

**GULF COAST WORKFORCE
DEVELOPMENT BOARD, INC.
D/B/A CAREERSOURCE GULF COAST**

FINANCIAL STATEMENTS

JUNE 30, 2020

GULF COAST WORKFORCE DEVELOPMENT BOARD, INC.
D/B/A CAREERSOURCE GULF COAST
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JUNE 30, 2020

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors,
Gulf Coast Workforce Development Board, Inc.
d/b/a CareerSource Gulf Coast:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Gulf Coast Workforce Development Board, Inc. d/b/a CareerSource Gulf Coast (the "Organization") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements as listed in the table of contents.

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.

Auditors' Responsibility

Our responsibility is to express opinions 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. 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 opinions.

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Gulf Coast Workforce Development Board, Inc. d/b/a CareerSource Gulf Coast as of June 30, 2020, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis as listed in the table of contents be presented to supplement the basic financial statements. Such 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise CareerSource Gulf Coast's basic financial statements. The Schedule of Expenditures of Federal Awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards 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. Such 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 1, 2021, 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.

James Moore & Co., P.L.

Tallahassee, Florida
March 1, 2021

Gulf Coast Workforce Development Board, Inc.
d/b/a CareerSource Gulf Coast
Management's Discussion and Analysis
June 30, 2020

Management is pleased to offer the following assessment of the financial operations of Gulf Coast Workforce Development Board, Inc. d/b/a CareerSource Gulf Coast (the "Organization"), for the year ending June 30, 2020.

Overview of Financial Statements

This discussion and analysis is intended to serve as an introduction to the Organization's basic financial statements. The Organization's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements— The *government-wide financial statements* are designed to provide readers with a broad overview of the Organization's finances in a manner similar to a private sector business. The government-wide financial statements consist of the Statement of Net Position and the Statement of Activities.

The *statement of net position* presents information on all of the Organization's assets and liabilities, with the difference between the two reported as net position. Over time increases or decreases in net position may serve as a useful indicator of whether the financial position of the Organization is improving or deteriorating.

The *statement of activities* presents information showing how the Organization's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Organization uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Organization maintains one fund category, which is a governmental fund.

Governmental funds. *Governmental funds* are used to account for essentially the same functions as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be used in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Gulf Coast Workforce Development Board, Inc.
d/b/a CareerSource Gulf Coast
Management's Discussion and Analysis
June 30, 2020
(Continued)

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents a Schedule of Expenditures of Federal Awards. This schedule lists all federal grants awarded to the Organization and their related expenditures for the fiscal year ended June 30, 2020.

Condensed Financial Statements

Net Position

	2020	2019
Current assets	\$ 1,796,808	\$ 2,432,812
Other assets	356,676	346,260
Capital assets	5,822	12,875
Total assets	<u>2,159,306</u>	<u>2,791,947</u>
Current liabilities	1,067,913	1,787,566
Noncurrent liabilities	149	2,169
Total liabilities	<u>1,068,062</u>	<u>1,789,735</u>
Net position		
Net investment in capital assets	3,653	5,528
Restricted	340,876	255,996
Unrestricted	746,715	740,688
Total net position	<u>\$ 1,091,244</u>	<u>\$ 1,002,212</u>

Changes in Net Position

	2020	2019
Program revenues:		
Operating grants and contributions	\$ 12,513,280	\$ 6,471,893
Total revenues	<u>12,513,280</u>	<u>6,471,893</u>
Expenses:		
Training, retraining and readjustment	12,424,248	6,264,535
Total expenses	<u>12,424,248</u>	<u>6,264,535</u>
Increase in net position	89,032	207,358
Net position, beginning of year	1,002,212	794,854
Net position, end of year	<u>\$ 1,091,244</u>	<u>\$ 1,002,212</u>

Gulf Coast Workforce Development Board, Inc.
d/b/a CareerSource Gulf Coast
Management's Discussion and Analysis
June 30, 2020
(Continued)

Government-wide Financial Analysis

Net Position: The Organization's net position increased by \$89,032 from fiscal year 2019. The primary cause of this increase was an increase in unrestricted revenue and insurance proceeds from Hurricane Michael received in the year ended June 30, 2020. Restricted net position is comprised of annual donor restricted funding for a summer program that takes place subsequent to year end and funding provided by the donor for emergency assistance.

Capital Asset Administration

The Organization's net investment in capital assets for its governmental activities as of June 30, 2020, amounts to \$3,653 (net of accumulated depreciation). Additional information on Gulf Coast Workforce Development Board, Inc.'s capital assets can be found in Note II (B) of this report.

Budgetary Highlights

The Organization is not legally required to adopt a budget. As such, budgetary exhibits are not presented.

Economic Factors

93% of the Organization's revenues were generated from federal grants, most of which were passed through the State of Florida's Department of Economic Opportunity. Anything that could influence federal and state appropriations of these funds will have a direct impact on the Organization.

Request for Information

This report is designed to provide a general overview of the Organization's finances for all those with an interest in the Organization's finances. Questions concerning any of the information in this report or requests for additional information should be addressed as follows:

Financial Director
Gulf Coast Workforce Development Board, Inc.
5230 West Highway 98
Panama City, Florida 32401

GULF COAST WORKFORCE DEVELOPMENT BOARD, INC.
D/B/A CAREERSOURCE GULF COAST
STATEMENT OF NET POSITION
JUNE 30, 2020

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 752,562
Grant, contract and other receivables	1,044,246
Cash value of investment	356,676
Capital assets, net of accumulated depreciation	<u>5,822</u>
Total assets	<u><u>\$ 2,159,306</u></u>
LIABILITIES	
Accounts payable and accrued expenses	\$ 442,539
Due to fiscal agent	623,354
Capital lease payable, current portion	2,020
Noncurrent liabilities:	
Capital lease payable, noncurrent portion	<u>149</u>
Total liabilities	<u><u>\$ 1,068,062</u></u>
NET POSITION	
Net investment in capital assets	\$ 3,653
Restricted:	
Emergency assistance	213,138
Summer program	127,738
Unrestricted	<u>746,715</u>
Total net position	<u><u>\$ 1,091,244</u></u>

