

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

FINANCIAL STATEMENTS

JUNE 30, 2019

**GULF COAST WORKFORCE DEVELOPMENT BOARD, INC.
D/B/A CAREERSOURCE GULF COAST
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JUNE 30, 2019**

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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, 2019, 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

The Organization's 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.

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, 2019, 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.

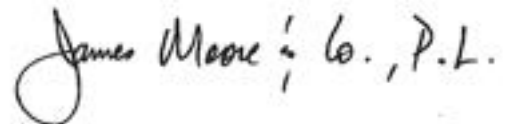
Other Information

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 are 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 are 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 30, 2020, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

James Moore & Co., P.L.

Tallahassee, Florida
March 30, 2020

**Gulf Coast Workforce Development Board, Inc.
d/b/a CareerSource Gulf Coast
Management's Discussion and Analysis
June 30, 2019**

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, 2019.

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.

The basic government-wide financial statements can be found on pages 7 – 8 of this report.

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, 2019
(Continued)

The basic governmental fund financial statements can be found on pages 9-11 of this report.

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. The notes to the financial statements can be found on pages 12-20 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents a Schedule of Expenditures of Federal Awards that can be found on pages 21-22. This schedule lists all federal grants awarded to the Organization and their related expenditures for the fiscal year ended June 30, 2019.

Condensed Financial Statements

Net Position

	2019	2018
Current assets	\$ 2,432,812	\$ 899,515
Other assets	346,260	336,174
Capital assets	12,875	26,629
Total assets	<u>2,791,947</u>	<u>1,262,318</u>
Current liabilities	1,787,566	458,588
Noncurrent liabilities	2,169	8,876
Total liabilities	<u>1,789,735</u>	<u>467,464</u>
Net position		
Net investment in capital assets	5,528	10,242
Restricted	255,996	227,951
Unrestricted	740,688	556,661
Total net position	<u>\$ 1,002,212</u>	<u>\$ 794,854</u>

Changes in Net Position

	2019	2018
Program revenues:		
Operating grants and contributions	\$ 6,381,219	\$ 3,326,281
Other	6,842	-
Insurance proceeds, net	83,832	-
Total revenues	<u>6,471,893</u>	<u>3,326,281</u>
Expenses:		
Training, retraining and readjustment	6,264,535	3,011,009
Total expenses	<u>6,264,535</u>	<u>3,011,009</u>
Increase in net position	207,358	315,272
Net position, beginning of year, as restated	794,854	479,582
Net position, end of year	<u>\$ 1,002,212</u>	<u>\$ 794,854</u>

Gulf Coast Workforce Development Board, Inc.
d/b/a CareerSource Gulf Coast
Management's Discussion and Analysis
June 30, 2019
(Continued)

Government-wide Financial Analysis

Net Position: The Organization's net position increased by \$207,358 from fiscal year 2018. 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, 2019.

Capital Asset Administration

The Organization's net investment in capital assets for its governmental activities as of June 30, 2019, amounts to \$12,875 (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

95% 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, 2019

	Governmental Activities
<u>ASSETS</u>	
Current assets	
Cash and cash equivalents	\$ 599,857
Receivables, net	1,832,955
Total current assets	2,432,812
Other assets	
Cash value of investment	346,260
Capital assets, net accumulated depreciation	12,875
Total Assets	2,791,947
<u>LIABILITIES</u>	
Current liabilities	
Accounts payable and accrued expenses	854,842
Due to fiscal agent	927,546
Capital lease payable due within one year	5,178
Total current liabilities	1,787,566
Long-term liabilities	
Capital lease payable, less current portion	2,169
Total Liabilities	1,789,735
<u>NET POSITION</u>	
Net investment in capital assets	5,528
Restricted:	
Other Purposes	255,996
Unrestricted	740,688
Total Net Position	\$ 1,002,212

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, 2019

	Expenses	Program Revenues Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position	Governmental Activities
Functions/Programs				
Governmental activities				
Training, retraining and readjustment	6,264,535	\$ 6,381,219	\$	116,684
Total governmental activities	\$ 6,264,535	\$ 6,381,219		116,684
		General Revenues:		
		Other		6,842
		Special Items :		
Insurance proceeds, net of hurricane damage expense				83,832
		Change in net position		207,358
		Net position, beginning of year, as restated		794,854
		Net position, end of year	\$	1,002,212

