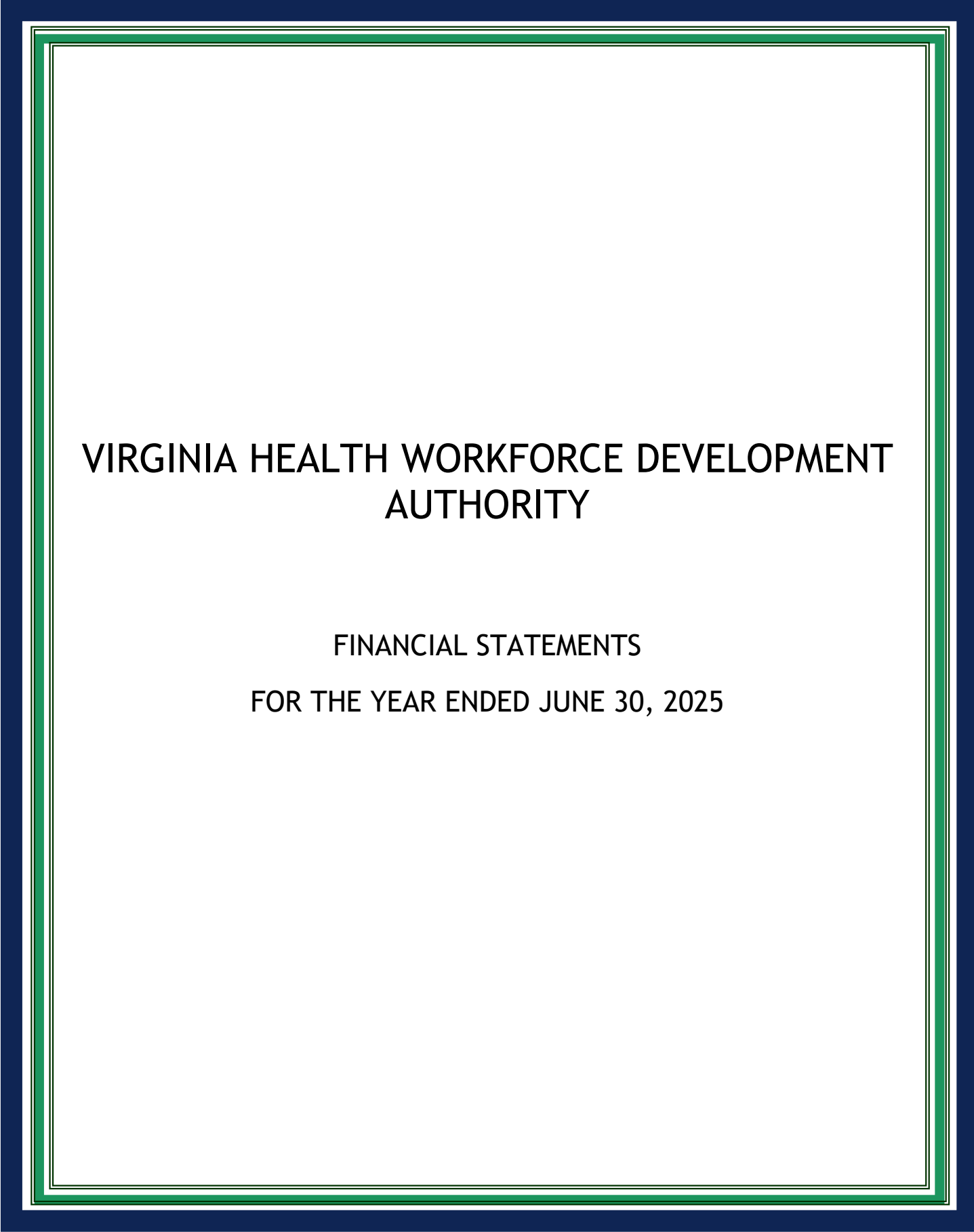




VIRGINIA HEALTH WORKFORCE DEVELOPMENT AUTHORITY

FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

VIRGINIA HEALTH WORKFORCE DEVELOPMENT AUTHORITY

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

INTRODUCTORY SECTION

VIRGINIA HEALTH WORKFORCE DEVELOPMENT AUTHORITY

FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2025

TABLE OF CONTENTS

	Page
<u>Introductory Section</u>	
Table of Contents	i
Board Members	ii
<u>Financial Section</u>	
Independent Auditors' Report	1-3
<i>Basic Financial Statements</i>	
Exhibit 1 Statement of Net Position	4
Exhibit 2 Statement of Revenues, Expenses and Changes in Net Position	5
Exhibit 3 Statement of Cash Flows	6
Notes to Financial Statements	7-11
<u>Compliance Section</u>	
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 <i>Government Auditing Standards</i>	12-13
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	14-16
Schedule of Expenditures of Federal Awards	17
Notes to Schedule of Expenditures of Federal Awards	18
Schedule of Findings and Questioned Costs	19
Summary Schedule of Prior Year Findings	20

