



November 28, 2017 - 9:30 A.M.  
Via Teleconference  
Conference Dial: 1-800-501-8979  
Conference Code: 268-7509#

**CareerSource Pinellas/Pinellas County**  
**Audit Committee**  
Agenda

- I. **Welcome and Introductions**..... Dr. Robert Arnold, Chair
- II. **Action/Discussion Items**
  - 1. Approval of Minutes- July 25,2017 ..... Page 2
  - 2. Approval of Worknet Pinellas Financial statements ..... Page 3
- III. **Other Administrative Matters**  
*(Items of urgency not meeting the seven-day guideline for review)*
- IV. **Public Comments**
- V. **Adjournment**

Executive Committee Meeting    December 6, 2017  
Board of Directors Meeting    December 13, 2017



**CareerSource Pinellas  
Audit Committee**

**Date:** July 25, 2017, 9:15 a.m.  
**Location:** Via Teleconference

**Call to Order**

Chairman Dr. Arnold called the meeting to order at 9:15 a.m. There was a quorum present, with the following Audit Committee members participating.

**Committee Members in attendance (via phone)**

Aundre Green, Commissioner Kenneth Welch

**Staff Present (via phone)**

Anna Munro, Luna Jean-Pierre

**Action/Discussion Items**

**Action 1- Approval of Minutes**

The minutes of the February 24, 2017 meeting were presented for approval.

Motion: Commissioner Welch  
Second: Aundre Green

*The minutes were approved as presented.  
Motion carried unanimously.*

**Action 2 – Engagement Letter: Powell & Jones, CPAs**

Enclosed is the Audit Engagement Letter with Powell & Jones, CPAs. The Engagement Letter would serve as an agreement regarding the audit work to be done.

Motion: Dr. Bob Arnold  
Second: Aundre Green

*The Audit Committee recommends approval of the Audit Engagement Letter with Powell & Jones, CPAs. Motion carried unanimously.*

**Other Administrative Matters**

There was none.

**Public Comments**

There were none.

**Adjournment**

The meeting was adjourned at 9:18am.



## **Action Item 2**

### **Annual Financial Audit For the Fiscal Year Ended June 30, 2017**

#### **Information**

The audit firm of Powell & Jones, CPAs has completed the annual financial audit of the accounting records and systems of Worknet Pinellas, Inc. for the fiscal year ended June 30, 2017.

Enclosed is a copy of the audit report. Representatives from the firm will present the results to the Audit Committee.

#### **Recommendation**

Approval of the Annual Financial Audit for the fiscal year ended June 30, 2017.

**WORKNET PINELLAS, INC.**

**Financial Statements, Supplemental Information  
and Regulatory Reports**

**June 30, 2017**

**(With Independent Auditor's Report Thereon)**

DRAFT

**WORKNET PINELLAS, INC.**

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## INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
WorkNet Pinellas, Inc.

### Report on the Financial Statements

We have audited the accompanying financial statements of WorkNet Pinellas, Inc. (the Organization) which comprise the statement of financial position as of June 30, 2017, and the related statement of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

Florida Institute of Certified Public Accountants • American Institute of Certified Public Accountants

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

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WorkNet Pinellas, Inc., as of June 30, 2017 and the respective changes in its net

assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Other information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Expenditures of Federal Awards and State Financial Assistance, 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 and Chapter 10.650, Rules of the Auditor General*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

## **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued a report dated November 22, 2017 on our consideration of the Organization's internal control over financial reporting and on our tests of 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 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.

**POWELL & JONES**  
**Certified Public Accountants**  
**November 22, 2017**

**WORKNET PINELLAS, INC.**

**Statement of Financial Position**

**June 30, 2017**

Assets

Current assets:

Cash and cash equivalents	\$	758,672
Accounts receivable		30,639
Grants receivable		1,462,826
Inventory		1,643
Prepaid expenses		207,169
Total current assets		<u>2,460,949</u>

Noncurrent assets:

Restricted cash		308,925
Loan costs, net		7,749
Endowment investments		9,691
Property and equipment, net		2,654,026
Total noncurrent assets		<u>2,980,391</u>

Total assets \$ 5,441,340

Liabilities and Net Assets

Current liabilities:

Accounts payable and accrued liabilities		1,806,672
Deferred revenue		30,130
Deferred grant revenue		65,573
Debt - current		43,730
Total current liabilities		<u>1,946,105</u>

Noncurrent liabilities:

Debt		671,557
Total noncurrent liabilities		<u>671,557</u>
Total liabilities		<u>2,617,662</u>

Net assets

Unrestricted		2,700,885
Unrestricted - Board designated		36,346
Temporarily restricted		76,756
Permanently restricted		9,691
Total net assets		<u>2,823,678</u>

