

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

**FINANCIAL STATEMENTS**

**JUNE 30, 2022**

**GULF COAST WORKFORCE DEVELOPMENT BOARD, INC.**  
**D/B/A CAREERSOURCE GULF COAST**  
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**JUNE 30, 2022**

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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 Audit of the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities and the general 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, 2022, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Organization, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Change in Accounting Principle*

As discussed in Note 1(s) to the financial statements, during the year ending June 30, 2022, the entity adopted the provisions of GASB Statement No. 87, Leases. Our opinion is not modified with respect to this matter.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organizations 's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

### ***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.

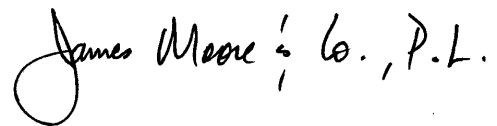
### ***Supplementary Information***

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 24, 2023, 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.

A handwritten signature in black ink that reads "James Moore & Co., P.L.". The signature is written in a cursive style with a large, looped initial "J".

Tallahassee, Florida  
March 24, 2023

**GULF COAST WORKFORCE DEVELOPMENT BOARD, INC.**  
**D/B/A CAREERSOURCE GULF COAST**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2022**

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, 2022.

**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 (e.g., earned but unused vacation leave).

The location of the basic government-wide financial statements can be found in the table of contents.

**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 governmental fund, which is the General 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.

**GULF COAST WORKFORCE DEVELOPMENT BOARD, INC.**  
**D/B/A CAREERSOURCE GULF COAST**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2022**  
(Continued)

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*.

**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, 2022. The location of the Schedule of Expenditures of Federal Awards can be found in the table of contents.

**Condensed Financial Statements**

**Net Position**

	<b>2022</b>	<b>2021</b>
Current assets	\$ 2,073,790	\$ 2,560,540
Capital assets	2,816,787	202,765
Total assets	4,890,577	2,763,305
Current liabilities	716,591	940,198
Noncurrent liabilities	2,686,800	2,168
Total liabilities	3,403,391	942,366
Net position		
Net investment in capital assets	129,987	200,597
Restricted	800,237	851,912
Unrestricted	556,962	768,430
Total net position	\$ 1,487,186	\$ 1,820,939

**Changes in Net Position**

	<b>2022</b>	<b>2021</b>
Program revenues:		
Operating grants and contributions	\$ 4,387,590	\$ 9,285,107
Total revenues	4,387,590	9,285,107
Expenses:		
Training, retraining and readjustment	4,721,343	8,527,061
Total expenses	4,721,343	8,527,061
Increase (decrease) in net position	(333,753)	758,046
Net position, beginning of year	1,820,939	1,062,894
Net position, end of year	\$ 1,487,186	\$ 1,820,939

**GULF COAST WORKFORCE DEVELOPMENT BOARD, INC.**  
**D/B/A CAREERSOURCE GULF COAST**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2022**  
(Continued)

**OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS**

**Government-wide Financial Analysis**

Net Position: The Organization's net position decreased by \$333,753 from fiscal year 2021. The primary cause of this decrease was a difference in the timing of revenue recognition between the governmental funds and government-wide financial statements for a private foundation award grant award for a 3-year period, restricted by time. 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.

**THE BOARD'S INDIVIDUAL FUND**

**General Fund**

The General Fund receives its funding under cash advance and cost reimbursement contracts. If at the end of the fiscal year, an advance is not sufficient to cover applicable expenditures, a receivable is created. If an advance is in excess of applicable expenditures, a refundable advance is reported. Consequently, revenues will generally equal expenditures with a small profit due to charges for services not funded by grants. The fund balance represents amounts from performance grants and other charges for services.

The \$5,264 decrease in fund balance for Program Year 2022 was a result of expenditures exceeding revenues for the Board's unrestricted contracts as that are not cost reimbursable by the Department for Economic Opportunity and are only funded by the Organization's unrestricted sources.

**Capital Asset Administration**

Excluding right-to-use assets for leases under GASB Statement No. 87, *Leases*, the Organization experienced a decrease in capital assets. Decreases in capital assets during the year ended June 30, 2022, were related to the depreciation of capital assets in the amount \$54,756. The Organization implemented GASB Statement No. 87, *Leases* during the year ending June 30, 2022 and as a result, the Organization increased right-to-use lease assets by \$2,819,053 and recorded \$215,469 in amortization expense.

**Debt Administration**

The Organization's long-term debt is its accrual for compensated absences and lease liability. Please refer to the notes accompanying financial statements entitled *Long Term Debt* and *Leases* for more detailed information about long-term debt activity.

