




Yadkin Valley Economic Development District, Inc.

**Independent Auditor's Report, Financial Statements,
and Supplementary Information**

June 30, 2024 and 2023



Yadkin Valley Economic Development District, Inc.
Contents
June 30, 2024 and 2023

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Independent Auditor's Report

Board of Directors
Yadkin Valley Economic Development District, Inc.
Boonville, North Carolina

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Yadkin Valley Economic Development District, Inc. (a nonprofit organization, "YVEDDI"), which comprise the statements of financial position as of June 30, 2024 and 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of YVEDDI as of June 30, 2024 and 2023 and the results of its operations 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 (*Government Auditing Standards*). 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 YVEDDI and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the YVEDDI's ability to continue as a going concern for 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the YVEDDI'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 YVEDDI'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 and state 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 GAAS. In our opinion, the schedule of expenditures of federal and state 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 27, 2024, on our consideration of YVEDDI'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 YVEDDI'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 YVEDDI's internal control over financial reporting and compliance.

Forvis Mazars, LLP

**Greensboro, North Carolina
December 27, 2024**

Yadkin Valley Economic Development District, Inc.
Statements of Financial Position
June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 2,241,020	\$ 2,069,233
Restricted cash	-	39,357
Accounts receivable, net of allowance for credit losses of \$0 and \$35,192 as of June 30, 2024 and 2023, respectively	174,737	124,400
Grants receivable	929,306	1,348,834
Prepaid expenses	99,712	137,749
Other current assets	64,238	227,665
Total Current Assets	3,509,013	3,947,238
Property, plant, and equipment, net	2,082,455	1,896,282
Right-of-use assets, financing	168,967	214,395
Right-of-use assets, operating	1,470,217	1,572,826
Total Assets	<u>\$ 7,230,652</u>	<u>\$ 7,630,741</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 584,746	\$ 685,410
Accrued liabilities	184,553	154,842
Current maturities of financing lease liabilities	65,098	64,148
Current maturities of operating lease liabilities	171,809	101,197
Current maturities of note payable	16,956	65,356
Total Current Liabilities	1,023,162	1,070,953
Long-Term Liabilities		
Financing lease liabilities, net of current maturities	106,991	152,684
Operating lease liabilities, net of current maturities	1,295,040	1,355,957
Note payable, net of current maturities	28,298	45,456
Total Long-Term Liabilities	1,430,329	1,554,097
Total Liabilities	2,453,491	2,625,050
Net Assets		
Without donor restrictions	3,156,626	2,905,900
With donor restrictions	1,620,535	2,099,791
Total Net Assets	4,777,161	5,005,691
Total Liabilities and Net Assets	<u>\$ 7,230,652</u>	<u>\$ 7,630,741</u>

See Notes to Financial Statements

Yadkin Valley Economic Development District, Inc.
Statements of Activities
Years Ended June 30, 2024 and 2023

	2024			2023		
	Without Donor Donor Restrictions	With Donor Restrictions	Total	Without Donor Donor Restrictions	With Donor Restrictions	Total
Revenue and Support						
Grants	\$ -	\$ 8,920,782	\$ 8,920,782	\$ -	\$ 9,490,838	\$ 9,490,838
In-kind contributions	-	1,237,222	1,237,222	-	782,508	782,508
Donations	215,967	-	215,967	155,897	-	155,897
Program income	4,810,213	-	4,810,213	4,333,621	-	4,333,621
Local government appropriations	-	640,991	640,991	-	507,348	507,348
Gain on sale of property, plant, and equipment	8,463	-	8,463	17,532	-	17,532
Net assets released from restrictions for satisfaction of program restrictions	11,278,251	(11,278,251)	-	10,788,312	(10,788,312)	-
Total Revenues and Support	16,312,894	(479,256)	15,833,638	15,295,362	(7,618)	15,287,744
Expenses						
Program expenses	14,802,402	-	14,802,402	13,502,933	-	13,502,933
Management and general	1,255,381	-	1,255,381	1,210,549	-	1,210,549
Interest expense	4,385	-	4,385	5,999	-	5,999
Total Expenses	16,062,168	-	16,062,168	14,719,481	-	14,719,481
Change in Net Assets	250,726	(479,256)	(228,530)	575,881	(7,618)	568,263
Net Assets at Beginning of Year	2,905,900	2,099,791	5,005,691	2,330,019	2,107,409	4,437,428
Net Assets at End of Year	\$ 3,156,626	\$ 1,620,535	\$ 4,777,161	\$ 2,905,900	\$ 2,099,791	\$ 5,005,691

See Notes to Financial Statements

Yadkin Valley Economic Development District, Inc.
Statements of Functional Expenses
Years Ended June 30, 2024 and 2023

(2 pages)

