

DRAFT  
10/04/19

**Workforce Development Board of  
Flagler and Volusia Counties, Inc.  
d/b/a CareerSource Flagler Volusia  
and Project SELF, Inc.**

Combining Financial and Compliance Report  
June 30, 2019

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## Independent Auditor's Report

To the Boards of Directors  
Workforce Development Board of Flagler and Volusia Counties, Inc.  
d/b/a CareerSource Flagler Volusia and Project SELF, Inc.

### Report on the Financial Statements

We have audited the accompanying combining financial statements of Workforce Development Board of Flagler and Volusia Counties, Inc., d/b/a CareerSource Flagler Volusia and Project SELF, Inc., which comprise the combining statement of financial position as of June 30, 2019, and the related combining statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the combining financial statements (collectively, the financial statements).

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Workforce Development Board of Flagler and Volusia Counties, Inc., d/b/a CareerSource Flagler Volusia and Project SELF, Inc. as of June 30, 2019, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Report on Summarized Comparative Information**

We have previously audited Workforce Development Board of Flagler and Volusia Counties, Inc., d/b/a CareerSource Flagler Volusia and Project SELF, Inc.'s 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 16, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### **Emphasis of Matter – Change in Accounting**

As discussed in Note 1 to the accompanying financial statements, Workforce Development Board of Flagler and Volusia Counties, Inc., d/b/a CareerSource Flagler Volusia and Project SELF, Inc. adopted Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion if not modified with respect to this matter.

### **Other Matters – Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated [REDACTED], 2019, on our consideration of Workforce Development Board of Flagler and Volusia Counties, Inc., d/b/a CareerSource Flagler Volusia and Project SELF, Inc.'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 solely 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 the effectiveness of the Workforce Development Board of Flagler and Volusia Counties, Inc., d/b/a CareerSource Flagler Volusia and Project SELF, Inc.'s 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 Workforce Development Board of Flagler and Volusia Counties, Inc., d/b/a CareerSource Flagler Volusia and Project SELF, Inc.'s internal control over financial reporting and compliance.

Orlando, Florida  
[REDACTED], 2019

Workforce Development Board of Flagler and Volusia Counties, Inc.  
d/b/a CareerSource Flagler Volusia  
and Project SELF, Inc.

Combining Statement of Financial Position  
June 30, 2019  
(With Comparative Totals for June 30, 2018)

	2019			Total 2018
	CareerSource Flagler Volusia	Project SELF, Inc.	Total	
<b>Assets</b>				
Cash and cash equivalents	\$ 804,566	\$ 27,006	\$ 831,572	\$ 669,380
Grants receivable	143,150	-	143,150	650,230
Prepaid expenses	45,123	-	45,123	63,943
Investments	527,365	332,597	859,962	804,737
Property and equipment, net	45,650	-	45,650	72,852
<b>Total assets</b>	<b>\$ 1,565,854</b>	<b>\$ 359,603</b>	<b>\$ 1,925,457</b>	<b>\$ 2,261,142</b>
<b>Liabilities and Net Assets</b>				
Liabilities:				
Accounts payable	\$ 332,606	\$ -	\$ 332,606	\$ 365,554
Accrued expenses and other payables	75,195	-	75,195	77,834
Unearned revenue	177,560	-	177,560	511,724
<b>Total liabilities</b>	<b>585,361</b>	<b>-</b>	<b>585,361</b>	<b>955,112</b>
Commitments and contingencies (Notes 5 and 9)				
Net assets without donor restrictions	<b>980,493</b>	<b>359,603</b>	<b>1,340,096</b>	1,306,030
<b>Total liabilities and net assets</b>	<b>\$ 1,565,854</b>	<b>\$ 359,603</b>	<b>\$ 1,925,457</b>	<b>\$ 2,261,142</b>

See notes to combining financial statements.

Workforce Development Board of Flagler and Volusia Counties, Inc.  
d/b/a CareerSource Flagler Volusia  
and Project SELF, Inc.

Combining Statement of Activities  
Year Ended June 30, 2019  
(With Comparative Totals for June 30, 2018)

	2019			Total 2018
	CareerSource Flagler Volusia	Project SELF, Inc.	Total	
Revenues and support:				
Federal financial assistance	\$ 6,803,626	\$ -	\$ 6,803,626	\$ 7,037,312
Contributions and other revenue	99,584	1,315	100,899	87,743
Investment income, net	20,848	13,371	34,219	24,437
<b>Total revenues and support</b>	<b>6,924,058</b>	<b>14,686</b>	<b>6,938,744</b>	<b>7,149,492</b>
Expenses:				
Program services:				
Career center operations	6,112,360	12,030	6,124,390	6,307,362
Corporate and other programs	62,517	-	62,517	171,032
<b>Total program services</b>	<b>6,174,877</b>	<b>12,030</b>	<b>6,186,907</b>	<b>6,478,394</b>
Supporting services:				
Management and general	717,771	-	717,771	718,472
<b>Total supporting services</b>	<b>717,771</b>	<b>-</b>	<b>717,771</b>	<b>718,472</b>
<b>Total expenses</b>	<b>6,892,648</b>	<b>12,030</b>	<b>6,904,678</b>	<b>7,196,866</b>
<b>Change in net assets</b>	<b>31,410</b>	<b>2,656</b>	<b>34,066</b>	<b>(47,374)</b>
Net assets without donor restrictions:				
Beginning of year	949,083	356,947	1,306,030	1,353,404
End of year	\$ 980,493	\$ 359,603	\$ 1,340,096	\$ 1,306,030

See notes to combining financial statements.

