

PASCO-HERNANDO WORKFORCE BOARD, INC.
(d/b/a CareerSource Pasco Hernando)
FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

PASCO-HERNANDO WORKFORCE BOARD, INC.
(d/b/a CareerSource Pasco Hernando)
FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Pasco-Hernando Workforce Board, Inc.
(d/b/a CareerSource Pasco Hernando)
Brooksville, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Pasco-Hernando Workforce Board, Inc. (d/b/a CareerSource Pasco Hernando) (a nonprofit organization) (the "Organization"), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities and cash flows for the fiscal year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control.

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Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2020, and the changes in its net assets and its cash flows for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

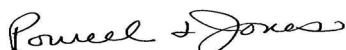
Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not 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. This information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information 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 September 17, 2020, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Organization's internal control over financial reporting and compliance.



Powell and Jones
Certified Public Accountants
Lake City, Florida
September 17, 2020

FINANCIAL STATEMENTS

PASCO-HERNANDO WORKFORCE BOARD, INC.
(d/b/a CareerSource Pasco Hernando)
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020

ASSETS

Current assets:	
Cash and cash equivalents	\$ 668,537
Accounts receivable	43,853
Grants receivable	761,710
Prepaid expenses	43,315
Deposits and other	<u>44,324</u>
Total current assets	<u>1,561,739</u>
Property and equipment, net	<u>8,399</u>
Total assets	<u><u>\$ 1,570,138</u></u>

LIABILITIES AND NET ASSETS

Current liabilities:	
Accounts payable and accrued expenses	\$ 419,290
Contracts payable	19,364
Accrued wages and benefits	73,137
Accrued compensated absences	52,293
Deferred grant revenue	<u>2,720</u>
Total current liabilities	566,804
Non-current portion of accrued compensated absences	<u>296,324</u>
Total liabilities	<u>863,128</u>
Net assets:	
Without donor restrictions	<u>707,010</u>
Total net assets	<u>707,010</u>
Total liabilities and net assets	<u><u>\$ 1,570,138</u></u>

See notes to financial statements.

PASCO-HERNANDO WORKFORCE BOARD, INC.
(d/b/a CareerSource Pasco Hernando)
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Revenue without donor restrictions:

Grant revenue	\$ 8,836,480
Other income	726,695
Total revenue	<u>9,563,175</u>

Expenses:

Programs	
Personnel and benefits	4,038,892
Participant training and support	3,691,090
Communications	92,278
Depreciation	2,053
Insurance	32,157
Professional and contractual	195,174
Rent and facilities	407,637
Repair and maintenance	49,302
Supplies	123,675
Travel and training	24,161
Other	40,784
Administrative	
Personnel and benefits	491,630
Communications	5,425
Depreciation	47
Insurance	460
Professional and contractual	45,271
Rent and facilities	7,306
Repair and maintenance	936
Supplies	10,228
Travel and training	2,468
Other	1,094
Total expenses	<u>9,262,068</u>

Change in net assets 301,107

**Net assets without donor restrictions
beginning of fiscal year**

Net assets without donor restrictions end of year	405,903
	<u>\$ 707,010</u>

See notes to financial statements.

PASCO-HERNANDO WORKFORCE BOARD, INC.
(d/b/a CareerSource Pasco Hernando)
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Cash flows from operating activities:	
Change in net assets	\$ 301,107
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation	2,100
(Increase)/Decrease in:	
Accounts receivable	2,897
Grants receivable	37,790
Prepaid expense	115,408
Deposits and other	(8,510)
Increase /(Decrease) in:	
Accounts and contracts payable	(294,972)
Accrued wages and benefits	(110,269)
Accrued compensated absences	64,984
Deferred grant revenue	(10,716)
Net cash provided by operating activities	<u>99,819</u>
 Cash flows from capital financing activities	
Purchase of fixed assets	<u>(10,500)</u>
 Total increase in cash and cash equivalents	
	89,319
 Cash and cash equivalents, beginning of year	
	<u>579,218</u>
Cash and cash equivalents, end of year	<u><u>\$ 668,537</u></u>

See notes to financial statements.

