

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

FINANCIAL STATEMENTS

JUNE 30, 2023

GULF COAST WORKFORCE DEVELOPMENT BOARD, INC.
D/B/A CAREERSOURCE GULF COAST
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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 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, 2023, 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 the major fund of the Organization, as of June 30, 2023, and the respective changes in financial position 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 (GAS)*, 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about 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 and GAS 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 and GAS, 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.

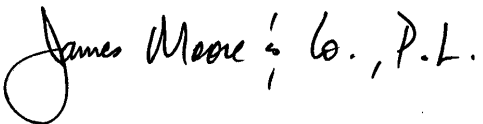
Supplementary Information

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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 14, 2024, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

James Moore & Co., P.L.

Tallahassee, Florida
March 14, 2024

GULF COAST WORKFORCE DEVELOPMENT BOARD, INC.
D/B/A CAREERSOURCE GULF COAST
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2023

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, 2023.

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, 2023
(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, 2023. The location of the Schedule of Expenditures of Federal Awards can be found in the table of contents.

Condensed Financial Statements

Net Position

	2023	2022
Current and other assets	\$ 1,760,600	\$ 2,073,790
Capital assets	2,545,135	2,816,787
Total assets	4,305,735	4,890,577
Current liabilities	719,932	716,591
Noncurrent liabilities	2,555,173	2,686,800
Total liabilities	3,275,105	3,403,391
Net position		
Net investment in capital assets	(10,038)	129,987
Restricted	750,011	800,237
Unrestricted	290,657	556,962
Total net position	\$ 1,030,630	\$ 1,487,186

Changes in Net Position

	2023	2022
Program revenues:		
Operating grants and contributions	\$ 4,099,007	\$ 4,387,590
Total revenues	4,099,007	4,387,590
Expenses:		
Training, retraining and readjustment	4,555,563	4,721,343
Total expenses	4,555,563	4,721,343
Decrease in net position	(456,556)	(333,753)
Net position, beginning of year	1,487,186	1,820,939
Net position, end of year	\$ 1,030,630	\$ 1,487,186

GULF COAST WORKFORCE DEVELOPMENT BOARD, INC.
D/B/A CAREERSOURCE GULF COAST
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023
(Continued)

OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS

Government-wide Financial Analysis

Net Position: The Organization's net position decreased by \$456,556 from fiscal year 2022. 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 \$58,651 decrease in fund balance for Program Year 2023 was a result of expenditures exceeding revenues for the Board's unrestricted contracts as that are not cost reimbursable by the Department of Commerce 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, 2023, were related to the depreciation of capital assets in the amount \$56,183. The Organization had right-to-use assets for leases in the amount of \$2,819,053 net of accumulated amortization and lease liabilities in the amount of 2,555,173 as of June 30, 2023.

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, 2023
(Continued)

Economic Factors

96% of the Organization's revenues were generated from federal grants, most of which were passed through the State of Florida's Department of Commerce. 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, 2023

	Governmental Activities
<u>ASSETS</u>	
Current assets	
Cash and cash equivalents	\$ 529,831
Grant, contract, and other receivables	685,691
Total current assets	1,215,522
Non-current assets	
Capital assets	
Vehicles and equipment	384,143
Buldings - right-to-use assets	2,819,053
Less: Accumulated depreciation	(227,123)
Less: Accumulated amortization	(430,938)
Total capital assets	2,545,135
Cash value of investment	545,078
Total non-current assets	3,090,213
Total Assets	\$ 4,305,735
<u>LIABILITIES AND NET POSITION</u>	
Current liabilities	
Accounts payable and accrued expenses	\$ 69,812
Due to fiscal agent	650,120
Total current liabilities	719,932
Non-current liabilities	
Due within one year:	
Lease liability	144,729
Due in more than one year:	
Lease liability	2,410,444
Total non-current liabilities	2,555,173
Total Liabilities	\$ 3,275,105
Net Position	
Net investment in capital assets	\$ (10,038)
Restricted:	
Emergency assistance	369,318
Summer program	380,693
Unrestricted	290,657
Total net position	\$ 1,030,630

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, 2023**

	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	
Functions/Programs				
Governmental activities:				
Training, retraining and readjustment	\$ 4,555,563	\$ -	\$ 4,099,007	\$ (456,556)
Total governmental activities	\$ 4,555,563	\$ -	\$ 4,099,007	(456,556)
		Change in net position		(456,556)
		Net position, beginning of year		1,487,186
		Net position, end of year		\$ 1,030,630