2024						
	Community Services Block Grant	Head Start	U.S.D.A. Nutrition	Older Americans Act	Weatherization	Retired and Senior Volunteer Program
Personnel						
Salaries and wages	\$ 144,630	\$ 2,441,434	\$ -	\$ 207,618	\$ 393,754	\$ 31,465
Fringe	52,643	696,033	-	71,390	159,365	16,494
Non-Personnel						
Contracted services	-	38,452	-	143,305	305,640	300
Travel - staff and board	4,461	72,971	-	2,777	-	1,478
Travel - participants/ maintenance	-	25,533	-	-	16,712	3,730
Facilities	1,222	139,542	-	1,207	6,458	259
Supplies	10,855	128,488	-	15,645	523,420	2,885
Insurance	1,976	51,203	-	500	50,629	2,236
Communications	1,847	103,716	-	1,305	4,061	282
Depreciation	14,382	105,471	-	18,797	14,641	-
Food	637	18,548	216,890	402,352	-	-
Training	-	14,099	-	581	12,193	256
Other	111,219	396,496	15,667	131,244	91,155	370,380
	<u>\$ 343,872</u>	<u>\$ 4,231,986</u>	<u>\$ 232,557</u>	<u>\$ 996,721</u>	<u>\$ 1,578,028</u>	<u>\$ 429,765</u>

2023						
	Community Services Block Grant	Head Start	U.S.D.A. Nutrition	Older Americans Act	Weatherization	Retired & Senior Volunteer Program
Personnel						
Salaries and wages	\$ 192,042	\$ 2,211,189	\$ -	\$ 184,782	\$ 369,070	\$ 31,458
Fringe	70,100	685,492	-	65,649	143,471	15,762
Non-Personnel						
Contracted services	-	18,928	-	95,897	230,129	300
Travel - staff and board	9,882	93,488	-	1,740	-	1,198
Travel - participants/ maintenance	-	22,228	-	-	20,501	7,753
Facilities	-	136,481	-	-	9,560	-
Supplies	11,150	120,989	-	18,630	383,905	2,218
Insurance	4,226	70,040	-	5,752	25,106	2,676
Communications	4,522	128,780	-	1,711	3,451	515
Depreciation	18,367	134,693	-	24,005	18,697	-
Food	175	10,296	219,219	337,810	-	-
Training	3,028	28,385	-	573	23,860	239
Other	139,577	323,241	14,265	122,497	68,952	282,730
	<u>\$ 453,069</u>	<u>\$ 3,984,230</u>	<u>\$ 233,484</u>	<u>\$ 859,046</u>	<u>\$ 1,296,702</u>	<u>\$ 344,849</u>

Yadkin Valley Economic Development District, Inc.

Statements of Functional Expenses

Years Ended June 30, 2024 and 2023

(2 pages)

2024					
	Community Transportation Program	Senior Centers	Other Programs	General and Administration	Totals
Personnel					
Salaries and wages	\$ 1,931,842	\$ 157,834	\$ 308,971	\$ 540,122	\$ 6,157,670
Fringe	606,264	79,901	92,176	166,504	1,940,770
Non-Personnel					
Contracted services	1,418,498	26,254	141,727	236,883	2,311,059
Travel - staff and board	6,073	2,225	4,666	10,564	105,215
Travel - participants/ maintenance	565,608	-	-	-	611,583
Facilities	18,298	50,439	28,110	-	245,535
Supplies	41,797	14,982	24,472	16,330	778,874
Insurance	402,434	13,250	4,015	34,265	560,508
Communications	100,421	13,226	77,401	62,620	364,879
Depreciation	159,429	-	16,358	57,759	386,837
Food	-	6,593	-	-	645,020
Training	7,886	1,243	4,887	7,986	49,131
Other	502,406	79,083	80,704	122,348	1,900,702
	<u>\$ 5,760,956</u>	<u>\$ 445,030</u>	<u>\$ 783,487</u>	<u>\$ 1,255,381</u>	16,057,783
				Interest expense	4,385
				Total	<u>\$ 16,062,168</u>

2023					
	Community Transportation Program	Senior Centers	Other Programs	General and Administration	Totals
Personnel					
Salaries and wages	\$ 1,731,984	\$ 173,116	\$ 299,731	\$ 449,518	\$ 5,642,890
Fringe	549,640	74,449	96,020	158,048	1,858,631
Non-Personnel					
Contracted services	1,125,899	28,845	70,891	177,707	1,748,596
Travel - staff and board	5,142	2,059	3,641	8,552	125,702
Travel - participants/ maintenance	333,107	-	411	-	384,000
Facilities	16,172	88,233	16,373	274,765	541,584
Supplies	38,730	16,049	13,524	11,330	616,525
Insurance	265,445	11,559	4,563	14,706	404,073
Communications	101,346	22,256	16,065	45,107	323,753
Depreciation	203,600	-	20,890	42,189	462,441
Food	-	12,685	-	-	580,185
Training	5,751	966	2,205	6,526	71,533
Other	823,254	60,230	96,722	22,101	1,953,569
	<u>\$ 5,200,070</u>	<u>\$ 490,447</u>	<u>\$ 641,036</u>	<u>\$ 1,210,549</u>	14,713,482
				Interest expense	5,999
				Total	<u>\$ 14,719,481</u>

