

**PASCO-HERNANDO
WORKFORCE BOARD, INC.
D/B/A CAREERSOURCE
PASCO HERNANDO**

FINANCIAL STATEMENTS

June 30, 2022

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1-3
FINANCIAL STATEMENTS	
Statements of Financial Position	4
Statements of Activities	5
Statements of Functional Expenses	6
Statements of Cash Flows	7
Notes to Financial Statements	8 - 20
SUPPLEMENTAL INFORMATION	
Schedule of Expenditures of Federal Awards and State Financial Assistance	21 - 22
Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance	23
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 <i>Government Auditing Standards</i>	24 - 25
Independent Auditor's Report on Compliance for Each Major Federal Program and State Project and on Internal Control Over Compliance Required by the Uniform Guidance and State of Florida Chapter 10.650, <i>Rules of the Auditor General</i>	26 - 28
Schedule of Findings and Questioned Costs	29 - 30
Management Letter	31



Partners

W. Ed Moss, Jr.
Joe M. Krusick
Cori G. Cameron
Bob P. Marchewka
Ric Perez
Thomas F. Regan
Ernie R. Janvrin
Richard F. Hayes
Renee C. Varga
Shawn M. Marshall

Winter Park, FL 32789
501 S. New York Ave.
Suite 100
Phone: 407-644-5811
www.mosskrusick.com

N. Palm Beach, FL 33408
631 US Highway One
Suite 405
Phone: 561-848-9300

Miami Lakes, FL 33016
7900 NW 155th Street
Suite 201
Phone: 305-445-7956

American Institute of
Certified Public
Accountants

Florida Institute of
Certified Public
Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Pasco-Hernando Workforce Board, Inc.
(d/b/a CareerSource Pasco Hernando)

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Pasco-Hernando Workforce Board, Inc. (d/b/a CareerSource Pasco Hernando) (a nonprofit organization) (the "Organization"), 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 fiscal year then ended, and the related notes to the financial statements.

In our opinion, the 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 and the standards applicable to financial audits contained in *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 Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 generally accepted auditing standards 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 financial statements.

In performing an audit in accordance with generally accepted auditing standards 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 financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to

Supplementary Information (continued)

prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and state financial assistance is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Report on Comparative Information

The financial statements of the Organization as of June 30, 2021 were audited by other auditors whose report dated December 8, 2022, expressed an unmodified audit opinion on those audited financial statements. In our opinion, the comparative 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.

Correction of Error

As discussed in Note 10 to the financial statements, an error resulting in the overstatement of other revenue as of June 30, 2021 in the amount of \$712,750 was discovered. Accordingly, amounts reported for net assets without donor restrictions have been restated at June 30, 2021 in the 2022 financial statements now presented.

Moss, Krusick & Associates, LLC

Winter Park, Florida
December 8, 2022

**PASCO-HERNANDO WORKFORCE BOARD, INC.
D/B/A CAREERSOURCE PASCO HERNANDO**

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2022 AND 2021

ASSETS

	2022	As Restated 2021
Current assets:		
Cash and cash equivalents	\$ 1,637,577	\$ 2,111,042
Grants receivable	445,286	823,892
Prepaid expenses	60,467	69,330
Deposits and other	47,139	46,369
Accounts receivable	-	1,356
	<hr/>	<hr/>
Total current assets	2,190,469	3,051,989
Property and equipment, net	<hr/> 42,185	<hr/> 26,874
	<hr/>	<hr/>
Total assets	<u>\$ 2,232,654</u>	<u>\$ 3,078,863</u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable and accrued expenses	\$ 229,188	\$ 220,245
Contracts payable	327,193	351,114
Accrued wages and benefits	97,849	73,751
Accrued compensated absences	54,004	53,200
Deferred grant revenue	133,427	813,807
	<hr/>	<hr/>
Total current liabilities	841,661	1,512,117
	<hr/>	<hr/>
Non-current portion of accrued compensated absences	306,019	301,465
	<hr/>	<hr/>
Total liabilities	1,147,680	1,813,582
	<hr/>	<hr/>
Net assets:		
Without donor restrictions	1,084,974	1,265,281
	<hr/>	<hr/>
Total net assets	1,084,974	1,265,281
	<hr/>	<hr/>
Total liabilities and net assets	<u>\$ 2,232,654</u>	<u>\$ 3,078,863</u>

The accompanying notes are an integral part of these financial statements.

