

**WORKFORCE INVESTMENT COUNCIL OF CLACKAMAS COUNTY, INC.  
dba CLACKAMAS WORKFORCE PARTNERSHIP**

**FINANCIAL STATEMENTS**

**For the Year Ended June 30, 2020  
(With Comparative Totals for the Year Ended June 30, 2019)**



WORKFORCE INVESTMENT COUNCIL OF CLACKAMAS COUNTY, INC.  
dba CLACKAMAS WORKFORCE PARTNERSHIP  
FINANCIAL STATEMENTS  
For the Year Ended June 30, 2020  
(With Comparative Totals for the Year Ended June 30, 2019)

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Workforce Investment Council of Clackamas County, Inc.  
dba Clackamas Workforce Partnership  
Oregon City, Oregon

### Report on the Financial Statements

We have audited the accompanying financial statements of Workforce Investment Council of Clackamas County, Inc. dba Clackamas Workforce Partnership (Clackamas Workforce Partnership) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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 Clackamas Workforce Partnership as of June 30, 2020, 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.

## Other Matters

### *Report on Summarized Comparative Information*

We have previously audited Clackamas Workforce Partnership's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 21, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### *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 17, 2020, on our consideration of Clackamas Workforce Partnership's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Clackamas Workforce Partnership's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Clackamas Workforce Partnership's internal control over financial reporting and compliance.



Jones & Roth, P.C.  
Eugene, Oregon  
November 17, 2020

## FINANCIAL STATEMENTS

WORKFORCE INVESTMENT COUNCIL OF CLACKAMAS COUNTY, INC.  
 dba CLACKAMAS WORKFORCE PARTNERSHIP  
 STATEMENT OF FINANCIAL POSITION  
 June 30, 2020  
 (With Comparative Totals for June 30, 2019)

	2020	2019
<b>Assets</b>		
<b>Current assets</b>		
Cash	\$ 352,995	\$ 45,256
Grants receivable	283,604	581,267
Prepaid expenses	11,777	14,070
Total current assets	648,376	640,593
<b>Property and equipment, net</b>	-	-
<b>Total assets</b>	\$ 648,376	\$ 640,593
<b>Liabilities and Net Assets</b>		
<b>Current liabilities</b>		
Accrued payroll and related expenses	\$ 54,456	\$ 44,454
Accounts payable and accrued liabilities	196,594	534,985
Refundable advances	225,669	-
Total current liabilities	476,719	579,439
<b>Loan payable</b>	133,000	-
<b>Net assets</b>		
Without donor restrictions	28,657	38,218
With donor restrictions	10,000	22,936
Total net assets	38,657	61,154
<b>Total liabilities and net assets</b>	\$ 648,376	\$ 640,593

The accompanying notes are an integral part of these statements.

WORKFORCE INVESTMENT COUNCIL OF CLACKAMAS COUNTY, INC.  
 dba CLACKAMAS WORKFORCE PARTNERSHIP  
 STATEMENT OF ACTIVITIES  
 For the Year Ended June 30, 2020  
 (With Comparative Totals for June 30, 2019)

	<u>2020</u>	<u>2019</u>
<b>Changes in net assets without donor restrictions</b>		
Support and revenues:		
Grants and contracts	\$ 2,900,692	\$ 3,594,573
Other income	<u>18,182</u>	<u>6,913</u>
Total unrestricted support and revenues	2,918,874	3,601,486
Net assets released from restrictions	<u>22,936</u>	<u>102,298</u>
Total unrestricted support and revenues and reclassifications	<u>2,941,810</u>	<u>3,703,784</u>
Expenses:		
Program services:		
WIOA programs	1,590,029	1,872,430
Other programs	1,046,650	1,473,944
Support services:		
Administration	<u>314,692</u>	<u>316,027</u>
Total expenses	<u>2,951,371</u>	<u>3,662,401</u>
Increase (decrease) in net assets without donor restrictions	<u>(9,561)</u>	<u>41,383</u>
<b>Changes in net assets with donor restrictions</b>		
Support and revenues:		
Contributions	10,000	38,183
Net assets released from restrictions	<u>(22,936)</u>	<u>(102,298)</u>
Decrease in net assets with donor restrictions	<u>(12,936)</u>	<u>(64,115)</u>
<b>Change in net assets</b>	(22,497)	(22,732)
Net assets, beginning of year	<u>61,154</u>	<u>83,886</u>
Net assets, end of year	<u>\$ 38,657</u>	<u>\$ 61,154</u>

The accompanying notes are an integral part of these statements.

