

**BREVARD WORKFORCE
DEVELOPMENT BOARD, INC.
d/b/a CAREERSOURCE BREVARD
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

BREVARD WORKFORCE DEVELOPMENT BOARD, INC.
FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Brevard Workforce Development Board, Inc.
Brevard County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Brevard Workforce Development Board, Inc. dba CareerSource Brevard (a nonprofit organization) (the "Organization"), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities and cash flows for the fiscal year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Brevard Workforce Development Board, Inc. as of June 30, 2018, and the changes in its net assets and its cash flows for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2018, 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 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.

November 13, 2018

FINANCIAL STATEMENTS

BREVARD WORKFORCE DEVELOPMENT BOARD, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2018

ASSETS

Current assets:	
Cash	\$ 787,329
Certificates of deposit	71,778
Grant receivable	159,947
Prepaid expenses and other assets	158,440
Total current assets	<u>1,177,494</u>
Property and equipment:	
Property and equipment	2,098,382
Less accumulated depreciation	<u>(1,823,284)</u>
Net property and equipment	<u>275,098</u>
Total assets	<u><u>\$ 1,452,592</u></u>

LIABILITIES AND NET ASSETS

Current liabilities:	
Accounts payable	\$ 768,941
Due to related parties	19,089
Accrued wages and benefits	74,745
Refundable grant advances	34,112
Refundable contract advances	35,179
Due to grantor	15,923
Accrued compensated absences	5,063
Total current liabilities	<u>953,052</u>
Long-term liabilities:	
Accrued compensated absences	<u>101,261</u>
Total long-term liabilities	<u>101,261</u>
Net assets:	
Unrestricted	<u>398,279</u>
Total net assets	<u>398,279</u>
Total liabilities and net assets	<u><u>\$ 1,452,592</u></u>

See notes to financial statements

BREVARD WORKFORCE DEVELOPMENT BOARD, INC.
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Revenues:	
Grant revenue (Federal)	\$ 11,014,652
Contract revenue	229,683
Charges for services	64,420
Miscellaneous and other income	84,570
Interest income	887
Total revenues	<u>11,394,212</u>
Expenses:	
Program services	10,767,528
Management and general	559,072
Depreciation and amortization	111,389
Total expenses	<u>11,437,989</u>
Change in net assets	<u>(43,777)</u>
Net assets, beginning of year	442,056
Net assets, end of year	<u>\$ 398,279</u>

See notes to financial statements

BREVARD WORKFORCE DEVELOPMENT BOARD, INC.
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Cash flows from operating activities:	
Change in net assets	\$ (43,777)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	111,389
(Increase)/Decrease in:	
Contracts and other receivable	38,278
Grants receivable	884,330
Prepaid and other expenses	(8,210)
Increase/(Decrease) in:	
Accounts payable	(11,743)
Due to related parties	(23,132)
Accrued wages and benefits	(6,227)
Refundable advances	(435,791)
Due to grantor	(55,480)
Accrued compensated absences	(5,792)
Net cash provided by operating activities	<u>443,845</u>
 Cash flows from investing activities:	
Increase in value of certificates of deposit	<u>(686)</u>
Net cash (used) by investing activities	<u>(686)</u>
 Total increase in cash and cash equivalents	<u>443,159</u>
 Cash and cash equivalents, beginning of year	344,170
 Cash and cash equivalents, end of year	<u><u>\$ 787,329</u></u>

See notes to financial statements

BREVARD WORKFORCE DEVELOPMENT BOARD, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - NATURE OF OPERATIONS

The Brevard Workforce Development Board, Inc. (the "Board") (d/b/a CareerSource Brevard) is a nonprofit organization, which began delivering workforce development programs in Brevard County on October 1, 1990. The Board is one of twenty-four Regional Workforce Development Boards in the State of Florida promoting the workforce for local employers and enhancing the productive employment of individuals in Brevard County.