PASCO-HERNANDO WORKFORCE BOARD, INC.
(d/b/a CareerSource Pasco Hernando)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1. NATURE OF OPERATIONS

Pasco-Hernando Workforce Board, Inc. (the "Organization ") is a not-for-profit corporation that was established under the laws of the State of Florida. The Organization is one of twenty-four Regional Workforce Development Boards in the State of Florida providing for the development, planning, monitoring and administration of grants and programs. The majority of the Organization's funding is through the following grants: Workforce Innovation and Opportunity Act (WIOA Title I), Temporary Assistance for Needy Families and Wagner Peyser.

The majority of the programs services are administered by sub-recipients (Gulf Coast Jewish Family and Community Services, Inc. and Eckerd Youth Alternatives, Inc.).

The Organization covers Region 16 which includes Pasco and Hernando counties. The governing body of the Organization consists of Board members who are appointed by local officials to oversee conformance with grant regulations. A substantial portion of the Organization's support and revenue is received from the Florida Department of Economic Opportunity.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statements

The financial statements and notes are representations of the Organization's management who is responsible for their integrity and objectivity. The accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" (the Guide). (ASC) 958-205 was effective January 1, 2018.

Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or the by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. The Organization held no assets with donor imposed restrictions at year end.

Measure of Operations:

The statements of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Organization's ongoing activities. Non-operating activities are limited to resources that generate return from investments, endowment contributions, financing costs, and other activities considered to be of a more unusual or nonrecurring nature. There were no non-operating activities for the year ended June 30, 2020.

Basis of Accounting and Presentation

The Organization uses the accrual basis of accounting, in which revenues are recognized when they are earned and expenses are recognized when they are incurred. Revenues and the related expenses of cost-reimbursement grant programs are recognized as allowable costs are incurred. The Organization recognizes revenues from exchange transactions when the services are rendered. Receivables are recognized for outstanding invoices.

Accounts Receivable

The Organization's accounts receivable mainly consist of amounts receivable from governments and governmental agencies for grants and appropriations. The Organization considers its receivables to be fully collectible. Accordingly, no allowance for doubtful accounts has been recorded. Any accounts deemed uncollectible would be charged to expense when the determination is made. There were no uncollectible accounts during the fiscal year ended June 30, 2020. The Organization does not charge interest on outstanding accounts receivable.

Prepaid Expenses

Prepaid expenses consist of prepaid rents and leases, insurance and other annual contractual and dues renewals.

Deferred Revenue

Deferred revenue represents grant money which has been received, but for which the prescribed services have not yet been completed. These revenues will be recognized as income when these services are completed.

Fair Value of Financial Instruments

The following methods and assumptions were used to estimate fair value of each class of financial instruments for which it is feasible to estimate that value:

Cash, Accounts Receivable and Accounts Payable – Carrying amount approximates fair value due to the short maturity of these financial instruments.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions and Restricted Net Assets

Unconditional contributions are recognized when received and recorded as net assets without donor restrictions or with donor restrictions, depending on the existence and/or nature of the donor-imposed restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Gifts of cash and other assets are reported with donor restricted support if they are received with donor stipulations that limit the use of the donated assets. When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net asset with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction support. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Contributions restricted for the acquisition of land, buildings, and equipment are reported as assets without donor restriction upon acquisition of the assets and the assets are placed in service.

The Organization historically does not receive contributions from donors. Primarily all of its funding is through grants, which must be expended on specified programs or activities. Cost reimbursement grants are recorded as revenue when the related expenses have been incurred. Other grants are recorded as support and revenue when earned. As of June 30, 2020, all net assets of the Organization were without donor imposed restrictions.

Donated Use of Assets and Donated Services

The estimated fair value of the free use of assets owned by others, and the estimated fair value of contributed services of individuals with special skills over which the Organization exercises control, and which constitutes an enhancement to the normal program or services that would not otherwise be performed by paid personnel, the amount of which is clearly measurable, are also recorded, when applicable, and reflected in the accompanying financial statements.

Fixed Assets

Property and equipment are recorded at cost, if purchased by the Organization, or at fair market value at the date of the gift, if received as a donation. The Organization capitalizes those assets with a cost of \$5,000 or greater. Depreciation is provided using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Software	3
Computer and Office Equipment	3
Vehicles	5
Furniture and Fixture	10

Substantially all fixed assets recorded by the Organization were acquired with Federal funds. Accordingly, certain rules and regulations apply to the acquisition, recording, use and disposition of such fixed assets, including authorization for disposal by the specific grantor agency.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Organization is exempt from federal income taxes under the provisions of the Internal Revenue Code Section 501(c)(3). Management has evaluated the effect of the guidance provided by U.S. Generally Accepted Accounting Principles on Accounting for Uncertainty in Income Taxes. Management believes that the Organization continues to satisfy the requirements of a tax-exempt organization at June 30, 2020. Management has evaluated all other tax positions that could have a significant effect on the financial statements and determined the Organization had no uncertain income tax positions. As required by the Internal Revenue Service's regulations, the Organization annually files a Form 990, "Return of Organization Exempt from Income Tax" with the Internal Revenue Service. Those returns for 2020, 2019, and 2018 are currently subject to review and adjustment by the Internal Revenue Service.