**Workforce Development Board of Flagler and Volusia Counties, Inc.  
d/b/a CareerSource Flagler Volusia  
and Project SELF, Inc.**

**Combining Statement of Functional Expenses  
Year Ended June 30, 2019  
(With Comparative Totals for June 30, 2018)**

	CareerSource Flagler Volusia				Total CareerSource Flagler Volusia	Project SELF, Inc. Program Services	Total 2019 Expenses	Total 2018 Expenses
	Career Center Operations	Corporate and Other Programs	Total Program Services	Management and General				
Subcontracted service providers	\$ 3,279,430	\$ -	\$ 3,279,430	\$ -	\$ 3,279,430	\$ -	\$ 3,279,430	\$ 3,328,097
Salaries and related benefits	641,562	21,940	663,502	563,781	1,227,283	-	1,227,283	1,174,426
Participant tuition, supplies and training	1,003,849	-	1,003,849	-	1,003,849	-	1,003,849	1,269,550
Rent	347,172	-	347,172	33,318	380,490	-	380,490	384,178
Participant support services	272,815	46	272,861	53	272,914	11,845	284,759	222,863
Repairs and maintenance	94,290	-	94,290	6,562	100,852	-	100,852	113,055
Communications	81,724	-	81,724	7,774	89,498	-	89,498	122,280
Software fees	76,136	-	76,136	7,368	83,504	-	83,504	77,440
Supplies and small equipment	73,054	3,178	76,232	7,135	83,367	-	83,367	96,837
Telephone and utilities	67,673	-	67,673	8,386	76,059	-	76,059	76,860
Travel	37,251	326	37,577	12,644	50,221	-	50,221	40,056
Professional fees	25	-	25	34,535	34,560	-	34,560	36,775
Staff development	21,781	999	22,780	9,351	32,131	-	32,131	28,865
Equipment rental	27,756	-	27,756	2,793	30,549	-	30,549	25,034
Memberships and dues	12,308	6,525	18,833	9,751	28,584	-	28,584	23,281
Depreciation and amortization	-	27,202	27,202	-	27,202	-	27,202	93,548
Insurance	13,912	-	13,912	13,175	27,087	-	27,087	39,134
Contracted services	23,347	-	23,347	683	24,030	-	24,030	12,921
Outreach	19,359	120	19,479	-	19,479	-	19,479	11,444
Business summit	10,745	-	10,745	-	10,745	-	10,745	4,000
Miscellaneous	4,401	1,256	5,657	124	5,781	185	5,966	8,273
Postage and printing	3,770	895	4,665	35	4,700	-	4,700	5,609
Board expenses	-	30	30	303	333	-	333	2,340
<b>Total expenses</b>	<b>\$ 6,112,360</b>	<b>\$ 62,517</b>	<b>\$ 6,174,877</b>	<b>\$ 717,771</b>	<b>\$ 6,892,648</b>	<b>\$ 12,030</b>	<b>\$ 6,904,678</b>	<b>\$ 7,196,866</b>

See notes to combining financial statements.

Workforce Development Board of Flagler and Volusia Counties, Inc.  
d/b/a CareerSource Flagler Volusia  
and Project SELF, Inc.

Combining Statement of Cash Flows  
Year Ended June 30, 2019  
(With Comparative Totals for June 30, 2018)

	2019			Total 2018
	CareerSource Flagler Volusia	Project SELF, Inc.	Total	
Cash flows from operating activities:				
Change in net assets	\$ 31,410	\$ 2,656	\$ 34,066	\$ (47,374)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:				
Depreciation and amortization	27,202	-	27,202	93,548
Net realized and unrealized losses on investments	3,074	1,152	4,226	14,818
Changes in operating assets and liabilities:				
(Increase) decrease in assets:				
Grants receivable	507,080	-	507,080	(555,314)
Prepaid expenses	18,820	-	18,820	(17,055)
Increase (decrease) in liabilities:				
Accounts payable	(32,948)	-	(32,948)	(201,985)
Accrued expenses and other payables	(2,639)	-	(2,639)	12,967
Unearned revenue	(334,164)	-	(334,164)	85,851
<b>Net cash provided by (used in) operating activities</b>	<b>217,835</b>	<b>3,808</b>	<b>221,643</b>	<b>(614,544)</b>
Cash flows from investing activities:				
Proceeds from sales of investments	88,764	131,445	220,209	154,392
Purchases of investments	(135,557)	(144,103)	(279,660)	(198,753)
<b>Net cash used in investing activities</b>	<b>(46,793)</b>	<b>(12,658)</b>	<b>(59,451)</b>	<b>(44,361)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>171,042</b>	<b>(8,850)</b>	<b>162,192</b>	<b>(658,905)</b>
Cash and cash equivalents:				
Beginning of year	633,524	35,856	669,380	1,328,285
End of year	\$ 804,566	\$ 27,006	\$ 831,572	\$ 669,380

See notes to combining financial statements.