Total liabilities and net assets \$ 5,441,340



**WORKNET PINELLAS, INC.**

**Statement of Activities**

**Year Ended June 30, 2017**

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
Revenues and support:				
Grants				
Federal	\$ 13,228,484	-	-	\$ 13,228,484
State	2,500,000	-	-	2,500,000
Local	164,368	-	-	164,368
Contribution and sponsorship revenue	35,216	76,810	-	112,026
Educational program tuition and fees	242,946	-	-	242,946
Other revenue	204,253	-	618	204,871
Inkind revenue	31,400	-	-	31,400
Total revenues and support	<u>16,406,667</u>	<u>76,810</u>	<u>618</u>	<u>16,484,095</u>
Expenses:				
Program services				
Workforce development	15,428,152	-	-	15,428,152
Supporting services				
General and administrative	774,152	54,496	-	828,648
Total expenses	<u>16,202,304</u>	<u>54,496</u>	<u>-</u>	<u>16,256,800</u>
Change in net assets	204,363	22,314	618	227,295
Net assets at beginning of year	2,532,868	54,442	9,073	2,596,383
Net assets at end of year	<u>\$ 2,737,231</u>	<u>76,756</u>	<u>9,691</u>	<u>\$ 2,823,678</u>

**WORKNET PINELLAS, INC.**

**Statement of Functional Expenses**

**Year Ended June 30, 2017**

<b>Expenses</b>	<b>Workforce Development</b>	<b>General and Administrative</b>	<b>Totals</b>
Salaries	\$ 5,937,163	\$ 469,439	\$ 6,406,602
Retirement	259,200	21,419	280,619
Payroll taxes and fringe	444,215	34,885	479,100
Staff training and education	15,887	286	16,173
Accounting and professional	59,930	115,182	175,112
Community outreach	207,148	15,303	222,451
License, dues, and other fees	37,125	2,283	39,408
Communications	153,062	12,773	165,835
Office expenses	483,557	16,650	500,207
Occupancy	455,625	36,667	492,292
Travel	79,861	3,684	83,545
Meetings and conferences	47,624	570	48,194
Other expense	10,066	-	10,066
Contract labor	305,359	22,515	327,874
Insurance	124,613	18,557	143,170
Service provider contracts	2,494,924	-	2,494,924
Customer training	4,202,453	-	4,202,453
Inkind expense	31,400	-	31,400
Interest expense	-	35,305	35,305
Depreciation and amortization	78,940	23,130	102,070
<b>Total Expenses</b>	<b>\$ 15,428,152</b>	<b>\$ 828,648</b>	<b>\$ 16,256,800</b>

**WORKNET PINELLAS, INC.**

**Statement of Cash Flows**

**Year Ended June 30, 2017**

Cash flows from operating activities:		
Change in net assets	\$	227,295
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation		98,819
Changes in assets and liabilities:		
Decrease in accounts receivable		112,528
Increase in grants receivable		(94,173)
Decrease in inventory		2,275
Decrease in prepaid expenses		33,048
Decrease in loan costs		3,251
Increase in accounts payable and accrued liabilities		398,701
Decrease in deferred revenue		(13,187)
Increase in deferred grant revenue		63,637
Net cash provided by operating activities		<u>832,194</u>
Cash flows from investing activities:		
Purchase of investments		(618)
Acquisition of property and equipment		<u>(198,989)</u>
Net cash used in investing activities		<u>(199,607)</u>
Cash flows from financing activities:		
Payments on debt		<u>(41,149)</u>
Net cash used in financing activities		<u>(41,149)</u>
Net increase in cash		591,438
Cash, beginning of year		<u>476,159</u>
Cash, end of year	\$	<u><u>1,067,597</u></u>

# WORKNET PINELLAS, INC.

## Notes to Financial Statements

Year Ended June 30, 2017

### (1) Nature of Organization and Purpose

Effective February 10, 2014 and July 7, 2014, WorkNet Pinellas, Inc. (WORKNET) began doing business as CareerSource Pinellas and as Science Center, respectively. The CareerSource Pinellas rebranding was in coordination with Florida's Workforce System to have a unified brand state-wide. WORKNET began doing business as Science Center following its acquisition on May 16, 2014.

WorkNet Pinellas, Inc. is a not-for-profit corporation that was established on March 2, 2001 under the provisions of the Florida Corporations Not-For-Profit Law set forth in Chapter 617 of the Florida Statutes. WORKNET was created in accordance with the Florida Workforce Innovation Act of 2000 to serve as the administrative entity for programs of the Local Workforce Development Board in Pinellas County. This public-private partnership supports and promotes economic growth through workforce development. The Local Workforce Development Board (the Board) consists of representatives of education, labor, economic development, organizations identified as one stop partners, and other individuals as appointed by the Pinellas County Board of County Commissioners (the County). The Board is one of twenty-four Local Workforce Development Boards in the State of Florida providing for the development, planning, monitoring and administration of the following grants and programs:

- Temporary Assistance for Needy Families
- Wagner Peyser
- Disabled Veterans Outreach Program
- Local Veterans Employment Representative Program
- Workforce Innovation and Opportunity Act (WIOA) – Adult, Youth, and Dislocated Worker
- National Emergency Grants
- Reemployment Services and Eligibility Assessment
- Unemployment Insurance
- Trade Adjustment Assistance
- H-1B Technical Skills Training Grant
- Youthbuild
- Supplemental Nutrition Assistance Programs
- AmeriCorps Member Support
- Manufacturing Extension Partnership Program
- Manufacturing Skills Development

Support and revenue are obtained primarily from federal and state grants. The Board is responsible for developing and implementing an area plan and subgranting funds to direct providers of services.

### (2) Summary of Significant Accounting Policies

#### (a) Basis of Accounting

The financial statements are prepared using the accrual basis of accounting, which recognizes revenue when earned and expenses as incurred.

## WORKNET PINELLAS, INC.

### Notes to Financial Statements - Continued

#### (2) Summary of Significant Accounting Policies - Continued

##### (b) Basis of Presentation

WORKNET has adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 *Not-for-Profit Entities*. Under FASB ASC 958, WORKNET is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

- Unrestricted net assets consist of unrestricted amounts that are available for use in carrying out the operations of WORKNET. These include those expendable resources, which have been board designated for capital improvements to buildings totals \$36,346 for fiscal year ended June 30, 2017.
- Temporarily restricted net assets result from gifts from donors subject to restrictions that are limited to a specific period of time or purpose.
- Permanently restricted net assets result from gifts from donors who place restrictions on the use of funds or funds designated by WORKNET to function as an endowment, which mandate that the original principal be invested in perpetuity. Generally gains and related investment income on these gifts are available for unrestricted purposes, unless the donor designates restrictions on the use of earning for a specific purpose, in which the earning are then considered temporarily restricted.

##### (c) Contributions

WORKNET has adopted FASB ASC 958, whereby contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a donor restriction is met through passage of time or fulfillment of a purpose restriction, temporary restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restrictions. Temporary restricted contributions that are received and expended in the same period are reported and/or to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

##### (d) Fair Value Measurements

WORKNET applies the provisions of Financial Accounting Standards Boards (FASB) Accounting Standards Codification (“ASC”) 820, *Fair Value Measurements and Disclosures*, for fair value measurements of financial assets and liabilities that are recognized at fair value in the financial statements on a recurring basis. Topic 820 defines fair value as the price that would be received to sell an asset or would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. Topic 820 established a three-tier hierarchy to maximize the use of observable market data and minimize the use of unobservable inputs, and to establish classification of fair value measurements for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumption about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity’s own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available.

## WORKNET PINELLAS, INC.

### Notes to Financial Statements - Continued

#### (2) Summary of Significant Accounting Policies - Continued

##### (e) Liquidity

Assets are presented in the accompanying Statement of Financial Position according to their nearness of conversion to cash, and liabilities according to the nearness of their maturity and resulting use of cash.

##### (f) Cash and Cash Equivalents

For purposes of reporting cash flows, all deposits with an original maturity of three months or less are considered to be cash equivalents.

Cash designated for capital improvements to buildings and to fund accrued paid time off is classified as restricted cash in the accompanying statement of financial position.

##### (g) Inventory

Inventory is stated at the lower of cost or market. Cost is determined using the first-in, first-out method.

##### (h) Endowment Investments

Endowment investments represent beneficial interest in assets held by others. In accordance with guidance related to accounting for contributions held by an organization for the benefit of another organization, which states that organization that transfer assets to other not-for-profit agencies who specify themselves as beneficiaries and has not granted variance power, are not considered expenses and recorded as an asset in the statement of financial position at fair value as endowment investments.

##### (i) Property and Equipment

Property and equipment are recorded at cost, if purchased, or at estimated fair value at date of receipt if acquired by gift. Depreciation is recognized over the estimated useful lives of the assets of 3 to 7 years for equipment and vehicles; 5 years for leasehold improvements, 7 to 15 years for educational program videos, 15 years for building improvements and 27.5 years for buildings using the straight-line method. All expenditures of property and equipment less than \$5,000 are expensed when purchased.

In the event of disposal of property and equipment acquired through expenditures of federal funds, WORKNET may be required to return the property and equipment to the funding source or obtain its approval prior to disposal of the property and equipment. Additionally, the proceeds from any disposal of property and equipment may be required to be refunded to the respective funding source.

##### (j) Capital Improvement to Buildings

WORKNET has established a capital improvement fund to pay for capital improvements to the Science Center building as they become necessary. Funds received for building depreciation expense recovered from applicable funding sources are set aside for this purpose. Depreciation expense recovered from these sources totaled \$36,318 for fiscal year ending June 30, 2017.

