

**WORKFORCE DEVELOPMENT BOARD OF THE
TREASURE COAST, INC.**

FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

WORKFORCE DEVELOPMENT BOARD OF THE TREASURE COAST, INC.
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JUNE 30, 2021 AND 2020

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Management,
Workforce Development Board of the Treasure Coast, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the general fund of Workforce Development Board of the Treasure Coast, Inc., (the Board), as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of the Board, as of June 30, 2021 and 2020, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Matters

Required Supplementary Information

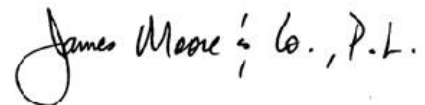
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required 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 auditing standards generally accepted in the United States of America, 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

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Board's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards 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 October 13, 2021, on our consideration of the Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Board's internal control over financial reporting and compliance.



Daytona Beach, Florida
October 13, 2021

WORKFORCE DEVELOPMENT BOARD OF THE TREASURE COAST, INC.
MANAGEMENT'S DISCUSSION & ANALYSIS
JUNE 30, 2021

This discussion and analysis of the Workforce Development Board of the Treasure Coast, Inc. (the Board) financial performance provides an overview of the Board's financial activities for the fiscal years ended June 30, 2021, 2020, and 2019. Please read it in conjunction with the Board's financial statements, which follow this section.

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 presented 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. Assets and related revenue are recorded when earned and related liabilities and expenses are recognized as incurred 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 presented 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 as to whether the Board's financial health is improving or deteriorating. However, other non-financial factors, such as changes in federal and 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.

Fund Financial Statements

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

- Governmental Fund – The Board maintains one individual governmental fund. The General Fund is considered to be a major fund and, accordingly, is displayed separately. This fund is accounted for using modified accrual 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 governmental fund's financial position. A reconciliation of the governmental fund balance and net position is provided with this statement, which helps to explain the difference between the fund financial statements and the government-wide financial statements.

WORKFORCE DEVELOPMENT BOARD OF THE TREASURE COAST, INC.
MANAGEMENT'S DISCUSSION & ANALYSIS
JUNE 30, 2021
(Continued)

CONDENSED FINANCIAL INFORMATION

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

Net Position	2021	2020	2019
Assets:			
Current assets	\$ 1,245,641	\$ 1,067,476	\$ 1,173,387
Capital assets, net	143,606	165,618	164,339
Total assets	<u>1,389,247</u>	<u>1,233,094</u>	<u>1,337,726</u>
Liabilities:			
Current liabilities	<u>1,037,258</u>	<u>883,222</u>	<u>922,073</u>
Net Position:			
Investment in capital assets	143,606	165,618	164,339
Unrestricted	208,383	184,254	251,314
Total net position	<u>\$ 351,989</u>	<u>\$ 349,872</u>	<u>\$ 415,653</u>
Change in Net Position			
Program revenues:			
Operating grants and contributions	\$ 7,345,941	\$ 6,376,037	\$ 6,805,066
Charges for services	<u>81,972</u>	<u>114,942</u>	<u>109,160</u>
Total program revenues	7,427,913	6,490,979	6,914,226
General revenues:			
Investment income	<u>-</u>	<u>-</u>	<u>301</u>
Total revenues	<u>7,427,913</u>	<u>6,490,979</u>	<u>6,914,527</u>
Program expenses:			
Training, retraining, and readjustment	<u>7,425,796</u>	<u>6,556,762</u>	<u>6,928,043</u>
Total program expenses	7,425,796	6,556,762	6,928,043
Change in net position	2,117	(65,783)	(13,516)
Beginning net position	349,872	415,655	429,169
Ending net position	<u>\$ 351,989</u>	<u>\$ 349,872</u>	<u>\$ 415,653</u>

WORKFORCE DEVELOPMENT BOARD OF THE TREASURE COAST, INC.
MANAGEMENT'S DISCUSSION & ANALYSIS
JUNE 30, 2021
(Continued)

OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS

Governmental Activities

In Program Year 2021, governmental activities generated \$7,427,913 in revenues and incurred \$7,425,802 of program expenses. This resulted in a \$2,117 increase in net position. This increase is the net result of revenues relating to the Board's charges for services, accrued leave on June 30, 2021, capitalized assets acquired and the depreciation expenditure for the program year. Grant revenue and expenditures have increased as compared to Program Year 2021 due to a \$1,516,047 (5,132%) increase in WIOA National Dislocated Worker COVID-19 funds and a \$142,255 (30%) increase in the Employee Services Cluster funds, offset by a \$367,679 (9%) decrease in the WIA/WIOA Cluster funds and a \$181,811 (18%) decrease in the Welfare Transition funds. The increase in expenditures in Program Year 2021 compared to Program Year 2020 is primarily a result of the increase in WIOA National Dislocated Worker COVID-19 funding causing an increase in salaries, training, participant wages and other program related expenses.

In Program Year 2020, governmental activities generated \$6,490,979 in revenues and incurred \$6,556,762 of program expenses. This resulted in a \$65,781 decrease in net position. This decrease is the net result of revenues relating to the Board's charges for services, accrued leave on June 30, 2020, capitalized assets acquired and the depreciation expenditure for the program year. Grant revenue and expenditures have decreased as compared to Program Year 2019 due to a \$934,4489 (21.4%) decrease in WIOA funds which includes Sector Strategy and Apprenticeship funding, a \$102,807 (27%) increase in WIOA Performance Incentives, a \$9,180 (.78%) increase in Welfare Transition and SNAP funds and a \$99,042 (23.5%) increase in Employment Services cluster funds, offset by a \$199,071 increase in WIOA National Dislocated Worker COVID-19 funds. The decrease in expenditures in Program Year 2020 compared to Program Year 2019 is a result of the decrease in WIOA and Sector Strategy funding causing a decrease in salaries, training, participant wages and other program related expenses.

THE BOARD'S INDIVIDUAL FUND

General Fund

The General Fund receives its funding under cash advance and cost reimbursement contracts. If at the end of the fiscal year, an advance is not sufficient to cover applicable expenditures, a receivable is created. If an advance is in excess of applicable expenditures, a refundable advance is reported. Consequently, revenues will generally equal expenditures with a small profit due to charges for services not funded by grants. The fund balance represents amounts received prior to the Job Training Partnership Act (JTPA) from performance grants and other charges for services.

The \$121 increase in fund balance for Program Year 2021 was a result of revenues generated by the Boards' charges for services and nonfederal funding Programs in excess of related expenditures.

The \$36,402 decrease in fund balance for Program Year 2020 was a result of increased accrued leave from the prior year end and the amount of capitalized assets acquired and current year depreciation exceeding the Boards' charges for services and nonfederal funding Programs in excess of related expenditures.

WORKFORCE DEVELOPMENT BOARD OF THE TREASURE COAST, INC.
MANAGEMENT'S DISCUSSION & ANALYSIS
JUNE 30, 2021
(Continued)

Budgetary Highlights

The Board is not legally required to adopt a budget. As such, budgetary exhibits are not presented.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Board's capital assets consist of computer equipment, office equipment, improvements, and vehicles needed to support the One-Stop Centers in its local workforce development area (LWDA20). Two vehicles are mobile units, which are currently being used as Mobile One-Stop (Resource) Centers in Martin and Indian River Counties.

Capital assets, primarily consisting of computers, communication equipment, vehicles and leasehold improvements did not increase in 2021 or 2019 but increased by \$24,420 in 2020. For the years ending June 30, 2021, 2020, and 2019, depreciation was \$22,012, \$22,961, and \$25,901, respectively. At June 30, 2021, 2020, and 2019, accumulated depreciation was \$657,989, \$635,977, and \$613,016, respectively. Capital retirements of older, similar assets were none in 2021 or 2020 but were \$27,746 in 2019. These assets were fully depreciated at the time of disposal.

Debt Administration

The Board has no debt.

ECONOMIC FACTORS

Ninety-six percent (96%) of the Board's revenues were generated from federal grants, all of which were passed through the State of Florida's 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 Brian Bauer, President/CEO, Workforce Development Board of the Treasure Coast, Inc. 584 NW University Blvd, Suite 100, Port St. Lucie, Florida, 34986.

