

**POLK COUNTY WORKFORCE DEVELOPMENT, INC.
D/B/A CAREERSOURCE POLK**

FINANCIAL STATEMENTS

**JUNE 30, 2023 WITH SUMMARIZED
INFORMATION AS OF JUNE 30, 2022**

**POLK COUNTY WORKFORCE DEVELOPMENT BOARD, INC.
D/B/A CAREERSOURCE POLK
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors,
Polk County Workforce Development Board, Inc.
d/b/a CareerSource Polk

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Polk County Workforce Development Board, Inc., d/b/a CareerSource Polk (the Organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' 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.

Change in Accounting Principle

As discussed in Note 1(s) to the financial statements, in the year ending June 30, 2023, the entity adopted new accounting guidance for leases. Our opinion is not modified with respect to this matter.

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 for one year after the date that the financial statements are issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 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

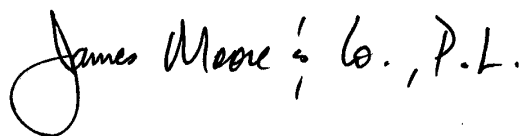
We have previously audited Polk County Workforce Development, Inc. d/b/a CareerSource Polk's financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 10, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, 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 as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2023, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

James Moore & Co., P.L.

Daytona Beach, Florida
November 16, 2023

POLK COUNTY WORKFORCE DEVELOPMENT BOARD, INC.
D/B/A CAREERSOURCE POLK
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023 WITH SUMMARIZED
INFORMATION AS OF JUNE 30, 2022

	2023	2022
<u>ASSETS</u>		
Current assets		
Cash and cash equivalents	\$ 1,110,495	\$ 1,049,763
Certificate of deposit	114,098	112,637
Grants receivable	242,774	173,589
Beneficial interest in assets held by community foundation	709,372	653,547
Prepaid expenses	86,208	51,765
Total current assets	2,262,947	2,041,301
Noncurrent assets		
Fixed assets		
Furniture and equipment	962,183	962,183
Accumulated depreciation	(921,733)	(890,580)
Net fixed assets	40,450	71,603
Operating lease right of use asset, net	705,949	-
Total Assets	\$ 3,009,346	\$ 2,112,904
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities		
Accounts payable	\$ 106,015	\$ 137,177
Accrued expenses	182,976	200,962
Deferred revenue	516,611	352,664
Current portion of operating lease liability	60,137	-
Total current liabilities	865,739	690,803
Long-term liability, less current portion	645,812	-
Total Liabilities	1,511,551	690,803
Net assets		
Without donor restrictions:		
Undesignated	1,497,795	1,422,101
Total Net Assets	1,497,795	1,422,101
Total Liabilities and Net Assets	\$ 3,009,346	\$ 2,112,904

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

POLK COUNTY WORKFORCE DEVELOPMENT BOARD, INC.
D/B/A CAREERSOURCE POLK
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023 WITH SUMMARIZED
INFORMATION FOR THE YEAR ENDED JUNE 30, 2022

	<u>2023</u>	<u>2022</u>
	<u>Without Donor Restrictions</u>	<u>Without Donor Restrictions</u>
Support and Revenue		
Contract and grant revenue	\$ 5,702,905	\$ 7,270,403
Interest	8,037	3,053
Rental revenue	-	8,740
Other revenue	99,225	150,651
Event revenue	66,300	39,950
Unrealized gain (loss) on beneficial interest in community foundation	55,834	(91,248)
Total support and revenue	<u>5,932,301</u>	<u>7,381,549</u>
Expenses		
Program services	5,326,852	6,695,801
Administration	529,755	606,319
Total expenses	<u>5,856,607</u>	<u>7,302,120</u>
Change in net assets	<u>75,694</u>	<u>79,429</u>
Net assets, beginning of year	1,422,101	1,342,672
Net assets, end of year	<u>\$ 1,497,795</u>	<u>\$ 1,422,101</u>

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

POLK COUNTY WORKFORCE DEVELOPMENT BOARD, INC.
D/B/A CAREERSOURCE POLK
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023 WITH SUMMARIZED
INFORMATION FOR THE YEAR ENDED JUNE 30, 2022