VIRGINIA HEALTH WORKFORCE DEVELOPMENT AUTHORITY

BOARD MEMBERS

Rodney Willett, Chairperson
Ghazala Hashmi, Vice Chairperson
Tiffany Covarrubias-Lyttle, Secretary
Davis Abraham, President

Sharon Alexander
Francis X. Chuidian
Breanne Forbes Hubbard
Alexis Gerdes
Scott Flemming
Jesse Goodrich
Keith Hodges
Jamie Holland
Louise Lucas
Nicole Overly
Arne Owens
Philmika Reid
Shannon Showalter
Brian Yates
Eric Zahr

FINANCIAL SECTION



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

Independent Auditors' Report

**TO THE BOARD MEMBERS OF
VIRGINIA HEALTH WORKFORCE DEVELOPMENT AUTHORITY
RICHMOND, VIRGINIA**

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of Virginia Health Workforce Development Authority as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Virginia Health Workforce Development Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of Virginia Health Workforce Development Authority as of June 30, 2025, and the changes in financial position, and cash flows thereof 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Specifications for *Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Virginia Health Workforce Development Authority 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.

Change in Accounting Principles

As described in Note 10 to the financial statements, in 2025, the Authority adopted new accounting guidance, GASB Statement No. 101, Compensated Absences. Our opinion is not modified with respect to this matter.

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 Virginia Health Workforce Development Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' 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 auditors' 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, *Government Auditing Standards*, and the *Specifications for Audits of Authorities, Boards, and Commissions* 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, *Government Auditing Standards* and the *Specifications for Audits of Authorities, Boards, and Commissions*, 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 Virginia Health Workforce Development Authority'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 Virginia Health Workforce Development Authority'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.

Required Supplementary Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Virginia Health Workforce Development Authority's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and are not a required part of the basic financial statements.

Supplementary Information (Continued)

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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 basic financial statements as a whole.

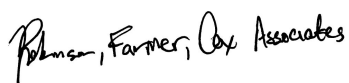
Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditors' report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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 Virginia Health Workforce Development Authority'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 Virginia Health Workforce Development Authority'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 Virginia Health Workforce Development Authority's internal control over financial reporting and compliance.



Richmond, Virginia
December 10, 2025

BASIC FINANCIAL STATEMENTS

VIRGINIA HEALTH WORKFORCE DEVELOPMENT AUTHORITY

Statement of Net Position
At June 30, 2025**Assets:**

Current Assets:

Cash and cash equivalents	\$	1,196,587
Security deposit		10,396
Prepaid items		246,589
Total assets	\$	<u>1,453,572</u>

Liabilities:

Current Liabilities:

Accounts payable	\$	161,725
Payroll payable		4,519
Unearned revenue		486,058
Compensated absences, current portion		3,129
Total current liabilities	\$	<u>655,431</u>

Long-term Liabilities:

Compensated absences, less current portion	\$	28,159
Total long-term liabilities	\$	<u>28,159</u>
Total liabilities	\$	<u>683,590</u>

Net Position:

Unrestricted	\$	769,982
Total net position	\$	<u>769,982</u>
Total liabilities and net assets	\$	<u><u>1,453,572</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

VIRGINIA HEALTH WORKFORCE DEVELOPMENT AUTHORITY

Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2025

Operating revenues:	
Training	\$ <u>67,594</u>
Operating expenses:	
Personnel	\$ 1,015,186
Fringe benefits	127,140
Events and training	61,566
Contractual services	339,088
Rent and utilities	88,238
Bank fees	878
Materials and supplies	14,411
AHEC costs	<u>951,738</u>
Total operating expenses	\$ <u>2,598,245</u>
Operating income (loss)	\$ <u>(2,530,651)</u>
Nonoperating revenues (expenses):	
Interest income	\$ 75
Appropriations:	
Commonwealth of Virginia	1,617,286
Department of Health and Human Services	<u>1,268,625</u>
Total nonoperating revenues (expenses)	\$ <u>2,885,986</u>
Change in net position	\$ 355,335
Net position at beginning of year	<u>414,647</u>
Net position at end of year	<u><u>\$ 769,982</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