## WORKNET PINELLAS, INC.

### Notes to Financial Statements - Continued

#### (2) Summary of Significant Accounting Policies - Continued

##### (k) Personal Time Off

WORKNET employees are entitled to personal time off (PTO) which combines time off for personal, vacation, and sick leave. PTO is based on length of employment and other factors. PTO is accrued when earned. PTO of \$308,925 is included as a component of accounts payable and accrued expenses in the Statement of Financial Position at June 30, 2017.

##### (l) Retirement Plan

The provision for pension costs is recorded on an annual basis. Pension costs are funded as they accrue.

##### (m) Income Taxes

WORKNET is a not-for-profit corporation under the laws of the State of Florida and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Internal Revenue Code provides for taxation of unrelated business income under certain circumstances. WORKNET believes that it has no liability for taxes with respect to unrelated business income. However, such status is subject to final determination upon examination of the related income tax returns by the appropriate taxing authorities.

WORKNET follows Accounting Standards Codification Topic 740, *Income Taxes* ("ASC 740"). A component of this standard prescribes a recognition and measurement of tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. WORKNET's policy is to recognize interest and penalties associated with tax positions under this standard as a component of tax expense, and none were recognized since there was no material impact of the application of this standard for the year ended June 30, 2017. As required by Internal Revenue Service regulations, the Organization annually files a Form 990, "Return of Organization Exempt from Income Tax" with the Internal Revenue Service. The returns for 2016, 2015 and 2014 are subject to review and adjustment by the Internal Revenue Service.

##### (n) Revenue Recognition

Revenues and the related expenses of cost-reimbursement grant programs are recognized as allowable costs are incurred. Federal grant advances are classified as deferred revenue until expended for the intended purpose. Grants receivable relates to support earned but not yet received from federal sources.

##### (o) Inkind

Inkind revenue and expense of \$31,400 is comprised of contributed services. Contributed services are reported at fair value in the financial statements for voluntary donations of services when those services: (1) create or enhance non-financial assets at date or (2) require specialized skills provided by individuals possessing those skills and are services which would be typically purchased if not provided by donation. Contributed services represent services for teaching, clerical and outreach.

## WORKNET PINELLAS, INC.

### Notes to Financial Statements - Continued

#### (2) Summary of Significant Accounting Policies – Continued

##### (p) Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, support and expenses during the reporting period. Actual results could differ from those estimates.

##### (q) Functional Allocation of Expenses

The cost of providing WORKNET's various programs and other supporting services have been summarized on a functional basis in the statement of activities. Direct expenses are charged directly to the related program. Certain costs which are directly shared have been allocated to programs based upon the relative benefits received. Expenses that are not directly identifiable with a specific program are allocated as indirect costs to benefiting programs based upon de minimis indirect rate of 10-percent of modified total direct costs. Supporting services in the statement of activities include expenses that have been allocated both directly and indirectly to the Organization's programs. Supporting services include planning, development, oversight and administrative functions of all programs, support services for the One Stop System including Information Technology, Management Information Systems, Facility Management, Community Outreach, and One Stop Staff training and development activities.

#### (3) Investments

WORKNET uses fair value measurements to record fair value adjustment to certain assets and liabilities and to determine fair value disclosures and follows the provisions of FASB ASC Topic 820, *Fair Value Measurements and Disclosures*, the authoritative guidance for fair value measurements of investments that are recognized at fair value in the financial statements. ASC Topic 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques to measure fair value. The hierarchy gives the highest priority to quoted prices in active markets for identical assets (Level 1) and the lowest priority to measurements involving significant unobservable inputs (Level 3).

The three levels of fair value hierarchy are as follows:

- Level 1: Inputs to the valuation methodology are quoted prices available in active markets for identical assets as of the reporting date.
- Level 2: Inputs to the valuation methodology are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value can be determined through the use of models or other valuation methodologies; and
- Level 3: Inputs to the valuation methodology are unobservable inputs in situations where there is little or no market activity for the asset and the reporting entity makes estimates an assumptions related to the pricing of the assets or liability including assumptions regarding risk.



WORKNET PINELLAS, INC.

Notes to Financial Statements - Continued

(3) **Investments - Continued**

*Fair Value of Financial Instruments*

At June 30, 2017 and 2016, the carrying value of all financial instruments approximates fair value. The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

Beneficial Interest in Assets Held by Others

Carrying value is measured at fair value with a valuation technique utilizing market prices at the close of the last business day for the statement period, provided by the Community Foundation of Tampa Bay.