**Workforce Development Board of Flagler and Volusia Counties, Inc.  
d/b/a CareerSource Flagler Volusia  
and Project SELF, Inc.**

**Notes to Combining Financial Statements**

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**Note 1. Nature of Organization and Significant Accounting Policies**

**Nature of organization:** The Workforce Development Board of Flagler and Volusia Counties, Inc., d/b/a CareerSource Flagler Volusia (the Board), is a Florida not-for-profit organization and was organized on July 5, 1996 to operate Career Centers in the two-county area. The State of Florida established the Board pursuant to the authority of the *Workforce Innovation and Opportunity Act* and the *State Workforce Innovation Act*.

The Board is organized as a private not-for-profit organization and is currently the administrative entity and grant recipient of the *Workforce Innovation and Opportunity Act* (WIOA) and other employment services programs for Flagler and Volusia Counties. The WIOA requires the operation of career center systems that serve all the workforce and promotes private sector participation. The Board receives its funding for these programs from the Florida Department of Economic Opportunity as directed by CareerSource Florida. Corporate and other programs are for program activities not included in the above. The Board of Directors is comprised of: (1) representatives of the private sector (at least 51%), (2) representatives of the workforce within the local area (at least 20%), (3) representatives of entities administering education and training activities in the local area, (4) representatives of governmental and economic and community development entities serving the local area, and (5) other individuals or representatives of entities as the Board may determine appropriate.

Project SELF, Inc. (Project SELF), is a Florida not-for-profit organization and was organized on July 21, 2008 to significantly influence the design and fund distribution of a program to benefit underprivileged youth and to afford grant solicitation opportunities through solicitation, oversight, planning, evaluation, budgetary authority, and maximum resource utilization. The Board of Directors is comprised of not more than fifteen members, some of whom are also related to the Board.

**Reporting entity and principles of combination:** The combined financial statements include the accounts of the Board and Project SELF (collectively, the Organization), which are affiliated through common control and management. All significant intercompany accounts and transactions have been eliminated in the preparation of the combining financial statements.

The financial activities of the Board provide for the development, planning, monitoring and administration of the following primary federal grant programs:

**U.S. Department of Labor:** The *Workforce Innovation and Opportunity Act* (WIOA) programs help prepare workers for good jobs through formula grants to States. Using a variety of methods, States provide employment and training services through a network of Career Centers. The WIOA Adult Program and WIOA Dislocated Worker Formula Grants provide career services, and help jobseekers achieve gainful employment. The WIOA Adult program focuses more on low-skilled, low-income workers, whereas the WIOA Dislocated Worker program supports the reemployment of laid-off workers. The WIOA Youth program provides employment and educational services to eligible low-income youth, ages 14 to 24 that face barriers to employment. The program serves in-school as well as out-of-school youth, youth with disabilities and low literacy rates, and others who may require additional assistance to complete an educational program and acquire an industry-recognized credential, or enter employment. The WIOA National Dislocated Worker Grants/WIOA National Emergency Grants are to temporarily expand service capacity at the state and local levels by providing time-limited funding assistance in response to significant dislocation events that cannot reasonably be expected to be accommodated within the on-going operations of the formula-funded Dislocated Worker program.

**Workforce Development Board of Flagler and Volusia Counties, Inc.  
d/b/a CareerSource Flagler Volusia  
and Project SELF, Inc.**

**Notes to Combining Financial Statements**

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**Note 1. Nature of Organization and Significant Accounting Policies (Continued)**

Employment Service/Wagner-Peyser Funded Activities consist of funded workforce preparation services which are an integrated component of the nation's Career Center system. They are coordinated with other adult programs under the *Workforce Innovation and Opportunity Act* to ensure that job seekers, workers, and employers have convenient and comprehensive access to a full continuum of workforce-related services. The most distinguishing feature of the Wagner-Peyser Employment Service is that it is the only "universally accessible" public workforce program.

The Disabled Veterans' Outreach Program (DVOP) is used to provide intensive services to meet the employment needs of eligible veterans with the following order of priority in the provision of services: (1) special disabled veterans; (2) other disabled veterans; and (3) other eligible veterans. Maximum emphasis in meeting the employment needs of veterans shall be placed upon assisting economically and educationally disadvantaged veterans. Intensive services are provided using a case-management approach. The Local Veterans' Employment Representative (LVER) Program is used to (1) conduct outreach to employers in the area to assist veterans in gaining employment, including conducting seminars for employers and, in conjunction with employers, conducting job search workshops and establishing job search groups; and (2) facilitate employment, training, and placement services furnished to veterans in a State under the applicable State employment service delivery systems; generally, the Career Center System established by the *Workforce Innovation and Opportunity Act*.

The Reemployment Assistance Program is used to oversee unemployment insurance programs for eligible workers through federal and state cooperation, including unemployment compensation for federal employees or ex-service members, disaster unemployment assistance, and to assist in the oversight of trade adjustment assistance and alternative trade adjustment assistance, and reemployment trade adjustment assistance programs.

The Trade Adjustment Assistance (TAA) Program is used to provide adjustment assistance to qualified workers adversely affected by foreign trade which will assist them to obtain suitable employment.

The Workforce Innovation Fund Program will fund projects that demonstrate innovative strategies or replicate effective evidence-based strategies that align and strengthen the workforce investment system in order to improve program delivery and education and employment outcomes for program beneficiaries.

The H-1B Job Training Grant Program funds projects that provide training and related activities to workers to assist them in gaining the skills and competencies needed to obtain or upgrade employment in high-growth industries or economic sectors. Over time, these education and training programs will help businesses reduce their use of skilled foreign professionals permitted to work in the U.S. on a temporary basis under the H-1B visa program.