Yadkin Valley Economic Development District, Inc.
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	\$ (228,530)	\$ 568,263
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	386,837	462,441
Noncash lease expense	319,846	238,415
Gain on sale of property, plant, and equipment	(8,463)	(17,532)
(Increase) decrease in		
Accounts receivable	(50,337)	58,963
Grants receivables	419,528	(385,405)
Other current assets	201,464	(147,004)
Increase (decrease) in		
Accounts payable	(100,664)	347,834
Accrued liabilities	29,711	(11,333)
Lease liabilities	(142,585)	(176,064)
Deferred revenue	-	(10,921)
Net Cash Provided by Operating Activities	<u>826,807</u>	<u>927,657</u>
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(583,841)	(389,646)
Proceeds from sale of property, plant, and equipment	19,294	17,532
Net Cash Used by Investing Activities	<u>(564,547)</u>	<u>(372,114)</u>
Cash Flows From Financing Activities		
Payments on note payable	(65,558)	(35,166)
Principal payments on financing lease liabilities	(64,272)	(62,351)
Net Cash Used by Financing Activities	<u>(129,830)</u>	<u>(97,517)</u>
Net Increase in Cash and Equivalents	132,430	458,026
Cash and Equivalents as of Beginning of Period	<u>2,108,590</u>	<u>1,650,564</u>
Cash and Equivalents as of June 30	<u>\$ 2,241,020</u>	<u>\$ 2,108,590</u>
Supplemental Disclosures of Cash Flow Information		
Cash payments for interest	<u>\$ 4,385</u>	<u>\$ 5,999</u>
Supplemental Disclosures of Noncash Investing and Financing Activities		
Right-of-use assets recognized in adoption of ASC 842	<u>\$ -</u>	<u>\$ 390,761</u>
Lease liabilities recognized in adoption of ASC 842	<u>\$ -</u>	<u>\$ 390,761</u>
Right-of-use assets obtained in exchange for operating lease liabilities	<u>\$ 152,217</u>	<u>\$ 1,534,495</u>
Right-of-use assets obtained in exchange for finance lease liabilities	<u>\$ 19,592</u>	<u>\$ 276,746</u>

Note 1. Nature of Business

Yadkin Valley Economic Development District, Inc. ("YVEDDI" or the "Organization"), is a nonprofit community action agency which administers the grant funds it receives by the provision of Uniform Guidance. The Agency operates a number of funded programs, as well as local service programs, to promote the economic development in Yadkin, Stokes, Davie, and Surry Counties, North Carolina. Local service programs represent the consolidation of Local Effort, Transportation, Yadkin Valley Community Senior Center, L. H. Jones (Surry County) Family Resource Center, Greater East Bend Community & Senior Center, Pilot Mountain Senior Center, and Consumables Warehouse operations.

Note 2. Summary of Significant Accounting Policies

Financial Statement Presentation

For financial reporting purposes, the Organization classifies its net assets in two separate categories: without donor restrictions and with donor restrictions. Each category is described below:

Without donor restrictions - resources of the Organization that are not restricted by donors or grantors as to use or purpose. These resources include amounts generated from operations, undesignated gifts, and the investment in property and equipment.

With donor restrictions - includes resources that carry a donor-imposed restriction that permits the Organization to use or expend the donated assets as specified for which the restrictions are satisfied by the passage of time or by actions of the Organization. As those restrictions are met, the contributions are released from net assets with donor restrictions and are transferred to net assets without donor restrictions. Those resources for which the restrictions are met in the same fiscal year they are received are included in net assets without restrictions. It also includes resources that carry a donor-imposed restriction that stipulates that donated assets be maintained in perpetuity but may permit the Organization to use or expend part or all of the income derived from the donated assets. At year end, the Organization did not have any assets in perpetuity.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP") and accordingly reflect all significant estimates, liabilities, revenues, and expenses required by GAAP.

Revenue Recognition

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 restrictions. Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on 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.

Yadkin Valley Economic Development District, Inc.
Notes to Financial Statements
June 30, 2024 and 2023

Government Grants

Support funded by grants is recognized as the Organization meets the conditions prescribed by the grant agreement, performs the contracted services or incurs outlays eligible for reimbursement under the grant agreements. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

Cash and Cash Equivalents

For purposes of reporting cash flows, the Organization considers all money market accounts and other accounts that have withdrawal restrictions of less than 90 days to be cash equivalents.

Accounts Receivable

Accounts receivable are uncollateralized obligations of customers that are stated at the amount billed and are due within 30 days. The carrying amount of accounts receivable is reduced by accounts considered uncollectible. The Organization maintains an allowance for credit losses. The allowance is determined based on review of specific customer accounts where collection is doubtful, as well as an assessment of the collectability of total receivables, which are grouped based on similar risk characteristics, considering historical trends, adjusted for current economic conditions and reasonable and supportable forecasts when appropriate. The allowance represents the current estimate of lifetime expected credit losses for all outstanding accounts receivables and reflects the Center's ongoing evaluation of collectability, member creditworthiness, historical levels of credit losses and future expectations. Accounts receivables are written off against the allowance when it is determined that the amounts will not be recovered. The allowance for credit losses amounted to \$0 and \$35,192 at June 30, 2024 and 2023, respectively.