	2023			2022
	Management and General	Program Services	Total	Total
Salaries and wages	\$ 235,656	\$ 1,684,150	\$ 1,919,806	\$ 2,233,701
Payroll taxes and benefits	19,162	134,980	154,142	184,146
Retirement	22,856	155,794	178,650	205,762
Employee benefits	49,882	365,980	415,862	469,780
Audit services	32,500	-	32,500	25,000
Monitoring services	23,324	67,275	90,599	90,677
Professional services	11,745	158,402	170,147	272,688
Legal services	-	-	-	113
Payroll services	31,905	-	31,905	38,167
Advertising	-	-	-	685
Office	33,085	128,309	161,394	128,740
Equipment	859	71,156	72,015	10,099
Equipment lease and maintenance	1,056	14,490	15,546	16,623
Building lease and maintenance	24,079	262,348	286,427	424,408
Telephone	2,977	62,693	65,670	68,048
Travel	1,781	37,967	39,748	33,865
Outreach	-	12,141	12,141	10,059
Workshop	106	5,397	5,503	20,551
Food & beverage event	-	33,725	33,725	40,525
Depreciation	31,153	-	31,153	35,581
Insurance	6,551	33,926	40,477	37,119
Vehicle	-	16,538	16,538	1,596
Training	1,078	1,013,699	1,014,777	1,972,153
Youth employment initiative	-	916,942	916,942	800,131
Supportive services	-	150,940	150,940	181,903
Total Expenses	\$ 529,755	\$ 5,326,852	\$ 5,856,607	\$ 7,302,120

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

POLK COUNTY WORKFORCE DEVELOPMENT BOARD, INC.
D/B/A CAREERSOURCE POLK
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023 WITH SUMMARIZED
INFORMATION FOR THE YEAR ENDED JUNE 30, 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities		
Cash received from grantors, contractors and contributors	\$ 5,963,201	\$ 7,588,476
Cash paid to employees and vendors	(5,909,045)	(8,337,210)
Interest received	6,576	(2,152)
Net cash provided by (used in) operating activities	<u>60,732</u>	<u>(750,886)</u>
Cash flows from investing activities		
Withdrawal of assets held by community foundation	-	(750,000)
Net cash provided by (used in) investing activities	<u>-</u>	<u>(750,000)</u>
Net increase (decrease) in cash and cash equivalents	<u>60,732</u>	<u>(1,500,886)</u>
Cash and cash equivalents, beginning of year	1,049,763	2,550,649
Cash and cash equivalents, end of year	<u><u>\$ 1,110,495</u></u>	<u><u>\$ 1,049,763</u></u>
Reconciliation of increase (decrease) in net assets to net cash provided by (used in) operating activities		
Change in net assets	<u>\$ 75,694</u>	<u>\$ 79,429</u>
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Depreciation	31,153	35,581
(Increase) decrease in amortization of ROU asset	55,439	-
(Gain) loss on beneficial interest in community foundation	(55,825)	96,453
(Increase) decrease in interest from CDs	(1,461)	-
(Increase) decrease in grants receivable	(69,185)	52,482
(Increase) decrease in accounts receivable	-	-
(Increase) decrease in prepaid expenses	(34,443)	(9,045)
Increase (decrease) in accounts payable	(31,162)	(10,610)
Increase (decrease) in accrued expenses	(17,986)	(89,966)
Increase (decrease) in lease liabilities	(55,439)	-
Increase (decrease) in deferred revenue	163,947	55,840
Increase (decrease) in due to grantors	-	(961,050)
Total adjustments	<u>(14,962)</u>	<u>(830,315)</u>
Net cash provided by (used in) operating activities	<u><u>\$ 60,732</u></u>	<u><u>\$ (750,886)</u></u>

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

POLK COUNTY WORKFORCE DEVELOPMENT, INC.
D/B/A CAREERSOURCE POLK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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

The following is a summary of the more significant accounting policies of the Polk Workforce Board, Inc. d/b/a CareerSource Polk (the Organization), which affect significant elements of the financial statements:

(a) **Reporting entity**— The Polk County Workforce Development Board, Inc. (CareerSource Polk) is a not-for-profit entity which provides guidance, coordinates efforts and exercises oversight with respect to job training, employment programs and economic development in both the private and public sectors. CareerSource Polk was organized to administer such programs within Workforce Region 17 as defined by the State of Florida and other geographical areas as the board of directors may deem appropriate. The State of Florida has defined Workforce Region 17 as the geographic area of Polk County, Florida.