**U.S. Department of Health and Human Services:** The Welfare Transition Program is a federally funded program through the Temporary Assistance for Needy Families Program to provide grants to assist needy families with children so that children can be cared for in their own homes; to reduce dependency by promoting job preparation, work, and marriage; to reduce and prevent out-of-wedlock pregnancies; and to encourage the formation and maintenance of two-parent families.

**U.S. Department of Agriculture:** These funds are used exclusively for the Supplemental Nutrition Assistance Program Employment and Training Program.

**Workforce Development Board of Flagler and Volusia Counties, Inc.  
d/b/a CareerSource Flagler Volusia  
and Project SELF, Inc.**

**Notes to Combining Financial Statements**

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**Note 1. Nature of Organization and Significant Accounting Policies (Continued)**

A summary of the Organization's significant accounting policies follows:

**Comparative financial statements:** The combining financial statements include certain prior-year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). Accordingly, such information should be read in conjunction with the Organization's combining financial statements for the year ended June 30, 2018, from which the summarized information was derived.

**Basis of accounting:** The accompanying combining financial statements have been prepared on the accrual basis of accounting.

**Basis of presentation:** A not-for-profit organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

**Net assets without donor restrictions:** Net assets that are not subject to donor-imposed stipulations, but may be designated for specific purposes by action of the Board of Directors.

**Net assets with donor restrictions:** Net assets that are subject to donor-imposed stipulations that may or will be met either by actions of the Organization, passage of time or permanently maintained by the Organization. When the restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statement of activities as net assets released from restrictions. The Organization has no net assets with donor restrictions at June 30, 2019.

**Use of estimates:** The preparation of combining financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the combining financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Liquidity:** Assets are presented in the accompanying statement of financial position according to their nearness of conversion to cash and liabilities according to their nearness of their maturity and resulting use of cash.

**Cash and cash equivalents:** For purposes of the combining statement of cash flows, the Organization considers all highly liquid investments purchased with an initial maturity of three months or less to be cash equivalents.

The Organization maintains its cash and cash equivalents in deposit accounts and money market funds which may not be federally insured, may exceed federally insured limits, or may be insured by an entity other than an agency of the federal government. The Organization has not experienced any losses in such accounts and believes they are not exposed to any significant credit risk related to cash and cash equivalents.

**Workforce Development Board of Flagler and Volusia Counties, Inc.  
d/b/a CareerSource Flagler Volusia  
and Project SELF, Inc.**

**Notes to Combining Financial Statements**

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**Note 1. Nature of Organization and Significant Accounting Policies (Continued)**

**Grants receivable and federal financial assistance revenue:** Grants receivable are due from federal and state governmental agencies and are stated at net realizable value. The Organization uses the allowance method to determine uncollectible receivables. The allowance is based upon management estimates of current economic factors and analysis of specific accounts. In the opinion of management, no allowance for uncollectible accounts was considered necessary at June 30, 2019.

The Organization is principally funded by grants and contracts from federal and state governmental agencies for programs and supporting services. Grants and contracts generally provide reimbursement for allowable costs incurred. Revenue from cost reimbursement grants and contracts is recognized as eligible costs are incurred. Receivables are recorded to the extent costs have been incurred but not reimbursed by the granting agencies. Conversely, unearned revenue is recorded when grant and contract advances exceed eligible costs incurred. Unearned revenue will either be offset against subsequent allowable costs incurred or refunded to the granting agencies upon grant termination.

By terms of the Organization's grants and contracts, certain funding agencies reserve the right to examine records relating to cost reimbursements. In the event there is a determination of non-qualifying expenditures for which a reimbursement has been made, the funding agency may demand a refund for the appropriate amount. Management does not anticipate adjustments to be made for grants and contracts.

**Investments and investment income:** Investments are reported at fair value (see Notes 2 and 4). Realized gains and losses are recorded at date of disposition based on the difference between the net proceeds received and the cost of the investments sold, using the specific identification method. Unrealized gains and losses are reported for the changes in fair value between reporting periods. Interest and dividend income is recognized when earned. Gains and losses on investments are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law.

**Property and equipment:** Property and equipment in excess of \$5,000 are capitalized at cost when purchased or at fair value at the date of gift, if contributed. Depreciation of property and equipment is provided using the straight-line method of accounting over the estimated useful lives of the assets ranging from three to five years for office furniture and fixtures, and computer equipment and software. Leasehold improvements are amortized over their terms of the lease contracts in place (three to five years) using the straight-line method of accounting or the useful life of the improvement, whichever is shorter. Routine maintenance and repairs are charged to expense as incurred. Major replacements and improvements are capitalized. When assets are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gains or losses from dispositions are credited or changed to income.

In the event of disposal of property and equipment acquired through expenditures of federal funds, the Organization may be required to return the property and equipment to the funding source or obtain its approval prior to disposal of the property and equipment. Additionally, the proceeds from any disposal of property and equipment may be required to be refunded to the respective funding source.

**Workforce Development Board of Flagler and Volusia Counties, Inc.  
d/b/a CareerSource Flagler Volusia  
and Project SELF, Inc.**

**Notes to Combining Financial Statements**

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**Note 1. Nature of Organization and Significant Accounting Policies (Continued)**

**Impairment of long-lived assets:** The carrying value of property and equipment is reviewed for impairment whenever events or changes in circumstances indicate such value may not be recoverable. Recoverability of assets or asset groups to be held and used is measured by a comparison of the carrying amount of an asset or asset group to future net cash flows expected to be generated by the asset or asset group. If such assets or asset groups are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets or asset groups exceeds the fair value of the assets or asset groups. Assets or asset groups to be disposed of are reported at the lower of the carrying amount or fair value less cost to sell. No impairment of its long-lived assets or asset groups has been recognized as of June 30, 2019.

