WORKFORCE DEVELOPMENT BOARD OF FLAGLER & VOLUSIA COUNTIES, INC. D/B/A CAREERSOURCE FLAGLER VOLUSIA AND PROJECT SELF, INC.

COMBINING FINANCIAL STATEMENTS

JUNE 30, 2022

**WORKFORCE DEVELOPMENT BOARD OF FLAGLER & VOLUSIA COUNTIES, INC.
D/B/A CAREERSOURCE FLAGLER VOLUSIA
AND PROJECT SELF, INC.
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YEAR ENDED JUNE 30, 2022**

JAMESMOORE

INDEPENDENT AUDITORS' REPORT

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

Report on the Combining Financial Statements

Opinion

We have audited the accompanying combining financial statements of Workforce Development Board of Flagler & Volusia Counties, Inc. d/b/a CareerSource Flagler Volusia and Project SELF, Inc. (the Organization), which comprise the combining statements of financial position as of June 30, 2022, 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.

In our opinion, the accompanying combining financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Combining Financial Statements

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

In preparing the combining financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date that the combining financial statements are issued.

Auditors' Responsibilities for the Audit of the Combining Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the combining financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the combining financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the combining financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

Report on the Summarized Comparative Information

We have previously audited Workforce Development Board of Flagler & Volusia Counties, Inc. d/b/a CareerSource Flagler Volusia and Project SELF, Inc.'s 2021, combining financial statements, and we expressed an unmodified audit opinion on those audited combining financial statements in our report dated June 13, 2022. In our opinion, the summarized comparative combined information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the combining financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR)

Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is not a required part of the combining 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 combining financial statements. The information has been subjected to the auditing procedures applied in the audit of the combining financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combining financial statements or to the combining financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the combining 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 December 20, 2022, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization'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 the Organization's internal control over financial reporting and compliance.

James Moore & Co., P.L.

Daytona Beach, Florida
December 20, 2022

WORKFORCE DEVELOPMENT BOARD OF FLAGLER & VOLUSIA COUNTIES, INC.
D/B/A CAREERSOURCE FLAGLER VOLUSIA
AND PROJECT SELF, INC.
COMBINING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022
WITH COMPARATIVE COMBINED TOTALS FOR JUNE 30, 2021

	2022			
	CareerSource Flagler Volusia	**Project SELF, Inc.**	**Total**	**Total 2021**
ASSETS				
Current assets				
Cash and cash equivalents	$ 608,683	$ 24,201	$ 632,884	$ 925,894
Grants receivable	1,308,955	-	1,308,955	968,250
Prepaid expenses	34,225	-	34,225	64,847
Total current assets	1,951,863	24,201	1,976,064	1,958,991
Noncurrent assets				
Investments	491,898	313,318	805,216	822,493
Property and equipment, net	19,587	-	19,587	8,524
Total noncurrent assets	511,485	313,318	824,803	831,017
Total Assets	$ 2,463,348	$ 337,519	$ 2,800,867	$ 2,790,008
LIABILITIES AND NET ASSETS				
Current liabilities				
Accounts payable	$ 808,544	$ -	$ 808,544	$ 565,379
Accrued expenses and other payables	114,541	-	114,541	104,746
Refundable advances	588,814	-	588,814	821,090
Total current liabilities	1,511,899	-	1,511,899	1,491,215
Net assets				
Without donor restrictions:				
Undesignated	931,862	337,519	1,269,381	1,290,269
Invested in property and equipment	19,587	-	19,587	8,524
Total net assets	951,449	337,519	1,288,968	1,298,793
Total Liabilities and Net Assets	$ 2,463,348	$ 337,519	$ 2,800,867	$ 2,790,008

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

WORKFORCE DEVELOPMENT BOARD OF FLAGLER & VOLUSIA COUNTIES, INC.
D/B/A CAREERSOURCE FLAGLER VOLUSIA
AND PROJECT SELF, INC.
COMBINING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022
WITH COMPARATIVE COMBINED TOTALS FOR FOR THE YEAR ENDED JUNE 30, 2021

	2022			
	CareerSource Flagler Volusia	**Project SELF, Inc.**	**Total**	**Total 2021**
Support and Revenues				
Federal grant financial assistance	$ 8,112,444	$ -	$ 8,112,444	$ 7,702,762
Local grant financial assistance	20,000	-	20,000	35,000
Investment income (loss), net	(30,953)	(36,025)	(66,978)	111,158
Contributions and other revenue	89,442	-	89,442	113,453
Total support and revenue	8,190,933	(36,025)	8,154,908	7,962,373
Expenses				
Program services	7,286,318		7,286,318	7,204,150
General and administrative	878,060	355	878,415	699,396
Total expenses	8,164,378	355	8,164,733	7,903,546
Change in net assets without donor restrictions	26,555	(36,380)	(9,825)	58,827
Net assets without donor restrictions, beginning of year	924,894	373,899	1,298,793	1,239,966
Net assets without donor restrictions, end of year	$ 951,449	$ 337,519	$ 1,288,968	$ 1,298,793