WORKFORCE INVESTMENT COUNCIL OF CLACKAMAS COUNTY, INC.  
 dba CLACKAMAS WORKFORCE PARTNERSHIP  
 STATEMENT OF FUNCTIONAL EXPENSES  
 For the Year Ended June 30, 2020  
 (With Comparative Totals for June 30, 2019)

	2020				2019 Total
	WIOA Programs	Other Programs	Administration	Total	
Salaries and wages	\$ 197,300	\$ 169,537	\$ 189,129	\$ 555,966	\$ 538,013
Retirement contributions	13,810	11,841	12,702	38,353	38,113
Payroll taxes	17,614	15,021	16,238	48,873	48,651
Other employee benefits	28,634	25,658	26,964	81,256	80,192
Travel and mileage	1,672	2,827	1,811	6,310	18,597
Board and staff development	-	954	-	954	6,275
Professional services	6,684	12,838	20,692	40,214	52,530
Participant data tracking	23,883	11,459	-	35,342	32,408
General office supplies	784	1,411	709	2,904	2,824
Expendable equipment	6,623	5,018	6,216	17,857	19,808
Meetings	-	4,881	-	4,881	6,870
Telephone	1,858	1,494	1,666	5,018	3,736
Program information and outreach	-	4,311	-	4,311	8,152
Printing	187	200	89	476	3,998
Liability insurance	1,293	1,541	1,410	4,244	4,107
Office rental	23,510	12,821	14,412	50,743	50,722
Dues and memberships	-	2,850	12,290	15,140	16,923
Fees	-	53	675	728	885
Program services	<u>1,266,177</u>	<u>761,935</u>	<u>9,689</u>	<u>2,037,801</u>	<u>2,729,597</u>
 Total expenses	 <u>\$ 1,590,029</u>	 <u>\$ 1,046,650</u>	 <u>\$ 314,692</u>	 <u>\$ 2,951,371</u>	 <u>\$ 3,662,401</u>

The accompanying notes are an integral part of these statements.



WORKFORCE INVESTMENT COUNCIL OF CLACKAMAS COUNTY, INC.  
dba CLACKAMAS WORKFORCE PARTNERSHIP  
STATEMENT OF CASH FLOWS  
For the Year Ended June 30, 2020  
(With Comparative Totals for June 30, 2019)

	2020	2019
<b>Cash flows from operating activities</b>		
Cash received as revenues and public support	\$ 3,226,537	\$ 3,542,169
Cash paid to employees for wages and benefits	(714,446)	(692,610)
Cash paid for other expenses	(2,337,352)	(3,061,268)
Net cash provided (used) by operating activities	174,739	(211,709)
<b>Cash flows from financing activities</b>		
Proceeds from PPP loan	133,000	-
<b>Net increase (decrease) in cash</b>	307,739	(211,709)
Cash, beginning of year	45,256	256,965
Cash, end of year	\$ 352,995	\$ 45,256
<b>Reconciliation of change in nets assets to net cash provided (used) by operating activities</b>		
Change in net assets	\$ (22,497)	\$ (22,732)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
(Increase) decrease in assets:		
Grants receivable	297,663	(59,317)
Prepaid expenses	2,293	(3,454)
Increase (decrease) in liabilities:		
Accrued payroll and related expenses	10,002	12,359
Accounts payable and accrued liabilities	(338,391)	(100,382)
Refundable advances	225,669	(38,183)
Net cash provided (used) by operating activities	\$ 174,739	\$ (211,709)

The accompanying notes are an integral part of these statements.

WORKFORCE INVESTMENT COUNCIL OF CLACKAMAS COUNTY, INC.  
dba CLACKAMAS WORKFORCE PARTNERSHIP  
NOTES TO FINANCIAL STATEMENTS

**1. Organization and Summary of Significant Accounting Policies**

**Organization**

Workforce Investment Council of Clackamas County, Inc. dba Clackamas Workforce Partnership (CWP) develops local workforce policy, oversees local workforce development initiatives, and funds key community agencies that provide employment and training solutions for youth, adults, and laid off workers. CWP's mission is to develop a highly skilled workforce that creates sustained economic prosperity in Clackamas County, Oregon. CWP is committed to the development of a regional workforce system that is accessible, inclusive, and equitable for diverse communities and individuals. The CWP Board membership has private and public members which brings strong connections with local business and industry. All CWP efforts aim to prepare individuals for in-demand jobs that lead to solid career options and financial security.

**Basis of Accounting**

The financial statements of CWP have been prepared on the accrual basis. To enhance the usefulness of the financial statements to the reader, the significant accounting policies are described below.

**Prior Year Summarized Information**

The financial statements include certain prior year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with CWP's financial statements for the year ended June 30, 2019, from which the summarized information is derived.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses, and the disclosure of contingent assets and liabilities. Actual results could differ from the estimates and assumptions used.

**Cash**

CWP holds cash in one financial institution. The accounts are insured up to certain limits by the Federal Deposit Insurance Corporation (FDIC). Balances held may periodically exceed FDIC insured limits. At June 30, 2020 and 2019, there was \$191,863 and \$-0-, respectively, in excess of FDIC insured limits.