WORKFORCE DEVELOPMENT BOARD OF THE TREASURE COAST, INC.
STATEMENTS OF NET POSITION
JUNE 30, 2021 AND 2020

	2021	2020
<u>ASSETS</u>		
Current assets		
Cash and cash equivalents	\$ 864,136	\$ 800,379
Grants and other receivables	209,018	105,919
Prepays and other assets	172,487	161,178
Total current assets	1,245,641	1,067,476
Non-current assets		
Capital assets		
Leasehold improvements	217,856	217,856
Equipment	136,353	136,353
Vehicles	447,386	447,386
Less: Accumulated depreciation	(657,989)	(635,977)
Total non-current assets	143,606	165,618
Total Assets	\$ 1,389,247	\$ 1,233,094
<u>LIABILITIES AND NET POSITION</u>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 698,930	\$ 500,226
Unearned revenue	338,328	382,996
Total current liabilities	1,037,258	883,222
Net position		
Investment in capital assets	143,606	165,618
Unrestricted	208,383	184,254
Total net position	351,989	349,872
Total Liabilities and Net Position	\$ 1,389,247	\$ 1,233,094

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

**WORKFORCE DEVELOPMENT BOARD OF THE TREASURE COAST, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

2021					
Program Revenues				Net (Expense) Revenues and Changes in Net Position- Governmental Activities	
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		
Functions and Programs					
Governmental Activities					
Training, retraining, and readjustment	\$ 7,425,796	\$ 81,972	\$ 7,345,941	\$ -	\$ 2,117
General revenues					
					-
					-
Changes in net position					2,117
Net position, beginning of year					349,872
Net position, end of year					<u>\$ 351,989</u>
2020					
Program Revenues				Net (Expense) Revenues and Changes in Net Position- Governmental Activities	
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		
Functions and Programs					
Governmental Activities					
Training, retraining, and readjustment	\$ 6,556,760	\$ 114,942	\$ 6,376,037	\$ -	\$ (65,781)
General revenues					
					-
					-
Changes in net position					(65,781)
Net position, beginning of year					415,653
Net position, end of year					<u>\$ 349,872</u>

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

WORKFORCE DEVELOPMENT BOARD OF THE TREASURE COAST, INC.
BALANCE SHEETS – GOVERNMENTAL FUND
JUNE 30, 2021 AND 2020

	General Fund	
	2021	2020
<u>ASSETS</u>		
Cash and cash equivalents	\$ 864,136	\$ 800,379
Grants and other receivables	209,018	105,919
Prepays and other current assets	172,487	161,178
Total Assets	\$ 1,245,641	\$ 1,067,476
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities		
Accounts payable and accrued liabilities	\$ 589,120	\$ 366,408
Unearned revenue	338,328	382,996
Total liabilities	927,448	749,404
Fund Balance		
Nonspendable:		
Prepays and other current assets	172,487	161,178
Unassigned	145,706	156,894
Total fund balance	318,193	318,072
Total Liabilities and Fund Balance	\$ 1,245,641	\$ 1,067,476

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

**WORKFORCE DEVELOPMENT BOARD OF THE TREASURE COAST, INC.
RECONCILIATION OF THE BALANCE SHEETS – GOVERNMENTAL FUND
TO THE STATEMENTS OF NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2021 AND 2020**

	2021	2020
Total Governmental Fund Balance	\$ 318,193	\$ 318,072
Amounts reported for governmental activities in the statements of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets being depreciated	801,595	801,595
Accumulated depreciation on capital assets	(657,989)	(635,977)
Accrued compensated absences are not due and payable in the current period and, therefore are not reported in the funds		
	(109,810)	(133,818)
Net Position of Governmental Activities	\$ 351,989	\$ 349,872

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

**WORKFORCE DEVELOPMENT BOARD OF THE TREASURE COAST, INC.
 STATEMENTS OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE – GOVERNMENTAL FUND
 FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	General Fund	
	2021	2020
Revenues		
Intergovernmental		
Federal grants	\$ 7,118,597	\$ 6,038,864
Local grants	227,344	337,173
Charges for services	81,972	114,942
Total revenues	7,427,913	6,490,979
Expenditures		
Current:		
Training, retraining, and readjustment	7,427,792	6,503,141
Capital outlay	-	24,240
Total expenditures	7,427,792	6,527,381
Net change in fund balance	121	(36,402)
Fund balance, beginning of year	318,072	354,474
Fund balance, end of year	\$ 318,193	\$ 318,072

