CareerSource PINELLAS

October 26, 2022 - 11:00 A.M.
Hybrid Meeting - 13805 58th St. N.
Room 2-316
Clearwater, FL 33760
Zoom
*Join via Zoom – Meeting ID: 338 034 9468
Zoom Link
*Dial In via Phone – Meeting ID: 338 034 9468
Phone: +1 646-558-8656

Audit Committee Meeting
Agenda

I. Welcome and Introductions .... Barclay Harless, Chair

II. Public Comment

Members of the public may raise their virtual hand during the Public Comment portion of the meeting. Members of the public who do so will be acknowledged by the Chair and provided up to three minutes to make public comment.

III. Roll Call

IV. Action/Discussion Items

1. Approval of minutes - May 6, 2022 Audit Committee Meeting .... Page 1
2. Approval of Annual 401K Audit .... Page 4
   a. Financial Statements and Supplemental Schedule .... Page 5
   b. Report to Those Charged with Governance .... Page 24
3. Audit of June 30, 2022, Financial Statements .... Page 36
   a. Financial Statements and Supplemental Schedule .... Page 37
   b. Report to Those Charged with Governance .... Page 65

V. Information Items

1. Subrecipient Monitoring for Period July 2021 – June 2022.................................... Page 69

VI. Other Administrative Matters

(Items of urgency not meeting the seven-day guideline for review.)

VII. Open Discussion

VIII. Adjournment

Next Audit Committee Meeting – February 22, 2023 (11:00 am - 12:00pm)

***All parties are advised that if you decide to appeal any decision made by the Board with respect to any matter considered at the meeting or hearing, you will need a record of the proceedings, and that, for such purpose, you may need to ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be based.*

**If you have a disability and need an accommodation in order to participate in this meeting, please contact the Executive Assistant at 727-608-2551 or admin@careersourcepinellas.com at least two business days in advance of the meeting.*

ACTION ITEM 1

Approval of Minutes

In accordance with Article VII, Section 1(H), of the approved WorkNet Pinellas By-Laws: Minutes shall be kept of all Board and Committee meetings. Minutes shall be reviewed and approved at the next CareerSource Pinellas Board or Committee meeting as appropriate.

The official minutes of meetings of the Board and Committees of the Board are public record and shall be open to inspection by the public. They shall be kept on file by the Board Secretary at the administrative office of CareerSource Pinellas as the record of the official actions of the Board of Directors.

The draft minutes from the May 6, 2022, meeting of the Audit Committee have been prepared and are enclosed.

RECOMMENDATION

Approval of the draft minutes, to include any amendments necessary.

CareerSource Pinellas
Audit Committee Meeting Minutes

Date: May 6, 2022 – 2:00PM-2:30PM
Location: Virtual Zoom Meeting

Call to Order
Committee Chair, Dr. Rebecca Sarlo, called the meeting to order at 2:13 pm.

Committee Members in attendance
Dr. Rebecca Sarlo, Barclay Harless, David Fetkenher, Commissioner René Flowers

Staff Present
Steven Meier, Leah Geis, Lisa Galish

Public Comments – None

ACTION ITEM 1 – Approval of Minutes
The minutes of December 15, 2021, Audit Committee Meeting were presented for approval.

Motion:	Commissioner Rene Flowers
Second:	Barclay Harless

The minutes were approved as presented. The motion carried unanimously. There was no further discussion.

ACTION ITEM 2 – Approval of Audit of 6.30.2022 Financial Statements

Enclosed is the Audit Engagement Letter with Thomas Howell Ferguson P.A. for the audit of the June 30, 2022, financial statements. The Engagement Letter serves as an agreement regarding the audit work to be done relating to the financial statements for the year ended June 30, 2020.

Thomas Howell Ferguson P.A. will audit the financial statements of WorkNet Pinellas, Inc., which comprise the statement of financial position as of June 30, 2020, the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

The fees for the audit and the preparation of the Form 990 will be $25,500 which will include travel and other out-of-pocket costs.

This will be the second year of the contract for audit services. Per DEO's Audit and Audit Resolution Responsibilities, CareerSource Pinellas "must limit auditor retention to no more than five years."

RECOMMENDATION
Approval to enter into an agreement with Thomas Howell Ferguson P.A. to conduct a financial statement audit for the year ended June 30, 2020.

Discussion: None.

Motion:	David Fetkenher
Second:	Commissioner Rene Flowers

The Audit Committee made a motion for approval to enter into an agreement with Thomas Howell Ferguson P.A. to conduct a financial statement audit for the year ended June 30, 2020. The motion carried unanimously. There was no further discussion.

ACTION ITEM 3 – Approval of Annual 401K Audit

401(k) Plan audits are required to have an audit if there are more than 100 eligible plan participants at the beginning of the plan year. At the beginning of 2021, there were 99 active participants and other retired or separated participants entitled to future benefits. Staff is recommending that the WorkNet Pinellas, Inc. 401(k) Plan be audited, although it is not required to have an annual audit done by an Independent CPA firm.

Thomas Howell Ferguson P.A. in its second year as the organization's auditors, will audit the financial statements of WorkNet Pinellas, Inc. 401(k) Plan, which are comprised of the statement of net assets available for benefits as of December 31, 2021, the statement of changes in net assets available for benefits for the year then ended, and the related notes and report on the supplemental schedules for the year ended December 31, 2021.

For calendar year 2021, a limited scope audit, as permitted by USDOL regulations, will be performed and will not exceed $7,500.

The annual audit is to be completed and filed along with the Form 5500 by October 15, 2021.

RECOMMENDATION

Approval for Thomas Howell Ferguson P.A. to commence a limited scope audit of the WorkNet Pinellas, Inc. 401(k) for 2021.

Discussion: None

Motion:	David Fetkenher
Second:	Commissioner Rene Flowers

The Audit Committee made a motion for approval for Thomas Howell Ferguson P.A. to commence a limited scope audit of the WorkNet Pinellas, Inc. 401(k) for 2021. The motion carried unanimously. There was no further discussion.

Other Administrative Matters: There were no other administrative matters.

Open Discussion – None.

Adjournment

Dr. Rebecca Sarlo asked for a motioned to adjourn the meeting. Commissioner Rene Flowers put forth the motion and Barclay Harless seconded the motion. The meeting was adjourned at approximately 2:18 pm.

ACTION ITEM 2

Annual 401(k) Plan Audit

WorkNet Pinellas, Inc. 401k Plan is required to have an annual audit by an Independent CPA firm. The Audit Committee approved Thomas Howell Ferguson P.A. to perform an ERISA Section 103 (a)(3)(c) audit (previously "limited scope audit") of the 2021 financial statements at its May 6, 2022, meeting and the Board of Directors followed up with their approval at the May 26, 2022, meeting.

As permitted under the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 (ERISA), the plan administrator instructed Thomas Howell Ferguson P.A. to perform an ERISA Section 103 (a)(3)(c) audit and thus, they did not perform any auditing procedures with respect to investment information which was prepared and certified by John Hancock. Thomas Howell Ferguson P.A. did perform audit procedures on employee eligibility, employer and employee contributions, employee loans, etc. Their responsibility is to express an opinion on the 2021 financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States. Because Thomas Howell Ferguson P.A. performed an ERISA Section 103 (a)(3)(c) audit, they did not express an opinion on the 2021 financial statements.

The attached financial statements along with the organization's Form 5500, were scheduled to be filed with the IRS and Department of Labor by the October 15, 2022, deadline. However, due to Hurricane Ian, the filing deadline has been extended until February 15, 2023.

RECOMMENDATION

Approval of the enclosed WorkNet Pinellas, Inc. 401(k) Plan Financial Statements and Supplemental Schedule for the years ended December 31, 2021, and 2020.

Financial Statements
and Supplemental Schedule

WorkNet Pinellas, Inc. 401(k) Plan

Years ended December 31, 2021 and 2020
with Report of Independent Auditors

Thomas Howell
Ferguson P.A.
Certified Public Accountants

WorkNet Pinellas, Inc. 401(k) Plan

Financial Statements
and Supplemental Schedule

Years ended December 31, 2021 and 2020

Contents

Thomas Howell Ferguson P.A.
Certified Public Accountants

Report of Independent Auditors

Plan Administrator
WorkNet Pinellas, Inc. 401(k) Plan

Scope and Nature of the ERISA Section 103(a)(3)(C) Audit of the 2021 Financial Statements

We have performed an audit of the financial statements of WorkNet Pinellas, Inc. 401(k) Plan (the Plan), an employee benefit plan subject to the Employee Retirement Income Security Act of 1974 (ERISA), as permitted by ERISA Section 103(a)(3)(C) (ERISA Section 103(a)(3)(C) audit). The financial statements comprise the statement of net assets available for benefits as of December 31, 2021, and the related statement of changes in net assets available for benefits for the year ended December 31, 2021, and the related notes to the financial statements (2021 financial statements).

Management, having determined it is permissible in the circumstances, has elected to have the audit of the 2021 financial statements performed in accordance with ERISA Section 103(a)(3)(C) pursuant to 29 CFR 2520.103-8 of the Department of Labor's (DOL) Rules and Regulations for Reporting and Disclosure under ERISA. As permitted by ERISA Section 103(a)(3)(C), our audit need not extend to any statements or information related to assets held for investment of the Plan (investment information) by a bank or similar institution or insurance carrier that is regulated, supervised, and subject to periodic examination by a state or federal agency, provided that the statements or information regarding assets so held are prepared and certified to by the bank or similar institution or insurance carrier in accordance with 29 CFR 2520.103-5 of the DOL's Rules and Regulations for Reporting and Disclosure under ERISA (qualified institution).

Management has obtained a certification from a qualified institution as of and for the year ended December 31, 2021, stating that the certified investment information, as described in Note 8 to the financial statements, is complete and accurate.

Opinion on the 2021 Financial Statements

In our opinion, based on our audit and on the procedures performed as described in the Auditor's Responsibilities for the Audit of the 2021 Financial Statements section:

- The amounts and disclosures in the accompanying 2021 financial statements, other than those agreed to or derived from the certified investment information, are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

- The information in the accompanying 2021 financial statements related to assets held by and certified to by a qualified institution agrees to, or is derived from, in all material respects, the information prepared and certified by an institution that management determined meets the requirements of ERISA Section 103(a)(3)(C).

Basis for Opinion on the 2021 Financial Statements

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 2021 Financial Statements section of our report. We are required to be independent of the Plan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our ERISA Section 103(a)(3)(C) audit opinion.

