

First Coast Workforce Development, Inc.

Audit Report

June 30, 2022

First Coast Workforce Development, Inc.

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Powell and Jones CPA

1359 S.W. Main Blvd.
Lake City, FL 32025
Phone 386.755.4200
Fax 386.719.5504

INDEPENDENT AUDITOR'S REPORT

January 26, 2023

To the Board of Directors
First Coast Workforce Development Inc.

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of the governmental activities and the major fund of the First Coast Workforce Development, Inc. (the "FCWD", a Florida nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related notes to the financial statements, which collectively comprise FCWD's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the FCWD as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Basis for Opinion

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

Emphasis of Matter – Adoption of New Accounting Pronouncement

As discussed in Note 1, effective July 1, 2021, the FCWD has adopted the provisions contained in Statement of Governmental Accounting Standards ("SGAS") No. 87, *Leases*. Our opinions are not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

The FCWD's management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the FCWD's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

To the Board of Directors
First Coast Workforce Development Inc.
January 26, 2023
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INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Report on the Financial Statements (continued)

Required Supplementary Information

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

In performing an audit in accordance with U.S. GAAS and *Governmental Auditing Standards*:

- We exercise professional judgment and maintain professional skepticism throughout the audit.
- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- We 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 FCWD's internal control. Accordingly, no such opinion is expressed.
- We evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- We conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the FCWD'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.

To the Board of Directors
First Coast Workforce Development Inc.
January 26, 2023
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INDEPENDENT AUDITOR'S REPORT (CONTINUED)

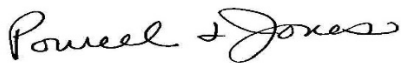
Report on the Financial Statements (continued)

Required Supplementary Information (continued)

U.S. GAAP requires that the management's discussion and analysis on pages 4 through 7 and budgetary comparison information on pages 23 through 24 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

In accordance with *Government Auditing Standards*, we have also issued our report, dated January 26, 2023 on our consideration of the FCWD's internal control over financial reporting and our test 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 FCWD'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 FCWD's internal control over financial reporting and compliance.



Lake City, Florida
January 26, 2023

First Coast Workforce Development, Inc. Management's Discussion and Analysis

This discussion and analysis of First Coast Workforce Development, Inc.'s (the Board) financial performance provides an overview of the Board's financial activities for the fiscal year ended June 30, 2022. Please read it in conjunction with the Board's financial statements, which follow this section.

The following are various financial highlights for fiscal year 2022:

The Board's overall net position decreased by approximately \$263,500.

Total ending net position was approximately \$847,000.

The Board had total expenses for the year of approximately \$16,014,000 compared to revenues of approximately \$15,750,400.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This annual report contains government-wide financial statements that report on the Board's activities as a whole and fund financial statements that report on the Board's individual fund.

Government-Wide Financial Statements

The first financial statement is the Statement of Net Position. This statement includes all of the Board's assets and liabilities using the accrual basis of accounting. Accrual accounting is similar to the accounting used by most private-sector companies. All of the current year revenues and expenses are recorded, regardless of when cash is received or paid. Net position, the difference between assets and liabilities, can be used to measure the Board's financial position.

The second financial statement is the Statement of Activities. This statement is also shown using the accrual basis of accounting. It shows the increases and decreases in net position during the fiscal year. Over time, the increases or decreases in net position are useful indicators of whether the Board's financial health is improving or deteriorating. However, other non-financial factors, such as changes in state funding, must also be considered when assessing the overall health of the Board.

In these statements, all of the Board's activities are considered to be governmental activities. The Board has no business-type activities, which are generally financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Following the government-wide financial statements are the fund financial statements. They provide more detailed information about the Board's fund.

- General Fund - This fund is accounted for using the modified accrual basis of accounting. Modified accrual accounting focuses on available cash and other financial assets that can readily be converted to cash. This provides a shorter-term view of the Board's financial position. A reconciliation is provided with these statements, which helps to explain the difference between the fund financial statements and the government-wide financial statements.

The Board maintains one individual governmental fund. The General Fund is considered to be a major fund and, accordingly, is separately displayed.

**First Coast Workforce Development, Inc.
Management's Discussion and Analysis**

CONDENSED FINANCIAL INFORMATION

The following table presents condensed, government-wide current year and prior year data about net position and changes in net position.

Net Position		
	2022	2021 (Restated)
Assets		
Non-capital assets	\$ 3,115,078	\$ 3,227,849
Capital assets		
Furniture and equipment, net	41,037	96,454
Lease Asset, net	3,690,605	4,460,039
Total assets	6,846,720	7,784,342
Liabilities		
Current liabilities	2,251,763	2,218,129
Non-current liabilities	3,747,946	4,455,710
	5,999,709	6,673,839
Net Position		
Invested in property and equipment	41,037	96,454
Net investment in long-term leases	(765,105)	(624,007)
Unrestricted	1,571,079	1,638,056
Total Net Position	\$ 847,011	\$ 1,110,503

Change in Net Position		
	2022	2021 (Restated)
Program Revenues		
Operating grants and contributions	\$ 15,693,687	\$ 15,768,728
Charges for services and other	54,603	174,877
Interest	2,157	2,147
Total revenues	15,750,447	15,945,752
Program expenses		
Administration	1,524,321	1,909,918
Programs	14,489,618	14,814,690
Total program expenses	16,013,939	16,724,608
Change in net position	(263,492)	(778,856)
Beginning net position	1,110,503	1,889,359
Ending net position	\$ 847,011	\$ 1,110,503

First Coast Workforce Development, Inc. Management's Discussion and Analysis

OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS

Governmental Activities

The governmental activities generated \$15,750,447 in program revenues and incurred \$16,013,939 of total expenses. This resulted in a \$263,492 decrease in net position.