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, 2023

	General Fund
Assets	
Cash and cash equivalents	\$ 529,831
Grant, contract, and other receivables	685,691
Cash value of investment	545,078
Total assets	\$ 1,760,600
Liabilities	
Accounts payable and accrued expenses	\$ 69,812
Due to fiscal agent	650,120
Total liabilities	719,932
Fund Balance	
Restricted:	
Emergency assistance	369,318
Summer program	380,693
Unassigned	290,657
Total Fund Balance	1,040,668
Total Liabilities and Fund Balance	\$ 1,760,600

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, 2023**

Fund balances - total governmental fund		\$ 1,040,668
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		
Total governmental capital assets	3,203,196	
Less: accumulated depreciation and amortization	(658,061)	2,545,135
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. These liabilities consist of the following:		
Lease liability	(2,555,173)	(2,555,173)
Net position of governmental activities		\$ 1,030,630

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, 2023**

	General Fund
Revenues	
Grants and contracts	\$ 4,332,781
Other	24,106
Total revenues	4,356,887
Expenditures	
Personnel	1,872,640
Travel and meetings	47,216
Communications and utilities	62,118
Direct program services	1,865,549
Insurance	30,677
Other	121,832
Printing and supplies	65,119
Professional	74,259
Debt service:	
Principal	131,627
Interest	144,501
Total expenditures	4,415,538
Net change in fund balance	(58,651)
Fund balance, beginning of year	1,099,319
Fund balance, end of year	\$ 1,040,668

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, 2023**

Net Change in Fund Balance - Total Governmental Fund	\$ (58,651)
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 and amortization expense.	
Amortization expense	(215,469)
Depreciation expense	(56,183)
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	131,627
Change in net position of governmental activities:	<u><u>\$ (456,556)</u></u>

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, 2023

(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, 2023

(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, contract, 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
Right-to-use assets	13

GULF COAST WORKFORCE DEVELOPEMNT BOARD, INC.
D/B/A CAREERSOURCE GULF COAST
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

(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 prepays 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, 2023, 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, 2023

(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, 2023

(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 costs, net of changes to cash surrender value, is included as an expenditure 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 Commerce and is earned on a cost reimbursement basis.

(s) **Subsequent events**—The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through March 14, 2024, the date which the financial statements were available to be issued. No subsequent events have been recognized or disclosed.

(t) **New accounting pronouncements**—GASB Statement No. 96, Subscription Based Information Technology Arrangements (SBITAs) applies the principles of GASB Statement No. 87 for lease account to subscription-based IT arrangements. If such an agreement is present, a subscription asset and liability are recorded on the Organization’s government-wide financial statements. The Organization has evaluated this standard and there were no such material arrangements in the fiscal year under audit.

GULF COAST WORKFORCE DEVELOPEMNT BOARD, INC.
D/B/A CAREERSOURCE GULF COAST
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

(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, 2023, was as follows:

	Balance			Balance
	July 1, 2022	Increases	Decreases	June 30, 2023
Vehicles and equipment	\$ 384,143	\$ -	\$ -	\$ 384,143
Right-to-use buildings	2,819,053	-	-	2,819,053
Less accumulated depreciation	(170,940)	(56,183)	-	(227,123)
Less accumulated amortization	(215,469)	(215,469)	-	(430,938)
Capital assets, net	<u>\$ 2,816,787</u>	<u>\$ (271,652)</u>	<u>\$ -</u>	<u>\$ 2,545,135</u>

For the year ended June 30, 2022, depreciation expense was \$56,183 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, 2023, was \$430,938. The building facility has a thirty-year estimated useful life. As of June 30, 2023, the present value of the future minimum lease payments was \$2,555,173. 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, 2023

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

Lease expense for the right-to-use assets for the year ended June 30, 2023, is as follows:

	June 30, 2023
Buildings	\$ 215,469
Total amortization expense	215,469
Interest on lease liabilities	143,897
Total	\$ 359,366

The principal and interest requirements to maturity for the lease liability as of June 30, 2023, is as follows:

Year Ending June 30,	Principal	Interest	Total Payments
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	298,912
2028	206,132	98,759	304,891
2029 - 2033	1,322,490	295,839	1,618,329
2034 - 2035	360,316	11,681	371,997
Total future minimum lease payments	\$ 2,555,173	\$ 900,959	\$ 3,456,132

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

Long-term liability activity for the year ended June 30, 2023, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within one year
Governmental activities:					
Lease liability	\$ 2,686,800	\$ -	\$ (131,627)	\$ 2,555,173	\$ 144,729

(6) **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.