**PASCO-HERNANDO WORKFORCE BOARD, INC.
D/B/A CAREERSOURCE PASCO HERNANDO**

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2022 AND 2021

	2022	As Restated 2021
REVENUES:		
Grant revenue	\$ 8,016,483	\$ 8,331,871
Other income	469,555	1,641,004
	<u>8,486,038</u>	<u>9,972,875</u>
EXPENSES:		
Programs		
Welfare Transition	3,177,391	3,279,219
Workforce Innovation and Opportunity Act	3,009,298	3,339,153
Other	892,342	1,264,142
Wagner-Peyser and Veterans Services	761,210	548,273
Supplemental Nutrition Assistance	141,587	207,077
National Emergency	66,086	182,244
Administrative		
Management and general	618,431	594,496
	<u>8,666,345</u>	<u>9,414,604</u>
Total expenses		
	<u>8,666,345</u>	<u>9,414,604</u>
Increase (decrease) in net assets	(180,307)	558,271
NET ASSETS AT BEGINNING OF YEAR	<u>1,265,281</u>	<u>707,010</u>
NET ASSETS AT END OF YEAR	<u><u>\$ 1,084,974</u></u>	<u><u>\$ 1,265,281</u></u>

The accompanying notes are an integral part of these financial statements.

**PASCO-HERNANDO WORKFORCE BOARD, INC.
D/B/A CAREERSOURCE PASCO HERNANDO**

STATEMENT OF FUNCTIONAL EXPENSE

YEAR ENDED JUNE 30, 2022
(with summarized financial information for the year ended June 30, 2021)

	Program Services						Management and General	2022	2021
	Welfare Transition	Workforce Innovation and Opportunity Act	Other	Wagner-Peyser and Veterans Services	Supplemental Nutrition Assistance	National Emergency			
Personnel and benefits	\$ 1,238,493	\$ 1,399,460	\$ 674,710	\$ 195,209	\$ 127,647	\$ 53,826	\$ 561,573	\$ 4,250,918	\$ 4,079,944
Participant training and support	1,742,671	1,468,081	106,279	-	-	5,387	-	3,322,418	4,347,406
Communications	18,512	11,343	5,846	47,662	1,197	614	2,068	87,242	116,033
Depreciation	-	-	6,840	-	-	-	-	6,840	5,224
Insurance	9,154	6,742	2,663	22,266	677	334	395	42,231	41,132
Professional and contractual	66,117	24,707	20,799	170,838	3,189	1,802	35,542	322,994	260,084
Facilities, repairs and supplies	96,110	92,935	35,339	316,920	8,608	4,061	12,737	566,710	525,193
Travel and training	750	859	870	4,557	29	1	3,733	10,799	2,632
Other	5,584	5,171	38,996	3,758	240	61	2,383	56,193	36,956
Total expenses	<u>\$ 3,177,391</u>	<u>\$ 3,009,298</u>	<u>\$ 892,342</u>	<u>\$ 761,210</u>	<u>\$ 141,587</u>	<u>\$ 66,086</u>	<u>\$ 618,431</u>	<u>\$ 8,666,345</u>	<u>\$ 9,414,604</u>

The accompanying notes are an integral part of these financial statements.

**PASCO-HERNANDO WORKFORCE BOARD, INC.
D/B/A CAREERSOURCE PASCO HERNANDO**

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
(Decrease) increase in net assets	\$ (180,307)	\$ 558,271
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	6,840	5,224
(Increase) decrease in assets:		
Accounts receivable	1,356	42,495
Grants receivable	378,606	(62,182)
Prepaid expense	8,863	(26,015)
Deposits and other	(770)	(2,045)
Increase (decrease) in liabilities:		
Accounts and contracts payable	(14,978)	132,706
Accrued wages and benefits	24,098	614
Accrued compensated absences	5,358	6,048
Deferred grant revenue	<u>(680,380)</u>	<u>811,087</u>
Net cash provided by (used in) operating activities	<u>(451,314)</u>	<u>1,466,203</u>
CASH FLOWS USED IN FINANCING ACTIVITIES		
Purchase of fixed assets	<u>(22,151)</u>	<u>(23,698)</u>
Net increase (decrease) in cash and cash equivalents	(473,465)	1,442,505
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>2,111,042</u>	<u>668,537</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 1,637,577</u></u>	<u><u>\$ 2,111,042</u></u>

The accompanying notes are an integral part of these financial statements.

**PASCO-HERNANDO WORKFORCE BOARD, INC.
D/B/A CAREERSOURCE PASCO HERNANDO**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 1 – NATURE OF OPERATIONS

Pasco-Hernando Workforce Board, Inc. (the "Organization ") is a not-for-profit corporation that was established under the laws of the State of Florida. The Organization is one of twenty-four Regional Workforce Development Boards in the State of Florida providing for the development, planning, monitoring and administration of grants and programs. The majority of the Organization's funding is through the following grants: Workforce Innovation and Opportunity Act (WIOA Title I), Temporary Assistance for Needy Families and Wagner Peyser.

The majority of the programs services are administered by sub-recipients (Gulf Coast Jewish Family and Community Services, Inc. and Eckerd Youth Alternatives, Inc.).

The Organization covers Region 16 which includes Pasco and Hernando counties. The governing body of the Organization consists of Board members who are appointed by local officials to oversee conformance with grant regulations. A substantial portion of the Organization's support and revenue is received from the Florida Department of Economic Opportunity.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Financial Statements

The financial statements and notes are representations of the Organization's management who is responsible for their integrity and objectivity. The accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" (the Guide). (ASC) 958-205 was effective January 1, 2018.

Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.

Net Assets With Donor Restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. The Organization held no assets with donor imposed restrictions at year end.

**PASCO-HERNANDO WORKFORCE BOARD, INC.
D/B/A CAREERSOURCE PASCO HERNANDO**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)

Measure of Operations

The statements of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Organization's ongoing activities. Non-operating activities are limited to resources that generate return from investments, endowment contributions, financing costs, and other activities considered to be of a more unusual or nonrecurring nature. There were no non-operating activities for the year ended June 30, 2022.

Basis of Accounting and Presentation

The Organization uses the accrual basis of accounting, in which revenues are recognized when they are earned and expenses are recognized when they are incurred. Revenues and the related expenses of cost-reimbursement grant programs are recognized as allowable costs are incurred. The Organization recognizes revenues from exchange transactions when the services are rendered. Receivables are recognized for outstanding invoices.

Accounts Receivable

The Organization's accounts receivable mainly consist of amounts receivable from governments and governmental agencies for grants and appropriations. The Organization considers its receivables to be fully collectible. Accordingly, no allowance for doubtful accounts has been recorded. Any accounts deemed uncollectible would be charged to expense when the determination is made. There were no uncollectible accounts during the fiscal year ended June 30, 2022. The Organization does not charge interest on outstanding accounts receivable.

Prepaid Expenses

Prepaid expenses consist of prepaid rents and leases, insurance and other annual contractual and dues renewals.

Deferred Revenue

Deferred revenue represents grant money which has been received, but for which the prescribed services have not yet been completed. These revenues will be recognized as income when these services are completed.

Fair Value of Financial Instruments

The following methods and assumptions were used to estimate fair value of each class of financial instruments for which it is feasible to estimate that value:

Cash, Accounts Receivable and Accounts Payable – Carrying amount approximates fair value due to the short maturity of these financial instruments.

**PASCO-HERNANDO WORKFORCE BOARD, INC.
D/B/A CAREERSOURCE PASCO HERNANDO**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (ASC 606), which prescribes a single, common revenue standard to replace most existing revenue recognition guidance, including most industry-specific requirements. The standard outlines a five-step model whereby revenue is recognized as performance obligations within the contract are satisfied.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASC 958-605), which clarifies how transactions should be accounted for as contributions (nonreciprocal transactions) or exchange transactions and whether a contribution is conditional.

The Organization adopted ASC 606 and ASC 958-605 and all related amendments effective July 1, 2020. The adoption had no significant impact on the Organization's financial statements.

Unconditional contributions are recognized when received and recorded as net assets without donor restrictions or with donor restrictions, depending on the existence and/or nature of the donor-imposed restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Gifts of cash and other assets are reported with donor restricted support if they are received with donor stipulations that limit the use of the donated assets. When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net asset with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction support. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Contributions restricted for the acquisition of land, buildings, and equipment are reported as assets without donor restriction upon acquisition of the assets and the assets are placed in service.

The Organization historically does not receive contributions from donors. Primarily all of its funding is through grants, which must be expended on specified programs or activities. Cost reimbursement grants are recorded as revenue when the related expenses have been incurred. Other grants are recorded as support and revenue when earned. As of June 30, 2022, all net assets of the Organization were without donor-imposed restrictions.

Donated Use of Assets and Donated Services

The estimated fair value of the free use of assets owned by others, and the estimated fair value of contributed services of individuals with special skills over which the Organization exercises control, and which constitute an enhancement to the normal programs or services that would not otherwise be performed by paid personnel, the amount of which is clearly measurable, are also recorded, when applicable, and reflected in the accompanying financial statements.

**PASCO-HERNANDO WORKFORCE BOARD, INC.
D/B/A CAREERSOURCE PASCO HERNANDO**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)

Fixed Assets

Property and equipment are recorded at cost, if purchased by the Organization, or at fair market value at the date of the gift, if received as a donation. The Organization capitalizes those assets with a cost of \$5,000 or greater. Depreciation is provided using the straight-line method over the following estimated useful lives:

Assets	Years
Software	3
Computer and Office Equipment	3
Vehicles	5
Furniture and Fixtures	10

Substantially all fixed assets recorded by the Organization were acquired with Federal funds. Accordingly, certain rules and regulations apply to the acquisition, recording, use and disposition of such fixed assets, including authorization for disposal by the specific grantor agency.

Income Taxes

The Organization is exempt from federal income taxes under the provisions of the Internal Revenue Code Section 501(c)(3). Management has evaluated the effect of the guidance provided by U.S. Generally Accepted Accounting Principles on Accounting for Uncertainty in Income Taxes. Management believes that the Organization continues to satisfy the requirements of a tax-exempt organization at June 30, 2022. Management has evaluated all other tax positions that could have a significant effect on the financial statements and determined the Organization had no uncertain income tax positions. As required by the Internal Revenue Service's regulations, the Organization annually files a Form 990, "Return of Organization Exempt from Income Tax" with the Internal Revenue Service. Those returns for 2022, 2021, and 2020 are currently subject to review and adjustment by the Internal Revenue Service.