The Organization develops, plans, monitors, and administrates the following grants and programs:

- Wagner Peyser
- Disabled Veterans' Outreach Program
- Local Veterans' Outreach Program
- Trade Adjustment Assistance
- Unemployment Insurance
- Workforce Innovation and Opportunity Act – Adult, Youth, and Dislocated Worker
- National Emergency
- Supplemental Nutrition Assistance Program
- Temporary Assistance for Needy Families

(b) **Basis of accounting**—The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with the generally accepted in the United States of America.

(c) **Basis of presentation**—The accompanying financial statements include all funds and activities over which the board of directors of the Organization has oversight and financial responsibility.

The Organization prepares its financial statements in accordance to the Financial Accounting Standards Board (FASB) *Accounting Standards Codification (ASC) 958, Not-for-Profit Entities*.

(d) **Net assets**—Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions

POLK COUNTY WORKFORCE DEVELOPMENT, INC.
D/B/A CAREERSOURCE POLK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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

Net assets with donor restrictions—Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Restricted contributions by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. There are no net assets with donor restrictions as of June 30, 2023.

(e) **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 amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(f) **Functional allocation of expenses**—The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs.

(g) **Contributions**—Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

(h) **Cash and cash equivalents**— For the purpose of reporting cash flows, cash and cash equivalents include cash on hand, demand deposits due from banks, and short-term investments with an original maturity of 90 days or less.

(i) **Certificate of deposit**— The Organization maintains a certificate of deposit with a federally insured bank. It is valued at fair value on the last day of the fiscal year.

(j) **Grants receivable**—Grants receivable are stated at the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of the credit history with grantors having outstanding balances and current relationships with them, it has concluded that realization losses on balances outstanding at year-end will be immaterial.

(k) **Prepaid expenses**— Prepaid expenses consist of prepaid insurance, rent and other prepaid expenses. These expenses are recognized as they are incurred.

POLK COUNTY WORKFORCE DEVELOPMENT, INC.
D/B/A CAREERSOURCE POLK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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

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

Assets	Years
Computer Equipment	5
Furniture	7

(m) **Deferred revenue**—A significant portion of the Organization’s revenue is derived from cost-reimbursable federal, state, and local contracts and grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when we have incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statement of financial position. At June 30, 2023, \$516,611 have been received in advance and/or have not been recognized because qualifying expenditures have not yet been incurred under our federal, state, and local contracts and grants.

(n) **Federal income taxes**— Income taxes are not provided for in the financial statements since the Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and similar state provisions. Management is not aware of any activities that would jeopardize the Organization’s tax exempt status. The Organization is not aware of any tax positions it has taken that are subject to a significant degree of uncertainty. Tax years for the past three years remain subject to examination by taxing authorities.

(o) **Vacation and sick leave**—The Organization requires all employees to use all paid time off in the year in which it is granted. Therefore there is no liability for accrued compensated absences in the financial statements.

(p) **Advertising**— The Organization uses advertising to promote its programs among the audiences it serves. All advertising costs are expensed as incurred. There were no advertising expenses for the year ended June 30, 2023.

(q) **Revenue recognition**—Generally revenue is received from the State of Florida Department of Commerce and is earned on a cost reimbursement basis. Funds received in excess of expenses during the year are recognized as deferred revenues until the period in which they are earned.

POLK COUNTY WORKFORCE DEVELOPMENT, INC.
D/B/A CAREERSOURCE POLK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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

(r) **Leases** — The Organization leases office equipment and commercial building space. The Organization determines if an arrangement is a lease at inception. Operating leases are reflected as an operating lease right-of-use (ROU) asset and operating lease liabilities on the Organization's statement of financial position. ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the Organization's leases do not provide an implicit rate, the Organization uses the risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The Organization's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants. In evaluating contracts to determine if they qualify as a lease, the Organization considers factors such as if it has obtained substantially all of the rights to the underlying asset through exclusivity, if it can direct the use of the asset by making decisions about how and for what purpose the asset will be used, and if the lessor has substantive substitution rights. This evaluation may require significant judgment. In allocating consideration in the contract to the separate lease components and the non-lease components, the Organization uses the standalone prices of the lease and non-lease components. Observable standalone prices are used, if available. If the standalone price for a component has a high level of variability or uncertainty, this allocation may require significant judgment.