All Other

The following table summarizes the fair value measurement by level at June 30, 2017 for financial assets and liabilities measured at fair value on a recurring basis:

Beneficial Interest in Assets Held by Others	Fair Value Measurement at Reporting Date Using		
	Level 1	Level 2	Level 3
\$	-	-	9,691

*Fair Value Measurements*

The table below sets for the summary of changes in the fair value of WORKNET's level 3 financial assets during the year ended June 30, 2017:

Balance, beginning of year	\$	9,073
Receipts		618
Balance, end of year	\$	9,691

**WORKNET PINELLAS, INC.**

**Notes to Financial Statements - Continued**

**(4) Grants Receivable**

Grants receivable is comprised of the following grant awards at June 30, 2017:

Federal awards:

U.S. Department of Health and Human Services:	
Temporary Assistance for Needy Families	\$ 329,168
U.S. Department of Labor:	
Wagner Peyser	86,980
Disabled Veterans Outreach Program	5,193
Local Veterans Employment Representative Program	5,180
Worforce Innovation and Opportunity Act (WIOA) Cluster:	
WIOA Adult	475,034
WIOA Dislocated Worker	252,748
National Emergency Grant - Sector Partnership NEG	21,000
Job-Driven (JD) National Emergency Grant	42,600
Reemployment Services and Eligibility Assessment	7,025
Unemployment Insurance	8,636
Trade Adjustment Assistance	29,918
Youthbuild	49,284
U.S. Department of Agriculture:	
Supplemental Nutrition Assistance Program	15,103
Corporation for National & Community Service	
AmeriCorps State	158
U.S. Department of Commerce	
Manufacturing Extension Partnership Program	83,398
Total federal	1,411,425

State awards:

Florida Department of Economic Opportunity	
Manufacturing Skills Development	10,000
Gulf Coast NCP	39,000
Total state	49,000

Local award:

The Juvenile Welfare Board	
Youth Innovators of Pinellas	678
Total local	678
Total grants receivable	\$ 1,461,103

## WORKNET PINELLAS, INC.

### Notes to Financial Statements - Continued

#### (5) Property and Equipment

Property and equipment consists of the following at June 30, 2017:

Land	\$	880,000
Equipment		515,668
Software		7,556
Buildings and Improvements		1,880,788
Educational Videos		24,600
Vehicles		67,513
Construction-In-Progress		10,000
Total cost		<u>3,386,125</u>
Accumulated depreciation		<u>(732,099)</u>
	\$	<u>2,654,026</u>

Depreciation expense for the year ended June 30, 2017 was \$98,819.

#### (6) Deferred Grant Revenue

Deferred grant revenue is comprised of the following grant awards at June 30, 2017:

Federal awards:		
U.S. Department of Labor:		
Workforce Innovation and Opportunity Act Youth	\$	43,505
Local awards:		
The Able Trust		
Ability Initiative Training Program		20,345
Total deferred grant revenue	\$	<u>63,850</u>

#### (7) Debt

##### Mortgage Payable

Effective December 12, 2014, WORKNET obtained a new business loan for the principal amount of \$700,000 with an interest at a rate of 4.650% per annum based on a year of 360 days. The proceeds of the loan were used to pay-off the remaining principal and interest of the mortgage payable existing at June 30, 2014. The payment terms require 59 regular payments of \$4,511 each and one irregular payment of \$585,710. The first payment is due January 10, 2015, and all subsequent payments are due on the same day of each month after that. The final payment will be due on December 10, 2019, and will be for all principal and all accrued interest not yet paid. As of June 30, 2017, WORKNET is in compliance with all covenants and conditions of instruments governing the loan agreement. The loan is also secured by the real estate associated with the Science Center. Schedule maturities of the debt are as follows:

Year Ended June 30,		
2018	\$	24,287
2019		25,458
2020		594,346
Total	\$	<u>644,091</u>

Interest expense totaled \$29,500 for the year ended June 30, 2017.

WORKNET PINELLAS, INC.

Notes to Financial Statements - Continued

(7) **Debt - Continued**

Equipment Financing Agreement

WORKNET entered into an Equipment Finance Agreement (EFA) in September 2015 to finance the labor and materials associated with the purchase and installment of a 70 ton air cooled chiller and building HVAC controls at the Science Center building. The terms of the EFA require WORKNET to pay principal of \$100,400 over 60 monthly installments at an interest rate of 7.86% per annum. The first payment of principal and interest of \$2,029 was due in November 2015 and last payment in October 2020. Schedule maturities of the debt are as follows:

Year Ended June 30,		
2018	\$	19,443
2019		21,027
2020		22,741
2021		7,985
Total	\$	<u>71,196</u>

Interest expense totaled \$5,805 for the year ended June 30, 2017.

(8) **Beneficial Interest in Assets Held by Others – Endowment Funds**

WORKNET established a fund, a board designated endowment, at the Community Foundation of Tampa Bay (the Foundation). The Foundation was granted no variance power to redirect the use of the funds to another beneficiary. On an annual basis, the Foundation distributes net income from these funds to WORKNET which is used by the WORKNET for operational needs.