Responsibilities of Management for the 2021 Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. Management's election of the ERISA Section 103(a)(3)(C) audit does not affect management's responsibility for the financial statements.

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

Management is also responsible for maintaining a current plan instrument, including all plan amendments, administering the Plan, and determining that the Plan's transactions that are presented and disclosed in the financial statements are in conformity with the Plan's provisions, including maintaining sufficient records with respect to each of the participants, to determine the benefits due or which may become due to such participants.

Auditor's Responsibilities for the Audit of the 2021 Financial Statements

Except as described in the Scope and Nature of the ERISA Section 103(a)(3)(C) Audit of the 2021 Financial Statements section of our report, our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

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

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

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

Our audit did not extend to the certified investment information, except for obtaining and reading the certification, comparing the certified investment information with the related information presented and disclosed in the 2021 financial statements, and reading the disclosures relating to the certified investment information to assess whether they are in accordance with the presentation and disclosure requirements of U.S. GAAP.

Accordingly, the objective of an ERISA Section 103(a)(3)(C) audit is not to express an opinion about whether the financial statements as a whole are presented fairly, in all material respects, in accordance with U.S. GAAP.

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

Other Matters

2021 Supplemental Schedule Required by ERISA

The supplemental schedule, Schedule H, Line 4i - Schedule of Assets Held at End of Year, for the year ended December 31, 2021, is presented for purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by the DOL's Rules and Regulations for Reporting and Disclosure under ERISA. 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 included in the supplemental schedule, other than that agreed to or derived from the certified investment information, has been subjected to 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 GAAS. For information included in the supplemental schedule that agreed to or is derived from the certified investment information, we compared such information to the related certified investment information.

In forming our opinion on the supplemental schedule, we evaluated whether the supplemental schedule, other than the information agreed to or derived from the certified investment information, including its form and content, is presented in conformity with the DOL's Rules and Regulations for Reporting and Disclosure under ERISA.

Thomas Howell Ferguson P.A.
Certified Public Accountants

In our opinion:

- The form and content of the supplemental schedule, other than the information in the supplemental schedule that agreed to or is derived from the certified investment information, are presented, in all material respects, in conformity with the DOL's Rules and Regulations for Reporting and Disclosure under ERISA.

- The information in the supplemental schedule related to assets held by and certified to by a qualified institution agrees to, or is derived from, in all material respects, the information prepared and certified by an institution that management determined meets the requirements of ERISA Section 103(a)(3)(C).

Auditor's Report on the 2020 Financial Statements

We were engaged to audit the 2020 financial statements of the Plan. As permitted by 29 CFR 2520.103-8 of the DOL's Rules and Regulations for Reporting and Disclosure under ERISA, the plan administrator instructed us not to perform and we did not perform any auditing procedures with respect to the information certified by a qualified institution. In our report dated September 22, 2021, we indicated that (a) because of the significance of the information that we did not audit, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion and accordingly, we did not express an opinion on the 2020 financial statements, and (b) the form and content of the information included in the 2020 financial statements other than that derived from the certified information were presented in compliance with the DOL's Rules and Regulations for Reporting and Disclosure under ERISA.

Thomas Howell Ferguson P.A.

Tallahassee, Florida
October 4, 2022

WorkNet Pinellas, Inc. 401(k) Plan

Statements of Net Assets Available for Benefits

	December 31, 2021	December 31, 2020
Assets:		
Investments	**$ 3,863,905**	$ 3,452,677
Receivables:		
Accrued interest receivable	**-**	4,951
Notes receivable from participants	**110,411**	157,074
Total receivables	**110,411**	162,025
Total assets	**3,974,316**	3,614,702
Liabilities:		
Excess contributions payable	**6,182**	8,214
Total liabilities	**6,182**	8,214
Net assets available for benefits	**$ 3,968,134**	$ 3,606,488

See accompanying notes to the financial statements.

WorkNet Pinellas, Inc. 401(k) Plan

Statement of Changes in Net Assets Available for Benefits

Year ended December 31, 2021

Additions:	
Investment income:	
Interest and dividend income	**$ 637**
Net increase in fair value of investments	**479,219**
	479,856
Interest income on notes receivable from participants	**5,977**
Other income	**61**
	6,038
Contributions:	
Participant	**134,672**
Employer	**147,768**
Rollover	**877**
	283,317
Total additions	**769,211**
Deductions:	
Benefits paid to participants	**379,900**
Administrative expenses	**27,665**
Total deductions	**407,565**
Net increase in net assets available for benefits	**361,646**
Net assets available for benefits:	
Beginning of year	**3,606,488**
End of year	**$ 3,968,134**

See accompanying notes to the financial statements.

1. Description of Plan

The following description of the WorkNet Pinellas, Inc. 401(K) Plan (the Plan) provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

General

The Plan was organized effective July 1, 2004. The plan has been amended throughout the years to comply with tax legislation, most recently amended effective February 1, 2019. The Plan is a defined contribution plan as described in Section 401 of the Internal Revenue Code (the Code) covering all employees. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). WorkNet Pinellas, Inc. (the Organization) has overall responsibility for administering the Plan. The Plan's Custodian is responsible for the management and control of the Plan's assets. The Plan's Custodian is John Hancock. The Plan's administrative agent is John Hancock. Effective January 8, 2021, the Plan moved from ADP Retirement Services to John Hancock Retirement Plan Services (John Hancock). The Board of Directors is responsible for oversight of the Plan. The Investment Committee determines the appropriateness of the Plan's investment offerings, monitors investment performance, and reports to the Plan's Board of Directors.

Eligibility

The Plan covers all employees of the Company with the exception of employees who are not located in one of the WorkNet Pinellas, CareerSource Pinellas, or the CareerSource Tampa Bay offices. Employees of the organization are eligible to participate in the deferral, employer nonelective and matching components of the Plan after completing six months of service. There is no minimum age requirement to participate in the Plan.

1. Description of Plan (continued)

Contributions

Each year, participants may authorize the Company to contribute to the Plan up to 80% of their eligible annual compensation, subject to the maximum annual amount permitted under the Internal Revenue Code (IRC). Participants who attain age 50 before the end of the Plan year are eligible to make catch-up contributions. Participants may also make rollover contributions from amounts representing distributions from other qualified plans. Eligible employees may make pretax or post-tax contributions to the Plan. The Company may make nonelective contributions in a discretionary amount as determined by the Company, and such contributions are not contingent on current or retained earnings. During the year ended December 31, 2021, the Company contributed 5% of each eligible employee's salary on a bi-weekly basis. The Company may elect to make contributions in the form of a matching contribution, in relation to the participants' elective salary deferral contributions, subject to IRS limitations. The Company did not elect to make matching contributions for the year ended December 31, 2021. Participants direct the investment of contributions into various investment options offered by the Plan, subject to IRS limitations.

Participant Accounts

Each participant's account is credited with the participant's contribution, the Company's contributions, and Plan earnings.

Participant accounts are charged with an allocation of administrative expenses that are paid by the Plan. Allocations are based on participant earnings, account balances, or specific participant transactions, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting

Participants are immediately fully vested in their contributions plus actual earnings thereon. Vesting in the Company's portion of their accounts and earnings thereon is based on years of continuous service. Participants are fully vested after one year of credited service. Participants become 100% vested upon death or becoming totally and permanently disabled while employed by the Company.

1. Description of Plan (continued)

Notes Receivable from Participants

Participants may borrow from their accounts a minimum of $500 up to a maximum equal to the lesser of $50,000 or 50% of their vested account balance. Three outstanding loans are allowed at a time. Loan terms range from one to five years and are repaid in equal payroll period installments. The loans are secured by the balance in each participant's account and bear interest at rates 5.25% to 7.50%. The interest rate on any loan to a participant shall be a reasonable interest rate commensurate with current interest rates charged for loans made under similar circumstances by persons in the business of lending money.

Payment of Benefits

Payment of benefits after termination of employment is determined by the participant’s account balance. If the vested account balance does not exceed $5,000, the Plan will distribute the nonforfeitable portion in a lump sum payment as soon as practicable following the date of termination. If the vested account balance exceeds $5,000, the Plan permits distribution as of any date following termination of employment with the employer at the election of the participant.

On termination of service due to death, disability or retirement, a participant may elect to receive an amount equal to the value of the participant's vested interest in his or her account in a lump sum amount.

Forfeitures

At December 31, 2021 and 2020, forfeited nonvested accounts totaled $3,538 and $2,767, respectively. These accounts may be used to reduce future employer matching contributions or to pay qualified plan expenses. During 2021, no forfeitures were used to pay expenses of the Plan.

Excess Contributions Payable

Amounts payable to participants for contributions in excess of amounts allowed by the IRS are recorded as a liability with a corresponding reduction to contributions.

2. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements of the Plan are prepared on the accrual basis of accounting.

Payment of Benefits

Benefits are recorded when paid.

2. Summary of Significant Accounting Policies (continued)

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 net assets available for benefits and changes therein. Actual results could differ from those estimates.

Investment Valuation and Income Recognition

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Plan Administrator determines the Plan's valuation policies utilizing information provided by investment advisors, custodians, and insurance company. See Note 3 for additional discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded when received. Net appreciation (depreciation) includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Notes Receivable from Participants

Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Interest income is recorded on the accrual basis. Related fees are recorded as administrative expenses and are expensed when they are incurred.

No allowance for credit losses has been recorded as of December 31, 2021 and 2020. If a participant ceases to make loan repayments and the plan administrator deems the participant loan to be in default, the participant loan balance is reduced and a benefit payment is recorded.

Expenses

Certain expenses of maintaining the Plan are paid by the Plan, unless otherwise paid by the Company. Expenses that are paid by the Company are excluded from these financial statements. Fees related to the administration of notes receivable from participants and benefit payments are charged directly to the participant's account and are included in administrative expenses. Investment related expenses are included in net appreciation in fair value of investments.

Subsequent Events

The Plan has evaluated subsequent events through October 4, 2022, the date the financial statements were available to be issued. During the period from December 31, 2021 to October 4, 2022, the Plan did not have any material recognizable subsequent events.