VIRGINIA HEALTH WORKFORCE DEVELOPMENT AUTHORITY

Statement of Cash Flows
For the Year Ended June 30, 2025

Cash flows from operating activities:	
Training revenues	\$ 69,974
Payments to employees	(1,106,519)
Payments for goods and services	(688,023)
AHEC centers	<u>(951,738)</u>
Net cash provided by (used for) operating activities	\$ <u>(2,676,306)</u>
Cash flows from non-capital and related financing activities:	
Government and other agency grants	\$ <u>3,291,568</u>
Cash flows from investing activities:	
Interest income	\$ <u>75</u>
Net increase (decrease) in cash and cash equivalents	\$ 615,337
Cash and cash equivalents, beginning of year	<u>581,250</u>
Cash and cash equivalents, end of year	\$ <u><u>1,196,587</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ (2,530,651)
Adjustments to reconcile net cash provided by (used for) operating activities:	
Decrease (increase) in accounts receivable	2,380
Decrease (increase) in security deposit	(4,921)
Decrease (increase) in prepaid items	(242,292)
Increase (decrease) in accounts payable	63,371
Increase (decrease) in payroll payable	4,519
Increase (decrease) in compensated absences	<u>31,288</u>
Net cash provided by (used for) operating activities	\$ <u><u>(2,676,306)</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

VIRGINIA HEALTH WORKFORCE DEVELOPMENT AUTHORITY

Notes to Financial Statements At June 30, 2025

NOTE 1—BASIS OF PRESENTATION:

A. Organization and Purpose

Virginia Health Workforce Development Authority (the Authority) is a political subdivision organized under the laws of the State of Virginia to identify and address health workforce issues in the Commonwealth by growing and retaining healthcare talent in Virginia.

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accompanying financial statements conform to generally accepted accounting principles (GAAP) applicable to government units promulgated by the Governmental Accounting Standards Board (GASB).

A. Basic Financial Statements

Since the Authority is only engaged in business-type activities, it is required to present only the financial statements required for enterprise funds. For the Authority, the basic financial statements are detailed below:

Enterprise Fund Financial Statements

- Statement of Net Position
- Statement of Revenues, Expenses and Changes in Net Position
- Statement of Cash Flows
- Notes to Financial Statements

B. Basis of Accounting

Virginia Health Workforce Development Authority operates as an enterprise fund and its accounts are maintained on the accrual basis of accounting. Under this method, revenues are recognized when earned, and expenses are recorded as liabilities when incurred, without regard to receipt or payment of cash. The Authority accrues revenue for services rendered but not yet billed at the end of the fiscal year.

C. Cash and Cash Equivalents

The Authority's cash and cash equivalents consist of demand deposits. The Authority considers cash on hand and in banks and all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

D. Accounts Receivable

All accounts receivable are deemed by management to be collectible at June 30, 2025; therefore, there is no allowance for doubtful accounts recognized in the financial statements.

E. Prepaid Items

Certain payments to vendors reflect costs applied to future accounting periods and are not recorded as prepaid items. Prepaid items are accounted for using the consumption method and are valued at cost.

VIRGINIA HEALTH WORKFORCE DEVELOPMENT AUTHORITY

Notes to Financial Statements At June 30, 2025 (Continued)

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

F. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the financial statements. Capital assets are defined by the Authority as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment and infrastructure is depreciated using the straight-line method over the following estimated useful lives:

For the year ended June 30, 2025, the Authority had no capitalized assets.

G. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

H. Reporting Entity

For financial reporting purposes, the Authority has no organizations for which it is considered financially accountable.

I. Net Position

Net position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. Net investment in capital assets represent capital assets, less accumulated depreciation less any outstanding debt related to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position. Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of restricted.

J. Compensated Absences

The liability for compensated absences represents amounts owed to employees for earned but unused vacation and other leave benefits. In accordance with GASB Statement No. 101, *Compensated Absences*, this liability is recognized when the leave is attributable to services already rendered, the leave accumulates, and it is probable that the leave will be used or paid.