**Budgetary Highlights**

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



**GULF COAST WORKFORCE DEVELOPMENT BOARD, INC.**  
**D/B/A CAREERSOURCE GULF COAST**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2022**  
(Continued)

**Economic Factors**

98% 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, 2022**

	<u><b>Governmental Activities</b></u>
<u><b>ASSETS</b></u>	
<b>Current assets</b>	
Cash and cash equivalents	\$ 594,129
Grant, contract and other receivables	950,459
Cash value of investment	529,202
Total current assets	<u>2,073,790</u>
<b>Non-current assets</b>	
Vehicles and equipment	384,143
Buldings - right-to-use assets	2,819,053
Less: Accumulated depreciation	(170,940)
Less: Accumulated amortization	(215,469)
Total non-current assets	<u>2,816,787</u>
<b>Total Assets</b>	<u><u>\$ 4,890,577</u></u>
<u><b>LIABILITIES AND NET POSITION</b></u>	
<b>Current liabilities</b>	
Accounts payable and accrued expenses	\$ 130,260
Due to fiscal agent	586,331
Total current liabilities	<u>716,591</u>
<b>Non-current liabilities</b>	
Due within one year:	
Lease liability	131,628
Due in more than one year:	
Lease liability	2,555,172
Total non-current liabilities	<u>2,686,800</u>
<b>Total Liabilities</b>	<u><u>\$ 3,403,391</u></u>
<b>Net Position</b>	
Net investment in capital assets	\$ 129,987
Restricted:	
Emergency assistance	382,787
Summer program	417,450
Unrestricted	556,962
<b>Total net position</b>	<u><u>\$ 1,487,186</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, 2022**

<b>Functions/Programs</b>	<b>PROGRAM REVENUES</b>			<b>NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION</b>
	<b>EXPENSES</b>	<b>CHARGES FOR SERVICES</b>	<b>OPERATING GRANTS AND CONTRIBUTIONS</b>	<b>GOVERNMENTAL ACTIVITIES</b>
Governmental activities:				
Training, retraining and readjustment	\$ 4,721,343	\$ -	\$ 4,387,590	\$ (333,753)
Total governmental activities	\$ 4,721,343	\$ -	\$ 4,387,590	(333,753)
			Change in net position	(333,753)
			<b>Net position, beginning of year</b>	1,820,939
			<b>Net position, end of year</b>	\$ 1,487,186

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, 2022**

	<b>General Fund</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 594,129
Grant, contract, and other receivables	950,459
Cash value of investment	529,202
<b>Total assets</b>	<b>\$ 2,073,790</b>
<b>Liabilities</b>	
Accounts payable and accrued expenses	\$ 130,260
Due to fiscal agent	586,331
Total liabilities	<b>716,591</b>
<b>Deferred Inflows of Resources</b>	
Unavailable revenue	257,880
<b>Fund Balance</b>	
Restricted:	
Emergency assistance	270,177
Summer program	271,727
Unassigned	557,415
Total Fund Balance	<b>1,099,319</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balance</b>	<b>\$ 2,073,790</b>

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, 2022**

<b>Fund balances - total governmental fund</b>		\$ 1,099,319
Amounts reported for governmental activities in the statement of net position are different because:		
Deferred inflow from unconditional contribution unavailable due to timing of collection		257,880
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		
Total governmental capital assets	3,203,196	
Less: accumulated depreciation	<u>(386,409)</u>	2,816,787
Long-term liabilities 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:		
Lease liability	<u>(2,686,800)</u>	(2,686,800)
<b>Net position of governmental activities</b>		<u><u>\$ 1,487,186</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 REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - GOVERNMENTAL FUND  
FOR THE YEAR ENDED JUNE 30, 2022**

	<b>General Fund</b>
<b>Revenues</b>	
Grants and contracts	\$ 4,622,620
Other	22,850
Total revenues	4,645,470
<b>Expenditures</b>	
Personnel	1,699,702
Travel and meetings	42,952
Communications and utilities	60,594
Short-term lease	11,108
Direct program services	2,157,624
Insurance	29,996
Other	132,567
Printing and supplies	81,292
Professional	113,206
Capital outlay	65,194
Debt service:	
Principal	134,422
Interest	122,077
Total expenditures	4,650,734
<b>Net change in fund balance</b>	(5,264)
<b>Fund balance, beginning of year</b>	1,104,583
<b>Fund balance, end of year</b>	\$ 1,099,319

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, 2022**

<b>Net Change in Fund Balance - Total Governmental Fund</b>	\$	(5,264)
Revenues related to unconditional contributions considered unavailable as they will not be collected within 60 days after year end		(257,880)
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.		
Capital outlay		65,194
Amortization expense		(215,469)
Depreciation expense		(54,756)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Principal payments on lease liability		134,422
<b>Change in net position of governmental activities:</b>	<b>\$</b>	<b><u><u>(333,753)</u></u></b>

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

**GULF COAST WORKFORCE DEVELOPEMNT BOARD, INC.**  
**D/B/A CAREERSOURCE GULF COAST**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

(1) **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) **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 Board of Directors 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.

(b) **Government-wide and fund financial statements**—The government-wide financial statements (the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the Organization. Governmental activities are reported separately from business-type activities, which rely on fees charged to external parties as their primary revenues. The Organization has no business-type activities.

The Statement of Net Position reports the Organization’s financial position as of the end of the fiscal year. In this statement, the Organization's net position are reported in two categories: investment in capital assets and unrestricted net position.