*Spending Policy* – The Foundation shall each year make distributions from the endowed fund based on the asset value as of December 31 of the previous year.

*Investment Policy* – All of the board designated endowment funds are deposited with the Foundation. The Board of Directors has delegated the investment policy responsibility to the Foundation and, therefore, follows the investment policy as determined by the Foundation.

(10) **Temporary and Permanent Restrictions on Net Assets**

Temporary restrictions on net assets as June 30, 2017 relate to the following:

Duke Energy	\$	50,000
Camp Scholarships		21,756
Iguana Sanctuary		5,000
	\$	<u>76,756</u>

Permanently restricted net asset as of June 30, 2017 relates to \$9,691 investment in Community Foundation of Tampa Bay.

WORKNET PINELLAS, INC.

Notes to Financial Statements - Continued

(11) Lease Commitments

WORKNET leases facilities (workforce program offices and administrative office) and equipment (copiers and other office equipment) under cancelable and non-cancelable lease agreements. Pursuant to the original lease documents, the terms of the cancelable lease shall remain ongoing until cancelled by either party. The lessor or lessee shall have the right to terminate for any reason, without penalty, with one hundred eighty (180) days written notice.

Facility lease payments totaling \$301,850, net of \$26,440 sublease income, is comprised of cancelable and non-cancelable payments of \$204,259 and \$124,031, respectively, for the year ending June 30, 2017. Equipment lease payments totaling \$63,690 is comprised of cancelable and non-cancelable payments of \$8,991 and \$54,699, respectively, for the year ending June 30, 2017. Minimum future lease payments under non-cancelable facility leases having remaining terms in excess of one year are as follows:

Year Ended June 30,	
2018	\$ 153,765
2019	42,084
2020	42,084
2021	42,084
2022	14,028
	<u>\$ 294,045</u>

(12) Employment Benefits

(a) Retirement Plan

WORKNET provides a 401(k) Plan (the Plan). The Plan may provide two types of employer contributions, a non-elective contribution (NEC) and a matching contribution to eligible participants. The NEC is provided to all eligible employees regardless if the employee contributes to the Plan and equals 5% of the employee's eligible earnings. The matching contribution is only provided to those employees who elect to contribute to the Plan. WORKNET elected to provide the NEC but not the matching contributions. Employer contributions totaled \$280,619 for the year ended June 30, 2017.

(b) Benefit Stipend

WORKNET provides a benefit stipend (stipend) to eligible employees. The stipend equals 28% of the employee's eligible earnings. It is included as part of the employee's gross pay and paid twice a month over 24 pay periods. The stipend totaled approximately \$1,587,183 for the year ended June 30, 2017.

## WORKNET PINELLAS, INC.

### Notes to Financial Statements - Continued

**(13) Reconciliation of Schedule of Expenditures of Federal Awards Programs and the Statement of Activities to OSMIS**

As required, WORKNET regularly reconciles its financial records to the One Stop Management Information System (OSMIS) which is maintained by the Florida Department of Economic Opportunity. As of June 30, 2017, no discrepancies were noted. Amounts expended on the 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.

Total Federal and State Expenditures/Grant Revenue	\$ 15,728,484
Funds received directly from funding sources not reported in OSMIS	<u>527,292</u>
Reported in OSMIS	<u>\$ 15,201,192</u>

**(14) Concentration of Credit Risk**

WORKNET maintains its cash with four financial institutions. WORKNET's deposits are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At times, WORKNET has deposits which exceed the FDIC amount. Management does not anticipate nonperformance by any of the financial institutions.

**(15) Grants**

Costs charged to federal programs under cost-reimbursement grants are subject to government regulatory audits. Therefore, all such costs are subject to adjustment. Management believes that adjustments, if any, would not have a significant effect on the financial statements. WORKNET receives a substantial amount of its support from federal agencies through various grants. Any significant reduction in the level of this support could have an effect on WORKNET's programs.

**(16) Legal Matters**

WORKNET is involved in various legal actions that, in the opinion of management, will not have a significant effect on the financial position or results of operations of WORKNET.

**(17) Related Party Transactions**

In accordance with applicable regulations, WORKNET's Board of Directors includes representatives of private and public sector industries. During the fiscal year ended June 30, 2017, WORKNET entered into contracts with certain private and public sector industries, with which board members are associated for the purpose of providing services to participants. Total payments for providing services to participants during the year ended June 30, 2017 were approximately \$1,917,645 and accounts payable at June 30, 2017 were approximately \$72,000.

**(18) Subsequent Events**

WORKNET has evaluated subsequent events from the statement of financial position date through November 22, 2017 the date the financial statements were available to be issued.