(s) **Adoption of new accounting standards**—In February 2016, the Financial Accounting Standards Board (FASB) issued guidance (Accounting Standards Codification [ASC] 842, Leases) to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. The Organization adopted the standard effective July 1, 2022 and recognized and measured leases existing at, or entered into after, July 1, 2022 using a modified retrospective approach, with certain practical expedients available.

The Organization elected the available practical expedients to account for existing capital leases and operating leases as finance leases and operating leases, respectively, under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

POLK COUNTY WORKFORCE DEVELOPMENT, INC.
D/B/A CAREERSOURCE POLK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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

As result of the adoption of the new lease accounting guidance, the Organization recognized on July 1, 2022 a right-of-use asset and a lease liability of \$761,388, which represents the present value of the remaining operating lease payments of \$918,602, discounted using a risk-free rate of 3.81%. The standard had a material impact on the Organization's statement of net position, but did not have an impact on the Organization's statement of activities, nor statements of cash flows. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases.

(2) **Subsequent Events:**

Management has performed an analysis of the activities and transactions subsequent to June 30, 2023 to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended June 30, 2023. Management has performed their analysis through November 16, 2023, the date the financial statements were available to be issued.

(3) **Employee Benefits:**

The Organization offers a tax-deferred savings plan, which qualifies as a voluntary contribution savings plan under Internal Revenue Code Section 401(k). Employees may provide tax-deferred contributions to fully-vested individual retirement accounts up to the Internal Revenue Code limit. The plan covers all employees over age twenty and one-half and after six months of continuous employment. The Plan allows for a discretionary match contribution up to 5% of compensation. Employees are immediately vested in salary deferral contributions and become vested in employer discretionary matching contributions in accordance with a schedule of years of service. For the year ended June 30, 2023, the amount of discretionary match contributions and was \$178,650.

(4) **Concentration of Credit Risk and Significant Funding Source:**

(a) **Demand and time deposits**—The Organization maintains cash deposits and time deposits with two financial institutions. The Organization has no policy requiring collateral to support its cash and time deposits, although accounts at each bank are insured up to Federal Deposit Insurance Corporation limits.

(b) **Grants receivable**—The Organization's receivables are for amounts due under contracts with local, state, and Federal government agencies. The Organization has no policy requiring collateral or other security to support its receivables.

(c) **Financial instruments**— Financial instruments that potentially subject the Organization to concentrations of credit risk include investments. The investments are held in high quality institutions and companies with high credit ratings.

POLK COUNTY WORKFORCE DEVELOPMENT, INC.
D/B/A CAREERSOURCE POLK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

(5) **Related Party Transactions:**

In accordance with applicable regulations, the Organization’s board of directors includes representatives of private and public sector industries. During the fiscal year ended June 30, 2023, the Organization entered into contracts with certain private and public sector industries, with which certain board members associated, for the purpose of providing services to participants. During the year ended June 30, 2023, total payments for providing services to participants were \$84,987. There was no amount payable to related parties at June 30, 2023.

(6) **Leases:**

The Organization has operating leases for office equipment (commercial copiers) and buildings, which have remaining lease terms expiring in fiscal years 2024 through 2032. The Organization had no finance leases for the year ended June 30, 2023.

The components of lease expense for the year ended June 30, 2023 were as follows:

Operating lease cost	\$	91,860
Short-term lease cost		226,943
		318,803
		\$ 318,803

Other information related to leases for the year ended June 30, 2023 is as follows:

Cash paid for amounts included in the measurement of lease liabilities:

Operating cash flows from operating leases	\$	83,222
Weighted-average remaining lease term—operating leases		9 years
Weighted-average discount rate—operating leases		3.81%

Future minimum lease payments under non-cancellable leases as of June 30, 2023 were as follows:

Year Ending June 30,	Operating
2024	\$ 85,719
2025	88,290
2026	90,939
2027	93,667
2028	93,667
Thereafter	383,098
Total undiscounted cash flows	835,380
Less: present value discount	(129,431)
Total lease liabilities	\$ 705,949

POLK COUNTY WORKFORCE DEVELOPMENT, INC.
D/B/A CAREERSOURCE POLK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

(7) **Contingencies:**

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

(8) **Beneficial Interest in Assets Held by Community Foundation:**

During the year ended June 30, 2023, the Organization had a beneficial interest in assets held by GiveWell Community Foundation, Inc. (“the Foundation”) for the purpose of helping to further and carry out the purpose of the Organization. As of June 30, 2023, the fair value of the Organization’s community foundation fund excluding third party contributions was \$709,372.

