aware of this control deficiency and stress the importance of thorough review of the financial statements prior to approval of the audit.

*Views of Responsible Officials and Planned Corrective Action*
The Board of Directors are in agreement with the condition and recommendation stated above. As recommended above, the Entity has not made any change in the preparation of the financial statements.

## C. Federal Awards Findings and Questioned Costs

None noted as a result of our audit procedures.

**2024-001**

**Material Weakness:** The organization relies on the auditors to assist them in drafting the financial statements and related notes.

**Criteria:** Auditing standards require auditors to assess the internal control system of the entity. In addition, the standards clearly state that the auditor cannot be relied upon as part of the entity's internal control system. Statements on Auditing Standards define the reporting requirements for internal control related matters. One aspect of this standard requires us to extend this assessment to controls over financial statement presentation. Proper controls over financial statement presentation require adequate knowledge and involvement to detect errors and omissions in the financial statements.

**Recommendation:** We do not recommend any change in the preparation of the financial statements, but the Board of Directors should be aware of this control deficiency and stress the importance of thorough review of the financial statements prior to approval of the audit.

**Status of Finding**: This is a repeat finding in the 2024-2025 audit.