THE BOARD'S INDIVIDUAL FUND

General Fund

The General Fund receives a substantial portion of its funding under cost reimbursement contracts. This means that revenues will generally approximate expenditures. The fund balance represents program revenues and unassigned funds to be expended in subsequent years.

BUDGETARY HIGHLIGHTS

The Board adopts an annual appropriated budget for the governmental fund. A budgetary comparison statement is provided for the General Fund in order to present budgetary compliance. There were no amendments to the original budget during the year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

A substantial portion of the Board's capital assets consists of office equipment. This office equipment is comprised mainly of computers and related equipment.

The disposal of equipment is done with Board authorization usually at the recommendation of the asset custodian. The custodian recommends the disposal of equipment that is no longer performing a useful function. The custodian evaluates the cost of the equipment repairs versus the cost of the equipment replacement. If possible, the Board donates to other agencies furniture and equipment that it can no longer use.

Please refer to Note 3 of the accompanying financial statements entitled *Capital Assets and Depreciation* for more detailed information about the Board's capital asset activity.

For the year ending June 30, 2022, the Board implemented the Statement of Governmental Accounting Standards (SGAS) No. 87, *Leases*. Please refer to Note 1 for further information on the impact that the implementation of this standard has on financial reporting.

For the purposes of this report, implementation of SGAS No. 87, *Leases*, resulted in the necessary addition of a lease asset and lease liability to the statement of net position by the Board. Please refer to Note 6 of the accompanying financial statements entitled *Leases* for more detailed information about the impact that implementation of this standard had on the accompanying financial statements.

**First Coast Workforce Development, Inc.
Management's Discussion and Analysis**

CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)

Debt Administration

The Board has no debt.

ECONOMIC FACTORS

Most of the Board's revenues came from federal grants that pass through the Department of Economic Opportunity. Anything that could influence Federal and State appropriations of these funds will have a direct impact on the Board.

CONTACTING THE BOARD'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Board's finances and to show the Board's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Bruce Ferguson, President, 1845 Town Center Boulevard, Suite 250, Fleming Island, Florida 32003.

First Coast Workforce Development, Inc.
Statement of Net Position
June 30, 2022

Assets

Current assets:

Cash and cash equivalents	\$ 1,514,285
Grants and contracts receivable (Note 2)	1,488,324
Other receivables	112,054
Prepaid expense	415
Total current assets	<u>3,115,078</u>

Noncurrent assets:

Depreciable capital assets, net	41,037
Lease asset, net (Note 6)	3,690,605
Total noncurrent assets	<u>3,731,642</u>

Total assets	<u><u>6,846,720</u></u>
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Liabilities

Current liabilities:

Accounts payable	1,102,790
Deferred grant revenues	441,209
Lease liability, current (Note 6)	707,764
Total current liabilities	<u>2,251,763</u>

Noncurrent liabilities:

Lease liability, non-current (Note 6)	3,747,946
Total noncurrent liabilities	<u>3,747,946</u>

Total liabilities	<u><u>5,999,709</u></u>
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Net position

Invested in property and equipment	41,037
Net investment in long-term leases	(765,105)
Unrestricted	1,571,079
Total net position	<u><u>\$ 847,011</u></u>

See notes to financial statements.

First Coast Workforce Development, Inc.
Statement of Activities
For the Fiscal Year Ended June 30, 2022

	Expenses	Charges for Services	Operating Grants and Contributions	Capital grants	Net (Expense) Revenue and Changes in Net Position
Functions/programs					
Economic environment					
Administration	\$ 1,524,321	\$ -	\$ 1,524,321	\$ -	\$ -
Programs	14,489,618	15,625	14,169,366	-	(304,627)
Total	<u>\$ 16,013,939</u>	<u>\$ 15,625</u>	<u>\$ 15,693,687</u>	<u>\$ -</u>	<u>(304,627)</u>
		General revenue			
					38,978
					2,157
					<u>(263,492)</u>
					Change in net position
					Restated Net position,
					beginning of year (Note 1)
					<u>1,110,503</u>
					Net position, end of year
					<u>\$ 847,011</u>

See notes to financial statements.