Contractually, the Foundation retains legal ownership of principal amounts contributed. However, because the Organization names itself as the beneficiary of such contributions, even though the variance power is explicitly stated in the gift instrument to the Foundation, the principal balances and any earnings or losses there on are reported as Beneficial Interest in Assets Held by Community Foundation on the Statement of Financial Position.

The Fund is subject to the variance power described in Treasury Reg. Sec.1.170A-9(e)(11)(v)(B)(1) of the Internal Revenue Code of 1986, as amended from time to time. The Foundation has the power to modify any restriction or condition on the distribution of funds for any specified charitable purposes or to specified organizations, if in the sole judgment of the Foundation’s Board of Directors (without the necessity of the approval of any trustee, custodian or agent), such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the Polk County community and other areas served by the corporation.

(9) **Fair Value Measurements:**

The Fair Value Measurements and Disclosures Topic of the FASB Codification defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The Codification requires the use of valuation techniques that are consistent with the market approach, the income approach, and/or the cost approach. Inputs to valuation techniques refer to the assumptions that market participants would use in pricing the asset or liability. Inputs may be observable, meaning those that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from independent sources or unobservable, meaning those that reflect 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 in the circumstances. In that regard, the Codification establishes a fair value hierarchy for valuation inputs that gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The fair value hierarchy is as follows:

POLK COUNTY WORKFORCE DEVELOPMENT, INC.
D/B/A CAREERSOURCE POLK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

(9) **Fair Value Measurements:** (Continued)

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

A description of the valuation methodologies used for assets measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy, is set forth below.

Beneficial interest in assets held by Community Foundation - Assets held by the Foundation are invested in equities and mutual funds that have quoted prices in active markets. The Organization adjusts its interest in the assets held by the Foundation similar to the equity method of accounting, which results in the asset being carried at fair value. The interest in the assets held by the Foundation is measured using level 3 inputs within the fair value hierarchy. These assets totaled \$709,372 as of June 30, 2023. The following is a roll forward of these level 3 assets at June 30, 2023:

	Community Foundation Fund
Balance, June 30, 2022	\$ 653,547
Contributions	-
Unrealized gain	55,825
Balance, June 30, 2023	\$ 709,372

(10) **Liquidity and Availability:**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of the statement of financial position date, comprise the following:

Cash and cash equivalents	\$ 1,110,495
Certificates of deposit	114,098
Grants receivable	242,774
Total	\$ 1,467,367

The Organization has \$1,467,367 of financial assets available within one year of the statement of financial position date. None of these assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date. The Department of Commerce allows the Organization to request cash draws approximate to amounts necessary for pending disbursements for two weeks of cash needs.