The Statement of Activities is displayed using a net-cost format and reports the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Indirect costs are included in the program expense reported for individual functions and activities. Program revenues include (1) charges for services that are directly related to a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for the general fund, which is the Organization’s only fund.



**GULF COAST WORKFORCE DEVELOPEMNT BOARD, INC.**  
**D/B/A CAREERSOURCE GULF COAST**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

(1) **Summary of Significant Accounting Policies:** (Continued)

(c) **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 recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter 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. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The Organization considers most revenues, such as reimbursement-based grant revenues and charges for service, to be susceptible to accrual and so they have been recognized as revenues in the current fiscal period. Other revenue items are considered to be measurable and available only when cash is received. 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.

**Major Governmental Fund**—The sole governmental fund used by the Organization is the general fund, which is used to account for all financial activity of the Organization.

(d) **Cash and cash equivalents**—Cash and cash equivalents of the Organization are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

(e) **Grants and other receivables**—Grants and other receivables consist of amounts due from grantor agencies for reimbursement of expenditures under various programs. Management has concluded that realization of losses on balance outstanding at year-end will be immaterial.

(f) **Capital assets and depreciation**—Capital assets are defined by the Organization as assets with an initial, individual cost of \$5,000 or more and an estimated useful life of more than one year. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated acquisition value at the date of the donation. 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. Depreciation of capital assets is computed using the straight-line method over estimated useful lives as follows:

Assets	Years
Leasehold improvements	30
Equipment	5–10
Vehicles	5

**GULF COAST WORKFORCE DEVELOPEMNT BOARD, INC.**  
**D/B/A CAREERSOURCE GULF COAST**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

(1) **Summary of Significant Accounting Policies:** (Continued)

(g) **Due to fiscal agent**—Due to fiscal agent are comprised of amounts received from grantor agencies by the Organization prior to meeting revenue recognition criteria. In subsequent periods, when the revenue recognition criteria have been met, the liability for the amounts due to the fiscal agent is reduced and revenue is recognized.

(h) **Prepays and other assets**—Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaids in both the government-wide and fund financial statements.

(i) **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 397 hours. Upon termination, an employee may receive payment for unused accumulated sick leave after six years of service.

(j) **Indirect costs**— The Organization receives funds from several sources. Accordingly, indirect administrative and program support costs are allocated between the various programs in the following manner: Indirect administrative costs and indirect program support costs, including indirect salary costs, are charged to either an administrative or program cost pool and allocated to all programs including WTP, WIOA youth, WIOA adult, and WIOA dislocated workers contracts based on each program's direct program costs. Indirect occupancy costs are charged to a cost pool and allocated to all programs based on each program's direct program costs. Indirect occupancy costs are charged to various funding sources or indirect costs pools based on FTE’s determined by bi-weekly personnel activity reports. The allocation ratios are determined based upon each program's percentage of total time charged by staff

(k) **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.

(l) **Income taxes**— The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, except for taxes on unrelated business income. Since the Organization had no taxable unrelated business income during the year ended June 30, 2022, no provision for income taxes is provided in the financial statements.

**GULF COAST WORKFORCE DEVELOPEMNT BOARD, INC.**  
**D/B/A CAREERSOURCE GULF COAST**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

(1) **Summary of Significant Accounting Policies:** (Continued)

Management of the Organization considers the likelihood of changes by taxing authorities in its filed income tax returns and recognizes a liability for or discloses potential significant changes that management believes are more likely than not to occur, including changes to the Organization status as a not-for-profit entity. Management believes the Organization met the requirements to maintain its tax-exempt status and has no income subject to unrelated business income tax, therefore no provision for income taxes has been provided in these financial statements. the Organization's income tax returns for the past three years are subject to examination by tax authorities, and may change upon examination.

(m) **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.

(n) **Fund balance**—In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the Organization is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Those classifications are as follows:

**Nonspendable**—Amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.

**Restricted**—Amounts that can be spent only for specific purposes because of the Bylaws, state or federal laws, or externally imposed conditions by grantors or creditors.

**Committed**—Amounts that can be used only for specific purposes determined by a formal action by ordinance or resolution.

**Assigned**—Amounts that are designated by the Organization's directors for a specific purpose but are not spendable until a budget ordinance is passed by the Organization's directors.

**Unassigned**—All amounts not included in other spendable classifications.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Organization considers restricted funds to have been spent first. When an 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, unless the Organization's directors have provided otherwise in its commitment or assignment actions.

(o) **Net position flow assumption**—Sometimes the Organization will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to determine amounts reported as restricted and unrestricted net position, it is the Organization's policy to consider restricted net position to have been used before unrestricted net position is applied.

**GULF COAST WORKFORCE DEVELOPEMNT BOARD, INC.**  
**D/B/A CAREERSOURCE GULF COAST**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

(1) **Summary of Significant Accounting Policies:** (Continued)

(p) **Leases**—The Organization leases building facilities and determines if an arrangement is a lease at inception. The Organization recognizes intangible right-to-use (RTU) assets and corresponding lease liabilities for all leases that are not considered short-term. RTU assets represent the Organization’s right to use an underlying asset for the lease term and lease liabilities represent the Organization’s obligation to make lease payments arising from the lease. RTU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term.