Cash and Cash Equivalents

For purposes of reporting cash flows, the Organization considers all investments with an original maturity of three months or less to be cash equivalents.

At June 30, 2020, the Organization had bank balances totaling \$1,242,656 in a regional bank. The bank balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. Uninsured cash balances at June 30, 2020 were \$992,656.

Paid Leave Time

Organization employees are entitled to certain paid leave time benefits based on length of employment and other factors. These benefits either vest or accumulate and are accrued when they are earned. The amount of paid leave time accrued at June 30, 2020 was \$348,617.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Costs that are directly related to the Organization's specific purpose has been recorded as a direct expense and included as program services. Certain costs which are directly shared have been allocated, based on a percentage of direct costs, among programs and supporting services. Indirect costs are allocated to benefiting programs based upon an indirect cost rate approved by the U.S Department of Labor.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (generally accepted accounting principles) 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 amounts of revenues, support and expenses during the period. Actual results could vary from the estimates that were used.

NOTE 3. GRANTS RECEIVABLE

Grants receivable consist of the following at June 30:

	<u>2020</u>
WIOA- Apprenticeship Expansion	\$ 28,121
WIOA -COVID-19 PPE	11,615
WIOA-Dislocated Workers	26,809
WIOA-Youth	141,774
Wagner Peyser	40,900
Local Veterans Employment Representative	9,827
Disabled Veterans Outreach Program	9,544
Reemployment and Eligibility Assessments	53,671
Supplemental Nutrition Assistance Program	11,718
Welfare Transition	427,731
Total	<u>\$ 761,710</u>

NOTE 4. DEFERRED GRANT REVENUE

The Organization records advances on grants as deferred grant revenue until it is expended for the purpose of the grant or contract, at which time it becomes unconditional and is recognized as revenue.

Deferred grant revenue consisted of the following at June 30:

	<u>2020</u>
WIOA- Adult	\$ 2,684
Trade Adjustment Assistance	36
Total	<u>\$ 2,720</u>

NOTE 5. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

<u>Asset</u>	<u>2020</u>
Computer equipment	\$ 275,611
Office furniture	7,741
Office equipment	97,443
Mobile One-Stop Center	294,931
Software	62,900
	<u>738,626</u>
Less: Accumulated Depreciation	<u>(730,228)</u>
	<u>\$ 8,398</u>

Depreciation expense for the fiscal year ended June 30, 2020 was \$2,100.

NOTE 6. GRANTS AND CONCENTRATION

Grants are subject to renewals and period amendments and require the fulfillment of certain conditions as set forth in the instrument of the grant. Failure to fulfill the conditions could result in the return of the funds to grantors. Although that is a possibility, the Organization deems the contingency remote since by accepting the contracts and their terms it has accommodated the objectives of the grantors to the provisions of these contracts.

Grants accounted for approximately 92% of revenues for the fiscal year ended June 30, 2020. Should a significant reduction in funding occur, the Organization's ability to fund its programs would be greatly reduced.

NOTE 7. RETIREMENT PLAN

The Organization sponsors a 401(k) retirement plan for its employees who have attained 21 years of age. Voluntary employee contributions are allowed from eligible employees. The Organization makes a matching contribution of up to 5 percent of employees' eligible earnings. Although not required to do so, the Organization may decide to make additional contributions to the Plan. This additional contribution, if made, will be allocated to all employees eligible to participate in the Plan as of the end of each Plan year based on eligible earnings within the computation period. Employees are fully vested in their total account balance in the Plan. During the fiscal year ended June 30, 2020, the Organization made matching contributions of \$173,537 to the Plan.

