

**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, 2020

--DRAFT--
10/7/2020
for review and discussion

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Independent Auditor's Report

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, 2020, 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, 2020, 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 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 15, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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 **November XX, 2020**, 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
November XX, 2020

**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, 2020
(With Comparative Totals for June 30, 2019)**

	2020			Total 2019
	CareerSource Flagler Volusia	Project SELF, Inc.	Total	
Assets				
Cash and cash equivalents	\$ 626,256	\$ 96,597	\$ 722,853	\$ 831,572
Grants receivable	644,680	-	644,680	143,150
Prepaid expenses	66,617	-	66,617	45,123
Investments	446,014	244,201	690,215	859,962
Property and equipment, net	20,750	-	20,750	45,650
Total assets	\$ 1,804,317	\$ 340,798	\$ 2,145,115	\$ 1,925,457
Liabilities and Net Assets				
Liabilities:				
Accounts payable	\$ 737,988	\$ -	\$ 737,988	\$ 332,606
Accrued expenses and other payables	87,137	-	87,137	75,195
Unearned revenue	80,024	-	80,024	177,560
Total liabilities	905,149	-	905,149	585,361
Commitments and contingencies (Notes 5 and 9)				
Net assets without donor restrictions	899,168	340,798	1,239,966	1,340,096
Total liabilities and net assets	\$ 1,804,317	\$ 340,798	\$ 2,145,115	\$ 1,925,457

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, 2020
(With Comparative Totals for June 30, 2019)**

	2020			Total 2019
	CareerSource Flagler Volusia	Project SELF, Inc.	Total	
Revenues and support:				
Federal financial assistance	\$ 7,400,832	\$ -	\$ 7,400,832	\$ 6,803,626
Contributions and other revenue	78,943	993	79,936	100,899
Investment (loss) income, net	(20,618)	(6,397)	(27,015)	34,219
Total revenues and support	7,459,157	(5,404)	7,453,753	6,938,744
Expenses:				
Program services:				
Career center operations	6,681,117	13,401	6,694,518	6,124,390
Corporate and other programs	164,357	-	164,357	62,517
Total program services	6,845,474	13,401	6,858,875	6,186,907
Supporting services:				
Management and general	695,008	-	695,008	717,771
Total supporting services	695,008	-	695,008	717,771
Total expenses	7,540,482	13,401	7,553,883	6,904,678
Change in net assets	(81,325)	(18,805)	(100,130)	34,066
Net assets without donor restrictions:				
Beginning of year	980,493	359,603	1,340,096	1,306,030
End of year	\$ 899,168	\$ 340,798	\$ 1,239,966	\$ 1,340,096

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, 2020
(With Comparative Totals for June 30, 2019)**

	CareerSource Flagler Volusia				Total CareerSource Flagler Volusia	Project SELF, Inc. Program Services	Total 2020 Expenses	Total 2019 Expenses
	Career Center Operations	Corporate and Other Programs	Total Program Services	Management and General				
Subcontracted service providers	\$ 3,980,402	\$ 83,535	\$ 4,063,937	\$ -	\$ 4,063,937	\$ -	\$ 4,063,937	\$ 3,279,430
Salaries and related benefits	670,248	27,949	698,197	547,586	1,245,783	-	1,245,783	1,227,283
Participant tuition, supplies and training	911,687	150	911,837	-	911,837	-	911,837	1,003,849
Rent	360,833	-	360,833	27,407	388,240	-	388,240	380,490
Participant support services	182,216	246	182,462	53	182,515	13,300	195,815	284,759
Supplies and small equipment	123,391	936	124,327	9,519	133,846	-	133,846	83,367
Software fees	76,733	-	76,733	7,426	84,159	-	84,159	83,504
Repairs and maintenance	72,772	-	72,772	6,642	79,414	-	79,414	100,852
Communications	71,423	-	71,423	6,749	78,172	-	78,172	89,498
Telephone and utilities	68,341	-	68,341	6,462	74,803	-	74,803	76,059
Travel	27,506	233	27,739	14,048	41,787	-	41,787	50,221
Staff development	21,411	7,302	28,713	10,336	39,049	-	39,049	32,131
Professional fees	-	5,574	5,574	30,061	35,635	-	35,635	34,560
Equipment rental	30,990	-	30,990	2,313	33,303	-	33,303	30,549
Insurance	14,567	-	14,567	10,716	25,283	-	25,283	27,087
Depreciation	-	24,900	24,900	-	24,900	-	24,900	27,202
Business summit	15,106	8,500	23,606	393	23,999	-	23,999	10,745
Memberships and dues	15,004	939	15,943	6,893	22,836	-	22,836	28,584
Contracted services	11,751	1,000	12,751	5,835	18,586	-	18,586	24,030
Outreach	15,226	245	15,471	-	15,471	-	15,471	19,479
Postage and printing	8,354	719	9,073	22	9,095	-	9,095	4,700
Board expenses	-	1,543	1,543	2,491	4,034	-	4,034	333
Miscellaneous	3,156	586	3,742	56	3,798	101	3,899	5,966
Total expenses	\$ 6,681,117	\$ 164,357	\$ 6,845,474	\$ 695,008	\$ 7,540,482	\$ 13,401	\$ 7,553,883	\$ 6,904,678