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

**WORKFORCE DEVELOPMENT BOARD OF THE TREASURE COAST, INC.
RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUND TO THE
STATEMENTS OF ACTIVITIES
JUNE 30, 2021 AND 2020**

	2021	2020
Net Change in Fund Balance - Total Governmental Fund	\$ 121	\$ (36,402)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Compensated absences reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures of governmental funds. Expenses are reduced by amounts used during the year.	24,008	(30,658)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital outlay	-	24,240
Depreciation expense	(22,012)	(22,961)
Change in Net Position of Governmental Activities	\$ 2,117	\$ (65,781)

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

WORKFORCE DEVELOPMENT BOARD OF THE TREASURE COAST, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

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

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

(a) **Reporting entity**—The Board was organized on September 26, 1983 as a private non-profit corporation to develop workforce skills to meet current and future demands in Indian River, Martin, and St. Lucie counties within the State of Florida. Workforce development prepares individuals for work through secondary and post-secondary education, employer-sponsored training for incumbent workers, and special public programs for the poor and unemployed. The Board receives its funding from federal and state grants passed primarily through the Florida Department of Economic Opportunity.

The accounting policies adopted by the Board conform to accounting principles generally accepted in the United States of America as applied to not-for-profit organizations reporting using the governmental model. As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the Board (the primary government). There were no entities that required inclusion as a component unit within the Board's financial statements.

(b) **Government-wide and fund financial statements**—The government-wide financial statements (the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary 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 are 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.

Separate financial statements are provided for the general fund, which is the Board's only fund.

WORKFORCE DEVELOPMENT BOARD OF THE TREASURE COAST, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

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

(c) **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 the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 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 sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The Board considers most revenues, such as reimbursement-based grant revenues and charges for service, to be susceptible to accrual and so they have been recognized as revenues in the current fiscal period. 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 is the Board's policy to use restricted resources first, then unrestricted resources as they are needed.

Major Governmental Fund—The sole governmental fund used by the Board is the general fund, which is used to account for all financial activity of the Board.

(d) **Cash and cash equivalents**—Cash and cash equivalents of the Board are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

(e) **Grants and other receivables**—Grants and other receivables consist of amounts due from grantor agencies for reimbursement of expenditures under various programs. Management has concluded that realization of losses on balance outstanding at year-end will be immaterial.

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

Assets	Years
Leasehold improvements	30
Equipment	5–10
Vehicles	5

WORKFORCE DEVELOPMENT BOARD OF THE TREASURE COAST, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

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

(g) **Unearned revenues**—Unearned revenues are comprised of amounts received from grantor agencies by the Board prior to meeting revenue recognition criteria. In subsequent periods, when the revenue recognition criteria have been met, the liability for unearned revenues is reduced and revenue is recognized.

(h) **Prepays and other assets**—Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepays in both the government-wide and fund financial statements.

(i) **Indirect costs**—The Board receives funds from several sources. Accordingly, indirect administrative and program support costs are allocated between the various programs in the following manner: Indirect administrative costs and indirect program support costs, including indirect salary costs, are charged to either an administrative or program cost pool and allocated to all programs including WTP, WIOA youth, WIOA adult, and WIOA dislocated workers contracts based on each program's direct program costs. Indirect occupancy costs are charged to a cost pool and allocated to all programs based on each program's direct program costs. Indirect occupancy costs are charged to various funding sources or indirect costs pools based on FTE's determined by bi-weekly personnel activity reports. The allocation ratios are determined based upon each program's percentage of total time charged by staff.

(j) **Budgets**—The general expenditure authority of the Board, as provided by Sections 445.004 and 445.007 of the Florida Statutes, does not require a legally adopted budget placed into public law. Accordingly, the budgetary comparison schedules for governmental funds have not been presented as supplementary information required by the Governmental Accounting Standards Board.