NOTE 8. LEASE COMMITMENTS

As Lessee

The Organization leases office space under operating leases with varying terms through 2020. Some of the office lease options contain an escalation clause providing for annual increases in monthly rents. Under the terms of the leases, the Organization is generally responsible for insurance, repairs and maintenance costs. The Organization also leases various equipment under leases with varying terms through 2024. Lease expense under all operating leases for the fiscal year ended June 30, 2020 was \$378,851. Minimum future annual lease payments under operating leases are as follows:

As Lessee:	
Year Ending June 30,	Total
2021	\$ 290,044
2022	288,204
2023	288,230
2024	223,287
2025	130,617
Total	<u>\$ 1,220,382</u>

As Lessor

The Organization has long-term operating lease agreements with certain entities to occupy space in its offices and at One-Stop Career Centers. All of the agreements are month to month. Rents collected for the fiscal year ended were \$70,929.

NOTE 9. CONTINGENCIES

The Organization is subject to federal and state audits to determine compliance with grant funding requirements. In the event that expenditures would be disallowed, repayment could be required. Government grants require the fulfillment of certain conditions as set forth by applicable laws, rules and regulations and in the grant agreements. Failure to fulfill the conditions could result in the return of the funds to the grantor.

NOTE 10. RELATED PARTIES

The Organization's Board of Directors includes representatives of both the private and public sector industries. During the fiscal year ended June 30, 2020, the Organization had related party transactions with the following entities for training services:

	<u>Amount Paid</u>	<u>Amount Payable at Year End</u>
Biztech Career Centers	\$ 17,000	\$ -
Marchman Technical Education Center	1,229	-
Pasco-Hernando State College	<u>18,637</u>	-
	<u>\$ 36,866</u>	<u>\$ -</u>

NOTE 11. COST ALLOCATIONS

The Organization records costs that can be directly identified as benefiting a specific WIOA, TANF, or DEO Joint Managed Programs funding stream as direct expenses of the related program. Certain costs which are directly shared, have been allocated to programs based upon the relative benefit received. The Organization allocates indirect costs that cannot be identified as benefiting a specific program. Indirect costs are allocated to benefiting programs based upon an indirect cost rate approved by the Florida Department of Economic Opportunity. The following is a table of cost allocation methodologies for expenditures which are allocated:

<u>Cost Allocated</u>	<u>Allocation Method</u>
Business Services: Outreach, public awareness and certain staff salaries and benefits	Directly charged or allocated by relative year to date direct salaries and benefits recorded in each benefitting program
Program Services: Resource room staffing and other shared costs of programs	Directly charged or allocated by relative year to date direct salaries and benefits recorded in each benefitting program
One-Stop Services: Supplies, repair and maintenance, IT services, rent and utilities, Mobile One-stop	Directly charged or allocated by relative year to date direct salaries and benefits recorded in each benefitting program
Board Staff Services Indirect and administrative services including salaries and benefits, travel, supplies, equipment, communications, and other Board costs	Directly charged or allocated by relative year to date direct salaries and benefits recorded in each benefitting program by the indirect cost rate approved by the Department of Labor.

NOTE 12. LIQUIDITY AND AVAILABILITY

Financial assets available within one year of the statement of financial position date of June 30, 2020 for general expenditures are as follows:

Cash and cash equivalents	\$ 668,537
Accounts receivable	43,853
Grants receivable	<u>761,710</u>
Total financial assets available	<u><u>\$1,474,100</u></u>

The Organization manages its liquid assets in accordance with regular budgeting processes developed through the coordinated efforts of management and the Board of Directors. Regular reporting by management to those charged with governance ensures the results from operating activities are monitored closely.

NOTE 13. RECONCILIATION OF SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND THE STATEMENT OF ACTIVITIES TO SERA

As required, the Organization regularly reconciles its financial records to the Subrecipient Enterprise Resource Application (SERA) maintained by DEO. As of June 30, 2020, no discrepancies were noted.

Amounts expended on Schedule of Expenditures of Federal Awards and revenues and expenses on the Statement of Activities were determined in accordance with the accrual basis of accounting. The following shows a reconciliation of grant revenue on the Schedule of Expenditures of Federal Awards and the amounts reported in SERA for the fiscal year ended June 30, 2020:

Expenditures of Federal Awards	\$ 8,820,110
Amount reported in SERA	<u>(8,820,110)</u>
Difference	<u><u>\$ -</u></u>

NOTE 14. EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events and transactions for potential recognition and disclosure through November 30, 2020, the date the financial statements were available to be issued.