3. Fair Value Measurements

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability; and
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2021 and 2020.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

3. Fair Value Measurements (continued)

Collective trust funds: Valued at the unit price reported by the sponsoring trust company. The underlying investments owned by the funds can include money market funds, stable value funds, fixed-income securities registered investment companies, common stocks, corporate bonds, U.S. Government securities, other collective trust funds, or guaranteed insurance contracts priced by the sponsoring insurance company using applicable interest rates and contract provisions. The unit price is based on the fair value of these underlying investments owned, less any accrual of fees and expenses borne by the fund, and divided by the number of units outstanding. The unit price is readily determinable and quoted on the active private market on which participants can transact daily with no redemption restrictions on these investments.

The following table sets forth by level, within the fair value hierarchy, the Plan's investments at fair value as of December 31, 2021 and 2020:

	Investments at Fair Value as of December 31, 2021			
	Level 1	**Level 2**	**Level 3**	**Total**
Mutual funds	**$ 3,845,425**	**$ -**	**$ -**	**$ 3,845,425**
Collective trust funds	**-**	**14,942**	**-**	**14,942**
Interest-bearing cash	**3,538**	**-**	**-**	**3,538**
Total investments at fair value	**$ 3,848,963**	**$ 14,942**	**$ -**	**$ 3,863,905**

	Investments at Fair Value as of December 31, 2020			
	Level 1	**Level 2**	**Level 3**	**Total**
Mutual funds	$ 2,486,080	$ -	$ -	$ 2,486,080
Collective trust funds	-	966,597	-	966,597
Total investments at fair value	$ 2,486,080	$ 966,597	$ -	$ 3,452,677

4. Plan Termination

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contribution at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants would become 100% vested in their entire account.

5. Tax Status

The Plan is placing reliance on an opinion letter dated July 8, 2014 received from the IRS on the prototype plan indicating that the Plan is qualified under Section 401 of the IRC and is therefore not subject to tax under current income tax law. The prototype plan has been amended since receiving the opinion letter. However, the Plan administrator believes that the Plan is designed, and is currently being operated, in compliance with the applicable requirements of the IRC and, therefore, believes that the Plan is qualified, and the related trust is tax-exempt.

6. Accounting for Uncertainty in Income

Accounting principles generally accepted in the United States of America require plan management to evaluate tax positions taken by the Plan and recognize a tax liability if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2021, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The plan administrator believes it is no longer subject to income tax examinations for years prior to 2017.

7. Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits.

8. Information Certified by John Hancock

Certain information related to investments and notes receivable from participants disclosed in the accompanying financial statements and ERISA-required supplemental schedule, including investments and notes receivable from participants held at December 31, 2021, and net appreciation in fair value of investments, interest and dividend income, and interest income on notes receivable from participants for the year ended December 31, 2021, was obtained from management and agreed to or derived from information certified as complete and accurate by John Hancock, the Custodian of the Plan.

9. Related Party Transactions and Party In Interest Transactions

During 2021, certain Plan investments were managed by John Hancock and ADP, the Plan's current and former Trustee, respectively. Transactions involving these investments are considered to be party-in-interest transactions. Fees paid by the Plan to the Trustee's for administrative services amounted to $27,665 for year ended December 31, 2021.

10. Reconciliation of Financial Statements to the Form 5500

The following is a reconciliation of net assets available for benefits per the financial statements at December 31, 2021 and 2020, to the Form 5500:

	December 31,	
	2021	**2020**
Net assets available for benefits per the financial statements	**$ 3,968,134**	$ 3,606,488
Accrued interest receivable	**-**	(4,951)
Prior deemed distributions	**-**	(11,747)
Corrective distributions 2021	**6,182**	8,214
Net assets available for benefits per the Form 5500	**$ 3,974,316**	$ 3,598,004

The following is a reconciliation of the change in net assets available for benefits per the financial statements for the year ended December 31, 2021, to the Form 5500:

Change in net assets available for benefits per the financial statements	**$ 361,646**
Corrective distributions - 2021	**6,182**
Corrective distributions - 2020	**(8,214)**
Other activity reflected in the financial statements not in the Form 5500	**(80)**
Net increase in net assets available for benefits per the Form 5500	**$ 359,534**

Supplemental Schedule

WorkNet Pinellas, Inc. 401(k) Plan

Schedule H, Line 4i - Schedule of Assets Held at End of Year

December 31, 2021

		Fair Value
John Hancock*		
Investments in Registered Investment Companies		
TIAA-CREF Lifecycle Index Retirement Income Fund	$	253
TIAA-CREF Lifecycle Index 2015 Fund		10,569
TIAA-CREF Lifecycle Index 2020 Fund		87,070
TIAA-CREF Lifecycle Index 2025 Fund		540,793
TIAA-CREF Lifecycle Index 2030 Fund		509,498
TIAA-CREF Lifecycle Index 2035 Fund		649,286
TIAA-CREF Lifecycle Index 2040 Fund		1,072,666
TIAA-CREF Lifecycle Index 2045 Fund		538,957
TIAA-CREF Lifecycle Index 2050 Fund		231,989
TIAA-CREF Lifecycle Index 2055 Fund		71,381
TIAA-CREF Lifecycle Index 2060 Fund		67,385
TIAA-CREF Lifecycle Index 2065 Fund		626
John Hancock Stable Value Fund 10		14,942
U.S. High Yield Bond Fund		8,322
American Balanced Fund		9,249
TIAA-CREF Large-Cap Value Index Fund		24,413
Oppenheimer Global Fund		85
500 INDEX FUND		6,165
TIAA-CREF Small-Cap Blend Index Fund		40
TIAA-CREF Large-Cap Growth Index Fund		4,199
Mid Value Fund		32
JPMorgan Emerging Markets Equity Fund		22
John Hancock Mid Cap Growth Fund		54
Invesco Small Cap Growth Fund		44
Oppenheimer International Growth Fund		8,846
Fidelity Mid Cap Index Fund		32
Cohen & Steers Real Estate Securities Fund		3,449
Total Investments in Registered Investment Companies		3,860,367
Forfeitures (Interest-bearing cash)		3,538
Total Investments Held at Year End	$	3,863,905
Notes receivable from participants (interest rates 5.25% - 7.50%)	$	110,411

**Indicates a party in interest.*

Historical cost is not required to be presented as all investments are participant-directed.

The above information has been certified by John Hancock as complete and accurate.

See report of independent auditors.

Thomas Howell Ferguson P.A.
Certified Public Accountants

To the Plan Administrator and Management and those charged with governance of WorkNet Pinellas, Inc. 401(k) Plan

We are pleased to present this report related to our audit of the financial statements of WorkNet Pinellas, Inc. 401(k) Plan (the Plan) as of and for the year ended December 31, 2021. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the Plan's financial reporting process.

Auditing standards generally accepted in the United States of America (GAAS) (AU-C 260, *The Auditor's Communication With Those Charged With Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Area	Comments
Our Responsibilities With Regard to the Financial Statement Audit	Our responsibilities under auditing standards generally accepted in the United States of America have been described to you in our arrangement letter dated April 11, 2022. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter. As management determined it is permissible in the circumstances and elected to have the audit of the Plan's financial statements performed in accordance with ERISA Section 103(a)(3)(C), the audit did not extend to any certified investment information, except for obtaining and reading the certification, comparing the certified investment information with the related information presented and disclosed in the financial statements, and reading the disclosures relating to the certified investment information to assess whether they are in accordance with the presentation and disclosure requirements of the applicable financial reporting framework.
Overview of the Planned Scope and Timing of the Financial Statement Audit	We have issued a separate communication dated April 11, 2022, regarding the planned scope and timing of our audit and identified significant risks.

Area	Comments
Accounting Policies and Practices	**Adoption of, or Change in, Accounting Policies** Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Plan. AICPA Statement on Auditing Standards (SAS) 136 – *Forming an Opinion and Reporting on Financial Statements of Employee Benefit Plans Subject to ERISA,* was implemented for the year ended December 31, 2021. The standard changed the content of the auditor's report and certain disclosures in the financial statements, but had no effect on reported balances. **Significant Accounting Policies** We did not identify any significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus. **Significant Unusual Transactions** We did not identify any significant unusual transactions.
Management's Judgments and Accounting Estimates	The preparation of financial statements often requires management to make estimates and assumptions that affect amounts recorded and disclosed in the financial statements. During our procedures, we did not become aware of any significant estimates that had a material effect on the financial statements. However, those charged with governance should evaluate financial activity throughout the year for changes in operations that could involve estimates, and in such cases work with management to identify and monitor the processes used to determine and account for such estimates.
Audit Adjustments	Audit adjustments proposed by us and recorded by the Plan are shown on the attached **Exhibit A**.
Uncorrected Misstatements	There were no uncorrected misstatements that management determined to be immaterial.

Area	Comments
Form 5500 Filing	GAAS require that we obtain and read a draft of the Plan's Form 5500 that is substantially complete prior to the dating of our auditor's report in order to identify material inconsistencies, if any, with the Plan's audited financial statements. We read the Plan's draft Form 5500 filing for consistency with information in the financial statements. We did not identify material inconsistencies with the audited financial statements, other than appropriate reconciling items with the draft Form 5500 as disclosed in the notes to the financial statements.
ERISA-Required Supplemental Schedule	We subjected the information included in the ERISA-required supplemental schedule, other than that agreed to or derived from the certified investment information, to auditing procedures applied in the audits 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 the financial statements themselves, and other additional procedures in accordance with GAAS. The objective of these audit procedures was to determine whether the ERISA-required supplemental schedule, other than the certified investment information, is fairly stated in all material respects in relation to the financial statements as a whole, whether the form and content of the ERISA-required supplemental schedule are presented in conformity with the Department of Labor's (DOL) Rules and Regulations for Reporting and Disclosure Under ERISA, and whether the certified investment information in the supplemental schedule agrees to, or is derived from, the information prepared and certified by an institution that management determined meets the requirements of ERISA Section 103(a)(3)(C). We will include an other-matter paragraph in our auditor's report for the ERISA-required supplemental schedule. We did not identify inconsistencies with the audited financial statements or with the certified investment information.

Area	Comments
Observations About the Audit Process	**Disagreements With Management** We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit or significant disclosures to be included in the financial statements. **Consultations With Other Accountants** We are not aware of any consultations management had with other accountants about accounting or auditing matters. **Significant Issues Discussed With Management** No significant issues arising from the audit were discussed or were the subject of correspondence with management. **Significant Difficulties Encountered in Performing the Audit** We did not encounter any significant difficulties in dealing with management during the audit. We received full cooperation and appreciate the assistance provided by the Plan's financial and accounting personnel.
Internal Control Matters	We did not identify any such matters requiring communication to those charged with governance during our audit of the financial statements.
Significant Written Communications Between Management and Our Firm	Copies of significant written communications between our Firm and the management of the Plan, including the representation letter provided to us by management, are attached as **Exhibit B.**

Thomas Howell Ferguson P.A.
Certified Public Accountants

This report is intended solely for the information and use of those charged with governance of the Plan and management, and is not intended to be, and should not be, used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have about this report. We appreciate the opportunity to continue to be of service to the Plan.