(k) **Income taxes**—The Board is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, except for taxes on unrelated business income. Since the Board had no taxable unrelated business income during the years ended June 30, 2021 and 2020, no provision for income taxes is provided in the financial statements.

Management of the Board considers the likelihood of changes by taxing authorities in its filed income tax returns and recognizes a liability for or discloses potential significant changes that management believes are more likely than not to occur, including changes to the Board's status as a not-for-profit entity. Management believes the Board met the requirements to maintain its tax-exempt status and has no income subject to unrelated business income tax, therefore no provision for income taxes has been provided in these financial statements. The Board's income tax returns for the past three years are subject to examination by tax authorities, and may change upon examination.

WORKFORCE DEVELOPMENT BOARD OF THE TREASURE COAST, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

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

(l) **Fund balance**—In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the Board is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Those classifications are as follows:

Nonspendable—Amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.

Restricted—Amounts that can be spent only for specific purposes because of the Bylaws, state or federal laws, or externally imposed conditions by grantors or creditors.

Committed—Amounts that can be used only for specific purposes determined by a formal action by ordinance or resolution.

Assigned—Amounts that are designated by the Board of Directors for a specific purpose but are not spendable until a budget ordinance is passed by the Board of Directors.

Unassigned—All amounts not included in other spendable classifications.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Board considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Board considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Directors has provided otherwise in its commitment or assignment actions.

(2) **Reconciliation of Government-Wide and Fund Financial Statements:**

(a) **Explanation of certain differences between the governmental fund balance sheets and the government-wide statements of net position**—Following the governmental fund balance sheets is a reconciliation between *fund balance – total governmental funds* and *net position of governmental activities* as reported in the government-wide statements of net position. The details of these differences are explained in the above referenced financial statements.

(b) **Explanation of certain differences between the governmental fund statements of revenues, expenditures, and changes in fund balance and the government-wide statements of activities**—Following the governmental fund statements of revenues, expenditures, and changes in fund balance, there is a reconciliation between *net change in fund balance – total governmental funds* and *change in net position of governmental activities* as reported in the government-wide statements of activities. The details of these differences are explained in the above referenced financial statements.

WORKFORCE DEVELOPMENT BOARD OF THE TREASURE COAST, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

(3) Capital Assets and Depreciation:

Capital asset activity of the Board for the 2021 and 2020 fiscal years was as follows:

2021 Governmental Activities	Balance June 30, 2020	Increases	Decreases	Balance June 30, 2021
Capital assets				
Leasehold improvements	\$ 217,856	\$ -	\$ -	\$ 217,856
Equipment	136,353	-	-	136,353
Vehicles	447,386	-	-	447,386
Total capital assets	<u>801,595</u>	<u>-</u>	<u>-</u>	<u>801,595</u>
Accumulated depreciation				
Leasehold improvements	(99,104)	(7,262)	-	(106,366)
Equipment	(89,487)	(14,750)	-	(104,237)
Vehicles	(447,386)	-	-	(447,386)
Total accumulated depreciation	<u>(635,977)</u>	<u>(22,012)</u>	<u>-</u>	<u>(657,989)</u>
Capital assets, net	<u>\$ 165,618</u>	<u>\$ 22,012</u>	<u>\$ -</u>	<u>\$ 143,606</u>
2020 Governmental Activities	Balance June 30, 2019	Increases	Decreases	Balance June 30, 2020
Capital assets				
Leasehold improvements	\$ 217,856	\$ -	\$ -	\$ 217,856
Equipment	112,113	24,240	-	136,353
Vehicles	447,386	-	-	447,386
Total capital assets	<u>777,355</u>	<u>24,240</u>	<u>-</u>	<u>801,595</u>
Accumulated depreciation				
Leasehold improvements	(91,842)	(7,262)	-	(99,104)
Equipment	(78,361)	(11,126)	-	(89,487)
Vehicles	(442,813)	(4,573)	-	(447,386)
Total accumulated depreciation	<u>(613,016)</u>	<u>(22,961)</u>	<u>-</u>	<u>(635,977)</u>
Capital assets, net	<u>\$ 164,339</u>	<u>\$ 1,279</u>	<u>\$ -</u>	<u>\$ 165,618</u>

For the years ended June 30, 2021 and 2020, depreciation expense was \$22,012 and \$22,961 respectively, and was charged to Training, retaining, and readjustment.