NOTE 15. DESCRIPTION OF PROGRAM SERVICES

The Organization had the following program services in the fiscal years ended June 30, 2020:

Workforce Innovation and Opportunity Act (WIOA) - WIOA programs provide youth, adults and dislocated workers with the information, advice, job search assistance and training they need to get and keep good jobs and provide employers with skilled workers.

National Emergency - Disaster grants provide funding to create temporary employment opportunities to assist with clean-up and recovery efforts, when an area impacted by disaster is declared eligible for public assistance by the Federal Emergency Management Agency (FEMA) or otherwise recognized by a Federal agency with authority or jurisdiction over Federal response to the emergency or disaster.

Wagner-Peyser - Wagner-Peyser programs are designed to improve the functioning of the nation's labor markets by bringing together individuals who are seeking employment with employers who are seeking workers.

Reemployment Services and Eligibility Assessments - The Worker Profiling and Reemployment Services (WPRS) system, mandated by Public Law 103-152 of the Unemployment Compensation Amendments of 1993, is designed to identify and rank or score unemployment insurance claimants by their potential for exhausting their benefits for referral to appropriate reemployment and training services.

Trade Adjustment Assistance (TAA) – The TAA program provides adjustment assistance to qualified workers adversely affected by foreign trade.

Disabled Veterans Outreach Program (DVOP) - DVOP grants are used to develop jobs and job training opportunities for disabled and other veterans and to provide outreach to veterans through community agencies and organizations.

Local Veterans Employment Representative (LVER) – The LVER program provides job development, placement and support services directly to veterans.

Supplemental Nutrition Assistance Program (SNAP) - Florida's Supplemental Nutrition Assistance Program is designed to provide voluntary training, education, support services and skills to food stamp recipients.

Temporary Assistance for Needy Families (TANF) - TANF programs are designed to emphasize work, self-sufficiency, and personal responsibility for welfare recipients and to enable them to move from welfare to work.

Back to Work - The Back to Work Program is designed to coordinate, develop and maintain programs that promote the retention and expansion of targeted businesses in Pasco County.

The program is also designed to develop a proactive workforce development program working with education and workforce development resources to provide training for primary targeted industries and develop relationships to better serve students for careers relating to these industries.

The following is a schedule of expenditures for the various employment programs for the fiscal ended June 30, 2020:

WIOA Cluster	\$ 3,738,086
National Emergency	(1,016)
Wagner-Peyser	540,465
Reemployment Services and Eligibility Assessments	438,630
Trade Adjustment Assistance	68,701
Veterans' Programs	184,247
Supplemental Nutrition and Assistance Program	271,567
Welfare Transition/TANF	3,579,430
Back to Work	418,912
	<u>\$ 9,239,022</u>

NOTE 16. FAIR VALUE MEASUREMENTS

At June 30, 2020, the Organization had no assets or liabilities subject to disclosure of fair value measurements as to valuation levels hierarchy per Financial Accounting Standards Board Statement No. 157.

NOTE 17. RISK MANAGEMENT

The Organization is exposed to various risk of loss related to torts; theft of, damage to and destruction of assets, errors and omissions; and natural disasters for which the Organization carries insurance. Insurance against losses are provided through various commercial insurers for the following types of risk:

- Workers' Compensation and Employers' Liability
- General and Professional Liability
- Personal Property Damage
- Directors' and Officers' Liability

SINGLE AUDIT AND COMPLIANCE SECTION

PASCO-HERNANDO WORKFORCE BOARD, INC.
(d/b/a CareerSource Pasco Hernando)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