Thomas Howell Ferguson P.A.

Tallahassee, Florida
October 4, 2022

Exhibit A

WorkNet Pinellas, Inc. 401(k) Plan
Year End: December 31, 2021
Journal Entries: Adjusting
Date: 1/1/2021 To 12/31/2021

Number	Date	Name	Account No	Reference	Annotation	Debit	Credit	Recurrence	Misstatement
AJE#1	12/31/2021	Employee Contributions	30001	4205. 1		6,182.00			
AJE#1	12/31/2021	Excess Contributions Payable	30002THF	4205. 1			6,182.00		
		To adjust for corrective distributions noted during compliance testing at [4205.1].							Factual
						6,182.00	**6,182.00**		

Net Income (Loss) **361,646.00**

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CareerSource PINELLAS

Exhibit B

careersourcepinellas.com

October 4, 2022

Thomas Howell Ferguson P.A.
2615 Centennial Boulevard, Suite 200
Tallahassee, Florida 32308

This representation letter is provided in connection with your audit of the financial statements of WorkNet Pinellas, Inc. 401(k) Plan (the Plan), an employee benefit plan subject to the Employee Retirement Income Security Act of 1974 (ERISA), which comprise the statements of net assets available for benefits as of December 31, 2021 and 2020; the related statement of changes in net assets available for benefits for the year then ended December 31, 2021; and the related notes to the financial statements.

We elected to have the audit of the plan's financial statements performed in accordance with ERISA Section 103(a)(3)(C) pursuant to 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. We acknowledge that the audit did not extend to any statements or information related to assets held for investment of the plan (investment information) by a bank or similar institution or insurance carrier, that is regulated, supervised and subject to periodically examination by a state or federal agency, a qualified institution, that prepared and certified the investment information in accordance with 29 CFR 2520.103-5 of the Department of Labor's (DOL) Rules and Regulations for Reporting and Disclosure under ERISA. We have determined that an ERISA Section 103(a)(3)(C) audit is permissible under the circumstances. We have also determined that the investment information is prepared and certified by a qualified institution as described by 29 CFR 2520.103-8, that the certification meets the requirements in 29 CFR 2520.103-5 and that the certified information is appropriately measured, presented and disclosed in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

The purpose of an ERISA Section 103(a)(3)(C) audit is to express an opinion on whether the amounts and disclosures in the financial statements, other than those agreed to or derived from the certified investment information, are presented fairly, in all material respects, in accordance with U.S. GAAP and that the assets held by and certified to by a qualified institution agrees to, or is derived from, in all material respects, the certified investment information.

We confirm, to the best of our knowledge and belief, that as of October 4, 2022:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated April 11, 2022, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.

13805 58th Street North, Suite 2-140
Clearwater, FL, 33760
p: 727-524-4344 | f: 727-524-4350

2. We acknowledge our responsibility for administering the plan and determining the plan's transaction that are presented and disclosed in the ERISA plan financial statements are in conformity with the plan's provisions, including maintaining sufficient records with respect to each of the participants to determine the benefits due or which may become due to such participants.

3. We acknowledge our responsibility for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

4. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

5. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable and reflect our judgment based on our knowledge and experience about past and current events, and our assumptions about conditions we expect to exist and courses of action we expect to take.

6. We are responsible for the estimation methods and assumptions used in measuring assets and liabilities reported or disclosed at fair value, including information obtained from brokers, pricing services or other third parties. Our valuation methodologies have been consistently applied from period to period. The fair value measurements reported or disclosed represented our best estimate of fair value as of the measurement date in accordance with the requirements of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, Fair Value Measurement. In addition, our disclosures related to fair value measurements are consistent with the objectives outlines in FASB ASC 820.

7. Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.

8. Transactions with parties in interest, as defined in Section 3(14) of ERISA and regulations thereunder, including sales, purchases, loans, transfers, leasing arrangements and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed.

9. All events subsequent to the date of the financial statements, and for which U.S. GAAP requires adjustment or disclosure, have been adjusted or disclosed.

10. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.

11. We have no intention to terminate the Plan.

12. We have properly reported and disclosed amendments to the Plan instrument, if any.

13. With respect to financial statement preparation services performed in the course of the audit:

a. We have made all management decisions and performed all management functions;

b. We have assigned an appropriate individual to oversee the services who possesses suitable skills, knowledge, and/or expertise;

c. We have evaluated the adequacy and results of the services performed, and made an informed judgment on the results of the services performed;

d. We have accepted responsibility for the results of the services; and

e. We have accepted responsibility for all significant judgments and decisions that were made.

14. We have no knowledge of any uncorrected misstatements in the financial statements.

Supplementary Information

15. We acknowledge our responsibility for the presentation of the ERISA-required supplemental schedule in conformity with the DOL's Rules and Regulations for Reporting and Disclosure under ERISA. In this regard:

a. We believe such schedule, including its form and content, is presented in conformity with the DOL's Rules and Regulations for Reporting and Disclosure under ERISA.

b. The methods of measurement or presentation have not changed from those used in the prior period.

c. We will only present the ERISA-required supplemental schedule together with the audited financial statements and auditor's report thereon and will not separate the ERISA-required supplemental schedule from the audited financial statements and auditor's report thereon in any document that contains such information.

Information Provided

16. We have provided you with:

a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and other matters;

b. Additional information that you have requested from us for the purpose of the audit;

c. Unrestricted access to persons within the Plan from whom you determined it necessary to obtain audit evidence;

d. The currently effective version of the Plan document, including the plan document and adoption agreement, the trust agreement or insurance contracts, and all related amendments. The Plan was most recently amended on February 01, 2019;

e. A draft of the Form 5500 that is substantially complete;

f. All correspondence, filings, reports and determinations with the Internal Revenue Service (IRS) and the DOL relating to the Plan's compliance with ERISA and the maintenance of its tax-exempt status;

g. All Plan financial records and related data. In that regard, the payroll information we provided you covered all employees that were eligible to participate in the Plan; and

h. All minutes of the meetings of the Plan's Board of Directors, or summaries of actions of recent meetings for which minutes have not yet been prepared.

17. All transactions have been recorded in the accounting records and are reflected in the financial statements.

18. We have disclosed to you the results of our assessment of risk that the financial statements may be materially misstated as a result of fraud.

19. We have no knowledge of any allegations of fraud or suspected fraud affecting the Plan involving:

a. Management.

b. Employees who have significant roles in internal control.

c. Others where the fraud could have a material effect on the financial statements.

20. We have no knowledge of any allegations of fraud or suspected fraud affecting the Plan received in communications from employees, former employees, participants, regulators, beneficiaries, service providers, third-party administrators or others.

21. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements, and neither we nor the Plan Sponsor, or others acting on behalf of the Plan, have consulted a lawyer concerning litigation and claims or other matters affecting the Plan.

22. We have disclosed to you the identity of all the Plan's related parties and parties in interest and all the related-party and party-in-interest relationships and transactions of which we are aware.

23. We are aware of no significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the Plan's ability to record, process, summarize and report financial data.

24. We have no plans or intentions that may materially affect the carrying value or classification of assets or liabilities.

25. The Plan or trust has satisfactory title to all owned assets that are recorded at fair value, and all liens, encumbrances or security interests have been properly disclosed.

26. Financial instruments with off-balance-sheet risk have been properly disclosed.

27. Concentrations of credit risk have been properly disclosed.

28. We have answered your questions about the Plan's tax compliance to the best of our knowledge and belief.

29. There have been no communications, whether written or oral, from regulatory agencies concerning noncompliance with, or deficiencies in the operation of the Plan.

30. We have complied with (a) all aspects of debt and other contractual agreements, including provisions of the Plan, that would have a material effect on the financial statements in the event of noncompliance, (b) the fidelity bonding requirements of ERISA, (c) all participant eligibility and coverage requirements of the Plan, ERISA and the Internal Revenue Code (IRC), and (d) the filing requirements of appropriate agencies.

31. We have complied with the DOL's regulations concerning the timely remittance of participants' contributions to trusts containing assets for the Plan.

32. We have disclosed to you all known instances of noncompliance or suspected noncompliance with laws and regulations.

33. The Plan has adopted a non-standardized form of a prototype plan sponsored by ADP, LLC. The prototype plan provider has received an opinion letter from the IRS as to the prototype plan's qualified status. The prototype plan opinion letter has been relied upon by the Plan. The Plan Administrator believes the Plan is designed and is being operated in compliance with the applicable provisions of the IRC.

34. We have reviewed the complementary user entity control considerations of the Service Organization Controls (SOC 1) Report for John Hancock dated March 25, 2022 for the period ended December 31, 2021, and we believe all applicable controls are properly designed and implemented and operating effectively.

35. There are no:

a. Non-exempt (prohibited) party-in-interest transactions that were not disclosed in the financial statements or supplemental schedule.

b. Notes receivable from participants or other receivables or investments in default or considered to be uncollectible that were not disclosed in the financial statements or supplemental schedule.

c. Reportable transactions that were not disclosed in the supplemental schedule.

36. During the course of your audit, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

Steven J. Meier, CPA
Interim Chief Executive Officer and
Chief Financial Officer

ACTION ITEM 3

Annual Financial Audit
For the Fiscal Year Ended June 30, 2022

INFORMATION

The Audit Committee approved Thomas Howell Ferguson P.A to perform the financial statement audit of the June 30, 2022, financial statements at its May 6, 2022, meeting and the Board followed up with their approval at the May 26, 2022, meeting.

The audit firm of Thomas Howell Ferguson P.A has completed the annual financial audit for WorkNet Pinellas, Inc. for the fiscal year ended June 30, 2022. Enclosed is a copy of the Financial Statements and the *Auditor's Communications with Those Charged with Governance*.

RECOMMENDATION

Approval of the Annual Financial Audit for the fiscal year ended June 30, 2022.

Financial Statements
and Other Financial Information

WorkNet Pinellas, Inc.

Years ended June 30, 2022 and 2021
with Report of Independent Auditors

WorkNet Pinellas, Inc.