Basis of lease classification – Leases that meet the following requirement will not be considered short term: the maximum possible lease term(s) is non-cancelable by both lessee and lessor, and is more than 12 months, and (2) the present value of lease payments for the lease is less than \$5,000.

Discount Rate – Unless explicitly stated in the lease agreement, known by the Organization, or the Organization is able to determine the rate implicit within the lease, the discount rate used to calculate lease right-to-use assets and liabilities is 5.5% for applicable leases beginning July 1, 2021 and applicable lease conversions.

The Organization’s lease agreements do not contain any material residual value guarantees or material restrictive covenants.

(q) **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.

(r) **Revenues and expenditures/expenses**—Generally, revenue is received from the State of Florida, Department of Economic Opportunity and is earned on a cost reimbursement basis.

(s) **New accounting pronouncements**—GASB Statement No. 87, Leases establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset (RTU), and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The Organization has implemented this Statement and its various provisions in 2022.

(t) **Subsequent Events**—The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through March 24, 2023, the date which the financial statements were available to be issued. No subsequent events have been recognized or disclosed.

**GULF COAST WORKFORCE DEVELOPEMNT BOARD, INC.**  
**D/B/A CAREERSOURCE GULF COAST**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

(2) **Reconciliation of Government-Wide and Fund Financial Statements:**

(a) **Explanation of certain differences between the governmental fund balance sheets and the government-wide statements of net position**—Following the governmental fund balance sheets is a reconciliation between *fund balance – total governmental funds* and *net position of governmental activities* as reported in the government-wide statements of net position. The details of these differences are explained in the above referenced financial statements.

(b) **Explanation of certain differences between the governmental fund statements of revenues, expenditures, and changes in fund balance and the government-wide statements of activities**—Following the governmental fund statements of revenues, expenditures, and changes in fund balance, there is a reconciliation between *net change in fund balance – total governmental funds* and *change in net position of governmental activities* as reported in the government-wide statements of activities. The details of these differences are explained in the above referenced financial statements.

(3) **Capital Assets and Depreciation:**

Capital asset activity for the year ended June 30, 2022, was as follows:

	<b>Balance</b>			<b>Balance</b>
	<b>July 1, 2021</b>	<b>Increases</b>	<b>Decreases</b>	<b>June 30, 2022</b>
Vehicles and equipment	\$ 328,288	\$ 65,194	\$ (9,339)	\$ 384,143
Right-to-use buildings	2,819,053	-	-	2,819,053
Less accumulated depreciation	(125,523)	(54,756)	9,339	(170,940)
Less accumulated amortization	-	(215,469)	-	(215,469)
Capital assets, net	<u>\$ 3,021,818</u>	<u>\$ (205,031)</u>	<u>\$ -</u>	<u>\$ 2,816,787</u>

For the year ended June 30, 2022, depreciation expense was \$54,756 and amortization expense was \$215,469, and was charged to training program.

(4) **Leases:**

*CareerSource Gulf Coast as Lessee*

In fiscal year 2001, the Organization entered into a lease agreement with Tarragon Mariner Plaza, Inc., as lessee for building facilities at 625 Highway 231, Panama City, Florida, which was last renewed in fiscal year 2019-2020. A right-to-use asset was added to the Organization’s capital assets for \$2,819,053 which is included in the building class. The accumulated amortization as of June 30, 2022, was \$215,469. The building facility has a thirty-year estimated useful life. As of June 30, 2022, the present value of the future minimum lease payments was \$2,686,800. The discount rate applied to the leases is 5.5%.

**GULF COAST WORKFORCE DEVELOPEMNT BOARD, INC.**  
**D/B/A CAREERSOURCE GULF COAST**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

(4) **Leases:** (Continued)

Lease expense for the right-to-use assets for the year ended June 30, 2022, is as follows:

	<b>June 30, 2022</b>
Buildings	\$ 215,469
Total amortization expense	215,469
Interest on lease liabilities	122,077
<b>Total</b>	<b>\$ 337,546</b>

The principal and interest requirements to maturity for the lease liability as of June 30, 2022, is as follows:

<b>Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Payments</b>
2023	\$ 131,628	\$ 144,500	\$ 276,128
2024	144,729	136,934	281,663
2025	158,671	128,626	287,297
2026	173,514	119,529	293,043
2027	189,321	109,591	298,913
2028 - 2032	1,221,086	365,528	1,586,614
2033 - 2035	667,851	40,751	708,602
Total future minimum lease payments	<b>\$ 2,686,800</b>	<b>\$ 1,045,460</b>	<b>\$ 3,732,260</b>

(5) **Changes in Long-term Liabilities:**

Long-term liability activity for the year ended June 30, 2022, was as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due within one year</b>
Governmental activities:					
Lease liability	\$ 2,821,222	\$ -	\$ (134,422)	\$ 2,686,800	\$ 131,628

(6) **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, 2022 the Organization owed the College \$586,331 for invoices paid in June, service provider payments, and payroll.