**Contributions:** Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions at fair value. All donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction unless they are expended in the year of receipt. Such contributions are recorded as net assets without donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statement of activities as net assets released from restrictions.

**Contributed services:** Contributed services are recognized and recorded at fair value only to the extent they create or enhance non-financial assets or require specialized skills, are provided by individuals possessing these skills and would typically need to be purchased if not provided by donations. The Organization recorded no contributed services for the year ended June 30, 2019. However, many individuals volunteer time and perform a variety of tasks for the Organization. The value of the volunteered time for these functions is not included in the combining financial statements because it does not meet the recognition criteria.

**Combining statement of functional expenses:** The costs of providing the various programs and other activities have been detailed in the combining statement of functional expenses and summarized on a functional basis in the combining statement of activities. Salaries and other expenses which are associated with a specific program are charged directly to that program. Salaries and other expenses which benefit more than one program are allocated to the various programs based on the relative benefit provided. Management and general expenses are allocated to the various programs under an approved indirect cost allocation plan. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Income taxes:** The Board and Project SELF are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from state income taxes under similar provisions of the Florida Statutes. Accordingly, no provision for federal and state income taxes has been recorded in the accompanying combining financial statements.

The Board and Project SELF follow accounting standards relating to accounting for uncertainty in income taxes. Management assessed whether there were any uncertain tax positions, which may give rise to income tax liabilities and determined that there were no such matters requiring recognition in the accompanying combining financial statements. The Board and Project SELF files income tax returns in the U.S. federal jurisdiction. Generally, the Board and Project SELF are no longer subject to U.S. federal income tax examinations by tax authorities for years before June 30, 2016.

**Workforce Development Board of Flagler and Volusia Counties, Inc.  
d/b/a CareerSource Flagler Volusia  
and Project SELF, Inc.**

**Notes to Combining Financial Statements**

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**Note 1. Nature of Organization and Significant Accounting Policies (Continued)**

**Recent accounting pronouncements:** In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The update will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. The updated standard will become effective for annual reporting periods beginning after December 15, 2018. The Organization has not yet selected a transition method and is currently evaluating the impact this ASU will have on its combining financial statements.

In February 2016, the FASB issued its new lease accounting guidance in ASU No. 2016-02, *Leases (Topic 842)*. Under the new guidance, lessees will be required to recognize the following for all leases (with the exception of short-term leases) at the commencement date: (1) A lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and (2) A right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. Lessees will no longer be provided with a source of off-balance sheet financing. Lessees must apply a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. Nonpublic entities should apply the amendments for fiscal years beginning after December 15, 2019. The Organization is currently evaluating the impact this ASU will have on its combining financial statements.

The FASB has issued certain new or modifications to, or interpretations of, existing accounting guidance in addition to the ASU's described above. The Organization has considered the new pronouncements and does not believe that any other new or modified guidance will have a material impact on the Organization's reported financial position or activities in the near term.

**Change in accounting:** In August 2016, the FASB issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. ASU No. 2016-14 changes presentation and disclosure requirements for not-for-profit entities to provide qualitative and quantitative requirements as follows:

- Net assets presentation in two categories – net assets without donor restrictions and net assets with donor restrictions;
- Presentation of investment income net of investment expenses;
- Analysis of expenses by both natural and functional classification;
- Liquidity and availability of resources disclosure requirements;
- Presentation of operation cash flows either direct or indirect method; permits the use of direct method without reconciliation of change in net assets to net cash flows from operating activities.

As the result of ASU No. 2016-14 adoption, the Organization has adjusted the presentation of these combining financial statements accordingly. The ASU has been applied retrospectively to all periods presented.

**Subsequent events:** Management has assessed subsequent events through [REDACTED], 2019, the date the combining financial statements were available to be issued.

**Workforce Development Board of Flagler and Volusia Counties, Inc.  
d/b/a CareerSource Flagler Volusia  
and Project SELF, Inc.**

**Notes to Combining Financial Statements**

**Note 2. Investments**

The fair value of investments at June 30, 2019, consists of the following:

	Cost	Fair Value	Unrealized Appreciation (Depreciation)
CareerSource Flagler Volusia investments:			
U.S. Government securities	\$ 358	\$ 414	\$ 56
Mutual funds	533,384	526,951	(6,433)
	<u>533,742</u>	<u>527,365</u>	<u>(6,377)</u>
Project SELF, Inc. investments:			
Mutual funds	331,140	332,597	1,457
	<u>\$ 864,882</u>	<u>\$ 859,962</u>	<u>\$ (4,920)</u>

The following schedule summarizes investment income, net during the year ended June 30, 2019, as follows:

	CareerSource Flagler Volusia	Project SELF, Inc.	Total
Interest and dividend income, net of investment expenses	\$ 23,922	\$ 14,523	\$ 38,445
Net realized and unrealized losses on investments	(3,074)	(1,152)	(4,226)
	<u>\$ 20,848</u>	<u>\$ 13,371</u>	<u>\$ 34,219</u>

**Note 3. Property and Equipment**

Property and equipment consisted of the following at June 30, 2019:

	CareerSource Flagler Volusia	Project SELF, Inc.	Total
Leasehold improvements	\$ 1,038,857	\$ -	\$ 1,038,857
Computer equipment and software	496,644	-	496,644
Office furniture and fixtures	18,622	-	18,622
	<u>1,554,123</u>	<u>-</u>	<u>1,554,123</u>
Less accumulated depreciation	(1,508,473)	-	(1,508,473)
	<u>\$ 45,650</u>	<u>\$ -</u>	<u>\$ 45,650</u>

Depreciation and amortization expense for the year ended June 30, 2019 was \$27,202.