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

WORKFORCE DEVELOPMENT BOARD OF FLAGLER & VOLUSIA COUNTIES, INC.
D/B/A CAREERSOURCE FLAGLER VOLUSIA
AND PROJECT SELF, INC.
COMBINING STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022
WITH COMPARATIVE COMBINED TOTALS FOR FOR THE YEAR ENDED JUNE 30, 2021

	CareerSource Flagler Volusia					Project SELF, Inc.		
	Career Center Operations	Corporate and Other Programs	Total Program Services	General and Administrative	Total CareerSource Flagler Volusia	General and Administrative	Total 2022 Expenses	Total 2021 Expenses
Subcontracted service providers	$ 4,302,035	$ 33,471	$ 4,335,506	$ -	$ 4,335,506	$ -	$ 4,335,506	$ 4,474,040
Salaries and related benefits	901,677	-	901,677	578,882	1,480,559	-	1,480,559	1,443,657
Participant tuition, supplies and training	727,606	2,706	730,312	-	730,312	-	730,312	878,419
Rent	379,804	-	379,804	26,345	406,149	-	406,149	385,985
Participant support services	220,285	2,234	222,519	-	222,519	-	222,519	51,780
Supplies and small equipment	97,020	49,110	146,130	9,460	155,590	-	155,590	87,296
Software fees	19,055	-	19,055	79,575	98,630	-	98,630	96,696
Repairs and maintenance	91,398	-	91,398	6,075	97,473	-	97,473	85,356
Communications	20,966	-	20,966	67,953	88,919	-	88,919	74,285
Telephone and utilities	70,922	-	70,922	6,460	77,382	-	77,382	76,817
Travel	21,918	1,047	22,965	4,080	27,045	-	27,045	7,837
Staff development	34,581	22,055	56,636	4,487	61,123	-	61,123	45,234
Professional fees	121,903	250	122,153	69,009	191,162	250	191,412	43,097
Equipment rental	30,133	-	30,133	2,379	32,512	-	32,512	32,320
Insurance	15,891	-	15,891	10,967	26,858	-	26,858	25,442
Business summit	-	-	-	-	-	-	-	2,000
Memberships and dues	17,478	-	17,478	7,962	25,440	-	25,440	26,872
Contracted services	9,504	-	9,504	675	10,179	-	10,179	25,217
Outreach	82,900	600	83,500	237	83,737	-	83,737	17,573
Postage and printing	3,103	256	3,359	316	3,675	-	3,675	823
Board expenses	109	270	379	2,909	3,288	-	3,288	742
Miscellaneous	446	3,423	3,869	289	4,158	105	4,263	1,308
Depreciation	-	2,162	2,162	-	2,162	-	2,162	20,750
Total Expenses	$ 7,168,734	$ 117,584	$ 7,286,318	$ 878,060	$ 8,164,378	$ 355	$ 8,164,733	$ 7,903,546

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

WORKFORCE DEVELOPMENT BOARD OF FLAGLER & VOLUSIA COUNTIES, INC.
D/B/A CAREERSOURCE FLAGLER VOLUSIA
AND PROJECT SELF, INC.
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022
WITH COMPARATIVE COMBINED TOTALS FOR JUNE 30, 2021

	2022			
	CareerSource Flagler Volusia	**Project SELF, Inc.**	**Total**	**Total 2021**
Cash flows from operating activities				
Change in net assets	$ 26,555	$ (36,380)	$ (9,825)	$ 58,827
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:				
Depreciation	2,162	-	2,162	20,750
Net realized and unrealized losses on investments	24,725	32,274	56,999	(120,353)
Increase (decrease) in operating assets:				
Grants receivable	(340,705)	-	(340,705)	(323,570)
Prepaid expenses	30,622	-	30,622	1,770
(Increase) decrease in operating liabilities:				
Accounts payable	243,165	-	243,165	(172,609)
Accrued expenses and other payables	9,795	-	9,795	17,609
Refundable advances	(232,276)	-	(232,276)	741,066
Total adjustments	(262,512)	32,274	(230,238)	164,663
Net cash provided by (used in) operating activities	(235,957)	(4,106)	(240,063)	223,490
Cash flows from investing activities				
Proceeds from sales of investments	79,109	66,723	145,832	36,987
Purchases of investments	(62,500)	(123,054)	(185,554)	(48,912)
Purchase of property and equipment	(13,225)	-	(13,225)	(8,524)
Net cash provided by (used in) investing activities	3,384	(56,331)	(52,947)	(20,449)
Net increase (decrease) in cash and cash equivalents	(232,573)	(60,437)	(293,010)	203,041
Cash and cash equivalents, beginning of year	841,256	84,638	925,894	722,853
Cash and cash equivalents, end of year	$ 608,683	$ 24,201	$ 632,884	$ 925,894