The Board initially administered programs under the Job Training Partnership Act (JTPA) and then, following the repeal of JTPA, under the Workforce Investment Act of 1998 (WIA), beginning on July 1, 1999. The Workforce Innovation and Opportunity Act (WIOA) replaced WIA on July 1, 2015. The Board is the administrative entity, planner and grant recipient for various funding streams including WIOA Adult, Youth and Dislocated Worker programs, Welfare Transition Services, Supplemental Nutrition Assistance Program, and Reemployment Assistance Services. In addition, the Board administers jointly managed programs with the State of Florida Department of Economic Opportunity including Wagner-Peyser Labor Exchange and Veterans' programs. Core, intensive and training services are provided by a contracted service provider, Dynamic Workforce Solutions. The Board also serves as administrative entity and/or fiscal agent for other workforce related programs that complement and further its goals and mission.

The primary objectives of WIOA are to improve the quality of the workforce, reduce welfare dependency, and enhance the productivity and competitiveness of the nation. To accomplish these objectives, the Board offers educational training and job placement services to eligible residents of Brevard County. The Board focuses these services by understanding the needs of businesses and providing training and placement services that will fill those needs. The WIOA program provides youth, unskilled adults and dislocated workers with the information, advice, job search assistance and training they need to get and keep good jobs and provide employers with skilled workers. The Wagner-Peyser One-Stop program is designed to improve the functioning of the nation's labor markets by bringing together individuals who are seeking employment and employers who are seeking workers. The Welfare Transition program is designed to assist individuals in the transition from welfare to economic self-sufficiency.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Presentation: The Board uses the accrual basis of accounting, in which revenues are recognized when they are earned and expenses are recognized when they are incurred. Revenues and the related expenses of cost-reimbursement grant programs are recognized as allowable costs are incurred.

Basis of Presentation: Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 "Not-for-Profit Entities". Under FASB ASC 958, the Board is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Board has no temporarily or permanently restricted net assets.

Cash and Cash Equivalents: For purposes of reporting cash flows, the Board considers all highly liquid investments purchased with an initial maturity of three months or less to be cash equivalents.

Certificates of Deposit: The Board invests funds previously earned through activities unrelated to grant programs in four certificates of deposit with maturity dates at time of purchase greater than three months. These certificates of deposit are carried at amortized cost.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Grants receivable and revenues: Grants receivable are due from federal, state and local governmental agencies and are stated at net realizable value. The Board uses the allowance method to determine uncollectible receivables. The allowance is based upon management estimates of current economic factors and analysis of specific accounts. In the opinion of management, no allowance for uncollectible accounts was considered necessary at June 30, 2018.

The Board is principally funded by grants and contracts from federal, state, and local governmental agencies for program and supporting services. Grants and contracts generally provide reimbursement for allowable costs incurred. Revenue from cost reimbursement grants and contracts is recognized as eligible costs are incurred. Receivables are recorded to the extent costs have been incurred but not reimbursed by the granting agencies. Conversely, refundable advances are recorded when grant and contract advances exceed eligible costs incurred. Refundable advances will either be offset against subsequent allowable costs incurred or refunded to the granting agencies upon grant termination.

By terms of the Board's grants and contracts, certain funding agencies reserve the right to examine records relating to cost reimbursements. In the event there is a determination of non-qualifying expenditures for which a reimbursement has been made, the funding agency may demand a refund for the appropriate amount. Management does not anticipate adjustments to be made for grants and contracts.

Contributed services: Contributed services are recognized and recorded at fair value only to the extent they create or enhance non-financial assets or require specialized skills, are provided by individuals possessing these skills and would typically need to be purchased if not provided by donations. The Board recorded no contributed services for the years ended June 30, 2018. However, many individuals volunteer time and perform a variety of tasks for the Board. The value of the volunteered time for these functions is not included in the financial statements because it does not meet the recognition criteria.