GULF COAST WORKFORCE DEVELOPEMNT BOARD, INC.
D/B/A CAREERSOURCE GULF COAST
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

(7) Concentrations of Credit Risk and Significant Funding Source:

(a) **Cash and cash equivalents**—As of June 30, 2023, the Organization had demand deposits with two financial institutions of \$537,575. 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, contract, 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, 2023, the Organization received approximately 96% 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 Commerce. 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.

(d) **Cash value of investment**—The Organization’s cash value of investment are for amounts that the Organization is a beneficiary for with a life insurance contract.

(8) 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.

(9) Related Party Balances Transactions and Gulf Coast State College:

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. Employees of the Organization are leased from 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. As of June 30, 2023, the Organization owed the College \$650,120 for invoices paid in June by the College such as service provider payments, and payroll.

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, 2023, amounts paid to this service provider totaled \$666,049. A payable related to provider relationship is also shown on the statement of net position totaling \$650,120.

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 \$18,750 for the year ended June 30, 2023.

GULF COAST WORKFORCE DEVELOPMENT BOARD, INC.
D/B/A CAREERSOURCE GULF COAST
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass-Through Grantor/ State Grantor/Program Title	Federal Assistance Listing Number	Pass-Through Entity Award Number	Pass-Through to Subrecipients	Expenditures
FEDERAL AWARDS				
U. S. Department of Health and Human Services				
Passed through State of Florida, Department of Economic Opportunity				
Temporary Assistance for Needy Families	93.558	WTS22	\$ 52,944	\$ 145,806
Temporary Assistance for Needy Families	93.558	WTS23	74,025	369,795
			<u>126,969</u>	<u>515,601</u>
U. S. Department of Labor				
Passed through State of Florida, Department of Economic Opportunity				
Employment Service/Wagner – Peyser Funded Activities	17.207	WPA22	7,414	42,365
Employment Service/Wagner – Peyser Funded Activities	17.207	WPB23	53,499	115,044
Employment Service/Wagner – Peyser Funded Activities	17.207	WPA23	8,364	24,556
Jobs for Veterans State Grants	17.801	DLC22	-	2,570
Jobs for Veterans State Grants	17.801	DLC23	-	16,513
Jobs for Veterans State Grants	17.801	DVP22	5,500	19,311
Jobs for Veterans State Grants	17.801	DVP23	-	10,130
Jobs for Veterans State Grants	17.801	LVR22	8,107	17,630
Jobs for Veterans State Grants	17.801	LVR23	2,640	33,436
		Total Employment Service Cluster	<u>85,524</u>	<u>281,555</u>
Unemployment Insurance	17.225	UCR21	23,627	45,706
Unemployment Insurance	17.225	UCR22	19,571	37,021
			<u>43,198</u>	<u>82,727</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, 2023
(Continued)

Federal Grantor/Pass-Through Grantor/ State Grantor/Program Title	Federal Assistance Listing Number	Pass-Through Entity Award Number	Pass-Through to Subrecipients	Expenditures
FEDERAL AWARDS (Continued)				
U. S. Department of Labor (Continued)				
Passed through State of Florida, Department of Economic Opportunity (Continued)				
WIOA Adult Program	17.258	WIA22	58,386	356,419
WIOA Adult Program	17.258	WIA23	100,370	362,754
WIOA Youth Activities	17.258	WIS21	-	107,400
WIOA Adult Program	17.258	WIS22	-	48,859
WIOA Youth Activities	17.259	WIY22	105,779	378,374
WIOA Youth Activities	17.259	WIY23	50,130	142,751
WIOA Youth Activities	17.259	WIS21	-	107,400
WIOA Youth Activities	17.259	WIS22	-	48,859
WIOA Dislocated Worker Formula Grants	17.278	WID22	35,858	351,208
WIOA Dislocated Worker Formula Grants	17.278	WID23	19,956	328,158
WIOA Dislocated Worker Formula Grants	17.278	WIS21	-	131,652
WIOA Dislocated Worker Formula Grants	17.278	WIS22	-	54,966
WIOA Dislocated Worker Formula Grants	17.278	WIR22	-	32,154
WIOA Dislocated Worker Formula Grants	17.278	WIR23	-	36,975
Total Workforce Innovation and Opportunity Act Cluster			370,479	2,487,929
WIOA National Dislocated Worker Grants / WIA National Emergency Grants	17.277	WNC20	-	329,081
WIOA National Dislocated Worker Grants / WIA National Emergency Grants	17.277	WNH19	-	723
COVID-19 WIOA National Dislocated Worker Grants / WIA National Emergency Grants	17.277	WNO20	-	144,134
WIOA National Dislocated Worker Grants / WIA National Emergency Grants	17.277	WNS20	-	110,552
			-	584,490
U. S. Department of Agriculture				
Passed through State of Florida, Department of Economic Opportunity				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	FSH22	4,700	10,069
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	FSH23	20,333	39,515
Total Supplemental Nutrition Assistance Program Cluster			25,033	49,584
TOTAL FEDERAL AWARDS			\$ 651,203	\$ 4,001,886