POLK COUNTY WORKFORCE DEVELOPMENT BOARD, INC.
D/B/A CAREERSOURCE POLK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass-Through Entity/ Federal Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identification Number	Federal Expenditures
Department of Health and Human Services			
Passed through Florida Department of Economic Opportunity:			
Temporary Assistance to Needy Families	93.558	WTS22	\$ 1,268,317
Temporary Assistance to Needy Families	93.558	WTS23	1,458,098
			<u>2,726,415</u>
Department of Labor			
Passed through Florida Department of Economic Opportunity:			
Employment Service/Wagner-Peyser Funded Activities	17.207	WPA22	4,249
Employment Service/Wagner-Peyser Funded Activities	17.207	WPB22	47,179
Employment Service/Wagner-Peyser Funded Activities	17.207	WPA23	143,794
Disable Veterans' Outreach Program (DVOP)	17.801	DVP22	11,684
Disable Veterans' Outreach Program (DVOP)	17.801	LVR22	6,000
Disable Veterans' Outreach Program (DVOP)	17.801	LVR23	3,254
Disable Veterans' Outreach Program (DVOP)	17.801	DVP23	1,790
Total Employment Service Cluster			<u>217,950</u>
Trade Adjustment Assistance	17.245	TAT20	6,593
Trade Adjustment Assistance	17.245	TAC20	981
Trade Adjustment Assistance	17.245	TAC21	5,814
Trade Adjustment Assistance	17.245	TAT21	29,170
Total Trade Adjustment Assistance			<u>42,558</u>
Unemployment Insurance	17.225	UCR21	145,954
Unemployment Insurance	17.225	UCR22	56,629
Total Unemployment Insurance			<u>202,583</u>
WIOA Adult Program	17.258	WIA23	1,159,512
WIOA Adult Program	17.258	WIS22	19,125
WIOA Youth Activities	17.259	WIY22	672,633
WIOA Youth Activities	17.259	WIS22	18,720
WIOA Dislocated Worker Formulas Grants	17.278	WID22	377
WIOA Dislocated Worker Formulas Grants	17.278	WIR22	40,100
WIOA Dislocated Worker Formulas Grants	17.278	WID23	310,209
WIOA Dislocated Worker Formulas Grants	17.278	WIR23	107,059
WIOA Dislocated Worker Formulas Grants	17.278	WIS22	21,679
Total WIOA Cluster			<u>2,349,414</u>
National Emergency Grant - Hurricane Ian	17.277	WIY22	43,606
U.S. Department of Agriculture			
Passed through Florida Department of Economic Opportunity:			
Supplemental Nutrition Assistance Program	10.561	FSH22	27,106
Supplemental Nutrition Assistance Program	10.561	FSH23	93,273
Total Supplemental Nutrition Assistance Program (SNAP) Cluster			<u>120,379</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 5,702,905</u>

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

POLK COUNTY WORKFORCE DEVELOPMENT, INC.
D/B/A: CAREERSOURCE POLK
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023

(1) **Basis of Presentation:**

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

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

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

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

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

(4) **Subrecipients:**

For the year ended June 30, 2023, the Organization passed no funds through to subrecipients.

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

To the Board of Directors,
Polk County Workforce Development Board, Inc.
d/b/a CareerSource Polk

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Polk County Workforce Development, Inc., (the Organization) which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 16, 2023.

Internal Control over Financial Reporting

In planning and performing our audit, 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 opinions 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.

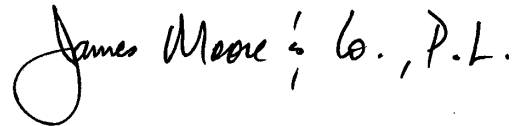
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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.

James Moore & Co., P.L.

Daytona Beach, Florida
November 16, 2023

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

To the Board of Directors,
Polk County Workforce Development Board, Inc.
d/b/a CareerSource Polk

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Polk County Workforce Development, Inc. (“the Organization”)’s compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the Organization’s major federal programs for the year ended June 30, 2023. The Organization’s major federal programs are identified in the summary of auditors’ results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

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*); the special audit guidance provided by the State of Florida Department of Commerce 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 Auditors’ 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.

Auditors' Responsibility

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 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.

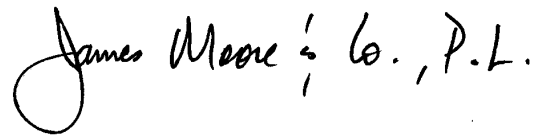
Report on Internal Control Over Compliance

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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

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

Daytona Beach, Florida
November 16, 2023

**POLK COUNTY WORKFORCE DEVELOPMENT BOARD, INC.
D/B/A CAREERSOURCE POLK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023**

I. Summary of Auditors' Results:

Financial Statements:

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

Internal control over financial reporting:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards:

Internal control over major Federal programs:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified? yes none reported

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

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

Identification of major Federal programs:

Federal Assistance Listing Number(s)	Program Name
17.258, 17.259, 17.278	WIOA Cluster
Dollar threshold used to distinguish between type A and type B Federal programs:	\$750,000
Auditee qualified as low-risk auditee?	<input type="checkbox"/> yes <input checked="" type="checkbox"/> No

II. Financial Statement Findings: None.

III. Federal Awards Findings and Questioned Costs: None.

IV. State of Florida, Department of Commerce (DOC) Reporting Requirements: The Organization performed timely reconciliations between the general ledger accounting system and the Subrecipient Enterprise Resource Application maintained by DOC. Also, based on the DOC reporting requirements, there were no additional findings required to be reported in FY2023.