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

GULF COAST WORKFORCE DEVELOPMENT BOARD, INC.
D/B/A CAREERSOURCE GULF COAST
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

		PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
Functions/Programs	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES
Governmental activities:				
Training, retraining and readjustment	\$ 12,424,248	-	\$ 12,513,280	\$ 89,032
Total governmental activities	<u>\$ 12,424,248</u>	<u>-</u>	<u>\$ 12,513,280</u>	<u>89,032</u>
			Change in net position	<u>89,032</u>
			Net position, beginning of year	<u>1,002,212</u>
			Net position, end of year	<u>\$ 1,091,244</u>

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

**GULF COAST WORKFORCE DEVELOPMENT BOARD, INC.
D/B/A CAREERSOURCE GULF COAST
BALANCE SHEET
GOVERNMENTAL FUND
JUNE 30, 2020**

	General Fund
ASSETS	
Cash and cash equivalents	\$ 752,562
Grant, contract, and other receivables	1,044,246
Cash value of investment	356,676
Total assets	\$ 2,153,484
LIABILITIES	
Accounts payable and accrued expenses	\$ 442,539
Due to fiscal agent	623,354
Total liabilities	1,065,893
FUND BALANCE	
Restricted:	
Emergency assistance	213,138
Summer program	127,738
Unassigned	746,715
Total Fund Balance	1,087,591
Total liabilities and fund balance	\$ 2,153,484

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

**GULF COAST WORKFORCE DEVELOPMENT BOARD, INC.
D/B/A CAREERSOURCE GULF COAST
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUND
TO THE STATEMENT OF NET POSITION
JUNE 30, 2020**

Fund balances - total governmental fund \$ 1,087,591

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds

Total governmental capital assets	127,847	
Less: accumulated depreciation	<u>(122,025)</u>	<u>5,822</u>

Long-term liabilities, including bonds payable and notes payable, are not due and payable in the current period and, therefore, are not reported in the funds. These liabilities, deferred outflows, and other debt-related deferred charges consist of the following:

Capital lease	(2,169)	(2,169)
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Net position of governmental activities \$ 1,091,244

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

**GULF COAST WORKFORCE DEVELOPMENT BOARD, INC.
D/B/A CAREERSOURCE GULF COAST
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2020**

	General Fund
Revenues	
Grants and contracts	\$ 12,491,822
Other	21,458
Total revenues	12,513,280
Expenditures	
Personnel	1,632,310
Travel and meetings	68,582
Communications and utilities	63,044
Facilities	246,828
Direct program services	9,439,145
Insurance	25,674
Other	236,601
Printing and supplies	608,642
Professional	75,800
Hurricane damage, net of insurance proceeds	25,747
Total expenditures	12,422,373
Net change in fund balance	90,907
Fund balance, beginning of year	996,684
Fund balance, end of year	\$ 1,087,591

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

**GULF COAST WORKFORCE DEVELOPMENT BOARD, INC.
D/B/A CAREERSOURCE GULF COAST
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND TO
THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

Amounts reported for governmental activities in the statement
of activities are different because:

Net change in fund balance - total governmental fund	\$	90,907
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Depreciation expense	(7,053)	(7,053)
<p>The issuance of long-term debt (e.g., leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
Principal repayments:		
Capital leases		5,178
Change in net position of governmental activities	\$	89,032

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

GULF COAST WORKFORCE DEVELOPMENT BOARD, INC.
D/B/A CAREERSOURCE GULF COAST
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

I Summary of Significant Accounting Policies:

The following is a summary of the more significant accounting policies and practices of Gulf Coast Workforce Development Board, Inc. d/b/a CareerSource Gulf Coast (the "Organization") which affect significant elements of the accompanying financial statements:

A. Description of government wide financial statements—The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Organization. Governmental activities are normally supported by intergovernmental revenues, and other nonexchange transactions.

B. Reporting Entity—The Organization is a nonprofit corporation established to provide for enhanced coordination, cooperation, and outcomes by and between the several entities, both public and private, which are involved at the local level in providing youth and adults with opportunities to develop and continuously upgrade their knowledge and skills in order to advance economically and socially throughout their lifetime, and in providing employers with the skilled workforce necessary to be competitive in local, state, national and/or international markets. The Organization was created to fulfill the duties and responsibilities provided for by the Workforce Investment Act (WIA) of 1998-Title 1, superseded by the Workforce Innovation and Opportunity Act of 2014 (WIOA), and the State of Florida Workforce Innovation Act of 2000 for the Region 4 Local Workforce Investment Area which is comprised of Bay, Franklin and Gulf counties. The governing board of The Organization consists of twenty-three voting members and two non-voting members who are appointed by state and local officials.

The accounting policies adopted by the Organization conform to accounting principles generally accepted in the United States of America as applied to not-for-profit organizations reporting using the governmental model. As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the Organization. There were no entities that required inclusion as a component unit within the Organization's financial statements.

C. Basis of presentation – government wide financial statements—While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from the governmental fund. Separate financial statements are provided for the governmental fund.

D. Basis of presentation – fund financial statements—The fund financial statements provide information about the Organization's fund. The Organization reports one governmental fund:

The general fund is established to account for resources devoted to financing the general operations of the Organization. All operating resources are recorded in the general fund.