WORKFORCE DEVELOPMENT BOARD OF THE TREASURE COAST, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

(4) Operating Leases:

The Board has entered into various operating leases for office space and equipment. Future minimum rental payments on these existing lease commitments are as follows:

<u>Year ending June 30,</u>	
2022	\$ 713,712
2023	730,187
2024	740,336
2025	701,027
2026	579,524
2027 - 2031	3,082,576
2032 - 2035	1,904,638
	<u>\$ 8,452,000</u>

For the years ended June 30, 2021 and 2020, rent expense was approximately \$747,624 and \$727,813 respectively.

(5) Compensated Absences:

Employees are entitled to vacation and sick leave according to the Board's policies. Annual vacation is accrued based on completed years of employment with the Board. Upon resignation, death, termination or retirement, employees are paid in one lump sum for accrued vacation as of the last day of employment. A maximum number of hours equivalent to the potential annual vacation leave the employee may accrue according to the Board's policies may be carried over from one year to the next year. Accrued vacation leave in excess of what may be earned in a year will be forfeited. There is no liability for accumulated sick days since the Board does not have a policy to pay any amounts when employees separate from service with the Board. Compensated absences payable activity for each of the last two years is as follows:

<u>Compensated Absences Payable</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
2021	<u>\$ 133,818</u>	<u>\$ 106,386</u>	<u>\$ (130,394)</u>	<u>\$ 109,810</u>	<u>\$ 109,810</u>
2020	<u>\$ 103,160</u>	<u>\$ 130,498</u>	<u>\$ (99,840)</u>	<u>\$ 133,818</u>	<u>\$ 133,818</u>

(6) Retirement Plan:

The Board implemented a Safe Harbor 401(k) plan with an effective date of July 1, 2011, which covered employees, over 21 years of age, with a minimum of one year of service, and who worked 1,000 hours during the plan year. The plan allowed for a maximum matching contribution of 4% during 2021 and employees may make salary deferrals beginning after three months of employment. For the year ended June 30, 2021 and 2020, the Board contributed \$73,588 and \$62,367 to the plan, respectively.

WORKFORCE DEVELOPMENT BOARD OF THE TREASURE COAST, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

(7) Risk Management:

The Board is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Board carries commercial insurance.

(8) Concentrations of Credit Risk and Significant Funding Source:

(a) **Cash and cash equivalents**—As of June 30, 2021 and 2020, the Board had demand deposits with one financial institution of \$889,403 and \$833,003, respectively. The Board has no policy requiring collateral or other security to support its deposits, although all demand deposits with banks are federally insured up to FDIC limitations. The demand deposits with the financial institutions are insured up to \$250,000. At June 30, 2021 and 2020, the Board had \$639,403 and \$583,003 in excess of FDIC coverage, respectively.

(b) **Grants and other receivables**—The Board's receivables are for amounts due under contracts with the State of Florida and Federal government agencies. The Board has no policy requiring collateral or other security to support its receivables.

(c) **Significant funding source**—During the years ended June 30, 2021 and 2020, the Board received approximately 96% and 93%, respectively, of its funding from the United States Department of Labor, the United States Department of Health and Human Services, and the United States Department of Agriculture passed through the Department of Economic Opportunity. If a significant reduction in the level of this funding were to occur, it could have an adverse effect on the Board's program and activities.

(9) Contingencies and Uncertainties:

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

In early 2020, local, U.S., and world governments have encouraged self-isolation to curtail the spread of the global pandemic, coronavirus disease (COVID-19), by mandating temporary work stoppage in many sectors and imposing limitations on travel and size and duration of group meetings. Most industries are experiencing disruption to business operations and the impact of reduced consumer spending and investment markets have been substantially impacted. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them. Accordingly, while management cannot quantify the financial and other impact to the Board as of October 13, 2021, management believes that an impact on the Board's financial position and results of future operations is reasonably possible

WORKFORCE DEVELOPMENT BOARD OF THE TREASURE COAST, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

(10) **Related Parties:**

The Board of Directors includes representation of both the private and public service industries as required by Florida Statutes. The Board had transactions with entities with which certain board members are associated for the purpose of providing training services to participants and temporary labor. During the year ended June 30, 2021 and 2020, total payments to these entities were \$617,779 and \$424,134, respectively. At June 30, 2021 and 2020, \$16,853 and \$48,652 were payable to these entities, respectively. The transactions were approved and authorized in accordance with the Board's purchasing policies and procedures.