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, 2019**

ASSETS	General Fund
Cash and cash equivalents	\$ 599,857
Grant and contract receivables	1,832,955
Cash value of investment	346,260
Total Assets	\$ 2,779,072
LIABILITIES AND FUND BALANCE	
Liabilities	
Accounts payable and accrued expenses	\$ 854,842
Due to fiscal agent	927,546
Total Liabilities	1,782,388
Fund balance	
Restricted:	
Other Purposes	255,996
Unassigned	740,688
Total Fund Balance	996,684
Amounts reported for the 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 fund.	12,875
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the fund.	(7,347)
Net position of governmental activities	\$ 1,002,212

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, 2019**

	General Fund
Revenues	
Grants and contracts	\$ 6,381,219
Other	6,842
Total revenues	6,388,061
Expenditures	
Personnel	1,210,093
Travel and meetings	72,691
Communications and utilities	46,904
Facilities	117,913
Direct program services	4,426,340
Insurance	22,496
Other	126,799
Printing and supplies	142,830
Professional	93,755
Total expenditures	6,259,821
Excess of revenues over expenditures	128,240
Other financing sources (uses)	
Insurance proceeds	230,832
Hurricane damage	(147,000)
Total financing sources and uses	83,832
Net change in fund balance	212,072
Fund balance, beginning of year, as restated	784,612
Fund balance, end of year	\$ 996,684

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, 2019

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

Net change in fund balance - total governmental fund	\$	212,072
<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>		
Loss on disposal of fixed assets		(4,158)
Depreciation expense		(9,596)
		(13,754)
<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>		
<p>Principal repayments:</p>		
Capital leases		9,040
Change in net position of governmental activities		\$ 207,358

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, 2019

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, 2019

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, 2019

I Summary of Significant Accounting Policies: (Continued)

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

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, 2019

I Summary of Significant Accounting Policies: (Continued)

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

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.

10. Other Assets

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, 2019

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, 2019, the Organization incurred \$25,224 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 \$599,857 and the bank balance was \$641,928. The deposits are insured up to Federal Deposit Insurance Corporation ("FDIC") Limits.

**GULF COAST WORKFORCE DEVELOPMENT BOARD, INC.
D/B/A CAREERSOURCE GULF COAST
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

II Detailed Notes on All Funds: (Continued)

B. Capital Assets

Capital asset activity for the year ended June 30, 2019 was as follows:

	<u>Balance</u> <u>July 1, 2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2019</u>
Property and equipment	\$ 199,832	\$ -	\$ (71,985)	\$ 127,847
Accumulated depreciation	(173,203)	(9,596)	67,827	(114,972)
Property and equipment, net	<u>\$ 26,629</u>	<u>\$ (9,596)</u>	<u>\$ (4,158)</u>	<u>\$ 12,875</u>

\$9,596 of depreciation expense was allocated to the training, retraining and readjustment program during the year ended June 30, 2019.

C. Operating Lease:

The Organization leases a building and additional office space under operating leases expiring in 2020. For the year ended June 30, 2019, rental expense under the terms of these leases totaled \$117,913.

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:

	<u>Governmental</u> <u>Activities</u>
Depreciable capital assets	\$ 27,796
Less: accumulated depreciation	(16,774)
	<u>\$ 11,022</u>

GULF COAST WORKFORCE DEVELOPMENT BOARD, INC.
D/B/A CAREERSOURCE GULF COAST
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

II Detailed Notes on All Funds: (Continued)

D. Capital leases:

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2019 were as follows:

Year	Amount
2020	\$ 8,837
2021	3,447
2022	254
Total minimum lease payments	12,538
Less amounts representing interest	5,191
Present value of minimum lease payments	\$ 7,347

E. Changes in long-term liabilities:

Long-term liability activity for the year ended June 30, 2019, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within one year
Governmental activities:					
Capital leases	\$ 16,387	\$ -	\$ (9,040)	\$ 7,347	\$ 5,178

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.