Cash and Cash Equivalents

For purposes of reporting cash flows, the Organization considers all investments with an original maturity of three months or less to be cash equivalents.

At June 30, 2022, the Organization had bank balances totaling \$1,678,801 in a regional bank. The bank balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 at each bank. Uninsured cash balances at June 30, 2022 were \$622,923.

Paid Leave Time

Organization employees are entitled to certain paid leave time benefits based on length of employment and other factors. These benefits either vest or accumulate and are accrued when they are earned. The amount of paid leave time accrued at June 30, 2022 was \$360,023.

**PASCO-HERNANDO WORKFORCE BOARD, INC.
D/B/A CAREERSOURCE PASCO HERNANDO**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and the statement of functional expenses. Costs that are directly related to the Organization's specific purpose has been recorded as a direct expense and included as program services. Certain costs which are directly shared have been allocated, based on a percentage of direct costs, among programs and supporting services. Indirect costs are allocated to benefiting programs based upon an indirect cost rate approved by the U.S Department of Labor.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (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 revenues, support and expenses during the period. Actual results could vary from the estimates that were used.

Reclassifications

Certain reclassifications of 2021 financial information have been made to conform to the 2022 presentation. Such reclassifications have no effect on change in net assets for that fiscal year.

Recent accounting pronouncements

In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, Leases, that requires lessees to put most leases on their balance sheets and recognize expenses on their income statements in a manner similar to today's capital lease accounting. For lessors, the guidance modifies the classification criteria for accounting for sales-type and direct financing leases. The new guidance is effective for fiscal years beginning after December 15, 2021. The Organization is evaluating the potential effects ASU 2016-02 will have on its financial statements.

Accounting Pronouncements Implemented

In September 2020, the FASB issued ASU No. 2020-07, Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Non-financial Assets, which requires the monitoring and tracking of gifts in kind by asset category, while also noting any donor-imposed restrictions. The Organization adopted ASU No. 2020-07 effective July 1, 2021. The adoption has no significant impact on the Organization's financial statements.

**PASCO-HERNANDO WORKFORCE BOARD, INC.
D/B/A CAREERSOURCE PASCO HERNANDO**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 3 – GRANTS RECEIVABLE

Grants receivable consisted of the following at June 30:

	<u>2022</u>
Welfare Transition	\$ 291,032
WIOA-Youth	61,689
Disabled Veterans Outreach Program	26,005
Wagner Peyser	23,133
Supplemental Nutrition Assistance Program	19,616
Local Veterans Employment Representative	16,115
WIOA-Dislocated Workers	7,657
Trade Adjustment Assistance	<u>39</u>
Total	<u><u>\$ 445,286</u></u>

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	<u>2022</u>
Computer equipment	\$ 286,407
Office furniture	7,742
Office equipment	110,346
Mobile One-Stop Center	317,082
Software	<u>62,900</u>
	784,477
Less: Accumulated Depreciation	<u>(742,292)</u>
	<u><u>\$ 42,185</u></u>

Depreciation expense for the fiscal year ended June 30, 2022 was \$6,840.

**PASCO-HERNANDO WORKFORCE BOARD, INC.
D/B/A CAREERSOURCE PASCO HERNANDO**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 5 – DEFERRED GRANT REVENUE

The Organization records advances on grants as deferred grant revenue until it is expended for the purpose of the grant or contract, at which time it becomes unconditional and is recognized as revenue.

Deferred grant revenue consisted of the following at June 30:

	2022
Back to Work	\$ 97,261
Welfare Transition	26,618
WIOA-Youth	6,298
Trade Adjustment Assistance	3,250
Total	<u>\$ 133,427</u>

NOTE 6 – GRANTS AND CONCENTRATION

Grants are subject to renewals and period amendments and require the fulfillment of certain conditions as set forth in the instrument of the grant. Failure to fulfill the conditions could result in the return of the funds to grantors. Although that is a possibility, the Organization deems the contingency remote since by accepting the contracts and their terms it has accommodated the objectives of the grantors to the provisions of these contracts.

Grants accounted for approximately 94% of revenues for the fiscal year ended June 30, 2022. Should a significant reduction in funding occur, the Organization's ability to fund its programs would be greatly reduced.

NOTE 7 – RETIREMENT PLAN

The Organization sponsors a 401(k) retirement plan for its employees who have attained 21 years of age. Voluntary employee contributions are allowed from eligible employees. The Organization makes a matching contribution of up to 5 percent of employees' eligible earnings. Although not required to do so, the Organization may decide to make additional contributions to the Plan. This additional contribution, if made, will be allocated to all employees eligible to participate in the Plan as of the end of each Plan year based on eligible earnings within the computation period. Employees are fully vested in their total account balance in the Plan. During the fiscal year ended June 30, 2022, the Organization made matching contributions of \$117,291 to the Plan.