Property and Equipment

Purchased property and equipment is recorded at cost. Donated fixed assets are reported as support at their estimated fair value at the date of donation. Depreciation is calculated over the estimated remaining useful lives of the respective assets using straight-line methods. Estimated useful lives are as follows:

Buildings and improvements	5 to 40 years
Office and communications equipment	3 to 10 years
Vehicles	5 to 7 years
Heavy equipment	5 to 10 years

Functional Expenses

The cost of program and supporting services activities have been summarized on a functional basis in the statements of activities. Natural expenses attributable to more than one functional expense category are allocated using a variety of cost allocation techniques such as square footage, time and effort. Accordingly, certain costs have been allocated among program and supporting services benefited.

In-Kind Contributions and Donated Services

The Organization recognizes revenue from donated services that create or enhance non-financial assets or satisfy the cost-sharing requirements of grantor contracts, including the U.S. Department of Health and Human Services. The recognized value of these services is based on rates that commensurate with the type of services performed. In-kind contributions used for matching are recognized for grant-reporting purposes only to the extent necessary to meet matching requirements. During the years ended June 30, 2024 and 2023, the value of in-kind contributions and donated services meeting the requirements for recognition in the financial statements was \$1,237,222 and \$782,508, respectively.

Yadkin Valley Economic Development District, Inc.
Notes to Financial Statements
June 30, 2024 and 2023

Use of Estimates

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

Indirect Costs

Indirect costs are those costs which accrue to the benefit of all grant programs, but are not readily identifiable to a particular program. Since these costs do contribute to the cost for implementing the program, the Community Services Block Grant allows its pro rata share to be claimed for reimbursement. Other programs may not allow their pro rata share of indirect costs to be claimed for reimbursement.

Leases

The Organization determines if an arrangement is a lease or contains a lease at inception. Leases result in the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Organization determines lease classification as operating or finance at the lease commencement date.

At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The Organization has made a policy election to use a risk-free rate (the rate of a zero-coupon U.S. Treasury instrument) for the initial and subsequent measurement of all lease liabilities. The risk-free rate is determined using a period comparable with the lease term.

The lease term may include options to extend or to terminate the lease that the Organization is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term.

The Organization combines lease and non-lease components, such as common area and other maintenance costs, in calculating the ROU assets and lease liabilities for its office buildings and warehouses when the amount paid to the lessor is one fixed price.

The Organization has elected not to record leases with an initial term of 12 months or less on the statement of financial position. Lease expense on such leases is recognized on a straight-line basis over the lease term.

Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is reflected in the accompanying financial statements.

It is the Organization's policy to evaluate all tax positions to identify any that may be considered uncertain. All identified material tax positions are assessed and measured by a more-likely-than-not threshold to determine if the tax position is uncertain and what, if any, the effect of the uncertain tax position may have on the financial statements. No material uncertain tax positions were identified for 2024. Any changes in the amount of a tax position will be recognized in the period the change occurs.

Accounting Standards Adopted in Current Period - Allowance for Credit Losses

Effective July 1, 2023, the Organization adopted ASU 2016-13, *Financial Instrument - Credit Losses (Topic 326), Measurement of Credit Loss on Financial Instruments*. This guidance, commonly referred to as Current Expected Credit Loss ("CECL"), changes impairment recognition to a model that is based on expected losses rather than

Yadkin Valley Economic Development District, Inc.
Notes to Financial Statements
June 30, 2024 and 2023

incurred losses. The measurement of expected losses under the CECL methodology is applicable to financial assets measured at amortized cost, including accounts receivable. The impact of the adoption was not considered material to the financial statements and primarily resulted in new and enhanced disclosures only.

Subsequent Events

The Organization has evaluated events and transactions for potential recognition or disclosure through December 27, 2024, which is the date the financial statements were available to be issued.

Note 3. Property, Plant, and Equipment

Property and equipment owned by the Organization at June 30, 2024 and 2023 consists of the following:

	<u>2024</u>	<u>2023</u>
Land	\$ 265,223	\$ 265,223
Buildings and improvements	4,374,849	4,052,602
Office and communications equipment	1,538,097	1,472,576
Vehicles	3,754,352	3,754,352
Heavy equipment	<u>124,492</u>	<u>124,492</u>
	10,057,013	9,669,245
Accumulated depreciation	<u>(7,974,558)</u>	<u>(7,772,963)</u>
	<u>\$ 2,082,455</u>	<u>\$ 1,896,282</u>

Depreciation expense for the years ended June 30, 2024 and 2023 was \$386,837 and \$462,441, respectively.

Note 4. Non-Expendable Property

The Organization holds various fixed assets which were acquired with donor funds with restrictions on asset use and grant funds with the grantor agency holding a principal reversionary interest. Acquisitions of non-expendable property are treated as transfers of the program fund in the period incurred and asset values are recorded in the fixed asset fund. These fixed assets are included in the statement of financial position as restricted assets.

Restricted land, building and leasehold improvements, furniture, equipment, vehicles and construction in progress related to the Head Start Program, net of related accumulated depreciation, amounted to \$247,274 and \$271,278 at June 30, 2024 and 2023, respectively. If the Organization discontinues the administration of the Head Start Program or disposes of these assets, then the assets are subject to a Notice of Federal Interest imposed and filed at the time of purchase.