**Workforce Development Board of Flagler and Volusia Counties, Inc.  
d/b/a CareerSource Flagler Volusia  
and Project SELF, Inc.**

**Notes to Combining Financial Statements**

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**Note 4. Fair Value Measurements**

The Organization follows accounting standards relating to fair value measurements which defines fair value, establishes a framework for measuring fair value in accordance with U.S. GAAP, and expands disclosures about fair value measurements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The accounting standards relating to fair value measurements establishes a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. Investments recorded at fair value in the accompanying statement of financial position are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Level inputs, as defined by this guidance, are as follows:

**Level 1:** Quoted market prices in active markets for identical assets or liabilities.

**Level 2:** Observable market-based inputs or unobservable inputs that are corroborated by market data.

**Level 3:** Unobservable inputs that are not corroborated by market data.

In determining the appropriate levels, the Organization performs a detailed analysis of the assets and liabilities that are measured and reported on a fair value basis. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3.



**Workforce Development Board of Flagler and Volusia Counties, Inc.  
d/b/a CareerSource Flagler Volusia  
and Project SELF, Inc.**

**Notes to Combining Financial Statements**

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**Note 4. Fair Value Measurements (Continued)**

The following table summarizes the fair value measurements by level measured on a recurring basis as of June 30, 2019:

	Fair Value Measurements Using			Total
	Level 1	Level 2	Level 3	
CareerSource Flagler Volusia investments:				
U.S. Government securities	\$ 414	\$ -	\$ -	\$ 414
Mutual funds:				
Large value fund	104,486	-	-	104,486
Tactical allocation fund	94,898	-	-	94,898
Ultrashort bond fund	65,551	-	-	65,551
Preferred stock fund	44,651	-	-	44,651
Large blend fund	40,797	-	-	40,797
Nontraditional bond fund	40,167	-	-	40,167
Bank loan fund	38,891	-	-	38,891
Inflation-protected bond fund	24,897	-	-	24,897
Foreign large blend fund	23,139	-	-	23,139
Large growth fund	16,366	-	-	16,366
Real estate fund	13,768	-	-	13,768
Allocation to equity fund	10,019	-	-	10,019
Energy limited partnership fund	9,321	-	-	9,321
	527,365	-	-	527,365
Project SELF, Inc. investments:				
Mutual funds:				
Large value fund	59,814	-	-	59,814
Large blend fund	56,226	-	-	56,226
Foreign large blend fund	52,382	-	-	52,382
Nontraditional bond fund	30,303	-	-	30,303
Tactical allocation fund	27,019	-	-	27,019
Large growth fund	24,831	-	-	24,831
Preferred stock fund	24,012	-	-	24,012
Bank loan fund	16,380	-	-	16,380
Intermediate-term bond fund	14,168	-	-	14,168
Allocation to equity fund	13,322	-	-	13,322
Real estate fund	9,820	-	-	9,820
Medium growth fund	3,164	-	-	3,164
Medium value fund	1,156	-	-	1,156
	332,597	-	-	332,597
	\$ 859,962	\$ -	\$ -	\$ 859,962

Shares of mutual funds are valued based on the quoted market price of the fund on active markets as of the valuation date, which represents the net asset value of shares held by the Organization.

**Workforce Development Board of Flagler and Volusia Counties, Inc.  
d/b/a CareerSource Flagler Volusia  
and Project SELF, Inc.**

**Notes to Combining Financial Statements**

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**Note 5. Leases**

The Board leases various office facilities and equipment for administrative and career center operations under agreements which expire at various dates through October 2022. Certain leases contain renewal provisions and generally require the Board to pay insurance, taxes and other operating expenses related thereto. Total rental expense charged to the Board's operations was \$380,490 for the year ended June 30, 2019.

Future minimum lease payments required under these operating leases that have initial or remaining non-cancelable lease terms in excess of one year as of June 30, 2019, are as follows:

Years ending December 31:	Amount
2020	\$ 342,164
2021	248,067
2022	190,969
2023	64,645
	\$ 845,845

**Note 6. Liquidity and Availability of Resources**

As of June 30, 2019, the following reflects the Organization's financial assets, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of June 30, 2019:

	2019		
	CareerSource Flagler Volusia	Project SELF, Inc.	Total
Financial assets, at year-end			
Cash and cash equivalents	\$ 804,566	\$ 27,006	\$ 831,572
Grants receivable	143,150	-	143,150
Investments	527,365	332,597	859,962
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,475,081	\$ 359,603	\$ 1,834,684

The Organization has a goal to maintain 90 days of operating expense coverage (approximately \$1,700,000) in liquid assets. The Organization meets this goal with cash balances combined with an investment portfolio, which primarily invests in actively traded government securities and mutual funds that can be liquidated on demand. The Organization also has the ability to make weekly cash draws against Florida Department of Economic Opportunity awards to support general program expenditures.