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, 2020
(With Comparative Totals for June 30, 2019)**

	2020			Total 2019
	CareerSource Flagler Volusia	Project SELF, Inc.	Total	
Cash flows from operating activities:				
Change in net assets	\$ (81,325)	\$ (18,805)	\$ (100,130)	\$ 34,066
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:				
Depreciation	24,900	-	24,900	27,202
Net realized and unrealized losses on investments	41,303	17,390	58,693	4,226
Changes in operating assets and liabilities:				
(Increase) decrease in assets:				
Grants receivable	(501,530)	-	(501,530)	507,080
Prepaid expenses	(21,494)	-	(21,494)	18,820
Increase (decrease) in liabilities:				
Accounts payable	405,382	-	405,382	(32,948)
Accrued expenses and other payables	11,942	-	11,942	(2,639)
Unearned revenue	(97,536)	-	(97,536)	(334,164)
Net cash (used in) provided by operating activities	(218,358)	(1,415)	(219,773)	221,643
Cash flows from investing activities:				
Proceeds from sales of investments	87,959	147,118	235,077	220,209
Purchases of investments	(47,911)	(76,112)	(124,023)	(279,660)
Net cash provided by (used in) investing activities	40,048	71,006	111,054	(59,451)
Net (decrease) increase in cash and cash equivalents	(178,310)	69,591	(108,719)	162,192
Cash and cash equivalents:				
Beginning of year	804,566	27,006	831,572	669,380
End of year	<u>\$ 626,256</u>	<u>\$ 96,597</u>	<u>\$ 722,853</u>	<u>\$ 831,572</u>

**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 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 (WIOA) 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 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 15 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 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

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 WIOA.

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

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, 2019, 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 combining statement of activities as net assets released from restrictions. The Organization has no net assets with donor restrictions at June 30, 2020.

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 combining 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

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, 2020.

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.
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Notes to Combining Financial Statements

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, 2020.

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 combining 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, 2020. 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, 2017.

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

Recently adopted accounting pronouncement: In June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 clarifies the guidance for evaluating whether a transaction is reciprocal (i.e., an exchange transaction) or nonreciprocal (i.e., a contribution) and for distinguishing between conditional and unconditional contributions. The Organization adopted the provisions of ASU 2018-08 in fiscal year 2020, for transactions in which the entity serves as the resource recipient. The adoption of this ASU did not materially impact the combined financial statements and related disclosures.

Recent issued accounting pronouncements: In May 2014, the FASB issued ASU 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. Based on the issuance in June 2020 of ASU 2020-05, which defers the original effective date of ASU 2014-09, this standard will become effective for fiscal years beginning after December 15, 2019 (the Organization's fiscal year 2021). Management expects to adopt the cumulative effect 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 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. Based on the issuance in June 2020 of ASU 2020-05, which defers the original effective date of ASU 2016-02, this standard will become effective for the Organization for fiscal years beginning after December 15, 2021 (the Organization's fiscal year 2023). 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.

Subsequent events: Management has evaluated all events subsequent to the statement of financial position date of June 30, 2020 through **November XX, 2020**, which was the date these 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, 2020, consists of the following:

	Cost	Fair Value	Unrealized Appreciation (Depreciation)
CareerSource Flagler Volusia investments:			
U.S. government securities	\$ 287	\$ 349	\$ 62
Mutual funds	472,474	445,665	(26,809)
	<u>472,761</u>	<u>446,014</u>	<u>(26,747)</u>
Project SELF, Inc. investments:			
Mutual funds	254,742	244,201	(10,541)
	<u>\$ 727,503</u>	<u>\$ 690,215</u>	<u>\$ (37,288)</u>

The following schedule summarizes investment income, net during the year ended June 30, 2020, as follows:

	CareerSource Flagler Volusia	Project SELF, Inc.	Total
Interest and dividend income, net of investment expenses	\$ 20,685	\$ 10,993	\$ 31,678
Net realized and unrealized losses on investments	(41,303)	(17,390)	(58,693)
	<u>\$ (20,618)</u>	<u>\$ (6,397)</u>	<u>\$ (27,015)</u>

Note 3. Property and Equipment

Property and equipment consisted of the following at June 30, 2020:

	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	(1,533,373)	-	(1,533,373)
	<u>\$ 20,750</u>	<u>\$ -</u>	<u>\$ 20,750</u>

Depreciation expense for the year ended June 30, 2020 was \$24,900.