All vehicles acquired through the Community Transportation Program are subject to a security agreement with the North Carolina Department of Transportation. The purpose of this lien is to ensure proper procedures are followed in the use and ultimate disposition of the vehicles in accordance with the project agreement.

Yadkin Valley Economic Development District, Inc.
Notes to Financial Statements
June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Book value of restricted property	\$ 5,534,173	\$ 7,693,590
Accumulated depreciation	<u>(4,948,017)</u>	<u>(6,572,084)</u>
	<u>\$ 586,156</u>	<u>\$ 1,121,506</u>

Note 5. Notes Payable

Notes payable consists of the following as of June 30:

	<u>2024</u>	<u>2023</u>
Note payable with a financial institution requiring monthly payments of \$1,550, including interest at 4.38%, with the final principal and interest payment due in December 2026. The loan is secured by a deed of trust on a building at 7131 NC Highway 801 South, Mocksville, North Carolina, with a carrying value of \$11,495. No financial covenants exist.	\$ 45,254	\$ 61,590
Note payable with a financial institution requiring monthly payments of \$1,561, including interest at 4.73%, with the final principal and interest payment due in June 2024. The loan is secured by a deed of trust on a building at 533 North Carolina Avenue, Boonville, North Carolina, with a carrying value of \$40,149. No financial covenants exist.	<u>-</u>	<u>49,222</u>
	45,254	110,812
Less current maturities	<u>(16,956)</u>	<u>(65,356)</u>
Total long-term debt	<u>\$ 28,298</u>	<u>\$ 45,456</u>

Maturities of long-term debt during the years subsequent to June 30, 2024 are as follows:

2025	\$ 16,956
2026	17,714
2027	<u>10,584</u>
	<u>\$ 45,254</u>

The Organization has a \$450,000 line-of-credit agreement with First Citizens Bank. The line of credit matures in May 2025. Interest under the agreement is payable monthly at a variable rate of monthly SOFR plus 3.38% (8.71% as of June 30, 2024). The line-of-credit is secured by certain real estate and no financial covenants exist. As of June 30, 2024 and 2023, there were no outstanding borrowings on this line-of-credit.

Note 6. Indirect Cost Allocation Plan

The Organization submits its Indirect Cost Allocation Plan to its federal oversight agency, the U.S. Department of Health and Human Services, for approval on a triennial basis. The Indirect Cost Allocation Plan is based on the

Yadkin Valley Economic Development District, Inc.
Notes to Financial Statements
June 30, 2024 and 2023

“alternative simplified method,” whereby the costs of the indirect cost pool are allocated to each program and fund in proportion to the direct costs, excluding capital expenditures within each sub-award in excess of \$25,000, contracted costs, and other unallowed costs of each local and funded program in relation to these costs for the Organization as a whole. The final rate approved by the federal oversight agency for the years ended June 30, 2024 and 2023 was 7.7%. All indirect costs are allocated based on the applicable percentage of allowable direct costs.

Note 7. Assets Liquidity

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

	<u>2024</u>	<u>2023</u>
Total current assets	\$ 3,509,013	\$ 3,947,238
Less those unavailable for general expenditures within one year due to contractual or donor restrictions:		
Restricted cash	-	(39,357)
Grants receivable	(929,306)	(1,348,834)
Prepaid expenses	<u>(99,712)</u>	<u>(137,749)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,479,995</u>	<u>\$ 2,421,298</u>

The Organization is substantially supported by federal and state grants. Because these grants require resources to be used in a particular manner or in future periods, the Organization must maintain sufficient resources to meet those responsibilities to those grants. Thus, financial assets may not be available for general expenditures within one year. As part of the Organization'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. In the event of an unanticipated liquidity need, the Organization could also draw upon their available line of credit, when renewed.

Note 8. Leases

The Organization has entered into the following lease arrangements:

Finance Leases

The Organization is the lessee of various copying machines and printers under finance leases with maturity dates ranging from 2024 to 2027. Termination of the leases generally are prohibited unless there is a violation under the lease agreement.

Operating Leases

The Organization leases facilities across their footprint under non-cancellable operating lease agreements which expire at various times through 2037. These leases generally contain renewal options. Termination of the leases is generally prohibited unless there is a violation under the lease agreement.

Yadkin Valley Economic Development District, Inc.
Notes to Financial Statements
June 30, 2024 and 2023

All Leases

The Organization has no material related-party leases.