GULF COAST WORKFORCE DEVELOPMENT BOARD, INC.
D/B/A CAREERSOURCE GULF COAST
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

I Summary of Significant Accounting Policies: (Continued)

E. Measurement focus and basis of accounting—The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. Amounts reported as program revenues include charges for services, operating grants and contributions, and capital grants and contributions. Items not properly included among program revenues are reported as general revenues.

When both restricted and unrestricted resources are available for use, it is the Organization's policy to use restricted resources first, then unrestricted resources as they are needed.

All governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues, except for certain grant revenues, are recognized in the accounting period in which they become both measurable and available. Available means collectible within the current period, or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the Organization considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, state, and other grant resources, revenue is recognized at the time the expenditure is made. Under the modified accrual basis of accounting, expenditures are generally recorded when the related fund liability is incurred. The principal exceptions to this are: principal and interest on general long-term debt, which are recorded as expenditures only when payment is due.

The Organization's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. Accordingly, the financial statements are organized on the basis of funds. A fund is an accounting entity having a self-balancing set of accounts for recording assets.

F. Assets, liabilities, and net position/fund balance

1. **Deposits and investments**—Cash and cash equivalents include amounts in demand deposits as well as investments that are readily convertible to known amounts of cash. Investments with original maturities of 90 days or less are considered to be cash equivalents.

2. **Prepaid items**—Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government wide and fund financial statements. The cost of prepaid items is recorded when consumed rather than when purchased.

GULF COAST WORKFORCE DEVELOPMENT BOARD, INC.
D/B/A CAREERSOURCE GULF COAST
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

I Summary of Significant Accounting Policies: (Continued)

F. Assets, liabilities, and net position/fund balance (Continued)

3. **Capital Assets**—Capital assets acquired by the Organization are considered to be owned by the Organization. However, funding sources may maintain an equitable interest in the capital assets purchased with grant monies as well as the right to determine the use of any proceeds from the sale of these assets. The Federal Government has a reversionary interest in those assets purchased with its funds which have a cost of \$5,000 or more and an estimated useful life of at least one year.

Capital assets with a value greater than \$5,000 and an estimated useful life of at least one year are recorded at cost when purchased or at estimated fair value when contributed. Depreciation is computed using the straight-line method over the estimated useful life of the assets, ranging from three to five years.

4. **Long-term obligations**—In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities fund type statement of net position.

5. **Use of estimates**—The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

6. **Compensated absences**—Employees of the Organization are leased from Gulf Coast State College (the “College”). Liabilities for compensated absences are accrued in the College’s financial records and the Organization makes payments to the College to cover eligible employees. Eligible employees accrue vacation and sick leave at varying rates based upon length of employment. Vacation and sick leave is accrued as earned by employees and recorded as an expense in the period earned. The maximum amount of vacation that an employee may accumulate and be paid for is 240 hours. An employee hired after July 1, 1995, who has six to ten years of service, will receive 15% of their accrued sick leave balance not to exceed 60 days. An employee hired after July 1, 1995, who has 10 or more years of service will receive 25% of their accrued sick leave not to exceed 60 days.

7. **Receivables**—Receivables are from grants and contracts and are stated at the amount management expects to collect from balances outstanding at year-end. Based on management’s assessment of the credit history with grantors and contractors having outstanding balances and current relationships with them, it has concluded that realization losses on balances outstanding at year-end will be immaterial.

GULF COAST WORKFORCE DEVELOPMENT BOARD, INC.
D/B/A CAREERSOURCE GULF COAST
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

I Summary of Significant Accounting Policies: (Continued)

F. Assets, liabilities, and net position/fund balance (Continued)

8. **Net position flow assumption**—Sometimes the Organization will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Organization’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

9. **Fund balance policies**—Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Organization itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Organization’s highest level of decision-making authority. The Board of Directors is the highest level of decision making authority for the Organization that can, by passing a motion prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the Organization for specific purposes but do not meet the criteria to be classified as committed. The Board of Directors may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

When an expenditure is incurred for purposes for which both restricted and unrestricted resources are available; the Organization considers restricted funds to have been spent first. When expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Organization considers amounts to have been spent first out of committed funds, then assigned funds and finally, unassigned funds, as needed.

10. **Cash Value of Investment**—The Organization’s investment in a corporate owned flexible premium deferred annuity is recorded at fair market value, equal to the cash surrender value, as an asset in the accompanying Statement of Net Position and Governmental Fund Balance Sheet. The policy expense, net of changes to cash surrender value, is included as an expense in the accompanying Statement of Activities and Statement of Revenues, Expenditures, and Changes in Fund Balance.

GULF COAST WORKFORCE DEVELOPMENT BOARD, INC.
D/B/A CAREERSOURCE GULF COAST
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

I Summary of Significant Accounting Policies: (Continued)

G. Revenues and expenditures/expenses

1. **Revenue Sources**—Generally, revenue is received from the State of Florida, Department of Economic Opportunity and U.S Department of Commerce and is earned on a cost reimbursement basis.

2. **Advertising**—Advertising costs are charged to operations as incurred. In the year ended June 30, 2020, the Organization incurred \$31,015 in advertising expenses.

3. **Expense Allocation**—Certain costs are allocated to the various grant programs of the Organization based on several factors including employees’ time spent, percentage of direct program expenditures, and client counts. The cost allocations are revised monthly depending on application.

H. **Budgets**—The general expenditure authority of the Organization, as provided by Sections 445.004 and 445.007 of the Florida Statutes, does not require a legally adopted budget placed into public law. Accordingly, the budgetary comparison schedules for governmental funds have not been presented as supplementary information required by the Governmental Accounting Standards Board.

II Detailed Notes on All Funds:

A. **Deposits**—*Custodial credit risk-deposits.* In the case of deposits, this is the risk that in the event of a bank failure, the Organization’s deposits may not be returned. At year end, the carrying amount of deposits was \$752,562 and the bank balance was \$786,058. The deposits are insured up to Federal Deposit Insurance Corporation (“FDIC”) Limits.