**GULF COAST WORKFORCE DEVELOPEMNT BOARD, INC.**  
**D/B/A CAREERSOURCE GULF COAST**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

(7) **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.

(8) **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.

(9) **Concentrations of Credit Risk and Significant Funding Source:**

(a) **Cash and cash equivalents**—As of June 30, 2022, the Organization had demand deposits with two financial institutions of \$624,528. The Organization has no policy requiring collateral or other security to support its deposits, although all demand deposits with banks are federally insured up to FDIC limitations. The demand deposits with the financial institutions are insured up to \$250,000.

(b) **Grants and other receivables**—The Organization’s receivables are for amounts due under contracts with the State of Florida and Federal government agencies. The Organization has no policy requiring collateral or other security to support its receivables.

(c) **Significant funding source**—During the years ended June 30, 2022 the Organization received approximately 98% of its funding from the United States Department of Labor and the United States Department of Health and Human Services passed through the Department of Economic Opportunity. If a significant reduction in the level of this funding were to occur, it could have an adverse effect on the Organization’s program and activities.

(10) **Contingencies and Uncertainties:**

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.

**GULF COAST WORKFORCE DEVELOPEMNT BOARD, INC.**  
**D/B/A CAREERSOURCE GULF COAST**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**(11) 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, 2022, amounts paid to this service provider totaled \$634,144. A payable related to provider relationship is also shown on the statement of net position totaling \$586,331.

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 \$46,200 for the year ended June 30, 2022.

**(12) Recent Accounting Pronouncements:**

The Governmental Accounting Standards Board (“GASB”) has issued pronouncements that have effective dates that may impact future financial statements. 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, 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.

- (a) GASB issued Statement No. 96, Subscription-Based Information Technology Arrangements, in May 2020, GASB Statement No. 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. The provisions in GASB 96 are effective for periods beginning after June 15, 2022.



**GULF COAST WORKFORCE DEVELOPMENT BOARD, INC.**  
**D/B/A CAREERSOURCE GULF COAST**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

<b>Federal Grantor/Pass-Through Grantor/ State Grantor/Program Title</b>	<b>Federal Assistance Listing Number</b>	<b>Pass-Through Entity Award Number</b>	<b>Pass-Through to Subrecipients</b>	<b>Expenditures</b>
<b>FEDERAL AWARDS</b>				
<b>U. S. Department of Health and Human Services</b>				
Passed through State of Florida, Department of Economic Opportunity				
Temporary Assistance for Needy Families	93.558	WTS21	\$ -	\$ 147,797
Temporary Assistance for Needy Families	93.558	WTS22	200,820	332,347
			<u>200,820</u>	<u>480,144</u>
<b>U. S. Department of Labor</b>				
Passed through State of Florida, Department of Economic Opportunity				
Employment Service/Wagner – Peyser Funded Activities	17.207	WPA21	-	41,699
Employment Service/Wagner – Peyser Funded Activities	17.207	WPB22	44,000	137,313
Employment Service/Wagner – Peyser Funded Activities	17.207	WPA21	7,062	44,100
Employment Service/Wagner – Peyser Funded Activities	17.207	WPA22	2,938	82,099
Jobs for Veterans State Grants	17.801	DVP21	4,000	17,659
Jobs for Veterans State Grants	17.801	DVP22	-	7,347
Jobs for Veterans State Grants	17.801	LVR21	6,585	17,997
Jobs for Veterans State Grants	17.801	LVR22	1,415	13,884
		<b>Total Employment Service Cluster</b>	<u>66,000</u>	<u>362,098</u>
Unemployment Insurance	17.225	UCR20	18,357	33,957
Unemployment Insurance	17.225	UCR21	16,085	39,294
			<u>34,442</u>	<u>73,251</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, 2022**  
(Continued)