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

(1) Summary of Significant Accounting Policies:

The following is a summary of the more significant accounting policies of the Organization, which affect significant elements of the combining financial statements:

(a) **Reporting entity**—The Workforce Development Board of Flagler and Volusia Counties, Inc., d/b/a CareerSource Flagler Volusia (the Organization), 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 Organization pursuant to the authority of the Workforce Innovation and Opportunity Act (WIOA) and the State Workforce Innovation Act.

The Organization 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 Organization 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 Organization 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 Organization 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 Organization.

The combining financial statements include the accounts of the Organization and Project SELF (collectively, the Organization), which are affiliated through common control and management.

The primary objective of these programs is to establish methods to prepare youth and unskilled adults for entry into the labor force, to afford job training to economically disadvantage individuals and to those facing serious barriers to employment, all done to assist them in reaching self-sufficiency. Workforce development support and skills enhancement training is also provided to employed workers, through a business-focused and demand-driven approach, to enhance the productivity and retention capability of local businesses. Another objective is to provide for programs that allow individuals to move from welfare to work. To assist in the accomplishment of these purposes, the Organization contracts with various organizations which provide educational and training services.

The Organization develops, plans, monitors, and administers the following grants and programs:

Workforce Innovation and Opportunity Act (WIOA) – WIOA programs provide youth, adults and dislocated workers with the information, advice, job search assistance and training they need to get and keep good jobs and provide employers with skilled workers.

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

WIOA Dislocated Worker National Emergency – The purpose of the National Dislocated Worker Grant program is to temporarily expand service capacity at the state and local levels by providing time-limited funding assistance in response to significant dislocation events. Significant events are those that create a sudden need for assistance that cannot reasonably be expected to be accommodated within the on-going operations of the formula-funded Dislocated Worker program, including the discretionary resources reserved at the state level.

Wagner-Peyser – Wagner-Peyser programs are designed to improve the functioning of the nation's labor markets by bringing together individuals who are seeking employment with employers who are seeking workers. These programs are coordinated with other adult programs under WIOA 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.

Disabled Veterans Outreach Program (DVOP) – DVOP grants are 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.

Reemployment Assistance Program – 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, alternative trade adjustment assistance, and reemployment trade adjustment assistance programs.

Trade Adjustment Assistance (TAA) – The TAA program provides adjustment assistance to qualified workers adversely affected by foreign trade.

Supplemental Nutrition Assistance Program (SNAP) – Florida's Supplemental Nutrition Assistance Program is designed to provide voluntary training, education, support services and skills to food stamp recipients.

Temporary Assistance for Needy Families (TANF) – TANF programs are designed to emphasize work, self-sufficiency, and personal responsibility for welfare recipients and to enable them to move from welfare to work.

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

(b) **Basis of accounting**—The accompanying combining financial statements have been prepared on the accrual basis of accounting in accordance with the generally accepted in the United States of America.

(c) **Basis of financial statement presentation and accounting for contributions—**The accompanying combining financial statements include all funds and activities over which the Board of Directors of the Organization has oversight and financial responsibility.

The Organization prepares its combining financial statements in accordance to the Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (ASC) 958, *Not-for-Profit Entities*.

(d) **Net assets—**Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net assets with donor restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. We report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. There are no net assets with donor restrictions as of June 30, 2022.

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.

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

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, 2022. 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.

A significant portion of the Organization's revenue is derived from cost-reimbursable federal, state, and local contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when we have incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. At June 30, 2022, $588,814 have been received in advance and/or have not been recognized because qualifying expenditures have not yet been incurred under federal, state, and local contracts and grants.

(e) **Use of estimates**—The preparation of combining financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combining financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(f) **Fixed assets and depreciation**—Fixed assets are defined by the Organization as assets with an initial, individual cost of $5,000 or more and an estimated useful life of more than one year. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated acquisition value at the date of the donation. The Federal Government has a reversionary interest in those assets purchased with its funds which have a cost of $5,000 or more and an estimated useful life of at least one year. Depreciation of capital assets is computed using the straight-line method over estimated useful lives as follows:

Assets	Years
Leasehold improvements	3-7
Computer equipment and software	3-5
Office furniture and fixtures	3-5

(g) **Federal income taxes**— The Organization is 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.