GULF COAST WORKFORCE DEVELOPMENT BOARD, INC.
D/B/A CAREERSOURCE GULF COAST
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

III Other Information: (Continued)

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, 2019, amounts paid to this service provider totaled \$870,865. A payable related to provider relationship is also shown on the statement of financial position totaling \$927,546.

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 \$98,320 for the year ended June 30, 2019.

D. 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 applicable funds. 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.

E. 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.

F. Subsequent Events

The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through March 30, 2020, the date which the financial statements were available to be issued. We noted the following subsequent events to disclose:

The Organization renewed an operating lease for office space through July 31, 2024. Annual expenses related to this lease will be approximately \$275,000 a year.

GULF COAST WORKFORCE DEVELOPMENT BOARD, INC.
D/B/A CAREERSOURCE GULF COAST
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

III Other Information: (Continued)

F. Subsequent Events

Subsequent to June 30, 2019, 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. 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 30, 2020, management believes that a material impact on the Organization's financial position and results of future operations is reasonably possible.

G. 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 December 15, 2019. The Organization is currently evaluating the effect that Statement No. 87 will have on its financial statements.

H. Restatement of Net Position

Subsequent to issuance of the June 30, 2018 financial statements, management determined some private awards should have been accounted for an unconditional promises to give. The effect on beginning net position and fund balance is an increase of \$240,895.

I. Commitments

The Organization is in the process of repairing a building. The total estimated costs of repairs are estimated to be approximately \$450,000. As of June 30, 2019, approximately \$147,000 has been spent on the repair of the building.

J. 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.

GULF COAST WORKFORCE DEVELOPMENT BOARD, INC.
D/B/A CAREERSOURCE GULF COAST
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

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	WTS18	\$ 76,943	\$ 125,194
Temporary Assistance for Needy Families	93.558	WTS19	246,132	304,489
		Total TANF Cluster	323,075	429,683
U. S. Department of Commerce				
Passed through State of Florida, Department of Economic Opportunity				
Unallied Industry Projects	11.452	ABFCM	-	239,243
U. S. Department of Labor				
Passed through State of Florida, Department of Economic Opportunity				
Employment Service/Wagner – Peyser Funded Activities	17.207	WPB17	40,000	84,992
Employment Service/Wagner – Peyser Funded Activities	17.207	WPB19	75,000	97,031
Employment Service/Wagner – Peyser Funded Activities	17.207	WPA18	-	11,602
Employment Service/Wagner – Peyser Funded Activities	17.207	WPA19	9,200	16,770
Jobs for Veterans State Grants	17.801	DVP18	5,088	18,800
Jobs for Veterans State Grants	17.801	DVP19	10,912	21,659
Jobs for Veterans State Grants	17.801	LVR18	2,267	4,480
Jobs for Veterans State Grants	17.801	LVR19	5,458	9,540
		Total Employment Service Cluster	147,925	264,874
Unemployment Insurance	17.225	UCRE8	45,000	52,227
Unemployment Insurance	17.225	UCR19	3,638	10,753
Unemployment Insurance	17.225	UCB18	2,862	4,327
			51,500	67,307

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, 2019**

(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	WIA18	104,741	164,598
WIOA Adult Program	17.258	WIA19	1,391	124,836
WIOA Adult Program	17.258	WIS17	-	49,656
WIOA Adult Program	17.258	WIS18	11,922	54,816
WIOA Adult Program	17.258	WIS19	19,283	21,013
WIOA Youth Activities	17.259	WIS17	-	49,656
WIOA Youth Activities	17.259	WIS18	11,922	54,816
WIOA Youth Activities	17.259	WIS19	19,283	21,012
WIOA Youth Activities	17.259	WIV18	122,911	143,552
WIOA Youth Activities	17.259	WIV19	19,028	69,974
WIOA Dislocated Worker Formula Grants	17.278	WID18	77,409	200,481
WIOA Dislocated Worker Formula Grants	17.278	WID19	890	174,068
WIOA Dislocated Worker Formula Grants	17.278	WIR18	-	148,267
WIOA Dislocated Worker Formula Grants	17.278	WRS17	62,075	107,886
WIOA Dislocated Worker Formula Grants	17.278	WRS18	-	1,464
WIOA Dislocated Worker Formula Grants	17.278	WIS17	-	66,208
WIOA Dislocated Worker Formula Grants	17.278	WIS18	14,614	67,194
WIOA Dislocated Worker Formula Grants	17.278	WIS19	19,867	21,649
		Total WIOA Cluster	485,336	1,541,146
WIOA National Dislocated Worker Grants / WIA National Emergency Grants	17.277	WNM19	-	3,204,626
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	FSF18	9,653	22,818
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	FSH19	38,816	58,430
		Total SNAP Cluster	48,469	81,248
Passed through State of Florida, Department of Agriculture and Consumer Services				
Summer Food Service Program for Children	10.559	04-0302	-	19,313
			\$ 1,056,305	\$ 5,847,440