(11) **Recent Accounting Pronouncements:**

The Governmental Accounting Standards Board ("GASB") has issued several pronouncements that have effective dates that may impact future financial statements. Listed below are pronouncements with required implementation dates effective for subsequent fiscal years that have not yet been implemented. Management has not currently determined what, if any, impact implementation of the following will have on the Board's financial statements:

- (a) GASB issued Statement No. 87, *Leases*, in June 2017. GASB 87 aims to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments, including expanded disclosures of lease agreements and recording corresponding lease assets and liabilities. The provisions in GASB 87 are effective for periods beginning after June 15, 2021.

COMPLIANCE SECTION

**INDEPENDENT AUDITORS' 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 and Management,
Workforce Development Board of the Treasure Coast, Inc.:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the 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 general fund of the Workforce Development Board of the Treasure Coast, Inc., (the Board) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated October 13, 2021.

Internal Control over Financial Reporting

In planning and performing our audit, 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 opinions 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.

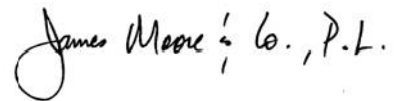
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large initial 'J'.

Daytona Beach, Florida
October 13, 2021

WORKFORCE DEVELOPMENT BOARD OF THE TREASURE COAST, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass-Through Grantor/Program Title	Program Year	Federal CFDA Number	Funding Period	Total Expended	Transferred to Subrecipients
U.S. Department of Labor					
Passed through Florida Department of Economic Opportunity					
WIA/WIOA Cluster					
WIOA Adult Program	2020	17.258	7/1/20-6/30/22	\$ 1,054,352	\$ -
WIOA Adult Program	2019	17.258	2/1/19-6/30/21	24,558	-
WIOA Adult Program	2018	17.258	7/1/18-6/30/21	259,252	-
WIOA Adult Program	2020	17.258	12/3/20-12/31/20	32,180	-
WIOA Adult Program	2019	17.258	2/1/19-6/30/21	26,520	-
WIOA Adult Program	2019	17.258	2/1/19-6/30/21	12,637	-
WIOA Adult Program	2018	17.258	1/1/18-6/30/21	33,743	-
WIOA Adult Program	2020	17.258	7/1/20-6/30/21	249,494	-
WIOA Adult Program	2019	17.258	7/1/19-12/31/20	15,214	-
WIOA Adult Program	2019	17.258	7/1/19-12/31/20	69,492	-
WIOA Adult Program	2019	17.258	4/1/19-6/30/22	1,851	-
COVID-19 - WIOA Adult Program	2020	17.258	3/21/20-8/31/20	57,471	-
WIOA Adult Program	2018	17.258	12/1/19-6/30/21	74,285	-
WIOA Adult Program	2017	17.258	8/1/19-12/31/19	20,833	-
				1,931,882	-
WIOA Youth Activities	2019	17.259	4/1/19-6/30/21	537,537	391,447
WIOA Youth Activities	2020	17.259	4/1/20-6/30/22	468,765	468,765
				1,006,302	860,212
WIOA Dislocated Worker Formula Grants	2019	17.278	7/1/19-6/30/21	830,164	-
WIOA Dislocated Worker Formula Grants	2020	17.278	7/1/20-6/30/22	172,116	-
				1,002,280	-
WIA/WIOA Cluster Total				3,940,464	860,212
Employment Services Cluster					
Employment Services / Wagner-Peyser Funded Activities	2019	17.207	7/1/19-9/30/20	8,433	-
Employment Services / Wagner-Peyser Funded Activities	2019	17.207	7/1/19-9/30/20	242,227	-
Employment Services / Wagner-Peyser Funded Activities	2020	17.207	7/1/20-9/30/21	230,620	-
				481,280	-
Local Veterans' Employment Representative Program	2019	17.801	10/1/19-12/31/20	33,255	-
Local Veterans' Employment Representative Program	2020	17.801	10/1/20-12/31/21	39,487	-
				72,742	-
Disabled Veteran's Outreach Program	2019	17.801	10/1/19-12/31/20	28,838	-
Disabled Veteran's Outreach Program	2020	17.801	10/1/20-12/31/21	26,514	-
				55,352	-
Employment Services Cluster Total				609,374	-
Trade Adjustment Assistance	2019	17.245	7/1/19-9/30/20	5,031	-
Trade Adjustment Assistance	2019	17.245	7/1/19-9/30/20	16,803	-
Trade Adjustment Assistance	2020	17.245	10/1/20-9/30/21	5,503	-
Trade Adjustment Assistance	2020	17.245	10/1/20-9/30/21	10,932	-
				38,269	-
COVID-19 - WIOA National Dislocated Worker Grants/WIA National Emergency Grants	2019	17.277	7/1/19-6/30/20	1,545,589	-
				1,545,589	-
Total U.S. Department of Labor				6,133,696	860,212
U.S. Department of Health and Human Services					
Passed through Florida Department of Economic Opportunity					
Temporary Assistance for Needy Families	2019	93.558	10/1/19-8/31/20	10,492	-
Temporary Assistance for Needy Families	2020	93.558	7/1/20-10/31/20	312,943	-
Temporary Assistance for Needy Families	2020	93.558	10/1/20-6/30/21	529,272	-
Total U.S. Department of Health and Human Services				852,707	-
U.S. Department of Agriculture					
Passed through Florida Department of Economic Opportunity					
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	2019	10.561	10/1/19-9/30/20	34,317	-
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	2020	10.561	10/1/20-9/30/21	97,877	-
Total U.S. Department of Agriculture and SNAP Cluster				132,194	-
Total Expenditures of Federal Awards				\$ 7,118,597	\$ 860,212