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

The Organization follows 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 Organization files income tax returns in the U.S. federal jurisdiction. Tax returns for the Organization for the past three years are subject to examination by tax authorities.

(h) **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, 2022.

(i) **Revenue and revenue recognition—**The Organization recognizes when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

The Organization's revenue derived from state contracts and grants are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as without donor restricted grant revenue when we have met performance requirements and incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures or meeting other conditional performance requirement barriers are reported as refundable advances in the combining statement of financial position. The Organization received amounts in advance under state and local contracts and grants of $588,814 that have not been recognized at June 30, 2022, because qualifying expenditures have not yet been incurred.

The Organization recognizes donated materials and services that create or enhance non-financial assets or that require skills, which are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donations. Donated materials and services that meet the above criteria are recognized as revenues and are reported in the accompanying combining financial statements at their estimated fair value at the time of receipt.

(j) **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.

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

(k) **Investment and investment income**—Investments are reported at fair value (see Note (3)). 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.

(l) **Subsequent events—**Management has performed an analysis of the activities and transactions subsequent to June 30, 2022, to determine the need for any adjustments to and/or disclosures within the audited combining financial statements for the year ended June 30, 2022. Management has performed their analysis through December 20, 2022, the date the combining financial statements were available to be issued.

(m) **Recent accounting pronouncements—**The FASB and other entities issued new or modifications to, or interpretations of, existing accounting guidance during 2022 and the preceding years. The Organization has considered the new pronouncements that altered accounting principles generally accepted in the United States of America, and other than as disclosed in the notes to the combining financial statements, does not believe that any other new or modified principles will have a material impact on the Organization's reported financial position or operations in the near term.

In February 2016, the FASB issued Accounting Standards Update 2016-02: *Leases (Topic 842)*, to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the consolidated statement of financial position and disclosing key information about leasing arrangements. The new standard is effective for fiscal years beginning after December 15, 2021, and may be adopted early. The Organization is currently evaluating the effect that implementation of the new standard will have on its financial position, results of operations, and cash flows.

(2) **Liquidity and Availability:**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	CareerSource Flagler Volusia	Project SELF	Total
Cash and cash equivalents	$ 608,683	$ 24,201	$ 632,884
Grants receivable	1,308,955	-	1,308,955
Investments	491,898	313,318	805,216
Total	$ 2,409,536	$ 337,519	$ 2,747,055

The Organization has a goal to maintain 90 days of operating expense coverage in liquid assets. The Organization has $2,747,055 of financial assets available within one year of the statement of financial position date, consisting of cash and cash equivalent, investments, and accounts receivable, that can be liquidated on demand. None of these assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date. The Department of Economic Opportunity allows the Organization to request cash draws approximate to amounts necessary for pending disbursements for two weeks of cash needs.

(3) **Investments and Fair Value Measurements:**

Generally accepted accounting principles require disclosure of an estimate of fair value of certain financial instruments. The Organization's financial instruments consist principally of cash and cash equivalents, certificates of deposit, grants and other receivables, and other short-term assets and liabilities. For these financial instruments, carrying values approximate fair value. The fair value of a financial instrument is the amount that would be received in an asset sale or paid to transfer a liability in an orderly transaction between unaffiliated market participants.

Assets and liabilities measured at fair value are categorized based on whether the inputs are observable in the market and the degree that the inputs are observable. The categorization of financial instruments within the valuation hierarchy is based on the lowest level of input that is significant to the fair value measurement. The hierarchy is prioritized into three levels (with Level 3 being the lowest) defined as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities that the entity has the ability to access.

Level 2: Observable inputs other than prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated with observable market data.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities. This includes certain pricing models, discounted cash flow methodologies, and similar techniques that use significant unobservable inputs.

(3) **Investments and Fair Value Measurements:** (Continued)

Investments held by the Organization at June 30, 2022, consisted of U.S. government securities and mutual funds with maturities within five years of the balance sheet date and are unrestricted. The fair value of the Organization's cash equivalents was determined based on Level 1 inputs. Investments in marketable securities with readily determinable fair values are reported at fair value in the accompanying statements of financial position. U.S. government securities and mutual funds are valued using Level 1 inputs, which are based on unadjusted quoted market prices within active markets. There have been no changes in Level 1, Level 2, and Level 3, no changes in valuation techniques for these assets or liabilities, and there were no purchases, issues, or transfers in or out of Level 3 for the year ended June 30, 2022.