Qualitative Disclosures

The components of lease expense for the year ended June 30 was as follows:

	<u>2024</u>	<u>2023</u>
The operating lease cost	\$ 254,556	\$ 176,064
Finance lease cost		
Amortization of right-of-use assets	65,290	62,351
Interest on lease liabilities	<u>5,946</u>	<u>7,099</u>
Total lease cost	<u>\$ 325,792</u>	<u>\$ 245,514</u>
Other information		
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from finance leases	\$ 6,009	\$ 6,932
Financing cash flows from finance leases	64,272	62,351
Operating cash flows from operating leases	136,576	169,132
Right-of-use assets obtained in exchange for new finance lease liabilities	19,592	276,746
Right-of-use assets obtained in exchange for new operating lease liabilities	152,217	1,534,495
Weighted-average remaining lease terms		
Finance leases	2.87 years	3.64 years
Operating leases	11.64 years	13.14 years
Weighted-average discount rate		
Finance leases	3.02%	2.87%
Operating leases	3.42%	3.37%

Maturities of lease liabilities are as follows as of June 30, 2024:

	<u>Operating</u>	<u>Finance</u>
2025	\$ 185,463	\$ 69,333
2026	165,964	59,571
2027	164,089	45,451
2028	152,400	4,358
2029	140,400	1,090
Thereafter	<u>963,000</u>	<u>-</u>
Total future minimum lease payments	1,771,316	179,803
Imputed interest	<u>(304,467)</u>	<u>(7,714)</u>
Total lease liability	<u>\$ 1,466,849</u>	<u>\$ 172,089</u>

Yadkin Valley Economic Development District, Inc.
Notes to Financial Statements
June 30, 2024 and 2023

Note 9. Compensated Absences

Employees of the Organization are entitled to paid vacations (“annual leave”) and paid sick days (“sick leave”). Earned unused annual leave from one fiscal year may be carried over to subsequent periods; however, employees may only accumulate up to 15 days of annual leave. Earned annual leave not used is credited as sick leave. Upon termination from employment, earned unused annual leave may be paid if applicable program/project funds are available. The Organization has no obligation to pay accumulated sick leave upon termination from employment and accordingly, no accrual for sick leave has been recorded.

Note 10. Pension Plan

The Company sponsors a Simplified Employee Pension ("SEP") plan through Woodmen Life. The Organization makes contributions of 5% of each participant’s earnings. Employees may elect to make voluntary contributions of up to 10% of their compensation. All employees are immediately vested upon entry to the plan.

Retirement expense related to the plan was \$265,466 and \$257,159 for the years ended June 30, 2024 and 2023, respectively.

Note 11. Net Assets With Donor Restrictions

Net assets with donor restrictions as of June 30, 2024 and 2023 consist of the following:

	<u>2024</u>	<u>2023</u>
Subject to grant requirement		
Head Start land, buildings and equipment	\$ 286,631	\$ 271,278
Transportation program vehicles and equipment	338,883	361,741
Community Services Block Grant building and equipment	-	306
Domestic Violence equipment	11,859	9,050
Weatherization land, buildings, vehicles and equipment	53,856	69,225
Subject to time restrictions		
Grants receivable	929,306	1,348,834
FRC Reserve	-	39,357
	<u>\$ 1,620,535</u>	<u>\$ 2,099,791</u>

Note 12. Concentrations of Credit Risk

The Organization maintains its cash in financial institutions insured by the Federal Deposit Insurance Corporation. Deposit accounts, at times, may exceed federally insured limits.

A substantial portion of the Organization’s sources of funding depend on government programs. Should those programs be terminated or cut, it could have an adverse effect on the Organization’s future operations.

Yadkin Valley Economic Development District, Inc.
Notes to Financial Statements
June 30, 2024 and 2023

The Organization receives approximately 65% of its support from federal, state and local governments. A significant reduction in the level of this support, if this were to occur, may have a significant effect on the Organization's programs and activities.

Supplementary Information

**Yadkin Valley Economic Development District, Inc.
Schedule of Expenditures of Federal and State Awards
Year Ended June 30, 2024**

(3 pages)

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures 2024	State Expenditures 2024
Federal Awards Programs				
Community Service Block Grant				
Pass through NC Department of Health and Human Services Office of Economical Opportunity Community Service Block Grant	93.569	2301NCCOSR	\$ 329,490	\$ -
Crime Victim Assistance				
Pass through Governor's Crime Commission Victims of Crime Act - Sexual Assault	16.575	2023-15POVC-23-GG-00451-ASSI	200,870	-
Head Start Cluster				
U.S. Department of Agriculture Pass through NC Department of Health and Human Services Division of Women's and Children's Health Child and Adult Food Program	10.558	04CH011142	229,126	-
U.S. Department of Health and Human Services Direct Programs Head Start	93.600		3,164,979	-
Head Start ARP funds	93.600		65,263	-
Total Head Start Cluster			3,230,242	-
Retired and Senior Volunteer Program				
Corporation for National and Community Service Direct Program Retired Senior Volunteer Program	94.002		65,806	-
Aging Cluster				
Senior Center/Services				
Pass through NW Piedmont Triad Regional Council Title III - Parts A & B for Supportive Services & Senior Centers	93.044	23/24 AANCT3SS	58,509	-
Title III, Part C Elderly Nutrition Congregate - Home Delivered	93.045	23/24 AANCT3CM	521,570	-
Home Delivered Meals HDC5 (Yadkin and Surry)	93.053	23/24 AANCT3FC	44,474	-
Total Aging Cluster			624,553	-
Transportation				
U.S. Department of Transportation Pass through NC Department of Transportation Division of Public Transportation Urban mass transportation capital and operating assistance Formula grants				
Administration	20.509	NC-2023-032-00	756,490	-
Capital	20.509	NC-2023-032-00	3,428	-
Operating - CTPOP	20.509	NC-2023-032-00	205,596	-
			965,514	-
Transit Services Program Cluster				
Enhanced mobility of seniors and individuals with disabilities Mobility	20.513	NC-2024-047-00	42,164	-
Operating	20.513	NC-2024-047-00	152,169	-
Total Transit Services Program Cluster			194,333	-