Federal Grantor/Pass-Through Grantor/ State Grantor/Program Title	Federal Assistance Listing Number	Pass-Through Entity Award Number	Pass-Through to Subrecipients	Expenditures
<b>FEDERAL AWARDS (Continued)</b>				
<b>U. S. Department of Labor (Continued)</b>				
Passed through State of Florida, Department of Economic Opportunity (Continued)				
WIOA Adult Program	17.258	WIA21	92,347	550,046
WIOA Adult Program	17.258	WIA22	32,856	74,324
WIOA Youth Activities	17.258	WIS20	-	1,232
WIOA Adult Program	17.258	WIS21	-	14,224
WIOA Adult Program	17.258	WIS22	-	18,612
WIOA Youth Activities	17.259	WY21	102,330	282,620
WIOA Youth Activities	17.259	WIS20	-	1,232
WIOA Youth Activities	17.259	WIS21	-	14,224
WIOA Youth Activities	17.259	WIS22	-	18,612
WIOA Dislocated Worker Formula Grants	17.278	WID21	45,624	510,116
WIOA Dislocated Worker Formula Grants	17.278	WID22	28,522	199,647
WIOA Dislocated Worker Formula Grants	17.278	WIS20	-	1,386
WIOA Dislocated Worker Formula Grants	17.278	WIS21	-	17,436
WIOA Dislocated Worker Formula Grants	17.278	WIS22	-	20,939
WIOA Dislocated Worker Formula Grants	17.278	WRS21	-	125,000
WIOA Dislocated Worker Formula Grants	17.278	WIR22	-	54,577
<b>Total Workforce Innovation and Opportunity Act Cluster</b>			<u>301,679</u>	<u>1,904,227</u>
WIOA National Dislocated Worker Grants / WIA National Emergency Grants	17.277	WNC20	-	426,618
WIOA National Dislocated Worker Grants / WIA National Emergency Grants	17.277	WNH19	-	565,231
COVID-19 WIOA National Dislocated Worker Grants / WIA National Emergency Grants	17.277	WNO20	-	95,133
WIOA National Dislocated Worker Grants / WIA National Emergency Grants	17.277	WNS20	-	315,556
			<u>-</u>	<u>1,402,538</u>
<b>U. S. Department of Agriculture</b>				
Passed through State of Florida Department of Agriculture and Consumer Services				
Summer Food Service Program for Children	10.559	-----	-	7,057
Passed through State of Florida, Department of Economic Opportunity				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	FSH22	6,669	19,426
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	FSH21	7,432	16,780
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	FWFLP	17,102	31,614
<b>Total Supplemental Nutrition Assistance Program Cluster</b>			<u>31,203</u>	<u>67,820</u>
<b>TOTAL FEDERAL AWARDS</b>			<u>\$ 634,144</u>	<u>\$ 4,297,135</u>

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, 2022**

(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, 2022, 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 24, 2023.

**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) as a basis for designing 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.

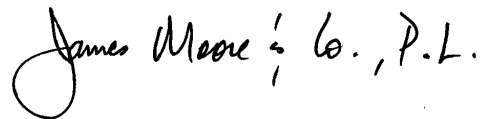
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. and therefore, material weaknesses or significant deficiencies may exist that have not been identified. 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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 24, 2023

**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**

***Opinion on Each Major Federal Program***

We have audited Gulf Coast Workforce Development Board, Inc. ("the Organization")'s compliance with the types of compliance requirements described in the 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, 2022. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, 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, 2022.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (Government Auditing Standards); 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 Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Organization's federal programs.

### ***Auditors' Responsibility***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards* and Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

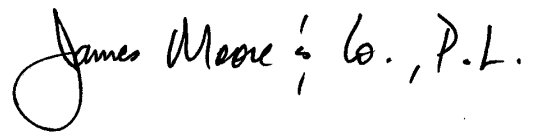
### **Report on Internal Control Over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

A handwritten signature in black ink that reads "James Moore & Co., P.L.". The signature is written in a cursive style with a large, prominent initial "J".

Tallahassee, Florida  
March 24, 2023



**GULF COAST WORKFORCE DEVELOPMENT BOARD, INC.  
D/B/A CAREERSOURCE GULF COAST  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2022**

**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 Auditors' 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:

<b>Federal Program</b>	<b>Federal CFDA Number</b>
WIOA Cluster	17.258, 17.259, 17.278
Dollar threshold used to distinguish between type A and type B Federal programs:	750,000
Auditee qualified as low-risk auditee?	_____ yes <u>  X  </u> no

**GULF COAST WORKFORCE DEVELOPMENT BOARD, INC.**  
**D/B/A CAREERSOURCE GULF COAST**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**JUNE 30, 2022**  
(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:** No prior year findings.



March 24, 2023

Board of Directors,  
Gulf Coast Workforce Development Board, Inc.  
d/b/a CareerSource Gulf Coast  
5230 US-98  
Panama City, Florida 32401

We have audited the financial statements of Gulf Coast Workforce Development Board, Inc. d/b/a CareerSource Gulf Coast (“CareerSource Gulf Coast”) as of and for the year ended June 30, 2022, and have issued our report thereon dated March 24, 2023. 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 an opinion 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 CareerSource Gulf Coast-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.

### **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. In addition, 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.

### **Significant Risks Identified**

As part of the audit process, we have identified the following significant risks, which are being communicated solely to comply with auditing standards and do not represent any specific finding and/or concerns related to the audit: override of internal controls by management, improper revenue recognition due to fraud, improper journal entries.

### **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 CareerSource Gulf Coast is included in Note 1 to the financial statements. As described in Note 1(s) to the financial statements, during the year, the entity changed its method of accounting for leases by implementing Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. Accordingly, the cumulative effect of the accounting change as of the beginning of the year has been reported in the Statement of Activities. 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.

#### *Financial Statement Disclosures*

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting CareerSource Gulf Coast's financial statements relate to:

- Note 4 – Leases
- Note 9 – Significant Funding Source
- Note 11 – Related Parties

### **Significant Unusual Transactions**

For purposes of this communication, professional standards require us to communicate to you significant unusual transactions identified during our audit. We identified no significant unusual transactions as a result of our audit procedures.

### **Identified or Suspected Fraud**

We have not identified or have obtained information that indicates that fraud may have occurred.