At June 30, 2022, investments consisted of the following:

	Cost	Fair Value (Level 1)	Unrealized Gain (Loss)
CareerSource Flagler Volusia:			
U.S. government securities	$ 163	$ 182	$ 19
Mutual funds	506,051	491,716	(14,335)
	506,214	491,898	(14,316)
Project SELF:			
Mutual funds	329,654	313,318	(16,336)
Total	$ 835,868	$ 805,216	$ (30,652)

The following schedule summarizes the investment income for the year ended June 30, 2022:

	CareerSource Flagler Volusia	Project SELF	Total
Interest and dividend income	$ 30,015	$ 15,241	$ 45,256
Realized and unrealized gain (loss)	(54,740)	(47,515)	(102,255)
Investment fees	(6,228)	(3,751)	(9,979)
Total	$ (30,953)	$ (36,025)	$ (66,978)

(4) **Concentration of Credit Risk and Significant Funding Source:**

(a) **Cash and 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.

(4) **Concentration of Credit Risk and Significant Funding Source:** (Continued)

(b) **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, 2022.

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.

(c) **Significant funding source**—During the year ended June 30, 2022, the Organization received approximately 99.5%, of its funding from the United States Department of Labor, the United States Department of Health and Human Services, and the United States Department of Agriculture, all of which were passed through the Department of Economic Opportunity. If a significant reduction in the level of this funding were to occur, it could have an adverse effect on the Organization's program and activities.

(5) **Property and Equipment:**

Property and equipment consisted of the following at June 30, 2022:

	CareerSource Flagler Volusia	Project SELF	Total
Leasehold improvements	$ 1,060,606	$ -	$ 1,060,606
Computer equipment and software	400,300	-	400,300
Office furniture and fixtures	18,622	-	18,622
	1,479,528	-	1,479,528
	(1,459,941)	-	(1,459,941)
Total	$ 19,587	$ -	$ 19,587

Depreciation expense for the year ended June 30, 2022, was $2,162.

(6) **Indirect Costs:**

All direct costs that can be identified as benefiting a specific funding source are allocated directly. Shared costs (indirect costs) that cannot be identified specifically with only one cost objective are allocated based on modified total direct costs for each funding source multiplied by the indirect cost rate approved by the state of Florida Department of Economic Opportunity.

(7) **Employee Benefits:**

The Organization 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 Organization 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, 2022, the Organization's contributions to the Plan totaled $54,553.

(8) **Related Parties Transactions:**

In accordance with applicable regulations, the Organization's board of directors includes representatives of private and public sector industries. During the fiscal year ended June 30, 2022, the Organization entered into contracts with certain private and public sector industries, with which certain board members associated, for the purpose of providing services to participants. These transactions are made at arm's length and include activities that support the Organization's mission. During the year ended June 30, 2022, total payments for providing services to participants were approximately $6,210.

(9) **Lease Commitments:**

The Organization 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 Organization to pay insurance, taxes, and other operating expenses related thereto. For the year ended June 30, 2022, rent expense was $386,466. Future minimum rental payments on these existing lease commitments are as follows:

Year ending June 30,	
2023	$ 369,076
2024	342,838
2025	293,271
2026	194,136
2027	194,136
2028	64,712
	$ 1,458,169

(10) **Risks and Uncertainties:**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal government and the State of Florida. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Organization expects such amounts, if any, to be immaterial.

COMPLIANCE SECTION

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF COMBINING FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited 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, the combining financial statements of Workforce Development Board of Flagler & Volusia Counties, Inc. d/b/a CareerSource Flagler Volusia and Project SELF, Inc. which comprise the statement of financial position as of June 30, 2022 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the combining financial statements, and have issued our report thereon dated December 20, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the combining financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the combining 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and significant deficiencies.

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 combining financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2022-002 and 2022-004 to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2022-001, 2022-003, and 2022-05 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's combining 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 combining financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2022-003.

Management's Response to Findings

Management's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the auditing procedures applied in the audit of the combining financial statements and, accordingly, we express no opinion on it.

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.

James Moore & Co., P.L.