<u>Federal Grantor/Program Title</u>	<u>Contract Number</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Agriculture:</u>			
Supplemental Nutrition Assistance Program	FSH19	10.561	\$ 86,716
Supplemental Nutrition Assistance Program	FSH20	10.561	<u>184,851</u>
			<u>271,567</u>
 <u>U.S. Department of Labor:</u>			
Passed through the Florida Department of Economic Opportunity			
Workforce Innovation and Opportunity Act (WIOA) Cluster:			
WIOA Adult	WIA19	17.258	30,938
WIOA Adult	WIA20	17.258	1,284,616
Supplemental WIOA State Level	WIS18	17.258	45,417
WIOA State Level Apprenticeship Expansion	WIS19	17.258	21,336
WIOA State Level Performance Incentives	WIS19	17.258	6,322
WIOA State Level COVID-19 PPE	WIS19	17.258	5,317
Supplemental WIOA State Level	WIS20	17.258	40,416
WIOA Youth	WIY19	17.259	774,061
WIOA Youth	WIY20	17.259	435,874
Supplemental WIOA State Level	WIS18	17.259	45,417
WIOA State Level Apprenticeship Expansion	WIS19	17.259	21,336
WIOA State Level Performance Incentives	WIS19	17.259	6,322
WIOA State Level COVID-19 PPE	WIS19	17.259	5,317
Supplemental WIOA State Level	WIS20	17.259	40,416
WIOA Dislocated Worker	WID19	17.278	489,739
WIOA Dislocated Worker	WID20	17.278	351,809
Supplemental WIOA State Level	WIS18	17.278	46,794
WIOA State Level Apprenticeship Expansion	WIS19	17.278	24,003
WIOA State Level Performance Incentives	WIS19	17.278	7,112
WIOA State Level COVID-19 PPE	WIS19	17.278	5,981
Supplemental WIOA State Level	WIS20	17.278	49,543
Total WIOA Cluster			<u>3,738,086</u>
 National Emergency	 WNI18	 17.277	 <u>(1,016)</u>
 Employment Services Cluster:			
Wagner Peyser	WPA19	17.207	79,766
Wagner Peyser	WPA20	17.207	450,521
Wagner Peyser Performance Incentives	WPB19	17.207	10,178
Local Veterans Employment Representative Program	LVR19	17.804	29,673
Local Veterans Employment Representative Program	LVR20	17.804	43,091
Disabled Veterans' Outreach Program	DVP19	17.801	45,939
Disabled Veterans' Outreach Program	DVP20	17.801	65,544
Total Employment Services Cluster			<u>724,712</u>

(Continued)

PASCO-HERNANDO WORKFORCE BOARD, INC.
(d/b/a CareerSource Pasco Hernando)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

<u>Federal Grantor/Program Title</u>	<u>Contract Number</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Labor: (continued)</u>			
Passed through the Florida Department of Economic Opportunity			
Unemployment Compensation:			
Reemployment Assistance Program	UCB19	17.225	\$ 2,113
Reemployment and Eligibility Assessments	UCR19	17.225	382,846
Reemployment and Eligibility Assessments	UCR20	17.225	53,671
			<u>438,630</u>
Trade Adjustment Assistance:			
Trade Adjustment Assistance	TAC17	17.245	928
Trade Adjustment Assistance	TAC17	17.245	2,250
Trade Adjustment Assistance	TAT17	17.245	17,993
Trade Adjustment Assistance	TAC18	17.245	10,207
Trade Adjustment Assistance	TAT18	17.245	37,323
			<u>68,701</u>
Total U.S. Department of Labor			<u>4,969,113</u>
<u>U.S. Department of Health and Human Services</u>			
Passed through the Florida Department of Economic Opportunity			
Welfare Transition	WTS19	93.558	50,878
Welfare Transition	WTS19	93.558	629,621
Welfare Transition	WTS19	93.558	354,000
Welfare Transition	FWFLP	93.558	250,000
Welfare Transition	WTS20	93.558	830,669
Welfare Transition	WTS20	93.558	1,464,262
Total U.S. Department of Health and Human Services			<u>3,579,430</u>
Total Federal Expenditures			<u>\$ 8,820,110</u>

See notes to the Schedule of Expenditures of Federal Awards.

PASCO-HERNANDO WORKFORCE BOARD, INC.
(d/b/a CareerSource Pasco Hernando)
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 1 - SCOPE OF AUDIT PURSUANT TO THE OMB COMPLIANCE SUPPLEMENT

Federal Awards Programs

All Federal grant operations of Pasco-Hernando Workforce Board, Inc. (the Organization) are included in the scope of the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) audit (the Single Audit). The Single Audit was performed in accordance with the provisions of the OMB Compliance Supplement in Appendix XI of the Uniform Guidance (Revised August 2020, the "Compliance Supplement"). Compliance testing of all requirements, as described in the Compliance Supplement, was performed for the grant programs noted below. These programs represent all Federal award Type A programs with the fiscal year 2020 cash and noncash expenditures in excess of \$750,000 and other grants that ensure coverage of at least 20 percent of Federally granted funds.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards includes all Federal grants to the Organization that had activity during the fiscal year ended June 30, 2020. The basis of accounting is described in Note 2 to the Organization 's financial statements.