Property and equipment: Property and equipment in excess of \$5,000 are capitalized at cost when purchased or at fair value at the date of gift, if contributed. Depreciation of property and equipment is provided using the straight-line method of accounting over the estimated useful lives of the assets ranging from three to seven years for office furniture and equipment, five to seven years for vehicles and leasehold improvements over the remaining term of the lease or the useful life of the improvement, whichever is shorter. Routine maintenance and repairs are charged to expense as incurred. Major replacements and improvements are capitalized. When assets are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gains or losses from dispositions are credited or changed to income.

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

The carrying value of property and equipment is reviewed for impairment whenever events or changes in circumstances indicate such value may not be recoverable. Recoverability of assets or asset groups to be held and used is measured by a comparison of the carrying amount of an asset or asset group to future net cash flows expected to be generated by the asset or asset group. If such assets or asset groups are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets or asset groups exceeds the fair value of the assets or asset groups. Assets or asset groups to be disposed of are reported at the lower of the carrying amount or fair value less cost to sell. No impairment of its long-lived assets or asset groups has been recognized during the years ended June 30, 2018.

Paid Leave Time: Board employees are entitled to certain paid leave time benefits based on length of employment and other factors. These benefits either vest or accumulate and are accrued when they are earned. The amount of paid leave time accrued at June 30, 2018 was \$106,324, of which \$35,918 was paid after fiscal year end to employees.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses: The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes: The Board is exempt from federal income taxes under the provisions of the Internal Revenue Code Section 501(c)(3). Management has evaluated the effect of the guidance provided by U.S. Generally Accepted Accounting Principles on Accounting for Uncertainty in Income Taxes. Management believes that the Board continues to satisfy the requirements of a tax-exempt organization at June 30, 2018. Management has evaluated all other tax positions that could have a significant effect on the financial statements and determined the Board had no uncertain income tax positions. As required by the Internal Revenue Service's regulations, the Board annually files a Form 990, "Return of Organization Exempt from Income Tax" with the Internal Revenue Service. Those returns for 2017, 2016, and 2015 are currently subject to review and adjustment by the Internal Revenue Service.

Use of Estimates in the Preparation of Financial Statements: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (generally accepted accounting principles) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, support and expenses during the period. Actual results could vary from the estimates that were used.

NOTE 3 – GRANTS RECEIVABLE

At June 30, 2018, grants receivable consists of the following:

<u>Program</u>	<u>Amount</u>
WIOA National Emergency Grants	\$ 6,500
Reemployment and Eligibility	38,041
Other	115,406
Grants Receivable	<u>\$ 159,947</u>

NOTE 4 – REFUNDABLE ADVANCES

At June 30, 2018, refundable advances consisted of the following:

<u>Program</u>	<u>Amount</u>
WIOA Dislocated Worker	\$ 34,112
Refundable Advances	<u>\$ 34,112</u>

NOTE 5 – PROPERTY AND EQUIPMENT

A schedule of property and equipment at June 30, 2018 follows:

<u>Asset</u>		<u>Useful Lives</u>
		<u>In Years</u>
Leasehold improvements	\$ 1,216,892	10
Office furniture and equipment	848,568	3 - 10
Vehicles	32,922	5
	<u>2,098,382</u>	
Less: Accumulated Depreciation	<u>(1,823,284)</u>	
	<u>\$ 275,098</u>	

Depreciation expense for the fiscal year ended June 30, 2018 was \$111,389.

NOTE 6 – EMPLOYEE BENEFIT PLAN

The Board has a defined contribution 403(b) savings plan (the Plan), which covers substantially all its employees. Contributions are being made at 15% of eligible compensation up to the federal tax limit according to the Internal Revenue Code. Contributions to this Plan for the years ended June 30, 2018 and 2017, were \$205,975 and \$214,906, respectively. Employees may make voluntary contributions to the 403(b) savings plan.