**Workforce Development Board of Flagler and Volusia Counties, Inc.  
d/b/a CareerSource Flagler Volusia  
and Project SELF, Inc.**

**Notes to Combining Financial Statements**

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**Note 7. Profit Sharing Plan**

The Board maintains a qualified employee profit sharing plan (the Plan) under Section 401(k) of the Internal Revenue Code for its employees. All employees who have reached the age of 21 and have one year of employment are eligible to participate in the Plan. The Board participates in the Plan by contributing 2% of the qualifying basic salary of eligible participating employees and will match employee supplemental contributions above 2% to a maximum additional 4%. During the year ended June 30, 2019, the Board's contributions to the plan was \$48,538.

**Note 8. FLAIR Reconciliation**

**Special Guidance for Audit Testing and Reporting:** The Board has completed a reconciliation of its financial records to the Florida Accounting Information Resources (FLAIR) system maintained by Florida Department of Economic Opportunity (DEO) for the year ended June 30, 2019.

**Note 9. Contingencies**

**Grant Support and Significance to Operations:** The Board and its related programs receive a substantial amount of their support from federal and state grant programs. The Board's dependence on these funding sources to continue its routine operation is significant in relation to its overall financial activities. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected may constitute a liability of the Board. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Board expects such amounts, if any, to be immaterial.

**Note 10. Related Party Transactions**

In the ordinary course of business, the Organization enters into transactions with other organizations that have individuals who serve on the Organization's Board of Directors. These transactions are made at arm's length and include activities that support the Organization's mission. The Organization entered into related party transactions totaling \$68,973 for the year ended June 30, 2019.

**Workforce Development Board of Flagler and Volusia Counties, Inc.  
d/b/a CareerSource Flagler Volusia  
and Project SELF, Inc.**

**Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2019**

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Amount Provided to Subrecipients	Total Federal Expenditures
<b>Federal Awards:</b>				
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	34876		\$ 134,229
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	37576		191,278
<b>Total U.S. Department of Agriculture</b>			<b>\$ 148,827</b>	<b>325,507</b>
U.S. Department of Labor:				
Passed-through:				
State of Florida Department of Economic Opportunity:				
WIOA National Dislocated Worker Grants / WIA National Emergency Grants	17.277	32500		47,079
WIOA National Dislocated Worker Grants / WIA National Emergency Grants	17.277	34176		446,051
WIOA National Dislocated Worker Grants / WIA National Emergency Grants	17.277	35816		62,740
<b>Program Total (WIOA National Dislocated Worker             Grants / WIA National Emergency Grants)</b>			<b>155,331</b>	<b>555,870</b>
Passed-through:				
State of Florida Department of Economic Opportunity:				
Employment Service Cluster:				
Employment Service/Wagner-Peyser Funded Activities	17.207	33816		20,733
Employment Service/Wagner-Peyser Funded Activities	17.207	37448		307,622
Employment Service/Wagner-Peyser Funded Activities	17.207	37310		18,349
			<b>92,406</b>	<b>346,704</b>
Disabled Veterans' Outreach Program	17.801	35356		17,498
Disabled Veterans' Outreach Program	17.801	37752		22,418
			<b>18,513</b>	<b>39,916</b>
Local Veterans' Employment Representative Program	17.804	37733		22,394
Local Veterans' Employment Representative Program	17.804	35331		10,470
Local Veterans' Employment Representative Program	17.804	37563		39,026
			<b>15,061</b>	<b>71,890</b>
<b>Program Total (Employment Service Cluster)</b>			<b>125,980</b>	<b>458,510</b>

(Continued)

**Workforce Development Board of Flagler and Volusia Counties, Inc.  
d/b/a CareerSource Flagler Volusia  
and Project SELF, Inc.**

**Schedule of Expenditures of Federal Awards (Continued)  
Year Ended June 30, 2019**

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Amount Provided to Subrecipients	Total Federal Expenditures
<b>Federal Awards (Continued):</b>				
U.S. Department of Labor (Continued):				
Passed-through (Continued):				
State of Florida Department of Economic Opportunity (Continued):				
Unemployment Insurance:				
Unemployment Insurance	17.225	37705		18,445
Unemployment Insurance	17.225	38011		48,812
Unemployment Insurance	17.225	34776		14,766
Unemployment Insurance	17.225	37821		1,086
Unemployment Insurance	17.225	35666		58,445
<b>Program Total (Unemployment Insurance)</b>			95,000	141,554
Trade Adjustment Assistance:				
Trade Adjustment Assistance	17.245	36557		6,671
Trade Adjustment Assistance	17.245	37630		16,766
Trade Adjustment Assistance	17.245	36598		6,966
Trade Adjustment Assistance	17.245	37651		32,748
Trade Adjustment Assistance	17.245	34606		15,000
<b>Program Total (Trade Adjustment Assistance)</b>			23,103	78,151
WIOA Cluster:				
WIOA Adult Program	17.258	33661		148,596
WIOA Adult Program	17.258	37400		26,834
WIOA Adult Program	17.258	33636		164,474
WIOA Adult Program	17.258	37499		114,122
			57,235	454,026
WIOA Youth Activities	17.259	37285		281,476
WIOA Youth Activities	17.259	33411		881,464
			1,062,168	1,162,940
WIOA Dislocated Worker Formula Grants	17.278	38024		4,866
WIOA Dislocated Worker Formula Grants	17.278	34981		51,472
WIOA Dislocated Worker Formula Grants	17.278	35586		6,511
WIOA Dislocated Worker Formula Grants	17.278	35756		5,789
WIOA Dislocated Worker Formula Grants	17.278	38025		518
WIOA Dislocated Worker Formula Grants	17.278	37916		35,231
WIOA Dislocated Worker Formula Grants	17.278	33686		1,471,644
WIOA Dislocated Worker Formula Grants	17.278	37933		22,240
			748,565	1,598,271
<b>Program Total (WIOA Cluster)</b>			1,867,968	3,215,237
Apprenticeship USA Grants	17.285	37269	2,857	5,289
Alachua/Bradford LWIB No. 9:				
H-1B Job Training Grants Program	17.268	HG-26654-15-60-A-12	1,033	91,709
<b>Total U.S. Department of Labor</b>			2,271,272	4,546,320