B. Capital Assets

Capital asset activity for the year ended June 30, 2020 was as follows:

	Balance			Balance
	July 1, 2019	Increases	Decreases	June 30, 2020
Property and equipment	\$ 127,847	\$ -	\$ -	\$ 127,847
Accumulated depreciation	(114,972)	(7,053)	-	(122,025)
Property and equipment, net	<u>\$ 12,875</u>	<u>\$ (7,053)</u>	<u>\$ -</u>	<u>\$ 5,822</u>

\$7,053 of depreciation expense was allocated to the training, retraining and readjustment program during the year ended June 30, 2020.

GULF COAST WORKFORCE DEVELOPMENT BOARD, INC.
D/B/A CAREERSOURCE GULF COAST
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

II Detailed Notes on All Funds: (Continued)

C. Operating Lease—The Organization leases a building and additional office space under operating leases expiring in 2020. For the year ended June 30, 2020, rental expense under the terms of these leases totaled \$246,828.

D. Capital leases—The Organization has entered into lease agreements as a lessee for financing the acquisition of equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

	Governmental Activities
Depreciable capital assets	\$ 28,246
Less: accumulated depreciation	(22,424)
	\$ 5,822

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2020 were as follows:

Year	Amount
2021	\$ 3,447
2022	254
Total minimum lease payments	3,701
Less amounts representing interest	1,532
Present value of minimum lease payments	\$ 2,169

E. Changes in long-term liabilities:

Long-term liability activity for the year ended June 30, 2020, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within one year
Governmental activities:					
Capital leases	\$ 7,347	\$ -	\$ (5,178)	\$ 2,169	\$ 2,020

GULF COAST WORKFORCE DEVELOPMENT BOARD, INC.
D/B/A CAREERSOURCE GULF COAST
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

II Detailed Notes on All Funds: (Continued)

F. **Due to Fiscal Agent**—Gulf Coast State College (the “College”) acts as a fiscal agent for the Organization. Throughout the year the College collects grant revenues, pays invoices as requested by the Organization, and pays leased employees. As of June 30, 2020 the Organization owed the College \$623,354 for invoices paid in June, service provider payments, and payroll.

III Other Information:

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

- Personal Property, General Liability and Commercial Crime
- Director’s and Officer’s Liability

Amounts of settlements, if any, have not exceeded insurance coverage for the past year.

B. **Significant Funding Source**—The Organization receives a substantial amount of its funding from the United States Department of Labor, United States Department of Commerce, and from the United States Department of Health and Human Services. A significant reduction in the level of this funding, if this were to occur, could have an adverse effect on the Organization’s programs and activities.

C. **Related Party Balances and Transactions**—Gulf Coast State College (the “College”), a direct service provider, has a member of their management serving on Organization’s board of directors. The College representative is mandated to serve on the board according to the Workforce Innovation and Opportunity Act of 2014 (WIOA) and falls under state conflict of interest laws. During the year ended June 30, 2020, amounts paid to this service provider totaled \$674,559. A payable related to provider relationship is also shown on the statement of financial position totaling \$623,354.

The Organization has a board member who serves as management in the Bay County School District. During the year ended June 30, 2020, the Organization contracted with Bay County District Schools to provide a summer enrichment program, for which the Organization expended \$53,184.

The Organization also paid several entities where the Executive Director of the Organization also serves in a volunteer capacity role as a member of the respective entity’s board of directors. These payments totaled \$178,090 for the year ended June 30, 2020.

GULF COAST WORKFORCE DEVELOPMENT BOARD, INC.
D/B/A CAREERSOURCE GULF COAST
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

III Other Information: (Continued)

D. Income Taxes—The Organization is generally exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, and therefore, no provision for income taxes has been made in the accompanying financial statements.

The Organization files income tax returns in the U.S. Federal jurisdiction. The Organization's income tax returns for the past three years are subject to examination by tax authorities and may change upon examination.

The Organization has reviewed and evaluated the relevant technical merits of each of its tax positions in accordance with accounting principles generally accepted in the United States of America for accounting for uncertainty in income taxes, and determined that there are no uncertain tax positions that would have a material impact on the financial statements of the Organization.

E. Contingencies—Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal government and the State of Florida. Any disallowed claims, including amounts already collected, may constitute a liability of the Organization. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Organization expects such amounts, if any, to be immaterial.

F. Leased Employees—Employees of the Organization are leased from Gulf Coast State College (the "College") for staffing purposes. The College provides employee benefits, including life insurance and retirement plan participation. All expenses associated with the services provided by the employee leasing service are shown as personnel expense on the Statement of Activities and Statement of Revenues, Expenditures, and Changes in Fund Balance.

G. Risks and Uncertainties— During the year ended June 30, 2020, local, U.S., and world governments have encouraged self-isolation to curtail the spread of the global pandemic, coronavirus disease (COVID-19), by mandating temporary work stoppage in many sectors and imposing limitations on travel and size and duration of group meetings. Most industries are experiencing disruption to business operations and the impact of reduced consumer spending. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them. Accordingly, while management cannot quantify the financial and other impact to the Organization as of March 1, 2021, management believes that a material impact to the Organization's financial position and results of future operations is reasonably possible.

H. Subsequent Events—The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through March 1, 2021, the date which the financial statements were available to be issued. No subsequent events have been recognized or disclosed.

GULF COAST WORKFORCE DEVELOPMENT BOARD, INC.
D/B/A CAREERSOURCE GULF COAST
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

III Other Information: (Continued)

I. **Hurricane Damages**—During the year ended June 30, 2020, the Organization completed repairs caused by damage from a hurricane, which struck the local area in October 2018. During the year ended June 30, 2020, \$279,167 in insurance proceeds related to the damage and \$304,914 was expended repairing the property and replacing damaged items.