Financial Statements
and Other Financial Information

Years ended June 30, 2022 and 2021

Contents

Report of Independent Auditors

Board of Directors
WorkNet Pinellas, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of WorkNet Pinellas, Inc. (the Organization) which comprise the statements of financial position as of June 30, 2022 and 2021, the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of WorkNet Pinellas, Inc., as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

Report on Summarized Comparative Information

We have previously audited WorkNet Pinellas, Inc.'s 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 14, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Organization's financial statements. The 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), and the schedule of findings and questioned costs relating to federal awards are presented for purposes of additional analysis and are 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 GAAS. 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 our report dated NEED DATE on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Organization's internal control over financial reporting and compliance.

Tampa, Florida
NEED DATE

WorkNet Pinellas, Inc.

Statements of Financial Position

	June 30, 2022	June 30, 2021
Assets		
Current assets:		
Cash and cash equivalents	**$ 1,430,010**	$ 3,672,924
Accounts receivable	**3,025**	32,591
Grants receivable	**366,644**	100,846
Prepaid expenses	**49,373**	75,016
Total current assets	**1,849,052**	3,881,377
Noncurrent assets:		
Restricted cash	**137,238**	206,830
Property and equipment, net	**8,854**	31,623
Total noncurrent assets	**146,092**	238,453
Total assets	**$ 1,995,144**	$ 4,119,830
Liabilities and net assets		
Current liabilities:		
Accounts payable and accrued liabilities	**$ 633,551**	$ 822,856
Unearned grant revenue	**137,014**	138,424
Total current liabilities	**770,565**	961,280
Net assets without donor restrictions	**1,224,579**	3,158,550
Total liabilities and net assets	**$ 1,995,144**	$ 4,119,830

See accompanying notes.

WorkNet Pinellas, Inc.

Statements of Activities and Changes in Net Assets

	Years ended June 30, 2022	2021
Revenues and support:		
Grants:		
Federal	**$ 7,501,208**	$ 8,075,590
Local	**-**	227,372
Other revenue	**88,340**	118,778
Total revenues and support	**7,589,548**	8,421,740
Expenses:		
Program services:		
Workforce Innovation and Opportunity Act	**3,399,739**	3,699,063
Employment Services Programs	**837,480**	1,022,184
Supplemental Nutrition and Assistance	**237,468**	302,260
Trade Adjustment Assistance	**38,137**	111,512
Welfare Transition	**1,910,396**	1,793,139
Youthbuild	**177,883**	219,205
Other	**487**	227,372
Total program services	**6,601,590**	7,374,735
Supporting Services:		
General and administrative	**2,929,701**	994,761
Total expenses	**9,531,291**	8,369,496
Interest income	**7,772**	14,090
Change in net assets	**(1,933,971)**	66,334
Net assets at beginning of year	**3,158,550**	3,092,216
Net assets at end of year	**$ 1,224,579**	$ 3,158,550

See accompanying notes.

WorkNet Pinellas, Inc.

Statements of Functional Expenses

	Years ended June 30, 2022			2021
	Program services	**General and administrative**	**Total**	**Total**
Salaries	**$ 2,071,606**	**$ 486,759**	**$ 2,558,365**	$ 2,740,401
Retirement	**113,989**	**17,567**	**131,556**	146,695
Payroll taxes and fringe	**705,784**	**93,307**	**799,091**	913,027
Staff training and education	**42,600**	**5,846**	**48,446**	11,435
Accounting and professional	**89,780**	**238,591**	**328,371**	162,281
Lobbying	**-**	**35,245**	**35,245**	15,270
Community outreach	**36,786**	**292**	**37,078**	16,745
License, dues, and other fees	**24,254**	**6,551**	**30,805**	30,407
Communications	**83,285**	**8,461**	**91,746**	95,528
Office expenses	**161,099**	**15,647**	**176,746**	355,402
Occupancy	**337,424**	**39,617**	**377,041**	375,498
Travel	**16,535**	**3,749**	**20,284**	3,499
Meetings and conferences	**5,855**	**1,825**	**7,680**	4,651
Other expense	**748**	**9,852**	**10,600**	22,949
Contract labor	**554,547**	**45,317**	**599,864**	503,049
Insurance	**74,067**	**29,255**	**103,322**	67,662
Service provider contracts	**452,305**	**-**	**452,305**	516,154
Customer training	**1,826,311**	**10,676**	**1,836,987**	2,362,825
Interest expense	**-**	**-**	**-**	-
Disallowed expenses	**-**	**1,862,990**	**1,862,990**	341
Depreciation and amortization	**4,615**	**18,154**	**22,769**	25,677
	$ 6,601,590	**$ 2,929,701**	**$ 9,531,291**	$ 8,369,496

See accompanying notes.

WorkNet Pinellas, Inc.

Statements of Cash Flows

	Years ended June 30, 2022	2021
Operating activities		
Change in net assets	**$ (1,933,971)**	$ 66,334
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	**22,769**	25,677
Changes in operating assets and liabilities:		
Accounts receivable	**29,566**	13,872
Grants receivable	**(265,798)**	306,008
Prepaid expenses	**25,643**	70,179
Accounts payable and accrued liabilities	**(189,305)**	(309,614)
Deferred grant revenue	**(1,410)**	68,987
Net cash (used in) provided by operating activities	**(2,312,506)**	241,443
Net (decrease) increase in cash and cash equivalents	**(2,312,506)**	241,443
Cash and cash equivalents at beginning of year	**3,879,754**	3,638,311
Cash and cash equivalents at end of year	**$ 1,567,248**	$ 3,879,754
Cash and cash equivalents consists of the following:		
Cash and cash equivalents	**$ 1,430,010**	$ 3,672,924
Restricted cash	**137,238**	206,830
	$ 1,567,248	$ 3,879,754

See accompanying notes.

1. Nature of Operations and Significant Accounting Policies

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. The Organization 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). Effective February 10, 2014 and July 7, 2014, WorkNet Pinellas, Inc. (the Organization) began doing business as CareerSource Pinellas. The CareerSource Pinellas rebranding was in coordination with Florida's Workforce System to have a unified brand state-wide. 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
- Youthbuild
- Supplemental Nutrition Assistance Programs

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

Basis of Accounting

The Organization uses the accrual basis of accounting. The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The significant accounting policies are described below.

1. Nature of Operations and Significant Accounting Policies (continued)

Basis of Presentation

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

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

Contributions and Restricted Net Assets

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

The Organization historically does not receive contributions from donors. Primarily all of its funding is through grants, which must be expended on specified programs or activities. Cost reimbursement grants are recorded as revenue when the related expenses have been incurred. Other grants are recorded as support and revenue when earned. As of June 30, 2022 and 2021, all net assets of the Organization were without donor-imposed restrictions.

1. Nature of Operations and Significant Accounting Policies (continued)

Donated Services

The Organization records donated services as revenues if either; (a) they create or enhance nonfinancial assets; or (b) they require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. There were no donated services recorded during the years ended June 30, 2022 or 2021.

Fair Value Measurements

The Organization 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.

At June 30, 2022 and 2021, the Organization had no assets or liabilities subject to disclosure of fair value measurements related to the valuation levels hierarchy per Financial Accounting Standards Board Statement No. 157.

Measure of Operations

The statements of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Organization’s ongoing activities. Non-operating activities are limited to resources that generate return from investments, endowment contributions, financing costs, and other activities considered to be of a more unusual or nonrecurring nature. There were no non-operating activities for the years ended June 30, 2022 and 2021.

1. Nature of Operations and Significant Accounting Policies (continued)

Cash and Cash Equivalents

Cash consists of amounts on hand and amounts in demand deposits with financial institutions. Deposits with financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per depositor. Bank deposits at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts.

For purposes of the statements of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash.

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

Accounts Receivable

Accounts receivable represents amounts due from employer services agreement, service provider contract, insurance reimbursements, refunds and other miscellaneous customers. Based on historical collections, management believes all receivables are fully collectible.

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, and 15 years for building improvements 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, the Organization 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.

Accrued Leave

The Organization's 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. At June 30, 2022 and 2021, PTO of $152,436 and $210,722, respectively, is included as a component of accounts payable and accrued expenses in the statements of financial position.

1. Nature of Operations and Significant Accounting Policies (continued)

Retirement Plan

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

Income Taxes

The Organization 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. The Organization 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.

The Organization 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. The Organization'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, 2022. As required by Internal Revenue Service regulations, the Organizational annually files a Form 990, Return of Organization Exempt from Income Tax, with the Internal Revenue Service. With few exceptions, the Organization is no longer subject to examinations by major tax jurisdictions for years ended June 30, 2019, and prior.

Revenue Recognition

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

Use of Estimates

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

1. Nature of Operations and Significant Accounting Policies (continued)

Functional Allocation of Expenses

The cost of providing the Organization'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 the rate approved by the U.S. Department of Labor. When it is impractical to directly allocate expenses, costs may be charged to a cost pool and then distributed to the ultimate benefitting cost center through the application of an appropriate allocation method. Employees document their work activities through personnel activity reports. The data is compiled each pay period and is used in allocating costs by full-time employees. This data is also used in allocating costs for all cost pools.

Subsequent Events

The Organization has evaluated subsequent events through NEED DATE, the date the financial statements were available to be issued. During the period from June 30, 2022 to NEED DATE, the Organization did not have any material recognizable subsequent events.

Reclassification

Certain prior year amounts have been reclassified to conform to the current year presentation.

2. Available Resources and Liquidity

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

The table below presents financial assets available for general expenditures within one year:

	June 30,	
	2022	**2021**
Cash and cash equivalents	**$ 1,430,010**	$ 3,672,924
Accounts receivable	**3,025**	32,591
Grants receivable	**366,644**	100,846
Financial assets available to meet general expenditures within one year	**$ 1,799,679**	$ 3,806,361

3. Grants Receivable

Grants receivable is comprised of the following:

	June 30, 2022	June 30, 2021
Federal awards:		
U.S. Department of Health and Human Services		
Temporary Assistance to Needy Families	**$ 164,277**	$ 15,815
U.S. Department of Agriculture		
Supplemental Nutrition Assistance Program	**9,444**	5,981
U.S. Department of Labor		
Wagner Peyser		18,683
Disabled Veterans Outreach Program	**311**	3,758
Workforce Innovation and Opportunity Act (WIOA)		
COVID Dislocated Worker	**-**	22,634
WIOA Youth	**164,024**	2,702
WIOA Dislocated Worker	**-**	2,870
WIOA Apprenticeship Navigator	**-**	2,357
WIOA Soft Skills	**-**	6,446
Trade Adjustment Assistance	**3,852**	735
Recovery Navigator Project	**7,031**	-
Reemployment Services and Eligibility Assessment	**5,786**	4,437
Youthbuild	**11,919**	14,428
	$ 366,644	$ 100,846

4. Property and Equipment

Property and equipment consists of the following:

	June 30, 2022	June 30, 2021
Equipment	**$ 130,698**	$ 130,698
Leasehold improvements	**67,859**	67,859
Vehicles	**47,403**	47,403
Total depreciable property and equipment	**245,960**	245,960
Less: accumulated depreciation	**237,106**	214,337
Total property and equipment, net	**$ 8,854**	$ 31,623

Depreciation expense was approximately $22,800 and $25,700 for 2022 and 2021, respectively.