Daytona Beach, Florida
December 20, 2022

WORKFORCE DEVELOPMENT BOARD OF FLAGLER & VOLUSIA COUNTIES, INC.
D/B/A CAREERSOURCE FLAGLER VOLUSIA
AND PROJECT SELF, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass-Through Entity/ Federal Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identification Number	Federal Expenditures	Amount Provided to Subrecipients
U.S. Department of Labor:				
Passed through the State of Florida Department of Economic Opportunity:				
WIOA Cluster:				
WIOA Adult Program	17.258	39246	$ 645,539	
WIOA Adult Program	17.258	40171	832,342	
WIOA Adult Program	17.258	38596	1,076	
WIOA Adult Program	17.258	39331	26,318	
WIOA Adult Program	17.258	40917	31,433	
Total WIOA Adult Program			1,536,708	$ 904,390
WIOA Youth Activities	17.259	39065	302,565	
WIOA Youth Activities	17.259	40060	1,030,642	
WIOA Youth Activities	17.259	41373	531,862	
WIOA Youth Activities	17.259	38596	1,076	
WIOA Youth Activities	17.259	39331	25,500	
WIOA Youth Activities	17.259	40917	30,457	
Total WIOA Youth Activities			1,922,102	1,811,872
WIOA Dislocated Worker Formula Grants	17.278	39222	607,604	
WIOA Dislocated Worker Formula Grants	17.278	40195	361,896	
WIOA Dislocated Worker Formula Grants	17.278	40351	125,861	
WIOA Dislocated Worker Formula Grants	17.278	40374	62,500	
WIOA Dislocated Worker Formula Grants	17.278	38596	1,211	
WIOA Dislocated Worker Formula Grants	17.278	39331	29,914	
WIOA Dislocated Worker Formula Grants	17.278	40917	35,728	
Total WIOA Dislocated Worker Formula Grants			1,224,714	230,279
Total WIOA Cluster			4,683,524	2,946,541
WIOA National Dislocated Worker Grants / WIA Nationals:				
COVID-19 - WIOA National Emergency Grants - COVID-19	17.277	38890	303,317	
WIOA National Emergency Grants - Fostering Opioid Recovery	17.277	39431	114,328	
Total WIOA National Dislocated Worker Grants / WIA National Emergency Grants			417,645	341,035
Employment Service Cluster:				
Employment Service/Wagner-Peyser Funded Activities	17.207	39198	26,760	
Employment Service/Wagner-Peyser Funded Activities	17.207	40695	159,900	
Employment Service/Wagner-Peyser Funded Activities	17.207	40434	366,928	
Total Employment Service/Wagner-Peyser Funded Activities			553,588	63,656
Disabled Veterans' Outreach Program	17.801	39539	41,522	
Disabled Veterans' Outreach Program	17.801	39559	35,752	
Local Veterans' Employment Representative Program	17.801	41051	38,950	
Local Veterans' Employment Representative Program	17.801	40510	36,545	
Local Veterans' Employment Representative Program	17.801	41072	42,500	
Total Disabled Veterans Outreach and Local Veterans' Employment			195,269	25,499
Total Employment Service Cluster			748,857	89,155

The accompanying notes to schedule of expenditures of federal awards are an integral part of this schedule.

WORKFORCE DEVELOPMENT BOARD OF FLAGLER & VOLUSIA COUNTIES, INC.
D/B/A CAREERSOURCE FLAGLER VOLUSIA
AND PROJECT SELF, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass-Through Entity/ Federal Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identification Number	Federal Expenditures	Amount Provided to Subrecipients
Unemployment Insurance:				
Unemployment Insurance	17.225	38959	55,075	
Unemployment Insurance	17.225	40006	124,195	
Total Unemployment Insurance			179,270	62,418
Trade Adjustment Assistance:				
Trade Adjustment Assistance	17.245	39356	13,427	
Trade Adjustment Assistance	17.245	40801	4,299	
Trade Adjustment Assistance	17.245	39493	23,726	
Total Trade Adjustment Assistance			41,452	1,070
Total U.S. Department of Labor			6,070,748	3,440,219
U.S. Department of Agriculture				
Passed through the State of Florida Department of Economic Opportunity:				
Supplemental Nutrition Assitance Program:				
Supplemental Nutrition Assistance Program	10.561	39473	31,945	
Supplemental Nutrition Assistance Program	10.561	40544	139,060	
Supplemental Nutrition Assistance Program	10.561	41332	108,137	
Total Supplemental Nutrition Assistance Program Cluster			279,142	135,716
Total U.S. Department of Agriculture			279,142	135,716
U.S. Department of Health and Human Services:				
Passed through the State of Florida Department of Economic Opportunity:				
Temporary Assistance for Needy Families:				
Temporary Assistance for Needy Families	93.558	39402	171,698	
Temporary Assistance for Needy Families	93.558	40121	395,296	
Temporary Assistance for Needy Families	93.558	40733	1,195,560	
Total Temporary Assistance for Needy Families			1,762,554	759,570
Total U.S. Department of Health and Human Services			1,762,554	759,570
Total Expenditures of Federal Awards			$ 8,112,444	$ 4,335,505

The accompanying notes to schedule of expenditures of federal awards are an integral part of this schedule.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

(1) **Basis of Presentation:**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the Federal award activity of Workforce Development Board of Flagler & Volusia Counties, Inc. and is presented on the accrual basis of accounting. 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). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the combining financial statements.