First Coast Workforce Development, Inc.
Balance Sheet
Governmental Fund
June 30, 2022

Assets	General Fund
Current assets:	
Cash and cash equivalents	\$ 1,514,285
Grants and contracts receivable	1,488,324
Other receivables	112,054
Prepaid expense	415
Total assets	3,115,078
 Liabilities	
Current liabilities:	
Accounts payable	1,102,790
Deferred grant revenues	441,209
Total liabilities	1,543,999
 Fund balance	
Nonspendable - prepaids	415
Unassigned	1,570,664
Total fund balance	1,571,079

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not reported in the governmental fund	
Capital assets - net of accumulated depreciation	41,037
Lease asset - net of accumulated amortization	3,690,605
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds	
Lease liability	(4,455,710)
Net position of governmental activities	\$ 847,011

See notes to financial statements.

First Coast Workforce Development, Inc.
Statement of Revenues, Expenditures and Change in Fund Balance
Governmental Fund
For the Fiscal Year Ended June 30, 2022

	General Fund
Revenues	
Intergovernmental	\$ 15,693,687
Charges for services	15,625
Miscellaneous	41,135
Total revenues	15,750,447
Expenditures	
Economic Environment	
Administration	1,524,321
Programs	14,293,102
Total expenditures	15,817,423
Deficit of revenues over expenditures	(66,976)
Fund balance, beginning of year	1,638,055
Fund balance, end of year	\$ 1,571,079

See notes to financial statements.

First Coast Workforce Development, Inc.
Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balance to the Statement of Activities
For the Fiscal Year Ended June 30, 2022

Deficit of revenues over expenditures - governmental fund \$ (66,976)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures; however in the statement of activities, the cost of those assets is capitalized and depreciated over their estimated useful lives.

Current year depreciation expense (55,417)

Governmental funds treat lease assets as noncurrent in nature and do not carry them on the balance sheet. Therefore the amortization of lease assets is not included as a reduction to the fund balance on the statement of revenues, expenditures, and changes in fund balance

Current year amortization of the lease asset (769,434)

Some expenditures reported in the statement of revenues, expenditures, and changes in fund balance are related to the extinguishment of a non-current liability and are not considered an expense on the statement of activities.

Current year extinguishment of lease liability 628,335

Defecit of revenues to expenses from the statement of activities \$ (263,492)

See notes to financial statements.

First Coast Workforce Development, Inc.
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the more significant accounting policies of First Coast Workforce Development, Inc. (the "Board"), which affect significant elements of the financial statements:

Reporting Entity

The Board was incorporated on January 12, 1996 as a non-profit organization. The Board's mission is to promote and enhance productive employment of individuals in the Florida counties of Baker, Clay, Duval, Nassau, Putnam and St. Johns (RWB Region 8). The Board was created to fulfill the duties and responsibilities provided for by the Workforce Florida Act of 1996, the Federal Workforce Investment Act of 1998 and the Florida Workforce Innovation Act of 2000, consistent with the provision of job training, job placement and benefit services to the citizens of the six county regions. The governing body of the Board consists of board members who are appointed by state and local officials.

The Board is the grant recipient and grant administrator for the following grants and programs in RWB Region 8:

Workforce Investment 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. WIOA National Emergency Grant funding is intended to temporarily expand capacity to serve dislocated workers, including military service members, and meet the increased demand for WIOA employment and training services, with a purpose to reemploy laid off workers and enhance their employability and earnings.

Military Spouse - This funding provides support for military spouses through education and employment in high skill/high wage occupations.

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.

Re-employment and Eligibility Assessments - The Worker Profiling and Reemployment Services (WPRS) system, mandated by Public Law 103-152 of the Unemployment Compensation Amendments of 1993, is designed to identify and rank or score unemployment insurance claimants by their potential for exhausting their benefits for referral to appropriate reemployment services.

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

Disabled Veterans Outreach Program (DVOP) - DVOP grants are used to develop jobs and job training opportunities for disabled and other veterans and to provide outreach to veterans through community agencies and organizations.

First Coast Workforce Development, Inc.
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (continued)

Local Veterans Employment Representative (LVER) -The LVER program provides counseling, job development, placement and support services directly to veterans.

Supplemental Nutritional Assistance Program (SNAP) - SNAP programs provide funding grants for administrative and programmatic costs incurred to operate the Food Stamp Program for able-bodied adults without children. The goal of the program is to provide job placement.

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 with the goal of economic self-sufficiency.

Criteria for determining if other entities are potential component units of the Board which should be reported with the Board's basic financial statements are identified and described in the Governmental Accounting Standards Board's (GASB) *Codification of Governmental Accounting Financial Reporting Standards*, Sections 2100 and 2600. The application of these criteria provide for identification of any entities for which the Board is financially accountable and other organizations for which the nature and significance of their relationship with the Board are such that exclusion would cause the Board's basic financial statements to be misleading or incomplete. Based on these criteria, no component units are included within the reporting entity of the Board.