(Continued)

**Workforce Development Board of Flagler and Volusia Counties, Inc.  
d/b/a CareerSource Flagler Volusia  
and Project SELF, Inc.**

**Schedule of Expenditures of Federal Awards (Continued)  
Year Ended June 30, 2019**

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Amount Provided to Subrecipients	Total Federal Expenditures
<b>Federal Awards (Continued):</b>				
U.S. Department of Health and Human Services:				
Passed-through:				
State of Florida Department of Economic Opportunity:				
Temporary Assistance for Needy Families	93.558	37607		1,448,849
Temporary Assistance for Needy Families	93.558	37416		482,950
<b>Total U.S. Department of Health and Human Services</b>			859,331	1,931,799
<b>Total Federal Awards</b>			\$ 3,279,430	\$ 6,803,626

See notes to the schedule of expenditures of federal awards.

**Workforce Development Board of Flagler and Volusia Counties, Inc.  
d/b/a CareerSource Flagler Volusia  
and Project SELF, Inc.**

**Notes to the Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2019**

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**Note 1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Workforce Development Board of Flagler and Volusia Counties, Inc., d/b/a CareerSource Flagler Volusia and Project SELF, Inc. (the Organization), under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

**Note 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 expenditure are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

**Note 3. Indirect Cost Rate**

The Organization has elected not to use the 10% de minimus indirect cost rate as allowed under the Uniform Guidance.

**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***

**Independent Auditor's Report**

To the Board of Directors  
Workforce Development Board of Flagler and Volusia Counties, Inc.  
d/b/a CareerSource Flagler Volusia and Project SELF, Inc.

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 combining financial statements of Workforce Development Board of Flagler and Volusia Counties Inc., d/b/a CareerSource Flagler Volusia and Project SELF, Inc. (the Organization), which comprise the combining statement of financial position as of June 30, 2019, and the related combining statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the combining financial statements (collectively, the financial statements), and have issued our report thereon dated [REDACTED], 2019.

**Internal Control Over Financial Reporting**

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

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

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



**Compliance and Other Matters**

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

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results 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.

Orlando, Florida  
                    , 2019

**Report on Compliance for its Major Federal Program and Report on  
Internal Control Over Compliance Required by the Uniform Guidance**

**Independent Auditor's Report**

To the Board of Directors  
Workforce Development Board of Flagler and Volusia Counties, Inc.  
d/b/a CareerSource Flagler Volusia and Project SELF, Inc.

**Report on Compliance for its Major Federal Program**

We have audited Workforce Development Board of Flagler and Volusia Counties, Inc.'s, d/b/a CareerSource Flagler Volusia and Project SELF, Inc.'s (the Organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Organization's major federal program for the year ended June 30, 2019. The Organization's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance of the Organization's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the 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); and the special audit guidance provided by the Florida Department of Economic Opportunity (FDEO). Those standards, the Uniform Guidance, and the FDEO require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

**Opinion on its Major Federal Program**

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2019.



**Workforce Development Board of Flagler and Volusia Counties, Inc.  
d/b/a CareerSource Flagler Volusia  
and Project SELF, Inc.**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2019**

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**I – Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued:	<u>Unmodified</u>		
Internal control over financial reporting:			
Material weakness(es) identified?	<u>        </u> Yes	<u>    X    </u> No	
Significant deficiency(ies) identified?	<u>        </u> Yes	<u>    X    </u> None Reported	
Noncompliance material to financial statements noted?	<u>        </u> Yes	<u>    X    </u> No	

**Federal Awards**

Internal control over major program:			
Material weakness(es) identified?	<u>        </u> Yes	<u>    X    </u> No	
Significant deficiency(ies) identified?	<u>        </u> Yes	<u>    X    </u> None Reported	

Type of auditor's report issued on compliance for major program:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)?

         Yes                          X     No

Identification of major program:

<b><u>CFDA Number(s)</u></b>	<b><u>Name of Federal Program or Cluster</u></b>
93.558	Temporary Assistance for Needy Families

Dollar threshold used to distinguish between type A and type B programs:

         \$ 750,000

Auditee qualified as low-risk auditee?

    X     Yes                               No

**II – Financial Statement Findings**

No matters to report.

**III – Findings and Questioned Costs for Federal Awards**

No matters to report.

**IV – Other Reporting**

There was no management letter or control deficiency letter issued for the year ended June 30, 2019, as there were no matters required to be reported in these letters.

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

No summary schedule of prior audit findings is presented because there were no prior audit findings.