J. **Recently Issued Accounting Pronouncements**—The Organization has considered the new pronouncements that altered accounting principles generally accepted in the United States of America, and other than as disclosed in the notes to the financial statements below, does not believe that any other new or modified principles will have a material impact on the Organization's reported financial position or operations in the near term.

In June 2017, the GASB issued Statement No. 87, Leases, which aims to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The provisions in GASB Statement No. 87 are effective for periods beginning after June 15, 2021. The Organization is currently evaluating the effect that Statement No. 87 will have on its financial statements.

**GULF COAST WORKFORCE DEVELOPMENT BOARD, INC.
D/B/A CAREERSOURCE GULF COAST
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020**

Federal Grantor/Pass-Through Grantor/ State Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Award Number	Pass-Through to Subrecipients	Expenditures
FEDERAL AWARDS				
U. S. Department of Health and Human Services				
Passed through State of Florida, Department of Economic Opportunity				
Temporary Assistance for Needy Families	93.558	WTS19	\$ 132,410	\$ 265,130
Temporary Assistance for Needy Families	93.558	WTS20	218,289	356,194
			<u>350,699</u>	<u>621,324</u>
U. S. Department of Commerce				
Passed through State of Florida, Department of Economic Opportunity				
Unallied Industry Projects	11.452	ABFCM	-	101,387
U. S. Department of Labor				
Passed through State of Florida, Department of Economic Opportunity				
Employment Service/Wagner – Peyser Funded Activities	17.207	WPB17	-	1,851
Employment Service/Wagner – Peyser Funded Activities	17.207	WPB19	24,620	31,829
Employment Service/Wagner – Peyser Funded Activities	17.207	WPB20	34,040	82,656
Employment Service/Wagner – Peyser Funded Activities	17.207	WPA19	12,620	38,120
Employment Service/Wagner – Peyser Funded Activities	17.207	WPA20	660	42,436
Jobs for Veterans State Grants	17.801	DVP19	4,660	26,010
Jobs for Veterans State Grants	17.801	DVP20	4,776	24,791
Jobs for Veterans State Grants	17.801	LVR19	2,151	8,328
Jobs for Veterans State Grants	17.801	LVR20	2,491	13,450
		Total Employment Service Cluster	<u>86,018</u>	<u>269,471</u>
Unemployment Insurance				
Unemployment Insurance	17.225	UCR19	43,644	63,275
Unemployment Insurance	17.225	UCB19	1,214	2,009
			<u>44,858</u>	<u>65,284</u>

See Accompanying Notes to Schedule of Expenditures of Federal Awards.

GULF COAST WORKFORCE DEVELOPMENT BOARD, INC.
D/B/A CAREERSOURCE GULF COAST
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020
(Continued)

Federal Grantor/Pass-Through Grantor/ State Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Award Number	Pass-Through to Subrecipients	Expenditures
FEDERAL AWARDS (Continued)				
U. S. Department of Labor (Continued)				
Passed through State of Florida, Department of Economic Opportunity (Continued)				
WIOA Adult Program	17.258	WIA19	57,300	341,495
WIOA Adult Program	17.258	WIA20	39,140	150,193
WIOA Adult Program	17.258	WIS18	5,962	54,789
WIOA Adult Program	17.258	WIS19	51,580	137,115
WIOA Adult Program	17.258	WIS20	-	102
WIOA Youth Activities	17.259	WIY19	74,796	159,534
WIOA Youth Activities	17.259	WIS18	5,962	54,789
WIOA Youth Activities	17.259	WIS19	51,580	137,115
WIOA Youth Activities	17.259	WIS20	-	102
WIOA Dislocated Worker Formula Grants	17.278	WID19	42,450	255,940
WIOA Dislocated Worker Formula Grants	17.278	WID20	10,756	143,237
WIOA Dislocated Worker Formula Grants	17.278	WIR18	-	51,733
WIOA Dislocated Worker Formula Grants	17.278	WIS18	6,143	67,160
WIOA Dislocated Worker Formula Grants	17.278	WIS19	58,027	141,270
WIOA Dislocated Worker Formula Grants	17.278	WIS20	-	114
WIOA Dislocated Worker Formula Grants	17.278	WRS18	21,342	589,744
		Total WIOA Cluster	425,038	2,284,432
WIOA National Dislocated Worker Grants / WIA National Emergency Grants	17.277	WNM19	-	7,077,769
WIOA National Dislocated Worker Grants / WIA National Emergency Grants	17.277	WNH19	-	1,525,395
COVID-19 WIOA National Dislocated Worker Grants / WIA National Emergency Grants	17.277	WNC20	-	14,940
			-	8,618,104
U. S. Department of Agriculture				
Passed through State of Florida, Department of Economic Opportunity				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	FSH19	8,086	16,136
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	FSH20	31,757	50,168
		Total SNAP Cluster	39,843	66,304
Passed through State of Florida, Department of Agriculture and Consumer Services				
Summer Food Service Program for Children	10.559	18608	-	8,719
		Total Child Nutrition Cluster	-	8,719
			\$ 946,456	\$ 12,035,025

See Accompanying Notes to Schedule of Expenditures of Federal Awards.

GULF COAST WORKFORCE DEVELOPMENT BOARD, INC.
D/B/A CAREERSOURCE GULF COAST
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

(1) **Basis of Presentation:**

The accompanying Schedule of Expenditures of Federal Awards includes the Federal award activity of Gulf Coast Workforce Development Board, Inc. d/b/a CareerSource Gulf Coast is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

(2) **Summary of Significant Accounting Policies:**

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

(3) **De Minimis Indirect Cost Rate Election:**

Gulf Coast Workforce Development Board, Inc. d/b/a CareerSource Gulf Coast has elected not to use the 10 percent de minimis indirect cost rate as allowed under Uniform Guidance.