Adoption of New Accounting Pronouncements

In June 2017, The Governmental Accounting Standards Board issued Statement of Governmental Accounting Standards (SGAS) No. 87, *Leases*. SGAS No. 87 requires the recognition by lessees of assets and liabilities that arise from all lease transactions, except for leases with a lease term of 12 months or less. The lessee accounting model under SGAS No. 87 results in all leases with a lease term of more than 12 months being accounted for in substantially the same manner as the existing accounting for capital leases. SGAS No. 87 also requires expanded qualitative and quantitative disclosures regarding amount, timing, and uncertainty of cash flows arising from leases. The Board adopted the provisions of SGAS No. 87 as of July 1, 2021. The implementation of SGAS No. 87 has resulted in a change to the Board's net position from prior years and is further described below in the section of Note 1 entitled *Prior period adjustment*.

Reporting Model

The Board was incorporated as an organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. However, due to the structure established to approve Board members, management has determined that the Board is required to report under generally accepted accounting principles for state and local governments.

First Coast Workforce Development, Inc.
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-wide Financial Statements

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

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

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

Fund Financial Statements

The financial transactions of the Board are reported in individual funds in the fund financial statements. The governmental fund statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental fund.

Governmental Fund - The General Fund is the general operating fund of the Board. It is used to account for all financial resources.

Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of timing of related cash flows.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Board considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when the related liability is incurred.

First Coast Workforce Development, Inc.
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting (continued)

Most revenues are considered to be susceptible to accrual and have been recognized in the current fiscal period. Certain other revenue items are considered to be measurable and available only when cash is received.

When both restricted and unrestricted resources are available for use, it the Board's policy to use restricted resources first, then unrestricted resources as they are needed.

Prior Period Adjustment

The Board's implementation of SGAS No. 87 required restatement of certain final amounts on the government-wide statements of net position and activities as of June 30, 2021. The impact of the implementation of this standard on the prior year financial statements is as follows:

	As originally reported 2021	Restated 2021
Statement of Net Position		
Lease asset, net	-	4,460,040
Total Assets	3,324,303	7,784,342
Lease liability -current	-	628,335
Lease liability - non-current	-	4,455,710
Total Liabilities	1,589,794	6,673,839
Total Net Position	1,734,509	1,110,503
Statement of Activities		
Program expenses	14,214,286	14,814,690
Total Expenses	16,124,204	16,724,608
Change in Net position	(178,452)	(778,856)
Net position, beginning of year	1,912,961	1,889,359
Net position, end of year	1,734,509	1,110,503

First Coast Workforce Development, Inc.
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

The institution in which the Board's monies are deposited is certified as a "Qualified Public Depository," as required under the Florida Security for Public Deposits Act. This law requires every qualified public depository to deposit with the State eligible collateral equal to or in excess of an amount to be determined by the State and requires the State to ensure that funds are entirely collateralized by the Federal Depository Insurance Corporation and the Bureau of Collateral Securities, Division of Treasury, State Department of Insurance.

Grants and Contracts Receivable

Grants and contracts receivable consist of amounts due from grantor agencies and subrecipients for reimbursement of expenditures under various programs as of June 30, 2022. All amounts are expected to be collected within the next year. The Board considers all receivables to be fully collectible. No allowance for doubtful accounts is included in the financial statements.

Capital Assets and Depreciation

Capital assets are defined by the Board as assets with an initial individual cost of \$5,000 or more and an estimated useful life of more than one year. These assets are recorded at historical cost. Donated capital assets are recorded at estimated acquisition value at the date of donation. Depreciable capital assets are depreciated using the straight-line method over estimated useful lives of 5 to 10 years.

Indirect Costs

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted. Costs shared by more than one program are allocated to the appropriate programs using a combination of full-time equivalent employees that work within each program and a ratio of the number of active participants served by each program.

Revenue Sources

Generally, revenue is received from the State of Florida Department of Economic Opportunity and is earned on a cost reimbursement basis.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

First Coast Workforce Development, Inc.
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets and Budgetary Process

The Board adopts an annual operating budget, which can be amended throughout the year, and which is presented as required supplementary information. For the General Fund, the modified accrual basis of accounting is used to reflect budgeted revenues and expenditures. The fund is the legal level of control.

Fund Balance

The Board follows GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints:

Nonspendable fund balance - Includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted fund balance - includes amounts restricted by external sources or by constitutional provision or by enabling legislation.

Committed fund balance - Committed fund balances are amounts that can only be used for specific purposes as a result of constraints imposed by formal action of the Board's highest level of decision-making authority, which is a resolution.

Committed amounts cannot be used for any other purpose unless the Board removes those constraints by taking the same type of action.

Assigned fund balance - Assigned fund balances are amounts that are constrained by the Board's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) the Board or (b) a body or official to which the Board has delegated the authority to assign amounts to be used for specific purposes.

Unassigned fund balance - includes amounts that have not been assigned, committed, or restricted within the General Fund.

The Board's policy is to expend resources in the following order: restricted, committed, assigned, and unassigned.

Tax Exempt Status

The Board is exempt from federal Income taxes under Section 501(c)(3) of the Internal Revenue Code. Management has evaluated all tax positions that could have a significant effect on the financial statements and determined the Board had no uncertain income tax positions. As required by the Internal Revenue Service's regulations, the Board annually files a Form 990, "Return of Organization Exempt from Income Tax" with the Internal Revenue Service. Returns filed for 2022, 2021, and 2020 are subject to review and amendment by the Internal Revenue Service.