VIRGINIA HEALTH WORKFORCE DEVELOPMENT AUTHORITY

Notes to Financial Statements At June 30, 2025 (Continued)

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

J. Compensated Absences (Continued)

The liability is measured using the pay rates in effect as of the reporting date, including salary-related payments that are directly and incrementally associated with payments for compensated absences. The portion of the liability expected to be paid within one year is reported as a current liability in the financial statements.

K. Operating and Nonoperating Revenues and Expenses

Operating revenues and expenses are defined as those items that result from providing services, and including all transactions and events that are not capital and related financing, noncapital financing, or investing activities. Nonoperating revenues are defined as grants, investment and other income. Nonoperating expenses are defined as noncapital related financing and other expenses.

NOTE 3—DEPOSITS AND INVESTMENTS:

Deposits

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the “Act”) Section 2.2-4400 et. Seq. of the Code of Virginia. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial Institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

Investments

Statutes authorize the Authority to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, “prime quality” commercial paper that has received at least two of the following ratings: P-1 by Moody’s Investors Service, Inc; A-1 by Standard & Poor’s; or F1 by Fitch Ratings, Inc. (Section 2.2-4502), banker’s acceptances, repurchase agreements and the State Treasurer’s Local Government Investment Pool (LGIP). At June 30, 2025, Virginia Health Workforce Development Authority had no investments.

NOTE 4—CONCENTRATION OF CREDIT RISK:

Financial instruments which potentially subject the Authority to concentrations of credit risk consist principally of accounts receivable.

The Authority evaluates each of its grants’ receivables individually. The majority of its receivables are due from federal agencies, related to grants. Management believes all amounts are collectible at June 30, 2025.

During 2025, approximately 55% of total revenue was received from the Commonwealth of Virginia. Revenues received during the year ended June 30, 2025, from the Commonwealth of Virginia were \$1,617,286. A significant reduction in the level of this support, if this were to occur, may have a significant impact on the Authority’s financial activities.

VIRGINIA HEALTH WORKFORCE DEVELOPMENT AUTHORITY

Notes to Financial Statements At June 30, 2025 (Continued)

NOTE 5—CONTINGENT LIABILITIES:

The Authority operates programs which are funded by grants received from federal and state sources. Expenditures financed by grants are subject to audit by the grantor. If expenditures are disallowed due to noncompliance with grant program regulations, the Authority may be required to reimburse the grantor. The Authority believes that the likelihood of disallowance of expenditures and subsequent reimbursements is remote and would not have a material effect on the overall financial position of the Authority.

NOTE 6—LONG-TERM OBLIGATIONS:

The following is a summary of long-term obligation transactions of the Authority for the year ended June 30, 2025:

	Balance at July 1, 2024	Increases	Decreases	Balance at June 30, 2025	Amounts due within one year
Compensated absences (1)	\$ -	\$ 31,288	\$ -	\$ 31,288	\$ 3,129
Total liabilities	\$ -	\$ 31,288	\$ -	\$ 31,288	\$ 3,129

(1) Net change in liability

NOTE 7—UNEARNED REVENUES:

As of June 30, 2025 the Authority reported unearned revenue of \$486,058 related to grants received in advance of eligible expenditures being incurred. These grant funds will be used to recruit individuals from underrepresented, disadvantaged, or rural backgrounds into the health professions; establish and maintain community-based placements or preceptorships with an emphasis on primary care; conduct interdisciplinary/interprofessional training involving an array of health professionals; deliver or facilitate continuing education; propose and implement outcomes measurement and evaluation strategies. Revenue will be recognized as eligible costs are incurred and grant requirements are met in accordance with the terms of the agreements.

NOTE 8—LITIGATION:

There were no matters of litigation involving the Authority which would materially affect the Authority's financial position should any court decisions on pending matters not be favorable to the Authority.

NOTE 9—UPCOMING PRONOUNCEMENTS:

Statement No. 103, *Financial Reporting Model Improvements*, improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

Statement No. 104, *Disclosure of Certain Capital Assets*, requires certain types of assets (lease assets, subscription assets, intangible right-to-use assets, and other intangible assets) to be disclosed separately in the capital asset note disclosures by major class of underlying asset. It also requires additional disclosures for capital assets held for sale. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

VIRGINIA HEALTH WORKFORCE DEVELOPMENT AUTHORITY

Notes to Financial Statements At June 30, 2025 (Continued)

NOTE 9—UPCOMING PRONOUNCEMENTS: (Continued)

Implementation Guide No. 2025-1, Implementation Guidance Update—2025, effective for fiscal years beginning after June 15, 2025.