### **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. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. We identified the following uncorrected misstatements:

- Adjustment to record a lease receivable and deferred inflow under GASB 87 for approximately \$30,000.

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 CareerSource Gulf Coast's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

### **Circumstances that Affect the Form and Content of the Auditor's Report**

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report. We identified no circumstances that affect the form and content of the auditor's report as a result of our audit procedures.

### **Representations Requested from Management**

We have requested certain written representations from management, which are included in the attached letter dated March 24, 2023.

### **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 Matters**

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed, from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

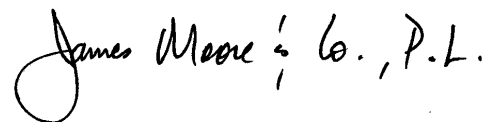
### **Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with CareerSource Gulf Coast, 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 CareerSource Gulf Coast's auditors.

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 CareerSource Gulf Coast and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large, looped initial "J".

James Moore & Co., P.L.



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

March 24, 2023

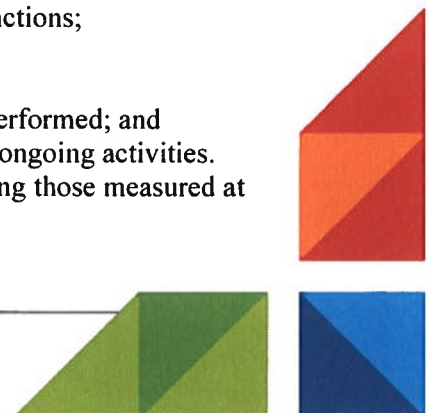
This representation letter is provided in connection with your audit of the basic financial statements of Gulf Coast Workforce Development Board, Inc., Inc. d/b/a CareerSource Gulf Coast (“the Organization”), which comprise the statement of financial position as of June 30, 2022, and the related statement of governmental activities for the year ended June 30, 2022 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 the Organization 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, there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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 the date of this letter:

### Financial Statements

1. 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.
2. 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.
3. 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.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5. With regard to nonattest services performed by you, we acknowledge our responsibility to:
  - a. Made all management decisions and performed all management functions;
  - b. Assigned a competent individual to oversee the services;
  - c. Evaluated the adequacy of the services performed;
  - d. Evaluated and accepted responsibility for the result of the service performed; and
  - e. Established and maintained internal controls, including monitoring ongoing activities.
6. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.



7. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
8. 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.
9. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
10. The effects of uncorrected misstatements summarized below and aggregated by you during the current engagement are immaterial, both individually and in the aggregate, to the applicable opinion units and to the financial statements as a whole.
  - a. Adjustment to debit lease receivable by approximately \$30,000 and credit deferred inflows for leases by approximately \$30,000 to record subleases in accordance with GASB Statement No. 87.
11. All components of net position, non-spendable fund balance, and restricted, committed, assigned, and unassigned fund balance are properly classified and, if applicable, approved.
12. All funds and activities are properly classified.
13. 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.
14. All net position components and fund balance classifications have been properly reported.
15. 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.
16. 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.
17. All interfund and intra-entity transactions and balances have been properly classified and reported.
18. Special items and extraordinary items have been properly classified and reported.
19. Deposit and investment risks have been properly and fully disclosed.
20. Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
21. All required supplementary information is measured and presented within the prescribed guidelines.
22. There have been no cybersecurity breaches or other cyber events whose effects should be considered for disclosure in the financial statements, as a basis for recording a loss contingency, or otherwise considered when preparing the financial statements.
23. With respect to the supplementary information accompanying the financial statements:
  - a. We acknowledge our responsibility for the presentation of the supplementary information in accordance with The Uniform Guidance.
  - b. We believe the supplementary information, including its form and content, is fairly presented in accordance with The Uniform Guidance.
  - c. The methods of measurement or presentation have not changed from those used in the prior period.



- d. 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.
  - e. 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.
  - f. 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.
24. With respect to the required supplementary information accompanying the financial statements:
- a. We acknowledge our responsibility for the presentation of the required supplementary information in accordance with U.S. GAAP.
  - b. We believe the required supplementary information, including its form and content, is measured and fairly presented in accordance with U.S. GAAP.
  - c. The methods of measurement or presentation have not changed from those used in the prior period.
25. With respect to the preparation of the financial statements and related notes and schedule of expenditures of federal awards and the data collection form, we have performed the following:
- a. Made all management decisions and performed all management functions;
  - b. Assigned a competent individual to oversee the services (Janine Dexter);
  - c. Evaluated the adequacy of the services performed;
  - d. Evaluated and accepted responsibility for the result of the service performed; and
  - e. Established and maintained internal controls, including monitoring ongoing activities.