5. Unearned Grant Revenue

Unearned grant revenue is comprised of the following grant awards:

	June 30, 2022	June 30, 2021
Federal Awards:		
U.S. Department of Labor		
Wagner Peyser	**$ 37,158**	$ -
WIOA Adult	**92,311**	-
WIOA Apprenticeship Expansion	**-**	4,296
WIOA Dislocated Worker	**-**	129,931
Local Veterans Employment Representative	**725**	160
Rapid Response	**6,820**	-
Trade Adjustment Assistance	**-**	4,037
	$ 137,014	$ 138,424

The following table provides significant changes in unearned revenue:

	June 30, 2022	June 30, 2021
Unearned revenue, beginning of year	**$ 138,424**	$ 69,437
Net grant revenue (recognized) deferred	**(1,410)**	68,987
Unearned revenue, end of year	**$ 137,014**	$ 138,424

6. Operating Leases

The Organization 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 totaled $254,856 net of sublease income for the year ending June 30, 2022. Equipment lease payments totaled $36,829 for the year ending June 30, 2022. Minimum future lease payments under non-cancelable facility and equipment leases having remaining terms in excess of one year are as follows:

Year ended June 30,	
2023	$ 162,100
2024	124,031
2025	124,031
2026	93,023
	$ 503,185

7. Employees Pension Plan

Retirement Plan

The Organization 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. During 2022 and 2021, the Organization elected to provide the NEC but not the matching contributions. Employer contributions were $131,556 and $146,695 for the years ended June 30, 2022 and 2021, respectively.

Benefit Stipend

The Organization provides regular full-time employees with a benefit stipend that allows employees to purchase approved company offered health and welfare benefits of their choice. For 2021-2022, the Board approved stipend was $12,580 per employee per year. The stipend totaled approximately $498,589 and $598,815 for the years ended June 30, 2022 and 2021, respectively.

8. Reconciliation of Schedule of Expenditures of Federal Awards Programs and the Statement of Activities to SERA

As required, the Organization regularly reconciles its financial records to the Subrecipient Enterprise Resource Application (SERA) which is maintained by the Florida Department of Economic Opportunity. As of June 30, 2022, no discrepancies were noted. Amounts expended on the Schedule of Expenditures of Federal Awards and revenues and expenses on the statement of activities were determined in accordance with the accrual basis of accounting.

	2022	2021
Total federal expenditures/grant revenue	**$ 7,501,208**	$ 8,304,252
Funds received directly from funding sources not reported in SERA		
Youthbuild	**(201,170)**	(251,895)
Coronavirus Relief Fund	**-**	(227,372)
Total federal expenditures/grant revenue reported in SERA	**$ 7,300,038**	$ 7,824,985

9. 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. The Organization 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 the Organization’s programs.

10. Commitments and Contingencies

On May 15, 2019, the U.S. Department of Labor, Employment and Training Administration (ETA) issued its report on the "Compliance Review of CareerSource Tampa Bay and CareerSource Pinellas". In this report, the ETA documented seventeen findings regarding grant administration of Department of Labor Funds by the Florida Department of Economic Opportunity, CareerSource Tampa Bay and the Organization during the period July 1, 2013 through June 30, 2018. Included in these findings were questioned costs of $9,753,924 in WIOA funded on the job training payments, $5,449,113 in supportive services cards issued to WIOA participants, $2,031,866 in Business Service Staff incentives and $408,487 in salary related payments. Of this total of $17,643,410, approximately $5,557,469 related to funds administered by the Organization.

The Florida Department of Economic Opportunity, the direct recipient of the U.S. Department of Labor funds, in cooperation with the two CareerSource agencies formally responded to the findings on June 28, 2019 and subsequently requested technical assistance from ETA to fully address and resolve the findings. The Organization identified approximately $2.55 million in unrestricted funds that could be utilized to repay any final disallowed costs. Of the $2.55 million, the Department of Labor determined the Organization owed $1,862,990 to be repaid to the Department of Labor. The Organization repaid the full amount in April 12, 2022 and is currently evaluating if a portion of the repayment can be recovered through business insurance.

In 2021, the Florida House of Representatives passed the Reimaginig Education and Career Help Act (REACH Act) to "address the evolving needs of Florida’s economy by increasing the level of collaboration and cooperation among state businesses and education communities while improving training within and equity and access to a more integrated workforce and education system for all Floridians. Among its requirements, the REACH Act charges the State with reducing the number of local workforce development boards 'based on population size and commuting patterns.'" In response to the REACH act, the State hired Ernst & Young to perform a review of the 24 Florida workforce boards and make a recommendation on how to best align/ consolidate the workforce boards. This review, which is expected to conclude in 2023, could result in the recommendation to consolidate workforce boards in such a way that the Organization could be merged with other WorkForce Boards.

11. Related Party Transactions

In accordance with applicable regulations, the Organization's Board of Directors includes representatives of private and public sector industries. During the years ended June 30, 2022 and 2021, the Organization entered into contracts with certain private and public sector industries, with which board members are associated for the lease of premises and purpose of providing services to participants. Total payments for rent and providing services to participants during the years ended June 30, 2022 and 2021, were approximately $558,000 and $797,000, respectively, and accounts payable at June 30, 2022 and 2021, were approximately $6,000 and $25,000, respectively.

Other Reports and Supplementary Information

Thomas Howell Ferguson P.A.
Certified Public Accountants

Report of Independent Auditors 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*

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, 2022, and the related statements of activities and changes in net assets and cash flows for the year ended, and the related notes to the financial statements, and have issued our report thereon dated AUDIT REPORT DATE.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified. We did identify a deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-001.

Report on Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Tampa, Florida
NEED DATE

Thomas Howell Ferguson P.A.
Certified Public Accountants

Report of Independent Auditors on Compliance for Each Major Federal 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

Opinion on Each Major Federal Program

We have audited WorkNet Pinellas, Inc.'s (the Organization) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2022. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

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

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we did identify a deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-001.

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

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

Tampa, Florida
NEED DATE

WorkNet Pinellas, Inc.

Schedule of Expenditures of Federal Awards

Year ended June 30, 2022

Federal / State Agency, Pass Through entity, Federal Program	CFDA No.	Pass-Through Entity Award Number, Contract/Grant No.	Expenditures	Transfers to subrecipients
FEDERAL AWARDS				
U.S. Department of Health and Human Services				
Passed through State of Florida, Department of Economic Opportunity:				
Temporary Assistance for Needy Families	93.558	WTS21, WTS22	$ 2,205,785	$ 16,889
Total U.S. Department of Health and Human Services			2,205,785	16,889
U.S. Department of Labor				
Passed through State of Florida, Department of Economic Opportunity:				
Employment Service Cluster				
Wagner Peyser	17.207	WPA21, WPA22, WPB21	687,716	14,473
Disabled Veterans Outreach Program	17.801	DVP21, DVP22	101,852	3,800
Local Veterans Employment Representative Program	17.801	LVR21, LVR22	25,997	682
Subtotal Employment Service Cluster			815,565	18,955
Workforce Innovation and Opportunity Act (WIOA) Cluster				
WIOA - Adult	17.258	WIA21, WIA22, WIS20, WIS21	956,019	1,534
WIOA - Youth	17.259	WIY21, WIY22, WIS20, WIS21	999,609	410,302
WIOA - Dislocated Worker	17.278	WID21, WID22, WIS20, WIS21, WRS20, WIR22	1,419,477	2,796
Subtotal WIOA Cluster			3,375,105	414,632
National Emergency COVID 19	17.277	WNC20	299,251	-
Reemployment Services and Eligibility Assessment	17.225	UCR20, UCR21	280,438	1,029
Trade Adjustment Assistance	17.245	TAT19, TAT20, TAC19, TAC20	42,680	273
Subtotal Department of Labor Passed through Department of Economic Opportunity			4,813,039	434,889
Youthbuild	17.274	YB32978	201,170	-
Subtotal Direct U.S. Department of Labor			201,170	-
Total U.S. Department of Labor			5,014,209	434,889
U.S. Department of Agriculture				
Passed through State of Florida, Department of Economic Opportunity:				
Supplemental Nutrition Assistance Program	10.561	FSH21, FSH22	281,214	527
Total U.S. Department of Agriculture			281,214	527
Total expenditures of Federal Awards			$ 7,501,208	$ 452,305

Note 1 - This Schedule of Expenditures of Federal Awards (the Schedule) includes the Federal awards of WorkNet Pinellas, Inc. (the Organization) under programs of the federal government for the year ended June 30, 2022. 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). Because this schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

Note 2 - Expenditures reported on this 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.

Note 3 - The Organization has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

See report of independent auditors.

WorkNet Pinellas, Inc.

Schedule of Findings and Questioned Costs Relating to Federal Awards

Year ended June 30, 2022

Section I -- Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	No
Noncompliance material to financial statements noted?	No

Federal Awards

Type of auditor's report issued on compliance for major federal programs?	Unmodified
Internal control over major federal programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified not considered to be material weaknesses?	No
Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)?	No

Identification of major programs:

CFDA Number	Name of Federal Program
17.258, 17.259, 17.278	Workforce Innovation and Opportunity Act (WIOA) Cluster

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

Section II -- Financial Statement Findings

We noted no matters involving internal control over financial reporting and its operation that we considered to be material weaknesses, significant deficiencies and/or control deficiencies required to be reported in accordance with *Government Auditing Standards.*

Section III -- Federal Award Findings and Questioned Costs

2022-001 Internal Controls Over Compliance - Eligibility

Criteria: The Workforce Innovation & Opportunity Act (WIOA) requires that "training services be limited to individuals who are unable to obtain other grant assistance for such services, including Federal Pell Grants."