**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 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.

--DRAFT--
10/7/2020
for review and discussion

**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 4. Fair Value Measurements (Continued)

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.

The following table summarizes the fair value measurements by level measured on a recurring basis as of June 30, 2020:

	Fair Value Measurements Using			Total
	Level 1	Level 2	Level 3	
CareerSource Flagler Volusia investments:				
U.S. government securities	\$ 349	\$ -	\$ -	\$ 349
Mutual funds:				
Large value fund	85,036	-	-	85,036
Tactical allocation fund	81,778	-	-	81,778
Ultrashort bond fund	84,516	-	-	84,516
Preferred stock fund	49,104	-	-	49,104
Large blend fund	41,649	-	-	41,649
Nontraditional bond fund	18,741	-	-	18,741
Bank loan fund	17,552	-	-	17,552
Inflation-protected bond fund	29,163	-	-	29,163
Foreign large blend fund	11,111	-	-	11,111
Large growth fund	21,210	-	-	21,210
Real estate fund	3,732	-	-	3,732
Energy limited partnership fund	2,073	-	-	2,073
	446,014	-	-	446,014
Project SELF, Inc. investments:				
Mutual funds:				
Large value fund	32,293	-	-	32,293
Large blend fund	36,391	-	-	36,391
Foreign large blend fund	31,112	-	-	31,112
Nontraditional bond fund	24,945	-	-	24,945
Tactical allocation fund	6,087	-	-	6,087
Large growth fund	23,762	-	-	23,762
Preferred stock fund	27,878	-	-	27,878
Technology fund	2,310	-	-	2,310
Intermediate-term bond fund	37,325	-	-	37,325
Allocation to equity fund	12,420	-	-	12,420
Real estate fund	6,917	-	-	6,917
Medium growth fund	2,050	-	-	2,050
Medium value fund	711	-	-	711
	244,201	-	-	244,201
	\$ 690,215	\$ -	\$ -	\$ 690,215

**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 4. Fair Value Measurements (Continued)

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.

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 February 2025. 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 \$388,240 for the year ended June 30, 2020.

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, 2020, are as follows:

Years ending December 31:		
2021		\$ 399,443
2022		373,062
2023		213,347
2024		148,702
2025		99,135
		<u>\$ 1,233,689</u>

Note 6. Liquidity and Availability of Resources

As of June 30, 2020, 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, 2020:

	CareerSource Flagler Volusia	Project SELF, Inc.	Total
Financial assets, at year-end:			
Cash and cash equivalents	\$ 626,256	\$ 96,597	\$ 722,853
Grants receivable	644,680	-	644,680
Investments	446,014	244,201	690,215
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,716,950</u>	<u>\$ 340,798</u>	<u>\$ 2,057,748</u>

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

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, 2020, the Board's contributions to the plan was \$47,862.

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, 2020.

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 \$61,042 for the year ended June 30, 2020.

Note 11. COVID-19

On January 30, 2020, the World Health Organization declared the coronavirus outbreak (COVID-19) a "Public Health Emergency of International Concern" and on March 11, 2020, declared COVID-19 a pandemic. The extent to which COVID-19 impacts the operations of the Organization in the future will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the duration of the outbreak, new information that may emerge concerning the severity of COVID-19, the actions taken to contain COVID-19 or treat its impact, and the impact of each of these items on the economies and financial markets in the United States. In particular, the continued spread of COVID-19 could adversely impact the Organization's operations, including among others, contribution and grant revenue, and may have a material adverse effect on the financial condition, results of operations and cash flows of the Organization.