**PASCO-HERNANDO WORKFORCE BOARD, INC.
D/B/A CAREERSOURCE PASCO HERNANDO**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 8 – LEASE COMMITMENTS

As Lessee

The Organization leases office space under operating leases with varying terms through 2025. Some of the office lease options contain an escalation clause providing for annual increases in monthly rents. Under the terms of the leases, the Organization is generally responsible for insurance, repairs and maintenance costs. The Organization also leases various equipment under leases with varying terms through 2025. Lease expense under all operating leases for the fiscal year ended June 30, 2022 was \$260,479. Minimum future annual lease payments under operating leases are as follows:

2023	\$	261,991
2024		166,675
2025		54,424
Total	\$	<u>483,090</u>

As Lessor

The Organization has long-term operating lease agreements with certain entities to occupy space in its offices and at One-Stop Career Centers. All of the agreements are month to month. Rents collected for the fiscal year ended were \$74,167.

NOTE 9 – CONTINGENCIES

The Organization is subject to federal and state audits to determine compliance with grant funding requirements. In the event that expenditures would be disallowed, repayment could be required. Government grants require the fulfillment of certain conditions as set forth by applicable laws, rules and regulations and in the grant agreements. Failure to fulfill the conditions could result in the return of the funds to the grantor.

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) was categorized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities and results of the Organization. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel and meetings, (iv) the effects on the financial markets and (v) the effects on the economy overall, all of which are uncertain.

**PASCO-HERNANDO WORKFORCE BOARD, INC.
D/B/A CAREERSOURCE PASCO HERNANDO**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 10 – CORRECTION OF ERROR

The Organization's financial statements as of June 30, 2021 contained the following error: deferred grant revenue was understated by \$712,750, other income was overstated by \$712,750, accordingly net assets without donor restrictions was overstated by \$712,750. During fiscal 2021 the Organization received \$1,591,960 from Pasco County Board of County Commissioners that contained a right of return. The Organization erroneously recorded all of the funds in 2021, instead of only those used for purposes stated in the agreement. Accordingly, an adjustment was made to increase deferred grant revenue and decrease other income and net assets without donor restrictions. The following is a summary of the prior period adjustment:

Net Assets Classification	As Previously Reported	Restated	Change
Liabilities:			
Deferred grant revenue	\$ 101,057	\$ 813,807	\$ 712,750
Revenues and support:			
Other income	\$ 2,353,754	\$ 1,641,004	\$ (712,750)
Net assets without donor restrictions:			
End of year	\$ 1,978,031	\$ 1,265,281	\$ (712,750)

NOTE 11 – RELATED PARTIES

The Organization's Board of Directors includes representatives of both the private and public sector industries. During the fiscal year ended June 30, 2022, the Organization had related party transactions with the following entities for training services:

	Amount Paid	Amount Payable
Keiser University	\$ 106,377	-
Amskills, Inc.	65,366	-
Pasco-Hernando State College	18,878	\$ -
Withlacoochee River Electric	17,141	-
	\$ 207,762	\$ -

NOTE 12 – COMPARATIVE DATA

The financial statements include certain prior year summarized information in total but not in program categories. Such information does not include sufficient detail to constitute a presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2021, from which the summarized information was derived.

**PASCO-HERNANDO WORKFORCE BOARD, INC.
D/B/A CAREERSOURCE PASCO HERNANDO**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 13 – COST ALLOCATIONS

The Organization records costs that can be directly identified as benefiting a specific WIOA, TANF, or DEO Joint Managed Programs funding stream as direct expenses of the related program. Certain costs which are directly shared, have been allocated to programs based upon the relative benefit received. The Organization allocates indirect costs that cannot be identified as benefiting a specific program. Indirect costs are allocated to benefiting programs based upon an indirect cost rate approved by the Florida Department of Economic Opportunity. The following is a table of cost allocation methodologies for expenditures which are allocated:

Cost Allocated	Allocation Method
Business Services: Outreach, public awareness and certain staff salaries and benefits	Directly charged or allocated by relative year to date direct salaries and benefits recorded in each benefitting program
Program Services: Resource room staffing and other shared costs of programs	Directly charged or allocated by relative year to date direct salaries and benefits recorded in each benefitting program
One-Stop Services: Supplies, repair and maintenance, IT services, rent and utilities, Mobile One-Stop	Directly charged or allocated by relative year to date direct salaries and benefits recorded in each benefitting program
Board Staff Services: Indirect and administrative services including salaries and benefits, travel, supplies, equipment, communications, and other Board costs	Directly charged or allocated by relative year to date direct salaries and benefits recorded in each benefitting program by the indirect cost rate approved by the Department of Labor

NOTE 14 – LIQUIDITY AND AVAILABILITY

Financial assets available within one year of the statement of financial position date of June 30, 2022 for general expenditures are as follows:

Cash and cash equivalents	\$ 1,637,577
Grants receivable	445,286
Total financial assets available	<u>\$ 2,082,863</u>

The Organization manages its liquid assets in accordance with regular budgeting processes developed through the coordinated efforts of management and the Board of Directors. Regular reporting by management to those charged with governance ensures the results from operating activities are monitored closely.