First Coast Workforce Development, Inc.
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

The Board has evaluated events and transactions for potential recognition or disclosure in the financial statements through January 26, 2023, the date which the financial statements were available to be issued.

NOTE 2 - GRANTS AND CONTRACTS RECEIVABLE

Grants and contracts receivable are from the State of Florida and are for the following programs:

WIOA Adult	\$ 169,711
WIOA Dislocated Worker	191
WIOA Rapid Response	5,219
Welfare Transition	1,231,636
Wagner-Peyser	26,215
Supplemental Nutrition Assistance Program	25,719
Local Veterans' Employment Representative	12,763
Trade Adjustment Assistance	5,656
Reemployment Services and Eligibility Assessment	11,214
Total	<u>\$ 1,488,324</u>

First Coast Workforce Development, Inc.
Notes to Financial Statements

NOTE 3 – CAPITAL ASSETS AND DEPRECIATION

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

	Balance June 30, 2021	Increases	Decreases	Balance June 30, 2022
Capital assets being depreciated:				
Furniture and equipment	\$ 101,150	\$ -	\$ -	\$ 101,150
Computer equipment	385,581	-	-	385,581
Vehicles	77,997	-	-	77,997
Software	109,016	-	-	109,016
Total assets being depreciated	<u>673,744</u>	<u>-</u>	<u>-</u>	<u>673,744</u>
Less accumulated depreciation for:				
Furniture and equipment	81,534	6,028	-	87,562
Computer equipment	315,226	45,432	-	360,658
Vehicles	77,996	1	-	77,997
Software	102,534	3,956	-	106,490
Total accumulated depreciation	<u>577,290</u>	<u>55,417</u>	<u>-</u>	<u>632,707</u>
Governmental activities, net	<u>\$ 96,454</u>	<u>\$ (55,417)</u>	<u>\$ -</u>	<u>\$ 41,037</u>

Depreciation is recognized on a straight-line basis and was charged to functions/programs as follows:

Economic Environment	\$55,417
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NOTE 4 - RISK MANAGEMENT PROGRAMS

Insurance coverage is being provided through purchased commercial insurance. Settled claims (if any) resulting from these risks have not exceeded commercial coverage in the past three years.

NOTE 5 – RELATED PARTY TRANSACTIONS

Pursuant to Section 163.01(7) of Chapter 163, *Florida Statutes*, the First Coast Workforce Development Consortium (the Consortium), a special district governmental entity, provides personnel and acts as the employer of record for the Board. During the year ended June 30, 2022, the Board incurred costs of \$7,920,428 to the Consortium for contract labor including fringe benefits. As of that date, the Board had advanced the Consortium \$78,214 in excess of the labor and benefit costs that had been incurred.

The Board has entered into contractual agreements with local colleges and community organizations, several of which have delegates on the Board of Directors, to carry out its training programs. All of the contracts were approved by the Board of Directors in accordance with procedures established by the Florida Department of Economic Opportunity. These procedures require a two-thirds majority vote of the Board of Directors in favor with the related party abstaining from the vote. Utilization of these training vendors is the decision of the individual participants.

First Coast Workforce Development, Inc.
Notes to Financial Statements

NOTE 6 - LEASES

The Board leases its home and field offices under operating leases with remaining terms of one to five years at various monthly rates. The option to extend beyond five years has been included in a number of these lease agreements. The Board also has operating leases with remaining terms for mailing equipment. The Board is responsible for insuring this personal property located in these offices.

In compliance with SGAS No. 87, *Leases*, the Board carries both a lease asset and lease liability on its statement of net position. The lease asset is amortized on a straight-line monthly basis over the life of the lease. Amortization expense for the year ending June 30, 2022 was \$769,434. The lease asset and its accumulated amortization, as of June 30, 2022, are as follows:

<u>Lease Assets</u>	
Home and field offices	\$ 6,276,118
Mail Equipment	20,909
Total lease assets	<u>6,297,027</u>
<u>Accumulated Amortization</u>	
Home and field offices	(2,597,153)
Mail Equipment	(9,269)
Total accumulated amortization	<u>(2,606,422)</u>
Lease Asset, net	<u>\$ 3,690,605</u>

The lease liability is amortized through the monthly lease payments made by the Board. A portion of each payment is expensed as interest. The remaining amount of each payment goes to reduce the principal balance of the lease liability. The schedule below shows the annual interest expense and lease principal payments to maturity as of June 30, 2022:

<u>Year</u>	<u>Payment</u>	<u>Interest</u>	<u>Principal</u>
2023	\$ 997,350	\$ 289,586	\$ 707,764
2024	1,027,610	237,370	790,240
2025	800,848	187,133	613,715
2026	666,202	146,616	519,586
2027	620,653	111,334	509,319
2028-2032	1,043,539	262,262	781,277
2033-2037	536,468	121,077	415,391
2038-2042	123,316	4,898	118,418
	<u>\$ 5,815,986</u>	<u>\$ 1,360,276</u>	<u>\$ 4,455,710</u>

First Coast Workforce Development, Inc.
Notes to Financial Statements

NOTE 7 – IN-KIND CONTRIBUTIONS

In-kind contributions of services, goods, or space may be donated during the year. Contributions of services are recognized as in-kind at their fair market value when they create or enhance nonfinancial assets, or they require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not donated. In-kind contributions of infrastructure costs, shared services, and operating costs of \$32,386 are recognized in the financial statements for June 30, 2022 at estimated fair market value.