**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, 2020**

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Amount Provided to Subrecipients	Total Federal Expenditures
Federal Awards:				
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	38446	\$	212,080
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	37576		111,558
Total U.S. Department of Agriculture			\$ 157,230	<u>323,638</u>
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	38890		61,723
WIOA National Dislocated Worker Grants / WIA National Emergency Grants	17.277	34176		53,785
Program Total (WIOA National Dislocated Worker Grants / WIA National Emergency Grants)			6,883	<u>115,508</u>
Passed-through:				
State of Florida Department of Economic Opportunity:				
Employment Service Cluster:				
Employment Service/Wagner-Peyser Funded Activities	17.207	37448		54,205
Employment Service/Wagner-Peyser Funded Activities	17.207	38233		280,860
			115,193	<u>335,065</u>
Disabled Veterans' Outreach Program	17.801	38549		33,208
Disabled Veterans' Outreach Program	17.801	37752		30,490
			36,235	<u>63,698</u>
Local Veterans' Employment Representative Program	17.804	37733		21,111
Local Veterans' Employment Representative Program	17.804	38570		29,064
Local Veterans' Employment Representative Program	17.804	38404		39,308
			36,235	<u>89,483</u>
Program Total (Employment Service Cluster)			187,663	<u>488,246</u>

(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, 2020**

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Amount Provided to Subrecipients	Total Federal Expenditures
Federal Awards (Continued):				
U.S. Department of Labor (Continued):				
Passed-through (Continued):				
State of Florida Department of Economic Opportunity (Continued):				
Unemployment Insurance:				
Unemployment Insurance	17.225	37705	\$	11,573
Unemployment Insurance	17.225	38011		90,318
Program Total (Unemployment Insurance)			\$ 113,939	101,891
Trade Adjustment Assistance:				
Trade Adjustment Assistance	17.245	36557		1,919
Trade Adjustment Assistance	17.245	37630		18,700
Trade Adjustment Assistance	17.245	38466		38,108
Trade Adjustment Assistance	17.245	37651		18,092
Trade Adjustment Assistance	17.245	38485		42,131
Program Total (Trade Adjustment Assistance)			14,874	118,950
WIOA Cluster:				
WIOA Adult Program	17.258	37377		125,300
WIOA Adult Program	17.258	37400		4,416
WIOA Adult Program	17.258	38213		21,250
WIOA Adult Program	17.258	38848		4,063
WIOA Adult Program	17.258	37348		107,528
WIOA Adult Program	17.258	38282		69,046
WIOA Adult Program	17.258	37499		1,260,535
			908,607	1,592,138
WIOA Youth Activities	17.259	37285		1,029,474
WIOA Youth Activities	17.259	38109		91,548
			795,040	1,121,022
WIOA Dislocated Worker Formula Grants	17.278	37475		1,312,759
WIOA Dislocated Worker Formula Grants	17.278	38024		24,182
WIOA Dislocated Worker Formula Grants	17.278	38595		42,075
WIOA Dislocated Worker Formula Grants	17.278	38026		3,614
WIOA Dislocated Worker Formula Grants	17.278	38597		3,695
WIOA Dislocated Worker Formula Grants	17.278	38025		3,249
WIOA Dislocated Worker Formula Grants	17.278	38596		37,019
WIOA Dislocated Worker Formula Grants	17.278	38921		10,418
WIOA Dislocated Worker Formula Grants	17.278	37933		97,692
WIOA Dislocated Worker Formula Grants	17.278	37931		52,431
WIOA Dislocated Worker Formula Grants	17.278	37916		58,405
			98,272	1,645,539
Program Total (WIOA Cluster)			1,801,919	4,358,699
Apprenticeship USA Grants	17.285	37269		2,123
Apprenticeship USA Grants	17.285	37269		22,691
Total U.S. Department of Labor			2,125,278	5,208,108

(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, 2020**

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Amount Provided to Subrecipients	Total Federal Expenditures
Federal Awards (Continued):				
U.S. Department of Health and Human Services:				
Passed-through:				
State of Florida Department of Economic Opportunity:				
Temporary Assistance for Needy Families	93.558	38190	\$ 455,692	
Temporary Assistance for Needy Families	93.558	38511		1,413,394
Total U.S. Department of Health and Human Services			\$ 1,028,355	1,869,086
Total Federal Awards			\$ 3,310,863	\$ 7,400,831

See notes to the schedule of expenditures of federal awards.

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 10/7/2020
 for review and discussion

**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, 2020**

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, 2020. 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.

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10/7/2020
for review and discussion

**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

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, 2020, 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 **November XX, 2020**.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our 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
November XX, 2020

--DRAFT--
10/7/2020
for review and discussion

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

Independent Auditor's Report

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, 2020. 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, 2020.

Report on Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

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

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

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

Orlando, Florida
November XX, 2020

**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, 2020**

I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unmodified

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:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
17.258, 17.259, 17.278	WIOA Cluster

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.

(Continued)

**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 (Continued)
Year Ended June 30, 2020**

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, 2020, 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.

--DRAFT--
10/7/2020
for review and discussion