**PASCO-HERNANDO WORKFORCE BOARD, INC.
D/B/A CAREERSOURCE PASCO HERNANDO**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 15 – RECONCILIATION OF SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE AND THE STATEMENT OF ACTIVITIES TO SERA

As required, the Organization regularly reconciles its financial records to the Subrecipient Enterprise Resource Application (SERA) maintained by DEO. As of June 30, 2022, no discrepancies were noted.

Amounts expended on Schedule of Expenditures of Federal Awards and State Financial Assistance and revenues and expenses on the Statement of Activities were determined in accordance with the accrual basis of accounting. The following shows a reconciliation of grant revenue on the Schedule of Expenditures of Federal Awards and State Financial Assistance and the amounts reported in SERA for the fiscal year ended June 30, 2022:

Expenditures of Federal Awards	\$ 7,648,006
Expenditures of State Financial Assistance	368,477
Amount reported in SERA	<u>(8,016,483)</u>
Difference	<u>\$ -</u>

NOTE 16 – EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events and transactions for potential recognition and disclosure through December 8, 2022, the date the financial statements were available to be issued.

NOTE 17 – DESCRIPTION OF PROGRAM SERVICES

The Organization had the following program services in the fiscal year ended June 30, 2022:

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.

National Emergency – Disaster grants provide funding to create temporary employment opportunities to assist with clean-up and recovery efforts, when an area impacted by disaster is declared eligible for public assistance by the Federal Emergency Management Agency (FEMA) or otherwise recognized by a Federal agency with authority or jurisdiction over Federal response to the emergency or disaster.

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.

**PASCO-HERNANDO WORKFORCE BOARD, INC.
D/B/A CAREERSOURCE PASCO HERNANDO**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 17 – DESCRIPTION OF PROGRAM SERVICES (continued)

Reemployment Services 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 and training 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.

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

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.

Back to Work – The Back to Work Program is designed to coordinate, develop and maintain programs that promote the retention and expansion of targeted businesses in Pasco County. The program is also designed to develop a proactive workforce development program working with education and workforce development resources to provide training for primary targeted industries and develop relationships to better serve students for careers relating to these industries.

The following is a schedule of expenditures for the various employment programs for the fiscal year ended June 30, 2022:

WIOA Cluster	\$ 3,244,510
Welfare Transition/TANF	3,099,865
Wagner-Peyser	574,812
Back to Work	427,739
Reemployment Services and Eligibility Assessments	372,230
Veterans' Programs	222,637
National Emergency	73,428
Supplemental Nutrition and Assistance Program	39,396
Trade Adjustment Assistance	21,128
	<hr/>
	\$ 8,075,745

**PASCO-HERNANDO WORKFORCE BOARD, INC.
D/B/A CAREERSOURCE PASCO HERNANDO**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 18 – FAIR VALUE MEASUREMENTS

At June 30, 2022, the Organization had no assets or liabilities subject to disclosure of fair value measurements as to valuation levels hierarchy per Financial Accounting Standards Board Statement No. 157.

NOTE 19 – RISK MANAGEMENT

The Organization is exposed to various risk of loss related to torts; theft of, damage to and destruction of assets, errors and omissions; and natural disasters for which the Organization carries insurance. Insurance against losses are provided through various commercial insurers for the following types of risk:

- Workers' Compensation and Employers' Liability
- General and Professional Liability
- Personal Property Damage
- Directors' and Officers' Liability

SUPPLEMENTAL INFORMATION

PASCO-HERNANDO WORKFORCE BOARD, INC.
D/B/A CAREERSOURCE PASCO HERNANDO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2022

Grantor/Pass-through Agency Program Title	Contract Number	CFDA / CSFA Number	Expenditures
FEDERAL AWARDS			
U.S. DEPARTMENT OF AGRICULTURE Supplemental Nutrition Assistance Program	FSH21	10.561	\$ 39,396
TOTAL U.S. DEPARTMENT OF AGRICULTURE			39,396
U.S. DEPARTMENT OF LABOR Passed through the Florida Department of Economic Opportunity:			
Workforce Innovation and Opportunity Act (WIOA) Cluster			
WIOA - Adult	WIA21	17.258	221,623
WIOA - Adult	WIA22	17.258	291,688
WIOA - Youth	WIY21	17.259	587,835
WIOA - Youth	WIY22	17.259	583,202
WIOA - Dislocated Worker	WID21	17.278	1,351,032
WIOA - State Level Performance Incentives	WIS20	17.278	12,294
WIOA - State Level Performance Incentives	WIS21	17.278	127,449
WIOA - State Level Apprenticeship Navigator	WRS20	17.278	43,023
WIOA - State Level Rapid Response	WIR22	17.278	26,364
Total WIOA Cluster			3,244,510
National Emergency			
National Emergency - COVID 19	WNC20	17.277	930
National Emergency - Fostering Opioid Recovery	WNO20	17.277	72,498
Total National Emergency			73,428
Employment Services Cluster			
Wagner Peyser	WPA21	17.207	338,539
Wagner Peyser	WPA22	17.207	236,273
Veterans Program-Disabled Veterans	DVP21	17.801	74,330
Veterans Program-Disabled Veterans	DVP22	17.801	62,505
Veterans Program-Local Veterans	LVR21	17.801	47,487
Veterans Program-Local Veterans	LVR22	17.801	38,315
Total Employment Services Cluster			797,449
Unemployment Compensation			
Reemployment Services and Eligibility Assessments	UCR20	17.225	122,868
Reemployment Services and Eligibility Assessments	UCR21	17.225	249,362
Total Unemployment Compensation			372,230
Trade Adjustment Assistance			
Trade Adjustment Assistance Case Management	TAC19	17.245	2,720
Trade Adjustment Assistance Training	TAT19	17.245	7,219
Trade Adjustment Assistance Case Management	TAC20	17.245	4,439
Trade Adjustment Assistance Training	TAT20	17.245	6,750
Total Trade Adjustment Assistance			21,128
TOTAL U.S. DEPARTMENT OF LABOR			4,508,745