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, 2023

(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, 2023, and the related notes to the financial statements, which collectively comprise the Organization’s basic financial statements, and have issued our report thereon dated .

Report on 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 procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Organization’s internal control. Accordingly, we do not express an opinion on the effectiveness of The Organization’s internal control.

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

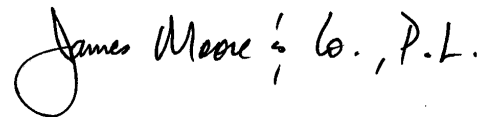
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 14, 2024

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, 2023. 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, 2023.

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 Commerce 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.

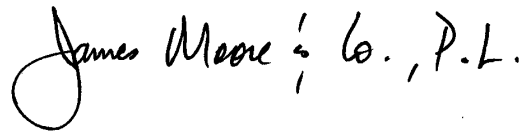
Report on Internal Control Over Compliance

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, looped initial "J".

Tallahassee, Florida
March 14, 2024

**GULF COAST WORKFORCE DEVELOPMENT BOARD, INC.
D/B/A CAREERSOURCE GULF COAST
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2023**

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 no
- Significant deficiency(ies) identified? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major Federal programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes 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 no

Identification of major programs:

Federal Program	Federal CFDA Number
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?	<input type="checkbox"/> yes <input checked="" type="checkbox"/> no

GULF COAST WORKFORCE DEVELOPMENT BOARD, INC.
D/B/A CAREERSOURCE GULF COAST
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2023
(Continued)

II. Financial Statement Findings:

None.

III. Federal Award Findings and Questioned Costs:

None.

IV. State of Florida, Department of Commerce 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 14, 2024

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, 2023, and have issued our report thereon dated March 14, 2024. 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 September 5, 2023, 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, use of restricted resources.

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. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2023. 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 also 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. See summary below for uncorrected financial statement misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit.

- \$16,500 adjustment to record immaterial offsetting lease receivable and deferred inflow of resources related to general fund lease receivable.
- \$35,000 adjustment to record offsetting right-to-use asset and lease liability for the governmental activities for various equipment leases.

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 a separate letter dated March 14, 2024.

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

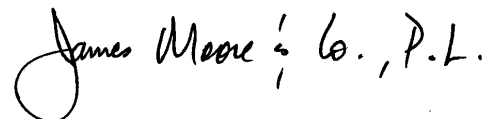
With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United 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.

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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March 14, 2024

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

This representation letter is provided in connection with your audit of the basic financial statements of Gulf Coast Workforce Development Board, Inc., Inc. d/b/a CareerSource Gulf Coast (“the Organization”), which comprise the statement of financial position as of June 30, 2023, and the related statement of governmental activities for the year ended June 30, 2023 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:

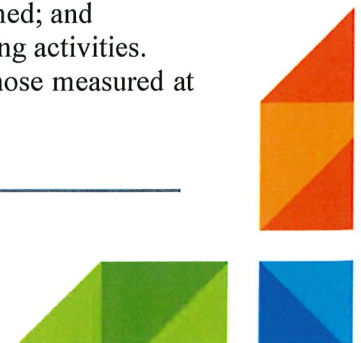
Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated September 5, 2023, 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.