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 of Directors,
Gulf Coast Workforce Development Board, Inc. d/b/a CareerSource Gulf Coast:

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 the governmental activities and each major fund of Gulf Coast Workforce Development Board, Inc. d/b/a CareerSource Gulf Coast (“the Organization”) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Organization’s basic financial statements, and have issued our report thereon dated March 1, 2021.

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 opinions 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 have not been identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2020-001 that we consider to be a material weakness.

Compliance and Other Matters

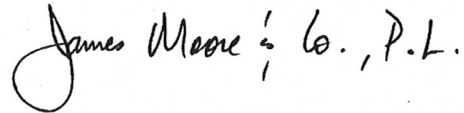
As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

Gulf Coast Workforce Development Board, Inc.'s Response to Finding

The Organization's response to the finding identified in our audit is described in the accompanying corrective action plan. The Organization's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 result 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.

James Moore & Co., P.L.

Tallahassee, Florida
March 1, 2021

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH THE UNIFORM GUIDANCE**

To the Board of Directors,
Gulf Coast Workforce Development Board, Inc. d/b/a CareerSource Gulf Coast:

Report on Compliance for Each Major Federal Program

We have audited Gulf Coast Workforce Development Board, Inc. d/b/a CareerSource Gulf Coast's (the "Organization") compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' 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; the special audit guidance provided by the State of Florida Department of Economic Opportunity; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) 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.

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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 each of its major federal programs 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 to be 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.

James Moore & Co., P.L.

Tallahassee, Florida
March 1, 2021

**GULF COAST WORKFORCE DEVELOPMENT BOARD, INC.
D/B/A CAREERSOURCE GULF COAST
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2020**

I. Summary of Auditors' Results:

Financial Statements

Type of audit report issued on the financial statements: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? X yes no
- Significant deficiency(ies) identified? yes X none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major Federal programs:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified? yes X none reported

Types of auditor's report issued on compliance for major Federal programs: *Unmodified*

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

Identification of major programs:

Federal Program	Federal CFDA Number
WIOA National Dislocated Worker Grants / WIA National Emergency Grants	17.277
Dollar threshold used to distinguish between type A and type B Federal programs:	750,000
Auditee qualified as low-risk auditee?	<u> X </u> yes <u> </u> no

GULF COAST WORKFORCE DEVELOPMENT BOARD, INC.
D/B/A CAREERSOURCE GULF COAST
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2020
(CONTINUED)

II. Financial Statement Findings:

Finding 2020-001: Audit Adjustments

Condition and Criteria: Financial statements required material adjustments to be in accordance with Generally Accepted Accounting Principles.

Cause: For the year ended June 30, 2020, certain adjustments were required to be made to the accounting records subsequent to the start of the audit process. These adjustments were necessary to correct material misstatement of the financial statements. We also noted not all adjustments made during the year require approval.

Effect: Financial statements would be materially misstated if significant adjustments were not made. Not all adjustments made during the year were reviewed at the individual level.

Recommendation: We recommend management select and apply the appropriate accounting principles to prepare the financial statements in accordance with generally accepted accounting principles and review all entries made in the accounting system.

III. Federal Award Findings and Questioned Costs:

None.

IV. State of Florida, Department of Economic Opportunity Reporting Requirements:

Gulf Coast Workforce Development Board, Inc. performed timely reconciliations between the general ledger accounting system and the Subrecipient Enterprise Resource Application.

V. Federal Award Summary Schedule of Prior Year Findings:

There were no audit findings for the year ended June 30, 2019.

MANAGEMENT'S RESPONSE TO FINDING 2020-001: AUDIT ADJUSTMENTS

We will have a CPA assist us with making sure the financial statements are prepared in accordance with generally accepted accounting principles. We will expand our procedures for reviewing and approving adjustments/entries made in the accounting system to include all adjustments and entries.

Kimberly L. Bodine
DB 3/1/21

March 1, 2021

Board of Directors,
Gulf Coast Workforce Development Board, Inc.
5320 West Highway 98
Panama City, Florida 32401-1058

We have audited the financial statements of Gulf Coast Workforce Development Board, Inc. (“the Organization”) as of and for the year ended June 30, 2020, and have issued our report thereon dated March 1, 2021. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated July 26, 2018, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Organization solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

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Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence.

In order to eliminate threats to independence related to nonattest services that we provide you, we have instituted a quality control review over all nonattest work. Also, in the engagement letter, we identified a person within your organization with the skills, knowledge and expertise to review our nonattest work on your behalf.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Organization is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during year ended June 30, 2020. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements is depreciation expense. Management's estimate of the depreciation expense is based on the straight-line method of calculating depreciation over the useful life of the related asset. We evaluated the key factors and assumptions used to develop the depreciation expense and determined that it is reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Significant Difficulties Encountered during the Audit

We encountered no difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Management has corrected all identified misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. See attached for material misstatements that we identified as a result of our audit procedures were brought to the attention of, and corrected by, management.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Organization's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated March 1, 2021.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the Organization, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Organization's auditors.

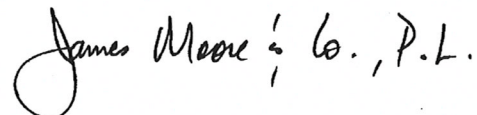
Other Information in Documents Containing Audited Financial Statements

Pursuant to professional standards, our responsibility as auditors for other information in documents containing the Organization's audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. However, in accordance with such standards, we have read the information and agreed information to the underlying accounting records from which it was derived.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

This report is intended solely for the use of the Board of Directors and management of the Organization and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,



James Moore & Co., P.L.