NOTE 7 – CONCENTRATION RISK

Cash balances: The Board maintains cash balances with a financial institution. At various times throughout the fiscal year, cash balances held at the financial institution were in excess of the federally insured limit. However, the Board has not experienced any losses in such accounts and management believes that the Board is not exposed to any significant credit risk on these accounts.

Support from Governmental Units: The Board receives a substantial amount of its revenues from federal, state and local agencies. A significant reduction in the level of this support, if this were to occur, would have a significant effect on the Board's programs and activities. During the years ended June 30, 2018 and 2017, grant revenue from the State of Florida Department of Economic Opportunity was \$10,524,081 and \$8,202,078, respectively. The Board enters into these grant contracts with these agencies for either one or two year periods and all current contracts are effective through June 2019.

NOTE 8 – SUB-RECIPIENT CONTRACTS

C2 Global Professional Services, LLC is the primary sub-recipient for the Board during the fiscal year ended June 30, 2018. Amounts provided to the sub-recipient during the year ended June 30, 2018, totaled \$3,106,411, which includes a payable of \$93,471 at June 30, 2018. In addition, \$29,405 was paid to C2 Global Professional Services pursuant to a vendor contract. The Board also had sub-recipient payments to a partner region, CareerSource Central Florida totaling \$206,482.

NOTE 9 – RELATED PARTIES

To carry out its training programs, the Board entered into contractual agreements with local educational institutions, public service organizations and local businesses to provide specific services. Several of these service providers have delegates on the Board of Directors. All of the contracts were approved by the Board of Directors in accordance with procedures established by the Florida Department of Economic Opportunity. These procedures require a two-thirds majority vote of the Board of Directors in favor with the related party abstaining from the vote.

Payments under these agreements totaled approximately \$506,758 for the fiscal year ended June 30, 2018. Amounts due to related parties at June 30, 2018 are as follows:

Eastern Florida State College	\$ 15,489
Brevard Public Schools	30
Keiser	155
Saalex Information Technology	3,415
	<u>\$ 19,089</u>

NOTE 10 – LEASE COMMITMENTS

The Board leases facilities, storage units and office equipment under operating leases. Storage units and office equipment are leased on a month-to-month basis. Facility lease expense, storage lease expense, and office equipment lease expense for the years ended June 30, 2018 and 2017, totaled \$594,555 and \$561,959, respectively. The facility leases have different expiration dates ranging from April 2018 through January 2022. Minimum future annual lease payments under these agreements for rent are as follows:

<u>Year ending June 30,</u>	<u>Total</u>
2019	\$ 473,652
2020	264,918
2021	224,918
2022	131,202
Total	<u>\$1,094,690</u>

NOTE 11 – RECONCILIATION OF SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND THE STATEMENT OF ACTIVITIES TO OSMIS

As required, the Board regularly reconciles its financial records to the One Stop Management Information System (OSMIS) maintained by the Florida Department of Economic Opportunity. As of June 30, 2018, 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. The following shows a reconciliation of grant revenue on the Schedule of Expenditures of Federal Awards and the amounts reported in OSMIS for the fiscal year ended June 30, 2018:

Expenditures/grant revenue	\$ 11,014,652
Funding directly obtained from the Federal government and other entities, not passed through the State OSMIS system	(490,571)
Reconciling item for June expense audit accrual	(21,394)
Amount reported in OSMIS	<u>\$ 10,502,687</u>

NOTE 12 – CONTINGENCIES

In the ordinary course of business, the Board is subject to certain legal actions. In the opinion of management, such matters will not have a material effect on the financial position of the Board.

NOTE 13 – SUBSEQUENT EVENTS

In preparing these financial statements, Brevard Workforce Development Board, Inc. has evaluated events and transactions for potential recognition or disclosure through November 13, 2018, the date the financial statements were available to be issued.