See independent auditor's report.

PASCO-HERNANDO WORKFORCE BOARD, INC.
D/B/A CAREERSOURCE PASCO HERNANDO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE (continued)
YEAR ENDED JUNE 30, 2022

Grantor/Pass-through Agency Program Title	Contract Number	CFDA / CSFA Number	Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through the Florida Department of Economic Opportunity:			
Welfare Transition Program October - June	WTS21	93.558	158,117
Welfare Transition NCP October - June	WTS21	93.558	140,335
Welfare Transition Program July - September			383,646
Welfare Transition NCP July - September	WTS21	93.558	354,000
Welfare Transition Program October - June	WTS22	93.558	1,318,185
Welfare Transition NCP October - June	WTS22	93.558	<u>745,582</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>3,099,865</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 7,648,006</u></u>
STATE FINANCIAL ASSISTANCE			
FLORIDA DEPARTMENT OF ECONOMIC OPPORTUNITY			
2021 Supplemental Non-Custodial Parent	FWFLP	40.037	\$ 250,000
Supplemental Nutrition Assistance Program	FWFLP	40.037	91,575
2021 Supplemental SNAP	FWFLP	40.037	<u>26,902</u>
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE			<u><u>\$ 368,477</u></u>
TOTAL FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE			<u><u>\$ 8,016,483</u></u>

See independent auditor's report.

**PASCO-HERNANDO WORKFORCE BOARD, INC.
D/B/A CAREERSOURCE PASCO HERNANDO**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL
AWARDS AND STATE FINANCIAL ASSISTANCE**

JUNE 30, 2022

NOTE 1 – SCOPE OF AUDIT PURSUANT TO THE OMB COMPLIANCE SUPPLEMENT

Federal Awards Programs

All Federal grant operations of Pasco-Hernando Workforce Board, Inc. (the Organization) are included in the scope of the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) audit (the Single Audit). The Single Audit was performed in accordance with the provisions of the OMB Compliance Supplement in Appendix XI of the Uniform Guidance (revised April 2022, the "Compliance Supplement"). Compliance testing of all requirements, as described in the Compliance Supplement, was performed for the grant programs noted in the Schedule of Findings and Questioned Costs – Federal Programs. These programs represent Federal award Type A and Type B programs for fiscal year 2022 with cash and noncash expenditures that ensure coverage of at least 20 percent of federally granted funds.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance includes all federal and state grants to the Organization that had activity during the fiscal year ended June 30, 2022. The basis of accounting is described in Note 2 to the Organization's financial statements.

NOTE 3 – SUBRECIPIENTS

The Organization provided federal awards and state financial assistance to subrecipients as follows during the fiscal year ended June 30, 2022:

Program Title	CFDA / CSFA	
	Number	Amount
Temporary Assistance for Needy Families	93.558	\$ 1,289,341
WIOA - Youth Activities	17.259	771,717
Supplemental Nutrition Assistance Program	40.037	250,000
National Emergency	17.277	290
Total		<u>\$ 2,311,348</u>

NOTE 4 – INDIRECT COST RATE

The Organization did not elect to use the 10% de minimis indirect cost rate.