Management is currently evaluating the impact these standards will have on the financial statements when adopted.

NOTE 10—CHANGE IN ACCOUNTING PRINCIPLE:

The Authority adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*, effective for the fiscal year ended June 30, 2025. GASB 101 establishes recognition and measurement guidance for liabilities related to compensated absences.

In accordance with GASB 101, the Board evaluated the impact of the new standard on its financial statements. While the Statement requires restatement of beginning balances to reflect the cumulative effect of adoption, the Board did not restate beginning balances. There were no accumulated leave balances at July 1, 2024. Accordingly, the cumulative effect of adoption has been recognized in the current year's financial statements only.

COMPLIANCE SECTION



**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***

**TO THE BOARD MEMBERS OF
VIRGINIA HEALTH WORKFORCE DEVELOPMENT AUTHORITY
RICHMOND, VIRGINIA**

We have audited, in accordance with the 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 *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the business-type activities of Virginia Health Workforce Development Authority as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Virginia Health Workforce Development Authority's basic 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 Virginia Health Workforce Development Authority'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 Virginia Health Workforce Development Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Virginia Health Workforce Development Authority'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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Robinson, Farmer, Cox Associates

Richmond, Virginia
December 10, 2025



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

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

**TO THE BOARD MEMBERS OF
VIRGINIA HEALTH WORKFORCE DEVELOPMENT AUTHORITY
RICHMOND, VIRGINIA**

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Virginia Health Workforce Development Authority'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 Virginia Health Workforce Development Authority's major federal programs for the year ended June 30, 2025. Virginia Health Workforce Development Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Virginia Health Workforce Development Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Virginia Health Workforce Development Authority 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 Virginia Health Workforce Development Authority'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 Virginia Health Workforce Development Authority's federal programs.

Auditors' 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 Virginia Health Workforce Development Authority'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 Virginia Health Workforce Development Authority'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 Virginia Health Workforce Development Authority'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 Virginia Health Workforce Development Authority'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 Virginia Health Workforce Development Authority'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 Auditors' 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.

Report on Internal Control over Compliance (Continued)

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

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

Robinson, Farmer, Cox Associates

Richmond, Virginia
December 10, 2025

VIRGINIA HEALTH WORKFORCE DEVELOPMENT AUTHORITY

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2025

<u>Federal Grantor/ Pass-Through Grantor/Program or Cluster Title</u>	<u>Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>	<u>Pass-Through to Subrecipients</u>
Department of Health and Human Services:				
Direct Payments:				
Area Health Education Centers	93.107	N/A	\$ 1,268,625	\$ 951,738
Total Department of Health and Human Services			\$ 1,268,625	\$ 951,738
Total Expenditures of Federal Awards			\$ 1,268,625	\$ 951,738

VIRGINIA HEALTH WORKFORCE DEVELOPMENT AUTHORITY

Notes to Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2025

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Virginia Health Workforce Development Authority under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Virginia Health Workforce Development Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Virginia Health Workforce Development Authority.

Note B - Summary of Significant Accounting Policies

(1) - 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.

(2) - Pass-through entity identifying numbers are presented where applicable.

Note C - De Minimis Cost Rate

The Authority did not elect to use the 15-percent de minimis indirect cost rate allowed under Uniform Guidance.

VIRGINIA HEALTH WORKFORCE DEVELOPMENT AUTHORITY

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2025

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:

Internal control over financial reporting:

Unmodified

Material weakness(es) identified? _____yes ☒no

Significant deficiency(ies) identified? _____yes ☒none reported

Noncompliance material to financial statements noted? _____yes ☒no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____yes ☒no

Significant deficiency(ies) identified? _____yes ☒none reported

Type of auditors' report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be
reported in accordance with 2 CFR Section 200.516(a)? _____yes ☒no

Identification of major programs:

Assistance Listing Number(s)
93.107

Name of Federal Program or Cluster
Area Health Education Centers

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

Auditee qualified as low-risk auditee? _____yes ☒no

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

VIRGINIA HEALTH WORKFORCE DEVELOPMENT AUTHORITY

**Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2025**

There were no findings reported for the year ended June 30, 2024.