SINGLE AUDIT AND COMPLIANCE SECTION

**BREVARD WORKFORCE DEVELOPMENT BOARD, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Contract or Award Number	FY 2017-18 Expenditures	Expenditures Passed-Through to Subrecipients
Corporation for National & Community Service:				
Passed-through:				
AARP Foundation:				
Social Innovation Fund - WESI	94.019	WFP-2017-12-001	\$ 66,321	\$ 53,825
U. S. Department of Labor:				
Direct Programs:				
H-1B Job Training Program:				
America's Promise Job Driven Grant	17.268	HG-30125-17-60-A-12	424,250	206,482
Passed-through:				
Florida Department of Economic Opportunity:				
Employment Service Cluster:				
Employment Service/Wagner-Peyser				
Funded Activities:				
Wagner Peyser	17.207	31572	31,739	5,183
Wagner Peyser	17.207	33818	276,260	45,115
Wagner Peyser - Military Spouse	17.207	33843	109,481	109,338
Wagner Peyser - Performance Incentives	17.207	33093	51,299	46,170
Wagner Peyser - Cooperative Outreach	17.207	34243	34,123	
Disabled Veterans Outreach Program	17.801	33438	27,704	-
Disabled Veterans Outreach Program	17.801	35358	76,230	-
Local Veterans Outreach Program	17.801	33463	32,025	-
Local Veterans Outreach Program	17.801	35333	70,405	-
Total Employment Service Cluster			709,266	205,806
Unemployment Insurance:				
Unemployment Compensation	17.225	33488	6,957	3,173
Reemployment Assistance Program	17.225	34780	27,800	12,680
Reemployment and Eligibility Assessments	17.225	32848	120,000	54,732
Reemployment and Eligibility Assessments	17.225	35668	189,637	86,494
Total Unemployment insurance			344,394	157,079

(Continued)

See notes to schedule of expenditures of federal awards

**BREVARD WORKFORCE DEVELOPMENT BOARD, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Contract or Award Number	FY 2017-18 Expenditures	Expenditures Passed-Through to Subrecipients
U. S. Department of Labor (Continued):				
Passed-through:				
Florida Department of Economic Opportunity (Continued):				
WIOA Cluster:				
WIOA Adult Program:				
WIOA Adult	17.258	31687	783,577	513,415
WIOA Adult - Performance Incentives	17.258	33068	305,758	-
WIOA Youth Program:				
WIOA Youth	17.259	33413	938,949	367,762
WIOA Dislocated Worker Program:				
WIOA Dislocated Worker	17.278	33688	1,239,769	812,322
WIOA Dislocated Worker - Supplemental	17.278	33638	140,452	-
WIA Dislocated Worker - Soft Skills	17.278	35033	96,771	20,611
WIA Dislocated Worker - Nursing	17.278	35158	140,939	16,601
Total WIOA Cluster			3,646,215	1,730,711
WIOA National Dislocated Worker Grants /				
WIA National Emergency Grants:				
WIOA National Emergency Grants - SS NEG	17.277	29652	340,792	8,106
WIOA National Emergency Grants - Hurricane Matthew	17.277	32502	2,308,147	101,766
WIOA National Emergency Grants - Hurricane Irma	17.277	34178	1,829,324	93,491
WIOA National Emergency Grants - Hurricane Maria	17.277	35818	24,302	-
Total National Dislocated Worker Grants /			4,502,565	203,363
WIA National Emergency Grants				
Total Department of Labor			9,626,690	2,503,441
U.S. Department of Agriculture				
Passed-through:				
Florida Department of Economic Opportunity:				
Supplemental Nutrition Assistance Program	10.561	33513	71,843	52,035
Supplemental Nutrition Assistance Program	10.561	34878	160,997	116,608
Supplemental Nutrition Assistance Program - ERS	10.561	32973	556	-
Total Department of Agriculture			233,396	168,643
U.S. Department of Health and Human Services				
Passed-through:				
Florida Department of Economic Opportunity:				
Temporary Assistance for Needy Families	93.558	33563	253,311	136,633
Temporary Assistance for Needy Families	93.558	34383	834,933	450,351
Total Department of HHS			1,088,244	586,984
Total Expenditures of Federal Awards			\$ 11,014,651	\$ 3,312,893