Client: 502696 - Gulf Coast Workforce Development Board, Inc.
 Engagement: 2020 Audit - Gulf Coast Workforce Development Board, Inc.
 Period Ending: 6/30/2020
 Trial Balance: TB-01 - TB
 Workpaper:

Account	Description	W/P Ref	Debit	Credit
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Adjusting Journal Entries JE # 2

To record additional deposits for Dupont

000-10210	Cash Account - Bay CU checking		257,880.00	
848-41005	Misc Grant Revenue (DuPont Summer)			145,270.00
849-41005	Misc Grant Revenue (DuPont CRC)			112,610.00
Total			<u>257,880.00</u>	<u>257,880.00</u>

Adjusting Journal Entries JE # 5

To reverse payable for hurricane repair expenses carried over from PY

BB-03

735-21500	Accounts Payable		147,002.00	
735-62500	Repairs & Maintenance			147,002.00
Total			<u>147,002.00</u>	<u>147,002.00</u>



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March 1, 2021

James Moore & Co, P.L.
2477 Tim Gamble Place, Suite 200
Tallahassee, Florida 32308

This representation letter is provided in connection with your audit of the basic financial statements of Gulf Coast Workforce Development Board, Inc., Inc. d/b/a CareerSource Gulf Coast which comprise the respective financial position of the governmental activities and each major fund as of June 30, 2020 and for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions on whether the basic financial statements present fairly, in all material respects, the financial position and results of operations of the various opinion units of CareerSource Gulf Coast in conformity with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of March 1, 2021:

Financial Statements

- a) We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated July 26, 2018, for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
- b) The financial statements referred to above have been fairly presented in accordance with U.S. GAAP and include all properly classified funds, required supplementary information, and notes to the basic financial statements.
- c) We acknowledge our responsibility 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.
- d) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- e) With regard to non-audit services (Preparation of financial statements, preparation of depreciation schedule, IRS Form 990, Schedule of Federal Awards, cash to accrual adjustments, and Data Collection Form) performed by you, we acknowledge and our responsibility to:
 - o Assume all management responsibilities;
 - o Oversee the services by designating an individual, Deb Blair, who possesses suitable skill, knowledge, or experience;
 - o Evaluate the adequacy and results of the services performed; and
 - o Accept responsibility for the results of the services

Patricia Hardman, Chair

Elinor Mount-Simmons, Vice Chair

Kimberly L. Bodine, Executive Director

In the bottom right corner of the page, there are several overlapping geometric shapes, primarily triangles and squares, in various shades of gray, creating a modern, abstract design.



- o Established and maintained internal controls, including monitoring ongoing activities.
- f) Significant assumptions used by us in making accounting estimates are reasonable.
- g) Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- h) All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- i) The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
- j) All funds and activities are properly classified.
- k) All funds that meet the quantitative criteria in GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus* as amended, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
- l) All components of net position, nonspendable fund balance, and restricted, committed, assigned, and unassigned fund balance are properly classified and, if applicable, approved.
- m) All revenues within the statement of activities have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- n) All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
- o) Deposit and investment risks have been properly and fully disclosed.
- p) Capital assets are properly capitalized, reported, and if applicable, depreciated.
- q) All required supplementary information is measured and presented within the prescribed guidelines.
- r) We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
- s) We have reviewed, approved, and taken responsibility for the financial statements and related notes.
- t) We have a process to track the status of audit findings and recommendations.
- u) We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- v) With respect to the supplementary information accompanying the financial statements:
 - o We acknowledge our responsibility for the presentation of the supplementary information in accordance with the Uniform Guidance, Audits of States, Local Governments, and Non-Profit Organizations.
 - o We believe the supplementary information, including its form and content, is fairly presented in accordance with the Uniform Guidance, Audits of States, Local Governments, and Non-Profit Organizations.
 - o The methods of measurement or presentation have not changed from those used in the prior period.
 - o When the supplementary information is not presented with the audited financial statements, management will make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by the entity of the supplementary information and the auditor's report thereon.
- w) We understand that you prepared the trial balance for use during the audit and that your preparation of the trial balance was limited to formatting information into a working trial balance based on management's chart of accounts.
- x) Receivables recorded in the financial statements represent valid claims against grantors for transactions arising on or before the balance sheet date and have been reduced to their estimated net realizable value.



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- y) As part of your audit, you assisted with preparation of cash to accrual adjustments, the financial statements and related notes and schedule of expenditures of federal awards. We have designated an individual, Deb Blair, with suitable skill, knowledge, or experience to oversee your services and have made all management decisions and performed all management functions. We have reviewed, approved, and accepted responsibility for those financial statements and related notes and schedule of expenditures of federal awards.
- z) During the year ended June 30, 2020, local, U.S., and world governments have encouraged self-isolation to curtail the spread of the global pandemic, coronavirus disease (COVID-19), by mandating temporary work stoppage in many sectors and imposing limitations on travel and size and duration of group meetings. Most industries are experiencing disruption to business operations and the impact of reduced consumer spending. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them. Accordingly, while management cannot quantify the financial and other impact to Gulf Coast Workforce Development Board as of March 1, 2021, management believes that a material impact on Gulf Coast Workforce Development Board's financial position and results of future operations is reasonably possible.

Information Provided

- a) We have provided you with:
 - o Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
 - o Additional information that you have requested from us for the purpose of the audit; and
 - o Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- b) All transactions have been recorded in the accounting records and are reflected in the financial statements.
- c) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- d) We have provided to you our analysis of the entity's ability to continue as a going concern, including significant conditions and events present, and if necessary, our analysis of management's plans, and our ability to achieve those plans.
- e) We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - o Management;
 - o Employees who have significant roles in internal control; or
 - o Others where the fraud could have a material effect on the financial statements.
- f) We are not aware of any pending or threatened litigation, claims, and assessments whose effects should be considered when preparing the financial statements and we have not consulted legal counsel concerning litigation, claims, or assessments.
- g) We have *no knowledge of any* instances, that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance, whether communicated by employees, former employees, vendors (contractors), regulators, or others.
- h) We have *no knowledge of any* instances that have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that has a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- i) We have *no knowledge of any* instances that have occurred or are likely to have occurred of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.