NOTE 8 - ECONOMIC DEPENDENCY

The Board's primary sources of revenue are from Workforce Innovation and Opportunity Act (WIOA) grants, Food Stamp Employment and Training (FSET) grants, Temporary Assistance for Needy Families (TANF) grants, and Wagner-Peyser grants. These grants must be periodically renewed.

NOTE 9 - CONTINGENCIES

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus (the COVID-19 outbreak) and the risks to the international community as the virus spread globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date that the accompanying financial statements were available to be issued. As such, it is uncertain as to the full magnitude that the pandemic will have on the Board's net position, liquidity, and future operations. The Board's operations are heavily dependent on access to grants and contracts from federal and state governments. The COVID-19 outbreak may have a continued impact on economic and market conditions.

As of the date of the issuance of the financial statements, the Board's operations have not been significantly impacted, but the Board's management continues to monitor the situation.

REQUIRED SUPPLEMENTARY INFORMATION

**First Coast Workforce Development, Inc.
Budgetary Comparison Schedule
General Fund**

For the Fiscal Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 18,700,000	\$ 18,700,000	\$ 15,693,687	\$ (3,006,313)
Charges for services	1,455,000	1,455,000	15,625	(1,439,375)
Miscellaneous	-	-	41,135	41,135
Total revenues	<u>20,155,000</u>	<u>20,155,000</u>	<u>15,750,447</u>	<u>(4,404,553)</u>
Expenditures				
Economic Environment				
Administration	2,015,500	2,015,500	1,524,321	491,179
Programs	17,878,500	17,878,500	14,293,102	3,585,398
Capital outlay	261,000	261,000	-	261,000
Total expenditures	<u>20,155,000</u>	<u>20,155,000</u>	<u>15,817,423</u>	<u>4,337,577</u>
Deficit of revenues over expenditures	-	-	(66,976)	(66,976)
Fund balance, beginning of year			<u>1,638,055</u>	
Fund balance, end of year			<u>\$ 1,571,079</u>	

See notes to required supplementary information.

First Coast Workforce Development, Inc.
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2022

A. Budgetary Information:

An annual budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America for the general fund. All annual appropriations lapse at the end of the fiscal year.

The Organization generally follows these procedures in establishing the budgetary data for the general fund as reflected in the financial statements:

1. Prior to June 30, the President submits to the Executive Board a proposed operating budget for the fiscal year commencing the following July. The operating budget includes proposed expenditures and the means of financing them.
2. After review, necessary revisions, and approval have been completed by the Executive Board, the budget receives approval from the Board of Directors.
3. The legal level of budgetary control is the fund level.
4. Formal budgetary integration is employed as a management control device during the year for the General Fund.
5. The budget for the General Fund is adopted on a basis consistent with accounting principles generally accepted in the United States of America.

B. Excess of Appropriations Over Expenditures

Appropriations were greater than expenditures in the General Fund.