Yadkin Valley Economic Development District, Inc.
Schedule of Expenditures of Federal and State Awards
Year Ended June 30, 2024

(3 pages)

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures 2024	State Expenditures 2024
Weatherization				
U.S. Department of Energy Pass through NC Department of Environmental Quality - 2-Year DHNR Weatherization Assistance for Low-Income Persons	93.568	DE-EE0009920	\$ 315,097	\$ -
U.S. Department of Health & Human Services Passed through NC Department of Environmental Quality LIHEAP Weatherization Assistance for Low-Income Persons	93.568	2401NCLEIA	584,601	-
HARRP Heating & Air Repair and Replacement Program	93.568	2401NCLEIA	332,239	-
			<u>916,840</u>	<u>-</u>
DV				
HTC Human Trafficking Commission Facility Improvement Grants for Organizatons Services to victims of Domestic violence and sexual assault Surry County			-	14,396
Yadkin County			-	10,907
			<u>-</u>	<u>25,303</u>
NC Department of Administration NC Council on the Status of Women Stokes County Domestic Violence Program			-	58,574
Surry County Domestic Violence Program			-	66,946
Yadkin County Domestic Violence Program and Marriage			-	57,782
			<u>-</u>	<u>183,302</u>
Stokes County Marriage License Fee Funds			-	20,569
Surry County Marriage License Fee Funds			-	20,412
Yadkin County Marriage License Fee Funds			-	20,427
			<u>-</u>	<u>61,408</u>
Stokes County Sexual Assault			-	33,465
Surry County Sexual Assault			-	32,902
Yakin County Sexual Assault			-	33,059
			<u>-</u>	<u>99,426</u>
Stokes County Divorce Filing Fees			-	19,414
Surry County Divorce Filing Fees			-	19,382
Yadkin County Divorce Filing Fees			-	18,447
			<u>-</u>	<u>57,243</u>
DV - Stokes-Surry-Yadkin			-	36,644
SA - Stokes-Surry-Yadkin			-	10,907

Yadkin Valley Economic Development District, Inc.
Schedule of Expenditures of Federal and State Awards
Year Ended June 30, 2024

(3 pages)

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures 2024	State Expenditures 2024
Headstart				
NC Department of Public Instruction				
NC PreK				
Davie County			\$ -	\$ 171,870
			-	171,870
Senior Centers/Services				
NC Department of Health and Human Services				
Division of Aging				
Pass through NW Piedmont Triad Regional Council				
General Purpose Senior Center YV, YC, EC (Yadkin)			-	33,279
General Purpose Senior Center SCSC, PM (Surry)			-	14,812
			-	48,091
NC Department of Aging				
Pass through NW Piedmont Triad Regional Council				
Title III-Parts A & B for Supportive Services and Senior				
Centers			-	103,234
Elderly Services - Access			-	50,901
Elderly Services - Legal			-	382
Title III, Part C Elderly Nutrition Congregate - Home				
Delivered Nutrition Services			-	89,972
			-	244,489
Transportation				
NC Department of Transportation				
Public Transportation Capital and Operating Assistance				
Formula Grants				
E&D - ROAP			-	340,919
RGP - ROAP			-	453,521
			-	794,440
5310 - Enhanced mobility of seniors and individuals				
Rural State Operating Program			-	229,568
			-	229,568
Total Federal and State Expenditures			\$ 7,071,871	\$ 1,962,691

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal and State Awards (the "Schedule") includes federal and state award activity of the Yadkin Valley Economic Development District Inc.(the "Organization") under programs of the federal government and the State of North Carolina for the year ended June 30, 2024. The information in this schedule is presented in accordance with the requirements of Title 2 of U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended and does not present the financial position, changes in net position, or cash flows of the Organization. Therefore, some amounts presented in the Schedule may differ from amounts presented in the financial statements.

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. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3. Indirect Cost Rate

The Organization has not elected to use the 10% de minimis cost rate.

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*

Independent Auditor's Report

Board of Directors
Yadkin Valley Economic Development District, Inc.
Boonville, North Carolina

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 (*Government Auditing Standards*), the financial statements of Yadkin Valley Economic Development District, Inc., (a nonprofit organization), which comprise the statement of financial position as June 30, 2024, and the related statements of activities, functional expense, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 27, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Yadkin Valley Economic Development District, Inc.'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 Yadkin Valley Economic Development District, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Yadkin Valley Economic Development District, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of Yadkin Valley Economic Development District, Inc.'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 certain deficiencies in internal controls, described in the accompany schedule of findings and questioned costs as item 2024-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

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

Yadkin Valley Economic Development Inc.'s Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Yadkin Valley Economic Development Inc.'s response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Yadkin Valley Economic Development Inc.'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.