Condition: The test of the Organization’s controls over compliance with eligibility compliance requirements resulted in one of 25 samples for which controls were not documented and as such could not be determined to be in place.

Questioned Costs : N/A

Effect: The Organization's risk for approving ineligible funding for individual assistance is increased.

Cause: The process for determining eligibility includes maintaining support for each compliance requirement for the applicant.

Recommendation: The Organization should implement review procedures to ensure that proper support is maintained to support the applicant’s eligibility.

See report of independent auditors.

Thomas Howell Ferguson P.A.
Certified Public Accountants

To the Board of Directors
WorkNet Pinellas, Inc.

We are pleased to present this report related to our audit of the financial statements of WorkNet Pinellas, Inc. (the Organization) as of and for the year ended June 30, 2022. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the Organization's financial reporting process.

Generally accepted auditing standards (AU-C 260, *The Auditor's Communication with Those Charged with Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Area	Comments
Our Responsibilities With Regard to the Financial Statement Audit	Our responsibilities under auditing standards generally accepted in the United States of America have been described to you in our arrangement letter dated April 12, 2022. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.
Overview of the Planned Scope and Timing of the Financial Statement Audit	We discussed with members of the Board of Directors and the Organization's management various matters about which generally accepted auditing standards require communication. These include matters concerning two-way communication, our independence, the audit planning process, the concept of materiality in planning and executing the audit, identified significant risks, our approach to internal control relevant to the audit, and the timing of the audit.
Accounting Policies and Practices	**Adoption of, or Change in, Accounting Policies** Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Organization. The Organization did not adopt any significant new accounting policies, nor have there been any changes in existing significant accounting policies during the current period.

Area	Comments
Accounting Policies and Practices (continued)	**Significant Accounting Policies** We did not identify any significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus. **Significant or Unusual Transactions** We did not identify any significant unusual transactions.
Management's Judgments and Accounting Estimates	Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events, and certain assumptions about future events. Management has informed us that they used all the relevant facts available to them at the time to make the best judgments about accounting estimates, and we considered this information in the scope of our audit. Significant accounting estimates reflected in the Organization's June 30, 2022 financial statements: • Allocation of certain direct and indirect costs to functional programs. The Board of Directors may wish to monitor throughout the year the process used to determine and record these accounting estimates.
Audit Adjustments	There were no audit adjustments that were brought to the attention of management as a result of audit procedures.
Uncorrected Misstatements	There were no uncorrected misstatements that management determined to be immaterial.

Area	Comments
Other Information Included in Annual Reports	Our responsibility for other information included in annual reports is to read the information and consider whether its content or the manner of its presentation is materially inconsistent with the financial information covered by our auditor's report, whether it contains a material misstatement of fact or whether the other information is otherwise misleading. We read the Organization's supplementary information. We did not identify material inconsistencies with the audited financial statements.
Observations About the Audit Process	**Disagreements With Management** We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit or significant disclosures to be included in the financial statements. **Consultations With Other Accountants** We are not aware of any consultations management had with other accountants about accounting or auditing matters. **Significant Issues Discussed With Management** No significant issues arising from the audit were discussed or the subject of correspondence with management. **Significant Difficulties Encountered in Performing the Audit** We did not encounter any significant difficulties in dealing with management during the audit. We received full cooperation and appreciate the assistance provided by the Organization's financial and accounting personnel.

Area	Comments
Observations About the Audit Process (continued)	**Difficult or Contentious Matters That Required Consultation** We did not encounter any significant and difficult or contentious matters that required consultation outside the engagement team.
Internal Control Matters	We did not identify any such matters requiring communication to the Board of Directors during our audit of the financial statements
Letter(s) Communicating Significant Deficiencies and Material Weaknesses in Internal Control Over Financial Reporting	We have separately communicated any significant deficiencies and material weaknesses in internal control over financial reporting identified during our audit of the financial statements and major awards, as required by *Government Auditing Standards* and *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* at 2 CFR 200 (Uniform Guidance). This communication is included in the Other Reports section of the financial statements.
Significant Written Communications Between Management and Our Firm	See **Exhibit A** for a copy of the representation letter provided to us by the Organization's management.

This report is intended solely for the information and use of the Board of Directors and management of the Organization and is not intended to be, and should not be, used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have regarding this letter. We appreciate the opportunity to continue to be of service to WorkNet Pinellas, Inc.

Tampa, Florida
NEED DATE

INFORMATION ITEM 1
Subrecipient Monitoring
For the Period July 1, 2021 – June 30, 2022

2 CFR 200.331(d) requires that awarding agencies "monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward." CareerSource Pinellas conducts business with two entities that are considered subrecipients, Pinellas Education Foundation (Youth Connect) and Dynamic Workforce Solutions (One-Stop Operator).

Pinellas Education Foundation

Period Reviewed – July 1, 2021 – July 31, 2022
Contracted Amount - $475,000

Findings

- Recommend PEF elect a de minimis rate of 10% for indirect cost allocation.
- Monitor proper distinction between direct and indirect costs.
- Ensure approved mileage charges are billed at the allowable rate per F.S. 112.061.
- Ensure signatures are obtained on all requests for payment acknowledging payment by PEF for tuition related costs.
- Requests for reimbursement should be made only for costs that are both incurred and paid and properly supported.
- Confirm prepaid card tracking/issuance log is up to date and correct.

Observations

- Ensure classification of cost on payment requests can be easily reconciled to supporting documentation.
- Ensure appropriate support service activity is open in EF to coincide with support services provided.
- Consider obtaining attestation from clients that prepaid cards are used as intended
- Monthly Youth Services Reports should be supported by client data and counts to substantiate the information presented.

INFORMATION ITEM 1 cont.

Subrecipient Monitoring

For the Period July 1, 2021 – June 30, 2022

Dynamic Workforce Solutions (Report #2)

Period Reviewed – July 1, 2021 – June 30, 2022
Contracted Amount - $40,000

Observations

- Recommendation to monitor and reconcile indirect cost rate and allocation.
- Recommendation to modify compliance reports to include each specific scope-of-work element detailed in the contract and to document progress for each contract deliverable.

The Internal Control Questionnaire from DEO that each Local Workforce Develop Board (LWDB) is required to complete on an annual basis specifically asks whether LWDB monitors all subrecipients and communicates the monitoring results to the LWDB's board of directors.

CAREERSOURCE PINELLAS

PROGRAM YEAR 2021-2022

FINANCIAL & PROGRAMMATIC MONITORING
AS OF MAY 26, 2022

SUBRECIPIENT MONITORING REPORT

REPORT #3

THMP

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Independent Accountants' Report
<u>On Applying Agreed-Upon Procedures</u>

To the Board of Directors and Management of CareerSource Pinellas:

We have performed the procedures enumerated below in the attached sections on the fiscal and programmatic records of CareerSource Pinellas (CareerSource) as of May 26, 2022, for the program year ending June 30, 2022. CareerSource's management is responsible for the fiscal and programmatic records.

CareerSource has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of conducting fiscal and programmatic monitoring. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

For reporting purposes, findings and observations are as follows:

> <u>Findings</u>—These items reflect non-compliance with governing regulations, internal policies, or contractual requirements and may illustrate questionable costs and/or problematic deficiencies in internal controls. These items can also indicate ineffective or improper procedures, systems, and/or records maintenance.
>
> <u>Observations</u>—These items may be proactive in nature and highlight specific situations where particular changes may enhance customer service and program outcomes, strengthen internal controls, or improve financial information and documentation.

The procedures and associated findings and observations are detailed in the following sections:

I. Subrecipient Financial – Pinellas County Education Foundation, Inc.

We were engaged by CareerSource to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the fiscal and programmatic records of CareerSource. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of CareerSource and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

Taylor Hall Miller Parker, P.A.

May 31, 2022

I. <u>Subrecipient Financial – Pinellas County Education Foundation, Inc.</u>

Subrecipient Audit Review

1. We reviewed the following audit reports submitted by CareerSource's subrecipients:

   - Pinellas County Education Foundation, Inc. and Subsidiary – June 30, 2020, and June 30, 2021

   There were no findings or observations identified as a result of applying the procedures above to the sample selected.

Subrecipient Payment Requests

1. We obtained a list of subrecipient payments for PY 2020-2021 and PY 2021-2022 and, based on this list, randomly selected the payment requests submitted by Pinellas County Education Foundation Inc. (PEF) for the months of June 2021 and December 2021, and performed the following:

   a. Confirmed the mathematical accuracy.

   b. Traced line-item costs to the subrecipient's general ledger.

   c. For a random sample of payroll disbursements, obtained the supporting detail by employee salary and related benefits to determine whether the costs were allowable and properly allocated, and whether payroll allocation percentages recalculated and traced to supporting documentation and PARs (Personnel Activity Reports).

   d. For a random sample of operating disbursements, determined whether the vendor invoice was present and supported by proof of payment (copies of checks), and the costs were allowable, properly allocated and classified, and traced to the general ledger.

   e. For a random sample of support service and training-related disbursements, traced the amount billed to the supporting documentation and determined whether:

      1. the costs were supported by appropriate documentation, proof of payment and receipt by the student;

      2. an attestation or other acceptable documentation was obtained from the participant documenting the card was used for the intended purpose;

      3. the student was enrolled as WIOA Youth with a corresponding activity open in EF; and

      4. costs were properly classified as WIOA Out-of-School or In-School.

f. Inspected the YTD monthly performance reports for June 2021 and March 2022 to determine if contract deliverables were addressed and properly substantiated and calculated.

g. Determined whether costs were properly allocated and classified in accordance with the subrecipient's cost allocation plan.

h. Determined whether indirect costs were properly billed in accordance with the subrecipient's approved indirect rate.

i. Traced the payment request to CareerSource's general ledger.

j. Determined if the contract was posted on CareerSource's website.

k. Determined if a risk assessment had been completed by CareerSource.

l. Determined if a corrective action plan had been submitted for the prior year's internal monitoring conducted.

Findings:

There were no findings identified as a result of applying the procedures above to the payment request, except for:

<u>*June 2021*</u>

Cost Allocation and Indirect

- A cost allocation plan and support for election and approval to utilize the 10% de minimis indirect cost rate for the contract period was not available for inspection. These issues were also noted during the prior monitoring by CareerSource. During fieldwork, PEF provided a working copy of the cost allocation plan to be implemented 7/1/2022.