NOTE 3 - SUBRECIPIENTS

The Organization provided federal awards to subrecipients as follows during the fiscal year ended June 30, 2020:

<u>Program</u>	<u>CFDA Number</u>	<u>Amount</u>
Temporary Assistance for Needy Families	93.558	\$ 1,457,758
WIOA Youth	17.259	936,773
		<u>\$ 2,394,531</u>

NOTE 4 - INDIRECT COST RATE

The Organization did not elect to use the 10% de minimis indirect cost rate.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
Pasco-Hernando Workforce Board, Inc.
(d/b/a CareerSource Pasco Hernando)
Brooksville, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of Pasco-Hernando Workforce Board, Inc. (a nonprofit organization) (the "Organization"), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities and cash flows for the fiscal year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 17, 2020.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Compliance and Other Matters

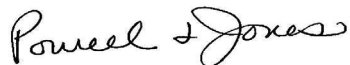
As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our

tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

This report is intended for the information of the management, Board of Directors, and grantor agencies and is not and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Powell & Jones".

Powell and Jones
Certified Public Accountants
September 17, 2020

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

Board of Directors
Pasco-Hernando Workforce Board, Inc.
(d/b/a CareerSource Pasco Hernando)
Brooksville, Florida

Report on Compliance for Each Major Federal Program

We have audited Pasco-Hernando Workforce Board, Inc.'s (a nonprofit organization) (the "Organization ") compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on the Organization's major federal programs for the fiscal year ended June 30, 2020. The Organization 's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2020.

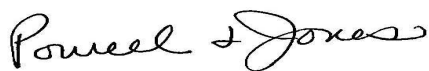
Report on Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider material weaknesses. However, material weaknesses may exist that have not been identified.

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.



Powell and Jones
Certified Public Accountants
September 17, 2020

PASCO-HERNANDO WORKFORCE BOARD, INC.
(d/b/a CareerSource Pasco Hernando)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

A. SUMMARY OF AUDIT RESULTS

SECTION 1 - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified Opinion
Material weakness(es) identified?	No
Significant deficiency(ies) identified not considered to be material weakness?	None
Noncompliance material to financial statements noted?	No

Federal Awards Programs

Internal control over major federal awards programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified not considered to be material weakness?	None
Type of auditor's report issued on compliance for major federal awards programs:	Unmodified Opinion
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	No

Identification of major federal awards programs:

<u>CFDA#</u>	<u>Federal Program</u>
	<u>U.S. Department of Labor</u>
	Workforce Innovation and Opportunity Act (WIOA) Cluster
17.258	WIOA Adult
17.259	WIOA Youth
17.278	WIOA Dislocated Worker

Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
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Auditee qualified as low risk auditee for audit of federal awards program?	Yes
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Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

Section IV - Other Issues

No summary schedule of prior audit findings is required because there were no audit findings related to Federal Awards.

No corrective action plan is required because there were no findings required to be reported under the Federal Audit Act.

MANAGEMENT LETTER

Board of Directors
Pasco-Hernando Workforce Board, Inc.
(d/b/a CareerSource Pasco Hernando)
Brooksville, Florida

We have audited the financial statements of Pasco-Hernando Workforce Board, Inc. (d/b/a CareerSource Pasco Hernando) (the Organization) as of and for the fiscal year ended June 30, 2020, and have issued our report thereon dated September 17, 2020.

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; Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the Florida Department of Economic Opportunity's (DEO) Audit and Audit Resolution Responsibilities (AWI FG 05-019) issued August 12, 2005. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Audit Standards*, Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated September 17, 2020, should be considered in conjunction with this management letter.

Prior Year Finding:

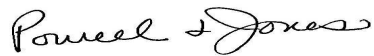
There were no reportable findings in the prior year.

Current Year Findings:

There were no reportable findings in the current year.

CONCLUSION

We have reviewed information regarding our audit with management and have provided them with appropriate documentation as requested. We very much enjoyed the challenges and experiences associated with this audit of the Organization. We appreciate the overall quality of the financial records and personnel in the Organizations office. We appreciate the helpful assistance and courtesy afforded us by these employees.

A handwritten signature in cursive script that reads "Powell & Jones".

Powell and Jones
Certified Public Accountants
September 17, 2020