(2) **Summary of Significant Accounting Policies:**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

(3) **De Minimis Indirect Cost Rate Election:**

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

WORKFORCE DEVELOPMENT BOARD OF FLAGLER & VOLUSIA COUNTIES, INC.
D/B/A CAREERSOURCE FLAGLER VOLUSIA
AND PROJECT SELF, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022

I. Summary of Auditors' Results:

Financial Statements:

Type of audit report issued on the financial statements: *Unmodified*

Internal control over financial reporting:

Material weakness(es) identified? __X__ yes _____ no

Significant deficiency(ies) identified? __X__ yes _____ none reported

Noncompliance material to financial statements noted? __X__ yes _____ no

Federal Awards:

Internal control over major Federal programs:

Material weakness(es) identified? _____ yes __X__ no

Significant deficiency(ies) identified? _____ yes __X__ none reported

Type of auditors' report issued on compliance for major Federal programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes __X__ no

Identification of major Federal programs:

Assistance Listing Number(s)	Program/Cluster Name
93.558	Temporary Assistance for Needy Families (TANF)
17.258, 17.259, and 17.278	WIOA Cluster

Dollar threshold used to distinguish between type A and type B Federal programs: $750,000

Auditee qualified as low-risk auditee? _____ yes __X__ no

II. Financial Statement Findings:

2022-001 Journal Entry Review and Support (Second year repeat comment)

Criteria: Internal controls over financial reporting should include processes that require journal entries made to the accounting system of sub-ledgers be reviewed and approved by an individual other than the individual responsible for preparing the journal entry, as well as maintaining proper support for journal entries recorded.

Condition and Context: There was no evidence of review and approval of journal entries, as well as no support available for some of the journal entries made, for any journal entries tested as part of the audit.

Cause: Internal control policies, procedures, and/or best practices were not followed.

Effect: Posting of improper journal entries could be made without proper support and approval being completed.

Recommendation: We recommend the Organization maintain proper support for all journal entries posted as well as document proper review and approval of those entries.

2022-002 Reconciliation of Account Balances (Second year repeat comment)

Criteria: Internal controls over financial reporting should include timely year-end reconciliations of all significant account balances, with such reconciliations to also include procedures related to the proper cutoff of significant revenue and expense activities. These reconciliations should be performed on a timely and regular basis to help prevent misappropriation and ensure timely identification of errors or other issues.

Condition and Context: All balances should be reconciled to supporting documentation and reconciled with the general ledger.

Cause: For the year ended June 30, 2022, during grant testing, we noted that significant adjustments were needed to the receivable, deferred revenue, and grant revenue balances. We also noted that revenues and expenditures did not net to zero for some grant programs, as would be expected for cost-reimbursement grants. This was due to prior year revenues and expenditures not being recorded properly as well as current year reviews and reconciliations of these balances not being accurate.

Effect: Year-end balances could be materially misstated.

Recommendation: We recommend increasing review of year-end balances and performing them in a timely manner to verify that all receivables and deferred amounts are properly recorded at year-end. We also recommend increasing review of monthly grant activity and performing reconciliations in a timely manner to verify Subrecipient Enterprise Resource Application (SERA) amounts are reconciled and accurate.

2022-003 CEO Review and Approval of Draws and Reconciliations (Second year repeat comment)

Criteria: The Organization's Accounting Policies and Procedures require the CEO complete proper review and approval of cash draws, and should also provide documented review of the reconciliation of the financial records to the SERA system.

Condition and Context: CEO approval was not documented on cash draw requests or on monthly reconciliations of the financial records to the SERA system.

Cause: During our testing, we noted that weekly cash draws were not being properly reviewed and approved by the CEO during the year ended June 30, 2022. We also noted that regular and timely review of the reconciliation of the financial records to the SERA system by the CEO was not being documented.

Effect: Insufficient review of cash draws and insufficient review of SERA reconciliations could lead to related accounts being misstated.

Recommendation: We recommend cash draws and reconciliation of the financial records to SERA be reviewed and approved on a monthly basis with approval by the CEO clearly documented.

2022-004 Investment Statements and Reconciliations (Second year repeat comment)

Criteria: Internal controls over financial reporting should include maintaining proper support of all investment account balances, as well as timely review and reconciliation of support.

Condition and Context: One investment account did not have a statement on hand at year-end and investment activity was not posted to MIP for the fiscal year under audit.