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, 2019**

(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, 2019, 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 30, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our 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.

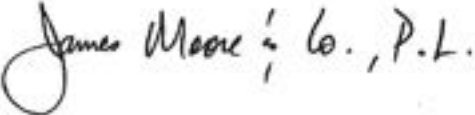
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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 30, 2020

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, 2019. 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, 2019.

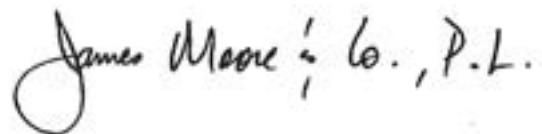
Report on Internal Control over Compliance

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.

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large loop at the beginning of the word "James".

Tallahassee, Florida
March 30, 2020

**GULF COAST WORKFORCE DEVELOPMENT BOARD, INC.
D/B/A CAREERSOURCE GULF COAST
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2019**

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? _____ yes X 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 _____ no

GULF COAST WORKFORCE DEVELOPMENT BOARD, INC.
D/B/A CAREERSOURCE GULF COAST
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2019
(CONTINUED)

II. Financial Statement Findings:

None.

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, 2018.

March 30, 2020

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, 2019, and have issued our report thereon dated March 30, 2020. 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, 2019. 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. None of the misstatements identified by us as a result of our audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole or applicable opinion units.

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 30, 2020.

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.

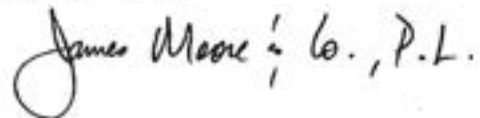
Other Information in Documents Containing Audited Financial Statements

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.



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careersourcegc.com

March 30, 2020

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, 2019 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 30, 2020:

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 nonaudit 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
 - 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.

Jennifer Conoley, Chair

Kimberly L. Bodine, Executive Director

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- h) We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
- i) We have reviewed, approved, and taken responsibility for the financial statements and related notes.
- j) We have a process to track the status of audit findings and recommendations.
- k) 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.

- l) 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.
- m) The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
- n) All funds and activities are properly classified.
- o) 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.
- p) All components of net position, nonspendable fund balance, and restricted, committed, assigned, and unassigned fund balance are properly classified and, if applicable, approved.
- q) Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position/fund balance are available is appropriately disclosed and net position/fund balance is properly recognized under the policy.
- r) 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.
- s) 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.
- t) Deposit and investment risks have been properly and fully disclosed.
- u) Capital assets are properly capitalized, reported, and if applicable, depreciated.
- v) All required supplementary information is measured and presented within the prescribed guidelines.
- w) 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.
 - o We acknowledge our responsibility to include the auditor's report on the supplementary information in any document containing the supplementary information and that indicates the auditor reported on such supplementary information.
 - o We acknowledge our responsibility to present the supplementary information with the audited financial statements or, if the supplementary information will not be presented with the audited financial statements, to 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.

- x) 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.
- y) 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.
- z) 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.

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.
- 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.

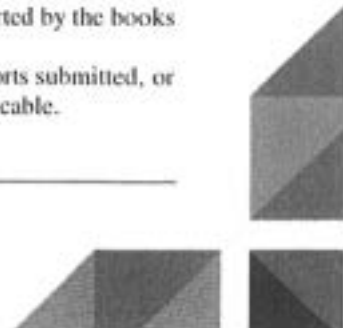
Single Audit

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.



- 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.





- l. 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