**First Coast Workforce Development, Inc.
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2022**

Federal Grantor/Pass-through Grantor/Program Title	Contract Period	Contract Number	FAIN	CFDA Number	Contract Amount	Accrued Revenue June 30, 2021	Receipts	Expenditures	Accrued (Deferred) Revenue June 30, 2022	Passed through to Subrecipients
U.S. Department of Agriculture										
Passed through the Florida Department of Economic Opportunity										
Supplemental Nutrition Assistance Program	10/01/2020-09/30/2021	FSH21	215FL412Q7503	10.561	\$ 443,681	\$ 57,454	\$ 118,365	\$ 60,911	\$ -	\$ -
Supplemental Nutrition Assistance Program	07/01/2022-09/30/2022	FSH22	225FL412Q7503	10.561	479,886	-	74,885	100,604	25,719	-
Supplemental Nutrition Assistance Program	10/01/2021-09/30/2022	FSH22	225FL412Q7503	10.561	189,580	-	189,580	189,580	-	-
Total U.S. Department of Agriculture					<u>1,113,147</u>	<u>57,454</u>	<u>382,830</u>	<u>351,095</u>	<u>25,719</u>	<u>-</u>
U.S. Department of Labor										
Passed through the Florida Department of Economic Opportunity: reintegration of Ex- offenders										
Reemployment Services and Eligibility Assessments	01/01/2020-12/31/2021	UCR20	UI344902060A12	17.225	155,317	43,415	100,771	57,356	-	-
Reemployment Services and Eligibility Assessments	01/01/2022-09/30/2022	UCR21	UI359382160A12	17.225	200,000	-	125,477	136,691	11,214	-
					<u>355,317</u>	<u>43,415</u>	<u>226,248</u>	<u>194,047</u>	<u>11,214</u>	<u>-</u>
Trade Adjustment Assistance Training	10/01/2020-09/30/2021	TAT19	TA326451955A12	17.245	59,121	3,318	14,882	11,564	-	-
Trade Adjustment Assistance Training	10/01/2021-09/30/2022	TAT20	TA344372055A12	17.245	112,571	-	47,571	53,172	5,601	-
Trade Adjustment Assistance Case Management	10/01/2020-09/30/2021	TAC19	TA326451955A12	17.245	82,521	5,367	23,437	18,070	-	-
Trade Adjustment Assistance Case Management	10/01/2021-09/30/2022	TAC20	TA344372055A12	17.245	105,479	-	45,662	45,717	55	-
					<u>359,692</u>	<u>8,685</u>	<u>131,552</u>	<u>128,523</u>	<u>5,656</u>	<u>-</u>
Workforce Innovation and Opportunity Act (WIOA) Cluster										
WIOA Supplemental State Level (Note 4)	07/01/2020-09/30/2021	WIS20	AA332231955A12	17.258,17.259,17.278	61,630	-	61,630	61,630	-	-
WIOA Supplemental State Level (Note 4)	07/01/2020-06/30/2022	WIS21	AA347622055A12	17.258,17.259,17.278	329,910	-	329,910	329,910	-	-
WIOA Adult	07/01/2020-06/30/2022	WIA21	AA347622055A12	17.258	2,717,289	516,308	2,076,079	1,559,771	-	8,866
WIOA Adult	07/01/2021-06/30/2023	WIA22	AA363132155A12	17.258	2,430,822	-	-	169,711	169,711	-
WIOA Rapid Response	07/01/2021-06/30/2023	WIR22	AA363132155A12	17.278	457,888	-	273,185	278,404	5,219	-
					<u>5,997,539</u>	<u>516,308</u>	<u>2,740,804</u>	<u>2,399,426</u>	<u>174,930</u>	<u>8,866</u>
WIOA Youth	04/01/2020-06/30/2022	WIY21	AA347622055A12	17.259	2,792,446	631,970	1,355,621	717,986	-	208,002
WIOA Youth	04/01/2021-06/30/2023	WIY22	AA363132155A12	17.259	2,464,969	-	1,945,957	1,519,418	(426,539)	537,145
					<u>5,257,415</u>	<u>631,970</u>	<u>3,301,578</u>	<u>2,237,404</u>	<u>(426,539)</u>	<u>745,147</u>

Continued

First Coast Workforce Development, Inc.
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2022
(Continued)

Federal Grantor/Pass-through Grantor/Program Title	Contract Period	Contract Number	FAIN	CFDA Number	Contract Amount	Accrued (Deferred) Revenue June 30, 2020	Receipts	Expenditures	Accrued (Deferred) Revenue June 30, 2021	Passed through to Subrecipients
U.S. Department of Labor continued										
WIOA Apprenticeship Navigator	12/03/2020-12/31/2021	WRS20	AA332231955A12	17.278	75,000	8,681	75,000	66,319	-	-
WIOA Rural Initiatives FY 21-22	07/01/2021-06/30/2022	WRS21	AA347622055A12	17.278	187,500	-	187,500	187,500	-	-
WIOA Dislocated Worker	07/01/2020-06/30/2022	WID21	AA347622055A12	17.278	3,334,891	48,314	3,260,570	3,212,447	191	20,917
					3,597,391	56,995	3,523,070	3,466,266	191	20,917
Total Workforce Innovation and Opportunity Act (WIOA) Cluster					14,852,345	1,205,273	9,565,452	8,103,096	(251,418)	774,930
Passed through the Florida Department of Economic Opportunity:										
Workforce Innovation Act National Emergency Grant	04/13/2020-03/31/2022	WNC20	DW346572060A12	17.277	1,138,050	98,003	396,242	298,239	-	-
					1,138,050	98,003	396,242	298,239	-	-
Employment Service Cluster:										
Wagner Peyser WP 7B SFY21-22 Military Family	07/01/2021-06/30/2022	WPB22	ES36782155A12	17.207	68,842	-	68,842	68,842	-	-
Wagner Peyser	07/01/2020-09/30/2021	WPA21	ES353372055A12	17.207	879,442	47,826	466,638	418,812	-	-
Wagner Peyser	07/01/2021-09/30/2022	WPA22	ES367482155A12	17.207	964,558	-	463,786	450,365	(13,421)	-
One-Stop Security	07/01/2021-09/30/2022	WPA21	ES353372055A12	17.207	383,418	-	305,826	332,041	26,215	-
					2,296,260	47,826	1,305,092	1,270,060	12,794	-
Veterans Program-Disabled Veterans	10/01/2020-02/28/2022	DVP21	DV357892155512	17.801	145,792	7,042	87,230	80,188	-	-
Veterans Program-Disabled Veterans	10/01/2021-12/31/2023	DVP22	DV378682255512	17.801	103,638	-	51,297	50,048	(1,249)	-
Veterans Program-Local Veterans Employment Representative	10/01/2020-02/28/2022	LVR21	DV357892155512	17.801	68,974	4,423	32,581	28,158	-	-
Veterans Program-Local Veterans Employment Representative	10/01/2021-12/31/2023	LVR22	DV378682255512	17.801	40,787	-	18,896	31,659	12,763	-
					359,191	11,465	190,004	190,053	11,514	-
Total Employment Service Cluster					2,655,451	59,291	1,495,096	1,460,113	24,308	-
Total U.S. Department of Labor					19,360,855	1,414,667	11,814,590	10,184,018	(210,240)	774,930
U.S. Department of Health and Human Services										
Passed through the Florida Department of Economic Opportunity										
Welfare Transition Program	10/01/2020-08/15/2021	WTS21	G2101FLTANF	93.558	3,507,944	592,752	1,283,349	690,597	-	5,184
Welfare Transition Program	07/01/2021-11/30/2021	WTS21	G2101FLTANF	93.558	1,252,985	-	1,252,985	1,252,985	-	7,411
Welfare Transition Program	10/01/2021-8/31/2022	WTS22	G2201FLTANF	93.558	3,832,555	-	1,945,304	3,176,940	1,231,636	725,582
Total U.S. Department of Health and Human Services					8,593,484	592,752	4,481,638	5,120,522	1,231,636	738,177
Total Federal Awards					\$ 29,067,486	\$ 2,064,873	\$ 16,679,058	\$ 15,655,635	\$ 1,047,115	\$ 1,513,107