See notes to schedule of expenditures of federal awards

**BREVARD WORKFORCE DEVELOPMENT BOARD, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE A – SCOPE OF AUDIT PURSUANT TO UNIFORM GUIDANCE

All Federal grant operations of the Brevard Workforce Development Board, Inc. (the "Organization") are included in the scope of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) audit (the Single Audit). The Single Audit was performed in accordance with the provisions of the OMB Compliance Supplement in Appendix XI of the Uniform Guidance (Revised April 2017 and April 2018, the "Compliance Supplement"). Compliance testing of all requirements, as described in the Compliance Supplement, was performed for the grant programs noted below. These programs represent all Federal award Type A programs with the fiscal year 2018 cash and noncash expenditures in excess of \$750,000 and other grants that ensure coverage of at least 20 percent of Federally granted funds.

The programs tested as major programs include:

<u>Federal Program</u>	<u>CFDA no.</u>
WIOA Cluster: Adult, Youth, and Dislocated Worker	17.258, 17.259, 17.278
Unemployment Insurance	17.225

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards includes all Federal to the Organization that had activity during the fiscal year ended June 30, 2018. The basis of accounting is described in Note 2 to the Board's financial statements. Additionally, it should be noted the Organization did not elect to use the 10 percent *de minimis* indirect cost rate.

NOTE C – FINDINGS OF NONCOMPLIANCE

There were no findings of noncompliance identified in connection with the 2018 Federal Single Audit.



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

Board of Directors
Brevard Workforce Development Board, Inc.
Brevard County, Florida

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 Brevard Workforce Development Board, Inc. (the "Organization"), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities and cash flows for the fiscal year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 13, 2018.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests did not disclose any instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

This report is intended for the information of the management, Board of Directors, and grantor agencies and is not intended to be and should not be used by anyone other than these specified parties.

November 13, 2018



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

To the Board of Directors
Brevard Workforce Development Board, Inc.
Brevard County, Florida

Report on Compliance for Each Major Federal Program

We have audited Brevard Workforce Development Board, Inc.'s (the "Organization") 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 fiscal year ended June 30, 2018. 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.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Brevard Workforce Development Board, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended June 30, 2018.

Report on Internal Control Over Compliance

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

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

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

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

November 13, 2018

**BREVARD WORKFORCE DEVELOPMENT BOARD, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements of the Brevard Workforce Development Board, Inc.
2. No significant deficiencies or material weaknesses relating to the audit of the financial statements are reported in the independent auditor's report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of Brevard Workforce Development Board, Inc. were disclosed during the audit.
4. No significant deficiencies or material weaknesses relating to the audit of the major federal award programs are reported in the independent auditor's report on compliance for each major program and on internal control over compliance required by the Uniform Guidance.
5. The independent auditor's report on compliance for each major federal awards program of Brevard Workforce Development Board, Inc. expresses an unmodified opinion.
6. There were no audit findings relative to the major federal awards tested for Brevard Workforce Development Board, Inc.
7. Dollar threshold for Type A programs was \$750,000. The programs tested as major programs include:

Federal Program	CFDA no.
WIOA Cluster: Adult, Youth, and Disclocated Worker	17.258, 17.259, 17.278
Unemployment Insurance	17.225

8. Brevard Workforce Development Board, Inc. was determined to be a low-risk auditee pursuant to the Uniform Guidance.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL PROGRAMS

None

D. OTHER ISSUES

No summary schedule of prior audit findings is required because there were no prior audit findings related to Federal awards programs.

No corrective action plan is required because there were no findings required to be reported under the Federal Single Audit Act.