



## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
NW Works, Inc. and Affiliate

### **Opinion**

We have audited the consolidated financial statements of NW Works, Inc. and Affiliate (the Organization), which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2022 and 2021, and the changes in their net assets and their 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). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 Organization's ability to continue as a going concern within one year after the date that the financial statements are issued or 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 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, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

*PBMares, LLP*

Warrenton, Virginia  
November 23, 2022

## **CONSOLIDATED FINANCIAL STATEMENTS**

**NW WORKS, INC. AND AFFILIATE**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

**June 30, 2022 and 2021**

	2022	2021
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 1,029,846	\$ 1,657,625
Contract receivables	408,741	411,135
Contribution and grant receivables	-	5,000
Accrued revenue	85,797	31,654
Prepaid expenses and other current assets	27,991	44,752
<b>Total current assets</b>	<b>1,552,375</b>	<b>2,150,166</b>
Property and Equipment		
Land	459,160	1,049,509
Buildings and improvements	3,125,841	3,113,035
Equipment and vehicles	695,425	854,516
Intangibles	14,591	14,591
	<b>4,295,017</b>	<b>5,031,651</b>
Less accumulated depreciation and amortization	<b>(1,726,618)</b>	<b>(1,806,092)</b>
<b>Property and equipment, net</b>	<b>2,568,399</b>	<b>3,225,559</b>
Investments	2,565,034	3,412,873
Land held for sale	590,349	-
<b>Total assets</b>	<b>\$ 7,276,157</b>	<b>\$ 8,788,598</b>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Current maturities of long-term debt, net	\$ 28,331	\$ 145,081
Accounts payable	65,660	67,112
Accrued payroll and related liabilities	199,780	158,711
Accrued compensated absences	116,457	115,134
Other accrued expenses	13,603	362,993
Deferred revenue and refundable advances	47,137	-
<b>Total current liabilities</b>	<b>470,968</b>	<b>849,031</b>
Long-term debt, net	160,050	1,934,003
Liabilities held for sale	1,160,000	-
<b>Total liabilities</b>	<b>1,791,018</b>	<b>2,783,034</b>
Net Assets		
Without donor restrictions	5,485,139	6,005,564
<b>Total net assets</b>	<b>5,485,139</b>	<b>6,005,564</b>
<b>Total liabilities and net assets</b>	<b>\$ 7,276,157</b>	<b>\$ 8,788,598</b>