Forvis Mazars, LLP

**Greensboro, North Carolina
December 27, 2024**

Report on Compliance for Each Major Program and on Internal Control Over Compliance

Independent Auditor's Report

Board of Directors
Yadkin Valley Economic Development District, Inc.
Boonville, North Carolina

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Yadkin Valley Economic Development District, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Yadkin Valley Economic Development District, Inc.'s major federal programs for the year ended June 30, 2024. Yadkin Valley Economic Development District, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Yadkin Valley Economic Development District, Inc. 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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (Government Auditing Standards); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Yadkin Valley Economic Development District, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Yadkin Valley Economic Development District, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Yadkin Valley Economic Development District, Inc.'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 Yadkin Valley Economic Development District, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Yadkin Valley Economic Development District, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Yadkin Valley Economic Development District, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Yadkin Valley Economic Development District, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Yadkin Valley Economic Development District, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

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

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.

Forvis Mazars, LLP

**Greensboro, North Carolina
December 27, 2024**

**Yadkin Valley Economic Development District, Inc.
 Schedule of Findings and Questioned Costs
 June 30, 2024**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting:

Material weakness(es) identified? X Yes No

Significant deficiency(ies) identified not considered to be material weaknesses? Yes X None reported

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified? Yes X No

Significant deficiency(ies) identified? Yes X None reported

Type of auditor's report issued on compliance for for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes X No

Identification of major federal programs:

Assistance Listing Number

Name of Federal Award

93.600
 20.509

 20.513

Head Start
 Formula Grants for Rural Areas and Tribal Transit Program
 Enhanced Mobility of Seniors and Individuals with Disabilities

Dollar threshold used to distinguish between Type A and Type B programs \$ 750,000

Auditee qualified as low-risk auditee? Yes X No

Section II - Financial Statement Findings

Finding 2024-001 - Financial Accounting Closing Procedures

Material Weakness

Criteria: The objective of effective internal controls over financial reporting is to prevent or detect and correct material misstatements (caused by error or fraud) in a timely manner and permit the timely preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Condition: During our audit as of June 30, 2024, errors were identified in the balances provided for certain statement of financial position accounts, and their corresponding statement of activities accounts.

Effect: Inaccurate reconciliation of certain asset and liability accounts resulted in the identification of material adjusting journal entries during the audit process to correct improperly reported balances.

Cause: YVEDDI did not follow proper review and reconciliation processes for certain statement of financial position accounts.

Recommendation: We recommend that management conducts a thorough review of all statement of financial position accounts to ensure that the trial balances provided for the audit and the internal financial statements supplied to the Board of Directors do not contain material errors.

Views of Responsible Officials:

Management agrees with the finding. See Corrective Action Plan.

Section III - Federal Awards Findings and Questioned Costs

No matters were reported.

Yadkin Valley Economic Development District, Inc.
Summary Schedule of Prior Year Audit Findings and Questioned Costs
June 30, 2024

Section II - Financial Statement Findings

Reference Number	Summary of Finding	Status
2023-001	The Organization did not have a consistent system of reconciling the monthly bank reconciliations to the general ledger which resulted in material adjustments.	Management has implemented a control requiring that a bank reconciliation be performed on a monthly basis and must be reconciled to the general ledger. This reconciliation is also reviewed by management.
2023-002	The grant and accounts receivable general ledger details contained an instance of duplicate entries for which cash had been received prior to year-end.	Management has implemented a control to review the grant and accounts receivable details to ensure that they adhere to generally accepted accounting principles.

Section III - Federal Awards Findings and Questioned Costs

No matters were reported.



YVEDDI... your local Community Action Agency serving Davie, Stokes, Surry and Yadkin counties

533 N. Carolina Ave., Highway 601N
 Boonville, NC 27011
 (336) 367-7251

Corrective Action Plan: FY24 Audit Findings

Section 1: Recipient Organization General Information				
Name of Recipient Organization:	Yadkin Valley Economic Development District, Inc.			
Audit Performed By:	Forvis Mazars, LLP			
Section 2: Audit Findings and Corresponding Corrective Action Plan				
1. Finding Number and Title				
Finding 2024-001 Financial Statement Findings				
Description of Finding:				
Financial Accounting Closing Procedures				
Did you, as the Recipient agree with this finding? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No				
If No, provide an explanation and specific reasons for the nonoccurrence:				
Planned Corrective Action				
Strategy	Leader(s)	Stakeholder Groups	Start Date	Statue IP: In Progress O: Ongoing C: Complete
A closer review of fixed assets and dates completed before providing for audit fieldwork.	Jan Zachary Crystal Williams	Board of Directors Grantors	December 1, 2024	IP
Fund Statement review at end of each month to closer monitor payables and liability accounts.	Jan Zachary Crystal Williams	Board of Directors Grantors	October 1, 2024	O
Section 3: Accountable Official's Information				
Name:	Jan Zachary			
Title:	Interim Finance Officer			
Phone:	336-367-3527			
Signature:	<i>Jan Zachary</i>			
Date Signed:	12/17/2024			