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

WORKFORCE DEVELOPMENT BOARD OF THE TREASURE COAST, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021

(1) **Basis of Presentation:**

The accompanying Schedule of Expenditures of Federal Awards includes the Federal award activity of Workforce Development Board of the Treasure Coast, Inc. (the Board) and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

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

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

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

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

**WORKFORCE DEVELOPMENT BOARD OF THE TREASURE COAST, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

I. Summary of Auditors' Results:

Financial Statements:

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

Internal control over financial reporting:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards:

Internal control over major Federal programs:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified? yes none reported

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

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

Identification of major Federal programs:

CFDA Number(s)	Program Name
17.277	COVID-19 WIOA National Dislocated Worker Grants/WIA National Emergency Grants
Dollar threshold used to distinguish between type A and type B Federal programs:	\$750,000
Auditee qualified as low-risk auditee?	<input checked="" type="checkbox"/> yes <input type="checkbox"/> no

II. Financial Statement Findings: None.

III. Federal Awards Findings and Questioned Costs: None.

IV. State of Florida, Department of Economic Opportunity Reporting Requirements: The Board performed timely reconciliations between the general ledger accounting system and the Subrecipient Enterprise Resource Application maintained by DEO. Based on the DEO reporting requirements, there were no additional findings to be reported in FY2021.

V. Federal Award Summary Schedule of Prior Year Findings: There were no audit findings for the year ended June 30, 2020.

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

To the Board of Directors and Management,
Workforce Development Board of the Treasure Coast, Inc.:

Report on Compliance for Each Major Federal Program

We have audited the Workforce Development Board of the Treasure Coast, Inc.'s (the Board) compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the Board's major federal programs for the years ended June 30, 2021. The Board's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Board's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the special audit guidance provided by the State of Florida Department of Economic Opportunity and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

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, 2021.

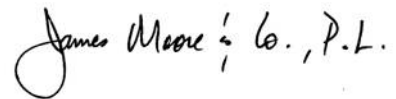
Report on Internal Control over Compliance

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

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

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

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

James Moore & Co., P.L.

Daytona Beach, Florida
October 13, 2021