Partners

W. Ed Moss, Jr.
Joe M. Krusick
Cori G. Cameron
Bob P. Marchewka
Ric Perez
Thomas F. Regan
Ernie R. Janvrin
Richard F. Hayes
Renee C. Varga
Shawn M. Marshall

Winter Park, FL 32789
501 S. New York Ave.
Suite 100
Phone: 407-644-5811
www.mosskrusick.com

N. Palm Beach, FL 33408
631 US Highway One
Suite 405
Phone: 561-848-9300

Miami Lakes, FL 33016
7900 NW 155th Street
Suite 201
Phone: 305-445-7956

American Institute of
Certified Public
Accountants

Florida Institute of
Certified Public
Accountants

**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**

To the Board of Directors of
Pasco-Hernando Workforce Board, Inc.
(d/b/a CareerSource Pasco Hernando)

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 Pasco-Hernando Workforce Board, Inc. (d/b/a CareerSource Pasco Hernando) (a nonprofit organization) (the "Organization"), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 8, 2022.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Moss, Krusick & Associates, LLC

Winter Park, Florida
December 8, 2022



Partners

W. Ed Moss, Jr.
Joe M. Krusick
Cori G. Cameron
Bob P. Marchewka
Ric Perez
Thomas F. Regan
Ernie R. Janvrin
Richard F. Hayes
Renee C. Varga
Shawn M. Marshall

Winter Park, FL 32789
501 S. New York Ave.
Suite 100
Phone: 407-644-5811
www.mosskrusick.com

N. Palm Beach, FL 33408
631 US Highway One
Suite 405
Phone: 561-848-9300

Miami Lakes, FL 33016
7900 NW 155th Street
Suite 201
Phone: 305-445-7956

American Institute of
Certified Public
Accountants

Florida Institute of
Certified Public
Accountants

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

To the Board of Directors of
Pasco-Hernando Workforce Board, Inc.
(d/b/a CareerSource Pasco Hernando)

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Pasco-Hernando Workforce Board, Inc. (d/b/a CareerSource Pasco Hernando) (the "Organization") compliance with the types of compliance requirements identified as subject to the *OMB Compliance Supplement* that could have a direct and material effect on the Organization's major federal programs for the fiscal year ended June 30, 2022. The Organization'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 Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 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; 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 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,

Responsibilities of Management for Compliance (continued)

regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs.

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 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 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 Organization'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 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 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

Report on Internal Control Over Compliance (continued)

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 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.

Moss, Krusick & Associates, LLC

Winter Park, Florida
December 8, 2022

**PASCO-HERNANDO WORKFORCE BOARD, INC.
D/B/A CAREERSOURCE PASCO HERNANDO**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL PROGRAMS**

JUNE 30, 2022

Part 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 that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Type of auditor’s report issued on compliance for major programs:	Unmodified
Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	No
Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as low-risk auditee?	Yes

Identifications of major federal programs:

<u>Name of Federal Program</u>	<u>CFDA</u>
Workforce Innovation and Opportunity Act (WIOA) Cluster	
WIOA – Adult	17.258
WIOA – Youth	17.259
WIOA – Dislocated Worker	17.278
Employment Services Cluster	
Wagner Peyser	17.207
Veterans Programs	17.801
Unemployment Compensation	17.225

**PASCO-HERNANDO WORKFORCE BOARD, INC.
D/B/A CAREERSOURCE PASCO HERNANDO**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL PROGRAMS**

JUNE 30, 2022

Part II – Financial Statement Findings

None (no corrective action plan or management letter issued)

Part III – Federal Award Findings and Questioned Costs

None (there are no items related to federal awards required to be reported in the management letter)

Part IV – Status of Prior Year Audit Findings

There were no prior year audit findings.



MANAGEMENT LETTER

Partners

W. Ed Moss, Jr.
Joe M. Krusick
Cori G. Cameron
Bob P. Marchewka
Ric Perez
Thomas F. Regan
Ernie R. Janvrin
Richard F. Hayes
Renee C. Varga
Shawn M. Marshall

Winter Park, FL 32789
501 S. New York Ave.
Suite 100
Phone: 407-644-5811
www.mosskrusick.com

N. Palm Beach, FL 33408
631 US Highway One
Suite 405
Phone: 561-848-9300

Miami Lakes, FL 33016
7900 NW 155th Street
Suite 201
Phone: 305-445-7956

American Institute of
Certified Public
Accountants

Florida Institute of
Certified Public
Accountants

To the Board of Directors, Florida
Pasco-Hernando Workforce Board, Inc.
(d/b/a CareerSource Pasco Hernando)

Report on the Financial Statements

We have audited the financial statements of Pasco-Hernando Workforce Board, Inc. (d/b/a CareerSource Pasco Hernando) (the "Organization") as of and for the fiscal year ended June 30, 2022 and have issued our report thereon dated December 8, 2022.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the Florida Department of Economic Opportunity's (DEO) Audit and Audit Resolution Responsibilities (AWI FG 05-019) issued August 12, 2005.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Audit Standards*, Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance; and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated December 8, 2022, should be considered in conjunction with this management letter.

Prior Year Findings:

There were no reportable findings in the prior year.

Current Year Findings:

There were no reportable findings in the current year.

Conclusion

We have reviewed information regarding our audit with management and have provided them with appropriate documentation as requested. We very much enjoyed the challenges and experiences associated with this audit of the Organization. We appreciate the overall quality of the financial records and personnel in the Organization's office. We appreciate the helpful assistance and courtesy afforded us by these employees.

Moss, Krusick & Associates, LLC

Winter Park, Florida
December 8, 2022