See notes to schedule of expenditures of federal awards.

First Coast Workforce Development, Inc.
Notes to Schedule of Expenditures of Federal Awards

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of First Coast Workforce Development, Inc. and is presented on the modified 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).

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICES

Expenditures are recognized following the cost principles contained in the Uniform Guidance.

First Coast Workforce Development, Inc. did not elect to use the 10 percent de minimis indirect cost rate.

NOTE 3- RECONCILIATION OF FINANCIAL RECORDS TO THE DEPARTMENT OF ECONOMIC OPPORTUNITY’S SUBRECIPIENT ENTERPRISE RESOURCE APPLICATION (SERA)

The year-to-date grant expenditure totals reported in First Coast Workforce Development, Inc.'s financial statements are reconciled to SERA report totals. Differences between the amounts reported in FCWD's financial records and the reported totals in SERA occur frequently, since additional costs, from invoices received after the due dates of SERA reports, may be recognized in the financial statements in accordance with the Organization's normal month-end closing procedures.

NOTE 4 – ALLOCATION OF WIOA FUNDING

Funds received from DEO grants under Contract numbers WIS20 and WIS21 were allocated to Federal CFDA numbers as follows:

	CFDA number	WIS20	WIS21
WIOA Adult	17.258	\$ 19,722	\$ 102,272
WIOA Youth	17.259	19,722	102,272
WIOA Dislocated Worker	17.278	22,186	125,366
		<u>\$ 61,630</u>	<u>\$ 329,910</u>

ADDITIONAL REPORTS

INDEPENDENT AUDITOR'S 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

January 26, 2023

To the Board of Directors
First Coast Workforce Development, 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 financial statements of the governmental activities and the major fund of First Coast Workforce Development, Inc. (the "Board") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements and have issued our report thereon dated January 26, 2023.

Internal Control Over Financial Reporting

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

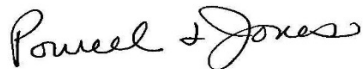
**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT
AUDITING STANDARDS**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board'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 Board'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 Board's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Lake City, Florida
January 26, 2023

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

January 26, 2023

To the Board of Directors
First Coast Workforce Development, Inc.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited First Coast Workforce Development, Inc.'s (the "Board'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 Board's major federal programs for the year ended June 30, 2022. The Board's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with the 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; 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 Board 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 Board's compliance with the compliance requirements referred to above.

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Responsibilities of Management for Compliance

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Auditor's 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 Board'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 generally accepted auditing standards, *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 Board's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 Board'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 Board'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 Board'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.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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.



Lake City, Florida
January 26, 2023

**First Coast Workforce Development, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022**

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting	
• Material weakness(es) identified?	No
• Significant deficiencies identified not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiencies identified not considered to be material weaknesses?	No
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a)	No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Program or Cluster</u>
17.207 & 17.801	<i>U.S. Department of Labor</i> <i>Employment Service Cluster</i>
17.225	<i>Reemployment Services and Eligibility Assessment</i>
93.558	<i>U.S. Department of Health and Human Services</i> <i>Temporary Assistance for Needy Families (TANF)</i>

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

(Continued)

First Coast Workforce Development, Inc.
Schedule of Findings and Questioned Costs
(Continued)
For the Year Ended June 30, 2022

SECTION II - FINANCIAL STATEMENT FINDINGS

None

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

SECTION IV - SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

None

SECTION V - OTHER

None