Cause: During testing of investments, we noted that one investment account did not have a statement that was maintained or reviewed by Organization personnel and no journal entries were posted to record investment activity in the fiscal year under audit.

Effect: Investment balances could be misstated.

Recommendation: We recommend all investment account statements be received, reviewed, and reconciled on a monthly basis.

2022-005 Internal Financial Statement Review (Second year repeat comment)

Criteria: During our audit, we noted that quarterly internal combining financial statements were not presented to the Board of Directors or Finance Committee during the year ended June 30, 2022.

Condition and Context: All quarters of financial information within the fiscal year should be presented to the Board and Finance Committee for review and should be reconciled and available on an on-going basis.

Cause: Due to the continued transition between personnel in the current fiscal year, internal financial information was not prepared and presented to the Board of Directors or Finance Committee for any quarters in the fiscal year ended June 30, 2022.

Effect: Insufficient review of interim combining financial statements, which is part of the Organization's internal controls, could lead to override or internal controls and untimely correction of errors in financial reporting.

Recommendation: We recommend that internal combining financial statements be presented to the Board and Finance Committee each quarter and at year-end in order to increase review of the financial information.

III. **Federal Awards Findings and Questioned Costs:** None noted.

IV. **Prior Audit Findings:** See Schedule of Prior Audit Findings on page 31.

V. **Corrective Action Plan:** See Management's Response to Findings on page 32.

VI. **State of Florida, Department of Economic Opportunity (DEO) Reporting Requirements:** The Organization performed timely reconciliations between the general ledger accounting system and the Subrecipient Enterprise Resource Application (SERA) maintained by DEO, but the reconciliations were not complete and accurate. Also, based on the DEO reporting requirements, there were no additional findings required to be reported in FY2022.

JAMESMOORE

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Workforce Development Board of Flagler & Volusia Counties, Inc. d/b/a CareerSource Flagler Volusia and Project SELF, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2022. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); the special audit guidance provided by the State of Florida Department of Economic Opportunity, and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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

James Moore & Co., P.L.

Daytona Beach, Florida
December 20, 2022

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Robin R. King
President & CEO

SCHEDULE OF PRIOR AUDIT FINDINGS

December 7, 2022

2021-001 Domain Administrator Access

Corrective action taken. No repeat comment in current year.

2021-002 – Journal Entry Review and Support

Corrective action not taken. See repeat comment 2022-001.

2021-003– Internal Financial Statement Review

Corrective action not taken. See repeat comment 2022-005.

2021-004 – Reconciliation of Account Balances

Corrective action not fully taken. See repeat comment 2022-002.

2021-005 – DEO Review, Approval and Reconciliation

Corrective action not fully taken. See repeat comment 2022-003.

2021-006 – Cash and Investment Statements

Corrective action not fully taken. See repeat comment 2022-004.

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MANAGEMENT'S RESPONSE TO FINDINGS

December 7, 2022

The Schedule of Findings and Questioned Costs provided comments and recommendations for improved financial management accounting procedures. The following is Management's responses. The Auditors' comment numbers and descriptions are included as reference.

2022-001 Journal Entry Review and Support

This finding recommends the organization maintain proper support for all journal entries posted as well as document proper review and approval of those entries. The organization will implement this change in FY23.

2022-002 – Reconciliation of Account Balances

This finding recommends the Organization increase its review of year-end balances and perform the reviews in a timely manner to verify that all accruals, receivables, deferred amounts, revenues, expenses, and other balances are properly recorded at year-end. We also recommend increasing review of weekly and monthly grant activity and performing them in a timely manner to verify Subrecipient Enterprise Resource Application (SERA) amounts are reconciled and accurate. The organization is continuing to increase and improve its MIP and SERA reconciliations. The CFO and CEO review this on a monthly basis.

2022-003– CEO Review and Approval

This finding recommends the Organization document CEO approval of cash draws and SERA reconciliations through either a signature or an electronic approval. The CFO and CEO review these on a monthly basis, and effective November 2022, the CEO will sign off on monthly draws and reconciliations.

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2022-004 – Investment Statements and Reconciliation

This finding recommends the Organization receive and review all investment account statements on a monthly basis and that monthly activity for those investments be posted to MIP. The Organization will increase its review of monthly investment statements and will begin recording monthly investment activity in MIP in FY23.

2022-005 – Internal Financial Statement Review

This finding recommends the internal financial statements be presented to the Organization's Board each quarter and at year-end in order to increase review of the financial information. The Finance Committee has been set up and will meet on a quarterly basis, and internal financial reports will start being presented at those meetings in FY23.

Dan Laux
Chief Financial Officer

Robin R. King
President & CEO