**SUPPLEMENTAL INFORMATION**

DRAFT

**WORKNET PINELLAS, INC.**

**Schedule of Expenditures of Federal Awards and State Financial Assistance**

**Year Ended June 30, 2017**

<u>Federal/State Agency Pass-Through Entity/Program Title</u>	<u>CFDA/ CSFA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Expenditures</u>	<u>Pass Through</u>
<b>U.S. Department of Health and Human Services</b>				
Passed through the Department of Economic Opportunity:				
Temporary Assistance for Needy Families	93.558	WTS16, WTS17	\$ 4,324,555	\$ 1,472,223
Total U.S. Department of Health and Human Services			<u>4,324,555</u>	<u>1,472,223</u>
<b>U.S. Department of Labor</b>				
Passed through the Department of Economic Opportunity:				
Employment Service Cluster				
Wagner Peysner	17.207	WPA16, WPA17, WPB16	756,485	-
Disabled Veterans Outreach Program	17.801	DVP16, DVP17	128,297	-
Local Veterans Employment Representative Program	17.804	LVR16, LVR17	29,788	-
Subtotal Employment Service Cluster			<u>914,570</u>	<u>-</u>
Workforce Innovation and Opportunity Act (WIOA) Cluster				
WIOA - Adult	17.258	WIA16, WIA17, WIS15, WIS16	2,123,370	-
WIOA - Youth	17.259	WIY16, WIY17	2,215,570	585,738
WIOA - Dislocated Worker	17.278	WID16, WID17	1,403,265	-
Subtotal WIA Cluster			<u>5,742,205</u>	<u>585,738</u>
National Emergency - Sector Partnership NEG	17.277	WNMP5	325,767	-
Job-Driven (JD) National Emergency Grant	17.277	WNJD5	246,600	-
Subtotal WIA National Dislocated Worker Grants/WIA National Emergency Grants			<u>572,367</u>	<u>-</u>
Reemployment Services and Eligibility Assessment	17.225	UCRE6, UCRE7	474,267	-
Unemployment Insurance	17.225	UCB16, UCB17	65,101	-
Subtotal Unemployment Insurance			<u>539,368</u>	<u>-</u>
Trade Adjustment Assistance	17.245	TAT14, TAT15, TAC14, TAC15 TAA14, TAA15	148,686	-
Subtotal Department of Economic Opportunity			<u>7,917,196</u>	<u>585,738</u>
H-1B Technical Skills Training Grant	17.268	HG-22619-12-60-A-12	27,079	-
Youthbuild	17.274	YB-24706-13-60-A-12	295,470	-
Subtotal Direct U.S. Department of Labor			<u>322,549</u>	<u>-</u>
Total U.S. Department of Labor			<u>8,239,745</u>	<u>585,738</u>
<b>U.S. Department of Agriculture</b>				
Passed through the Department of Economic Opportunity:				
Supplemental Nutrition Assistance Program	10.561	FSH16	449,547	-
Supplemental Nutrition Assistance Program Employment and Training 50%	10.561	FSF17	9,895	-
Total U.S. Department of Agriculture			<u>459,442</u>	<u>-</u>
<b>Department of Commerce</b>				
Passed through FloridaMakes. Inc.				
FloridaMakes Manufacturing Extension Partnership	11.611	#70NANB15H041	118,151	-
Total U.S. Department of Commerce			<u>118,151</u>	<u>-</u>
<b>Corporation for National &amp; Community Service</b>				
Passed through Florida Commission on Community Service dba Volunteer Florida				
AmeriCorps State	94.006	15AFHFL001	86,591	-
Total Expenditures of Federal Awards			<u>\$ 13,228,484</u>	<u>\$ 2,057,961</u>
<b>Florida Department of Economic Opportunity</b>				
Manufacturing Skills Development	40.037	FWFLP	\$ 2,000,000	\$ -
WorkForce Development Projects	40.037	FWFLP	500,000	436,963
Total State Financial Assistance			<u>\$ 2,500,000</u>	<u>\$ 436,963</u>



**WORKNET PINELLAS, INC.**

**Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance**

**Year Ended June 30, 2017**

**(1) Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance (Schedule) includes the federal grant activity of WORKNET under programs of the federal government passed through the Department of Economic Opportunity for the year ended June 30, 2017. 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)* and Chapter 10.650, *Rules of the Auditor General of Florida*. Because the schedule presents only a selected portion of the operations of WORKNET, it is not intended to and does not present the financial position, changes in net assets or cash flows of WORKNET.

**(2) Basis of Accounting**

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 allowable or are limited as to reimbursement.

**(3) Property and Equipment**

Property and equipment of approximately \$116,000 was purchased using federal grant awards during fiscal year ending June 30, 2017. These amounts are included in the Schedule but excluded from the statement of activities as the amount has been capitalized for financial statement purposes and recorded as property and equipment on the statement of position.

**(4) Indirect Cost Rate**

WORKNET elected to use the 10 percent de minimis indirect cost rate.