- HR fees were billed as direct costs under the line-item Personnel costs; however, the contract budget does not include HR fees as a direct cost, and these costs should be treated as indirect costs and recovered through the indirect cost recovery rate.

Travel Costs

- Mileage was billed at a rate of $0.505 per mile; however, this exceeds the allowable rate of $0.445 per mile specified in F.S. 112.061.

Student Expenses

- Student Training Expenses
  - Invoices were supported by an Authorization for Purchase and Services; however, there was no acknowledgment/signature by the student on this form, and there was no other form provided (e.g., voucher) to support acknowledgment by the student of payment by PEF for tuition-related costs. Per correspondence, invoices are provided

by students to PEF for payment; however, processes have been updated and PEF is now obtaining a signature from the student when invoices are presented to PEF for payment.

- For purchases of tools from Snap on Industrial for student N.H. (ck# 49366, $4,187.79), the payment was supported by a quote without an actual invoice or support for receipt of the tools by the student. Based on a request for this documentation, PEF found that the student dropped out of the program and the check was voided in FY21-22; however, a credit has not yet been issued to CareerSource. Costs should be both incurred and paid when reimbursement is requested.

- Other Student Expenses
  - For the billing of June 2021 Mileage Cards ($839.17) – 31 Prepaid Mastercards:
    - The prepaid card tracking/issuance log does not support issuance of 31 Mastercards to students for transportation support services during June 2021; only 28 cards were issued to students during the month.
    - A copy of the card with the student's signature upon receipt was not provided for Pack 2 that included 19 issuances from 6/17/2022 to 6/30/2022.

December 2021

Cost Allocation and Indirect

- A cost allocation plan and support for election and approval to utilize the 10% de minimis indirect cost rate for the contract period was not available for inspection. These issues were also noted during the prior monitoring by CareerSource. During fieldwork, PEF provided a working copy of the cost allocation plan to be implemented 7/1/2022.

- HR fees were billed as direct costs under the line-item Personnel costs; however, the contract budget does not include HR fees as a direct cost and these costs should be treated as indirect costs and recovered through the indirect cost recovery rate.

- Student Training Expenses
  - For purchases of tools from Snap on Industrial for student L.W. (ck# 50160, $880.10), the payment was supported by a quote (IMP-000845769) rather than an invoice from the actual purchase transaction. Additionally, this cost was billed in December 2021 prior to processing the check (1/10/2022) or receipt of the check by the student (2/8/2022) to make the purchase. Costs should be both incurred and paid when reimbursement is requested.

  - For the purchase from Fashion Scrub Depot (inv# 327, $150.00), the costs (scrub tops and pants) were supported by an invoice and Authorization for Purchase and Services; however, there was no acknowledgment/signature of receipt of the items by student S.J. either on these documents or provided upon request.

Recommendation:

CareerSource and PEF should review the invoices submitted to-date and make adjustments as necessary to ensure that amounts reimbursed are supported by proper documentation, only allowable and allocable costs related to this contract are reimbursed, and appropriate credits are issued or paid to CareerSource. Additionally, PEF should document and certify its cost allocation plan and properly elect use of the 10% de minimis indirect cost rate. In the future, reimbursement should be requested only for allowable costs that are both incurred and paid.

Observations:

1. As a result of applying the procedures to the sample selected, we observed the following that should be addressed to improve financial and programmatic information:

   June 2021

   - Schedules were not provided with the invoice to reconcile the line-items Other Student Expenses, Student Training Expenses and Support Service Expenses with the classifications of OSY, ISY and WTP. Upon request, a schedule was provided; however, for some items, this schedule did not allow for easy reconciliation of the classifications with the supporting documents (e.g., prepaid card log, invoices with multiple students) and a sub-schedule was not provided.

   - A transportation support services activity was not open in EF to coincide with issuance of prepaid cards to student S.L. (EF ID# 16019153).

   - CareerSource Florida (CSF) Administrative Policy #109 requires supporting documentation be obtained to ensure the prepaid card was used for the documented need and intended purpose. Currently, this information is not being obtained for transportation support services.

   Recommendation:

   PEF should perform the following:

   - Ensure that the classification of costs on the payment request can be easily reconciled with supporting documentation.
   - Ensure that the appropriate support service activity is open in EF to coincide with support services provided.
   - Consider obtaining an attestation from customers to support the card was used for the documented need and intended purpose. A possible option is to have the attestation language added to the Voucher for Services that the customer signs. Additionally, the customer support policy should be updated to include the use of an attestation to document the intended purpose.

2. As a result of applying the procedures to the sample selected, we observed the following that should be addressed to improve performance information:

- The participant detail provided to support the customer counts recorded on the Monthly Youth Services Reports reviewed contained information related only to cases that were closed. The participant lists did not show the total number of individuals earning a credential or skills gain each month, but rather only those whose cases were exited. Additionally, the various attainment and completion rates listed on the reports are based on the counts of Active Youth and Active Youth in Training, but these total counts were not supported by customer data.

We also noted the following:

- For June 2021, the Youth Quarterly Follow-up Rate of 100% each quarter was not substantiated. The March 2022 report did not contain any performance data for the Quarterly Follow-up Rate.

- On both reports, there were instances where monthly outcome counts did not agree with the supporting participant detail, which affects some of the performance calculations.

- Some of the monthly rate calculation formulas in Excel were overwritten with manually entered information that was not correct. For example, on the June 2021 report we noted the following:
  - For IS Youth Positive Outcome Rate, 100% was entered in June despite two negative exits.
  - For OS Youth Positive Outcome Rate, 96% was entered in June despite 55 negative exits.

As such, we were unable to verify total monthly counts or various attainment rates related to the performance goals listed in the contract.

Recommendation:

Each Monthly Youth Services Report submitted should be supported by customer data and counts to substantiate the information presented. Additionally, the Excel document used should be reviewed by the subrecipient and the formulas updated as appropriate to ensure that attainment rates are properly calculated; for clarity, attainment rates that are cumulative in nature should be identified as such. CareerSource staff should ensure that the report and related supporting documents are carefully reviewed when submitted each month.

CAREERSOURCE PINELLAS

PROGRAM YEAR 2021-2022

FINANCIAL & PROGRAMMATIC MONITORING
AS OF MARCH 25, 2022

SUBRECIPIENT MONITORING REPORT

REPORT #2

THMP

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Independent Accountants' Report
On Applying Agreed-Upon Procedures

To the Board of Directors and Management of CareerSource Pinellas:

We have performed the procedures enumerated below in the attached sections on the fiscal and programmatic records of CareerSource Pinellas (CareerSource) as of March 25, 2022, for the program year ending June 30, 2022. CareerSource's management is responsible for the fiscal and programmatic records.

CareerSource has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of conducting fiscal and programmatic monitoring. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

For reporting purposes, findings and observations are as follows:

> Findings—These items reflect non-compliance with governing regulations, internal policies, or contractual requirements and may illustrate questionable costs and/or problematic deficiencies in internal controls. These items can also indicate ineffective or improper procedures, systems, and/or records maintenance.
>
> Observations—These items may be proactive in nature and highlight specific situations where particular changes may enhance customer service and program outcomes, strengthen internal controls, or improve financial information and documentation.

The procedures and associated findings and observations are detailed in the following sections:

I. Subrecipient Financial – The Kaiser Group (DE), LLC

We were engaged by CareerSource to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the fiscal and programmatic records of CareerSource. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of CareerSource and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

Taylor Hall Miller Parker, P.A.

March 29, 2022

I. <u>Subrecipient Financial – The Kaiser Group (DE), LLC</u>

Subrecipient Audit Review

1. We reviewed the following audit report submitted by CareerSource's subrecipients:

   - The Kaiser Group (DE), LLC and Subsidiaries – December 31, 2020

   There were no findings or observations identified as a result of applying the procedures above to the sample selected.

One-Stop Operator

1. We obtained a list of subrecipient payments for PY 2020-2021 and PY 2021-2022 and, based on this list, randomly selected the payment request submitted by The Kaiser Group (DE) LLC, dba Dynamic Workforce Solutions, as the One-Stop Operator for the months of June 2021, July 2021, and December 2021 and performed the following:

   a. Confirmed the mathematical accuracy.

   b. Traced line-item costs to the subrecipient's general ledger.

   c. For a random sample of payroll disbursements, obtained the supporting detail by employee salary and related benefits to determine whether the costs were allowable and properly allocated, and whether payroll allocation percentages recalculated and traced to supporting documentation and PARs (Personnel Activity Reports).

   d. For a random sample of operating disbursements, determined whether the vendor invoice was present and supported by proof of payment (copies of checks), and the costs were allowable, properly allocated and classified, and traced to the general ledger.

   e. Inspected the Summary of Work and Performance Reports submitted to determine if contract deliverables were addressed.

   f. Determined whether indirect costs were properly billed in accordance with the subrecipient's approved indirect rate.

   g. Determined if the profit billed was in accordance with the contract.

   h. Determined if the contract was posted on CareerSource's website.

   i. Determined if a risk assessment had been completed by CareerSource.

   j. Determined if a corrective action plan had been submitted for the prior year's internal monitoring conducted.

k. Traced the payment request to CareerSource's general ledger.

There were no findings identified as a result of applying the procedures above to the payment requests selected.

Observations:

As a result of applying the procedures to the sample selected, we observed the following that should be addressed to improve financial and performance information:

1. The indirect costs billed (8.5%) have not been reconciled to the actual approved indirect cost rate of 7.91%.

   Recommendation:

   A credit should be calculated to reconcile the rate used to the actual rate and then issued to CareerSource on the next invoice submitted.

2. Although CareerSource staff stated the contract deliverables were met, the progress reports submitted did not address all of, and was not categorized by, the specific scope-of-work elements as outlined in Exhibit A of the contract. Key specific scope-of-work elements extracted from the contract are as follows:

   - Maintain linkages between all mandatory One-Stop Partners
   - Coordinate quarterly meetings
   - MOUs
   - Universal Design Assistance
   - Barriers to Employment Assistance
   - Strategic Plan Assistance
   - Customer Satisfaction Initiatives
   - Timeline for activities
   - Customer Service Training

   Recommendation:

   The format of the report submitted by the One-Stop Operator should be modified to ensure the report narrative addresses each specific scope-of-work element detailed in the contract, including documenting progress made toward fulfilling those contract deliverables.