Elinor Mount-Simmons, Chair

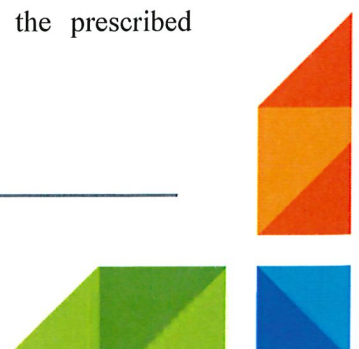
Joey Ginn, Vice Chair

Kimberly L. Bodine, Executive Director





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 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 record a lease receivable and deferred inflow for various sub-lease agreements under GASB 87 for approximately \$16,500.
 - b. Adjustment to record a right-of-use lease asset and lease liability under GASB 87 for various equipment leases for approximately \$35,600.
10. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
11. We are not aware of any pending or threatened litigation, claims, or assessments, or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with U.S. GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements which codifies FASB Accounting Standards Codification™ (ASC) 450, Contingencies, and we have not consulted a lawyer concerning litigation, claims, or assessments.
12. All components of net position, nonspendable fund balance, and restricted, committed, assigned, and unassigned fund balance are properly classified and, if applicable, approved.
13. All funds and activities are properly classified.
14. 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.
15. All net position components and fund balance classifications have been properly reported.
16. 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.
17. 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.
18. All interfund and intra-entity transactions and balances have been properly classified and reported.
19. Special items and extraordinary items have been properly classified and reported.
20. Deposit and investment risks have been properly and fully disclosed.
21. Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
22. All required supplementary information is measured and presented within the prescribed guidelines.

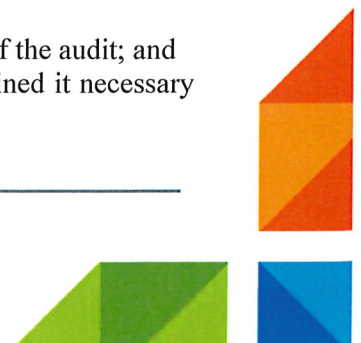




23. There have been no cybersecurity breaches or other cyber events whose effects should be considered for disclosure in the financial statements, as a basis for recording a loss contingency, or otherwise considered when preparing the financial statements.
24. With respect to the supplementary information 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.
25. 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.
26. 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.





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- 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.
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 are not aware of any pending or threatened litigation, claims, and assessments whose effects should be considered when preparing the financial statements and we have not consulted legal counsel concerning litigation, claims, or assessments.
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





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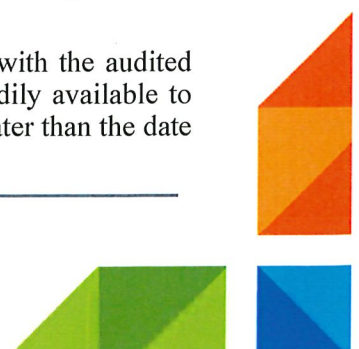
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- or as a basis for recording a loss contingency, including applicable budget laws and regulations.
- b. Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62.
 - c. 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

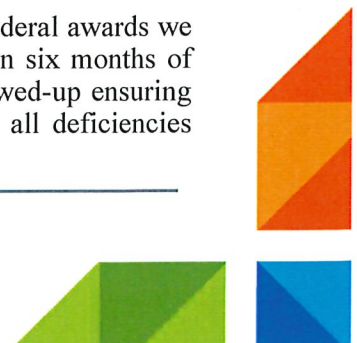
1. With respect to federal award programs:
 - a. We are responsible for understanding and complying with and have complied with the requirements of the Uniform Guidance.
 - b. We are responsible for the preparation and presentation of the schedule of expenditures of federal awards in accordance with 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 (Janine Dexter) 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.
- 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



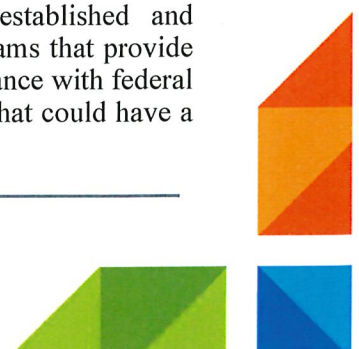


detected through audits, on-site reviews, and other means that pertain to the federal award provided to the subrecipient from the pass-through entity.

- 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:

- a. 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.
- b. 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





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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.

- c. We are responsible for and have accurately completed the appropriate sections of the Data Collection Form and we are responsible for taking corrective action on audit findings of the compliance audit and have developed a corrective action plan that meets the requirements of the Uniform Guidance.

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