**REGULATORY REPORTS**

DRAFT

**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**

The Board of Directors  
WorkNet Pinellas, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of WorkNet Pinellas, Inc. (the Organization) which comprise the statement of financial position as of June 30, 2017, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 22, 2017.

**Internal Control over Financial Reporting**

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

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions

of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**POWELL & JONES**  
**Certified Public Accountants**  
**November 22, 2017**

DRAFT

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

Board of Directors  
WorkNet Pinellas, Inc.

**Report on Compliance for Each Major Federal Program**

We have audited WorkNet Pinellas, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of WorkNet Pinellas, Inc.'s major federal programs for the fiscal year ended June 30, 2017. WorkNet Pinellas, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of WorkNet Pinellas, Inc.'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 audit requirements or 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. Those standards, the Uniform Guidance, and DEO 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 WorkNet Pinellas, Inc.'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 WorkNet Pinellas, Inc.'s compliance.

**Opinion on Each Major Federal Program**

In our opinion, WorkNet Pinellas, Inc. 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, 2017.

## **Other Matters**

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance.

## **Report on Internal Control Over Compliance**

Management of WorkNet Pinellas, Inc. 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 WorkNet Pinellas, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the 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 WorkNet Pinellas, Inc.'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.

**POWELL & JONES**  
**Certified Public Accountants**  
**November 22, 2017**

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR STATE  
PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE  
WITH CHAPTER 10.650, RULES OF THE AUDITOR GENERAL, OFFICE OF THE  
AUDITOR GENERAL**

**Board of Directors  
WorkNet Pinellas, Inc.**

**Report on Compliance for Each Major State Project**

We have audited the compliance of WorkNet Pinellas, Inc. with the types of compliance requirements described in the State of Florida, Department of Financial Services State Projects Compliance Supplement, that could have a direct and material effect on its major State project for the year ended June 30, 2017. WorkNet Pinellas, Inc.'s major State project is identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

**Management's Responsibility**

WorkNet Pinellas, Inc.'s management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its major State project.

**Auditors' Responsibility**

Our responsibility is to express an opinion on WorkNet Pinellas, Inc.'s compliance for each major State Project 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 and Chapter 10.650, Rules of the State of Florida, Office of the Auditor General. Those standards and Chapter 10.650, Rules of the State of Florida, Office of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State project occurred. An audit includes examining, on a test basis, evidence about WorkNet Pinellas, Inc.'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 State Project. However, our audit does not provide a legal determination of WorkNet Pinellas, Inc.'s compliance.

## **Opinion on Each Major State Project**

In our opinion, WorkNet Pinellas, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major State projects for the fiscal year ended November 22, 2017.

## **Other Matters**

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with Chapter 10.650, Rules of the State of Florida, Office of the Auditor General.

## **Internal Control Over Compliance**

Management of WorkNet Pinellas, Inc. is responsible for establishing and maintaining effective internal control over the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered WorkNet Pinellas, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on a major State project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major State Project and to test and report on internal control over compliance in accordance with Chapter 10.650, Rules of the State of Florida, Office of the Auditor General, 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 WorkNet Pinellas, Inc.'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 State project 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 State project 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 State Project 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 preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. 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.

Pursuant to Chapter 119, *Florida Statutes*, this report is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to



indicate that this report is intended solely for the information and use of WorkNet Pinellas, Inc.'s management, State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

**POWELL & JONES**  
**Certified Public Accountants**  
**November 22, 2017**

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**WORKNET PINELLAS, INC.**  
 SCHEDULE OF FEDERAL AWARDS PROGRAMS AND STATE FINANCIAL ASSISTANCE  
 FINDINGS AND QUESTIONED COSTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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**Section I - Summary of Auditor's Results**

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**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? No

Noncompliance material to the financial statements noted? No

**Federal Awards and State Projects Section**

Internal control over major programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? No

Type of auditor's report issued on compliance for major federal programs and state projects: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a) and/or Chapter 10.650: No

Identification of major programs/projects:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
	<u>U.S. Department of Labor</u>
	Workforce Innovation and Opportunity Act Cluster
	Opportunity Act Cluster
17.258	Adult
17.259	Youth
17.278	Dislocated Worker
	 <u>Name of State Project</u>
<u>CSFA Number</u>	<u>Florida Department of Economic Opportunity</u>
40.037	Manufacturing Skills Development
40.037	WorkForce Development Projects

Dollar threshold to distinguish between type A and type B Federal Programs

Federal \$750,000

State \$300,000

Auditee qualified as low-risk auditee? Yes

**WORKNET PINELLAS, INC.**  
SCHEDULE OF FEDERAL AWARDS PROGRAMS AND STATE FINANCIAL ASSISTANCE  
FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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**Section II - Financial Statement Findings**

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None

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**Section III - Federal Award and State Project Findings and Questioned Costs**

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None

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**Section IV - Summary Schedule of Prior Audit Findings**

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None

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**Section V - Other**

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None

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