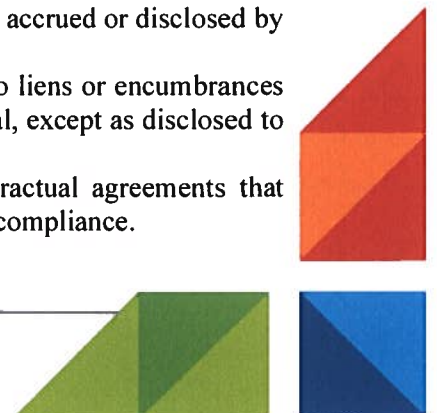
#### Information Provided

1. We have provided you with:
  - a. 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;
  - b. Additional information that you have requested from us for the purpose of the audit; and
  - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
  - d. A written acknowledgement of all the documents that we expect to issue that will be included in the annual report and the planned timing and method of issuance of that annual report;
  - e. A final version of the annual report (including all the documents that, together, comprise the annual report) in a timely manner prior to the date of the auditor's report.
2. The financial statements and any other information included in the annual report are consistent with one another, and the other information does not contain any material misstatements.
3. All transactions have been recorded in the accounting records and are reflected in the financial statements.
4. 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.



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5. 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.
6. We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
  - a. Management;
  - b. Employees who have significant roles in internal control; or
  - c. Others where the fraud could have a material effect on the financial statements.
7. We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, vendors, regulators, or others.
8. *We are not aware of any pending or threatened litigation* and claims whose effects should be considered when preparing the financial statements.
9. 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.
10. We have a process to track the status of audit findings and recommendations.
11. We have identified for you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
12. We have provided views on your reported audit findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
13. We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
14. We have disclosed to you the identity of all the entity's related parties and the nature of all the related party relationships and transactions of which we are aware.
15. There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
16. The Organization has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
17. 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.
18. There are no:
  - a. 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.
  - b. Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62.
  - c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62
19. The Organization 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.
20. 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.



21. 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.

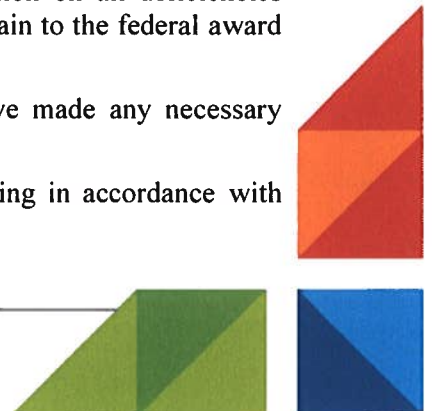
### Single Audit

- <sup>1</sup> With respect to federal award programs:
  - a. We are responsible for understanding and complying with and have complied with the requirements of the Uniform Guidance.
  - 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. As part of your audit(s), you prepared the draft financial statements and related notes and schedule of expenditures of federal awards. We have designated an individual (Jeff Geering) 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.
  - e. The methods of measurement or presentation have not changed from those used in the prior period.
  - f. 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.
  - g. We have identified and disclosed all of our government programs and related activities subject to the Uniform Guidance compliance audit.
  - h. We have notified you of federal awards and funding increments that were received before December 26, 2014 (if any), 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.
  - i. When the schedule of expenditures of federal awards is not presented with the audited financial statements, we 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.
  - j. 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.



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- k. We have provided to you our interpretations of any compliance requirements that are subject to varying interpretations.
- l. We have made available to you all federal awards (including amendments, if any) and any other correspondence relevant to federal programs and related activities that have taken place with federal agencies or pass-through entities.
- m. We have received no requests from a federal agency to audit one or more specific programs as a major program.
- n. We have identified and disclosed to you all amounts questioned and any known noncompliance with the direct and material compliance requirements of federal awards, including the results of other audits or program reviews, or stated that there was no such noncompliance. We also know of no instances of noncompliance with direct and material compliance requirements occurring subsequent to period covered by the auditor's report.
- o. 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.
- p. We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
- q. 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 (and are prepared on a basis consistent with the schedule of expenditures of federal awards).
- r. 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.
- s. We have monitored subrecipients, as necessary, to determine if they have expended subawards in compliance with federal statutes, regulations, and the terms and conditions of the subaward and have met the other pass-through entity requirements of the Uniform Guidance.
- t. 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.
- u. We have considered the results of subrecipients' audits and have made any necessary adjustments to our own books and records.
- v. We have properly classified amounts claimed or used for matching in accordance with related guidelines in the Uniform Guidance, as applicable.



- w. We have charged costs to federal awards in accordance with applicable cost principles.
- x. We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance, and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.
- y. We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
- z. The reporting package does not contain personally identifiable information.
- aa. 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.
- bb. We have reviewed, approved, and taken responsibility for the financial statements and related notes and an acknowledgment of the auditor's role in the preparation of this information.
- cc. We have reviewed, approved, and taken responsibility for accrual adjustments and an acknowledgment of the auditor's role in the preparation of the adjustments.
- dd. We have disclosed to you the nature of any subsequent events that provide additional evidence with respect to conditions that existed at the end of the reporting period that affect noncompliance during the reporting period.

In addition:

- ee. 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.
- ff. 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 [or disclose the changes made] 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.
- gg. 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



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the compliance audit and have developed a corrective action plan that meets the requirements of the Uniform Guidance.

A handwritten signature in blue ink that reads "Kimberly L. Bodine".

Kim Bodine, Executive Director

A handwritten signature in blue ink that reads "Janine Dexter".

Janine Dexter, Finance Director