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- j) We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
- k) There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
- l) CareerSource Gulf Coast has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
- m) We have disclosed to you all guarantees, whether written or oral, under which CareerSource Gulf Coast is contingently liable.
- n) We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 (GASB-62), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.
- o) We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
- p) There are no:
 - Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
 - Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62.
 - Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62
- q) CareerSource Gulf Coast has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
- r) We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- s) We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB-62. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.

Single Audit

With respect to federal awards, we represent the following to you:

- a. We are responsible for understanding and complying with and have complied with the requirements of the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as applicable.
- b. We are responsible for the preparation and presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance.
- c. We believe the schedule of expenditures of federal awards, including its form and content, is fairly presented in accordance with the Uniform Guidance.
- d. The methods of measurement or presentation have not changed from those used in the prior period.



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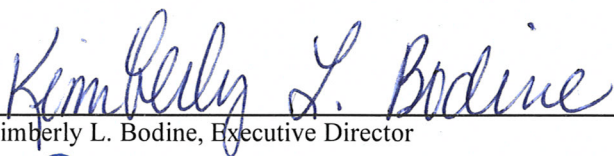
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- e. We are responsible for including the auditor's report on the schedule of expenditures of federal awards in any document that contains the schedule and that indicates that the auditor has reported on such information.
- f. We have notified you of federal awards and funding increments that were received before December 26, 2014, and differentiated those awards from awards and funding increments received on or after December 26, 2014, and subject to the audit requirements of the Uniform Guidance.
- g. When the schedule of expenditures of federal awards is not presented with the audited financial statements, management will make the audited financial statements readily available to the intended users of the schedule of expenditures of federal awards no later than the date of issuance by the entity of the schedule of expenditures of federal awards and the auditor's report thereon.
- h. We have, in accordance with the Uniform Guidance, identified in the schedule of expenditures of federal awards, expenditures made during the audit period for all awards provided by federal agencies in the form of grants, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, food commodities, direct appropriations, and other assistance.
- i. We are responsible for complying with the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of our federal programs and have identified and disclosed to you the requirements of laws, regulations, and the provisions of contracts and grant agreements that are considered to have a direct and material effect on each major federal program; and we have complied, in all material respects, with these requirements.
- j. We have provided to you our interpretations of any compliance requirements that have varying interpretations.
- k. We are responsible for establishing and maintaining effective internal control over compliance requirements applicable to federal programs that provide reasonable assurance that we are managing our federal awards in compliance with laws, regulations, and the provisions of contracts and grant agreements that could have a material effect on our federal programs. Also, no changes have been made in the internal control system to the date of this letter that might significantly affect internal control, including any corrective action taken with regard to significant deficiencies, including material weaknesses, reported in the schedule of findings and questioned costs.
- l. We have made available to you all contracts and grant agreements (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relating to federal programs.
- m. We have received no requests from a federal agency to audit one or more specific programs as a major program.
- n. There are no amounts questioned and any known noncompliance with the requirements of federal awards, including the results of other audits or program reviews. We also know of no instances of noncompliance occurring subsequent to the end of the period audited.
- o. We have charged costs to federal awards in accordance with applicable cost principles, including amounts claimed or used for matching determined in accordance with relevant guidelines in the Uniform Guidance.
- p. We have disclosed to you any communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
- q. We have made available to you all documentation related to the compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
- r. Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared.
- s. The copies of federal program financial reports provided to you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.



- t. We have monitored subrecipients to determine if they have expended pass-through assistance in accordance with applicable laws and regulations and have met the requirements of the Uniform Guidance.
- u. We have issued management decisions for audit findings that relate to federal awards we make to subrecipients and such management decisions are issued within six months of acceptance of the audit report by the FAC. Additionally, we have followed-up ensuring that the subrecipients have taken the appropriate and timely action on all deficiencies detected through audits, on-site reviews, and other means that pertain to the federal award provided to the subrecipient from the pass-through entity.
- v. We have considered the results of subrecipients' audits and have made any necessary adjustments to our own books and records.
- w. We have properly classified amounts claimed or used for matching in accordance with related guidelines in the Uniform Guidance, as applicable.
- x. We have charged costs to federal awards in accordance with the provisions of the Uniform Guidance, as applicable.
- y. We are responsible for and have accurately completed the appropriate sections of the Data Collection Form as required by the Uniform Guidance.
- z. We have disclosed all contracts or other agreements with service organizations and disclosed to you all communications from these service organizations relating to noncompliance at the organizations.
- aa. We are responsible for understanding and complying with the requirements of federal statutes, regulations, and the terms and conditions of federal awards related to each of our federal programs and have identified and disclosed to you the federal statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each major federal program; and we have complied with these direct and material compliance requirements.
- bb. We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal programs that provide reasonable assurance that we are managing our federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal award that could have a material effect on our federal programs. Also, no changes have been made in the internal control over compliance or other factors that might significantly affect internal control, including any corrective action taken by management with regard to significant deficiencies and material weaknesses in internal control over compliance, have occurred subsequent to the period covered by the auditor's report.
- cc. We are responsible for and have accurately completed the appropriate sections of the Data Collection Form and we are responsible for taking corrective action on audit findings of the compliance audit and have developed a corrective action plan that meets the requirements of the Uniform Guidance.



Kimberly L. Bodine, Executive Director



Deb Blair, Finance Director