**Property and Equipment**

Property and equipment with a cost of \$5,000 or more are capitalized at historical cost. Donated equipment is recorded at its fair value at the time of donation. Depreciation is computed using the straight line method over the estimated useful lives of the assets, which range from 3 to 7 years.

WORKFORCE INVESTMENT COUNCIL OF CLACKAMAS COUNTY, INC.  
dba CLACKAMAS WORKFORCE PARTNERSHIP  
NOTES TO FINANCIAL STATEMENTS

**1. Organization and Summary of Significant Accounting Policies, continued**

**Accrued Paid Time Off**

Paid time off is recorded as a liability and an expense when earned rather than when paid. When paid time off is taken, amounts disbursed are charged against the liability.

**Net Assets**

Net assets of CWP consist of the following:

*Net assets without donor restrictions* - Represent net assets that are not subject to donor-imposed stipulations and are available for the general obligations of CWP.

*Net assets with donor restrictions* - Represent net assets that are donor restricted with respect to purpose or time. When a donor restriction ends or the purpose of a restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. CWP had net assets with donor restrictions of \$10,000 and \$22,936 at June 30, 2020 and 2019, respectively. Amounts were restricted for CWP's operating activities.

**Support, Revenues and Receivables**

The primary source of support for CWP is derived from federal Workforce Innovation and Opportunity Act (WIOA) grants passed through the state of Oregon. Revenue for these and other grants is accounted for under cost reimbursement principles and is recorded when the related program costs are incurred, subject to grant allocation limitations.

Approximately 62 percent and 59 percent of CWP's grants receivable at June 30, 2020 and 2019, respectively, was due from the state of Oregon.

**Recent Accounting Standard Adopted**

CWP adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2018-08 *Not-for-Profit Entities* (Topic 958) to clarify the scope and accounting guidance for contributions made and received. ASU 2018-08 assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions. The standard effectively excludes contributions from the requirements of ASU 2014-09 *Revenue from Contracts with Customers* (Topic 606) and related subsequently issued clarifying ASUs. CWP adopted the new standard effective July 1, 2019, using a modified prospective approach in these financial statements. There was no change to previously recognized revenue. CWP elected to delay implementation of ASU 2014-09 pursuant to ASU 2020-05 which delayed the implementation date for CWP to July 1, 2020.

WORKFORCE INVESTMENT COUNCIL OF CLACKAMAS COUNTY, INC.  
 dba CLACKAMAS WORKFORCE PARTNERSHIP  
 NOTES TO FINANCIAL STATEMENTS

**1. Organization and Summary of Significant Accounting Policies, continued**

**Nonprofit Status**

CWP is an exempt organization under Internal Revenue Code (IRC) Section 501(c)(3) and is not classified as a private foundation.

**Liquidity and Availability of Resources**

CWP has a policy to manage its liquidity and reserves in order to meet its needs to fund operating expenditures. At June 30, 2020 and 2019, CWP's financial assets, reduced by amounts not available for general expenditures within one year, are comprised of the following:

	<u>2020</u>	<u>2019</u>
Cash	\$ 352,995	\$ 45,256
Grants receivable	283,604	581,267
Less: net assets with donor restrictions	<u>(10,000)</u>	<u>(22,936)</u>
Financial assets available for general expenditure	<u>\$ 626,599</u>	<u>\$ 603,587</u>

**2. Cash**

At June 30, cash consisted of the following:

	<u>2020</u>	<u>2019</u>
Demand deposits with financial institutions	<u>\$ 352,995</u>	<u>\$ 45,256</u>

**3. Property and Equipment**

At June 30, property and equipment consisted of the following:

	<u>2020</u>	<u>2019</u>
Property and equipment	\$ 17,415	\$ 17,415
Accumulated depreciation	<u>(17,415)</u>	<u>(17,415)</u>
Property and equipment, net	<u>\$ -</u>	<u>\$ -</u>

Depreciation expense totaled \$-0- for the years ended June 30, 2020 and 2019.

WORKFORCE INVESTMENT COUNCIL OF CLACKAMAS COUNTY, INC.  
 dba CLACKAMAS WORKFORCE PARTNERSHIP  
 NOTES TO FINANCIAL STATEMENTS

**4. Loan Payable**

CWP applied for and was awarded a Paycheck Protection Program (PPP) loan under the Coronavirus Aid, Relief and Economic Security (CARES) Act through the United States Small Business Administration (SBA) and issued by Citizens Bank. CWP was approved for a loan in the amount of \$133,000 in June 2020. The loan can be used to assist with payroll, rent, and other operating expenses in accordance with the provisions of the CARES Act. The loan is forgivable if the funds are used for the payment of covered expenses, primarily including expenses related to payroll, within twenty-four weeks of receipt of the loan proceeds. The loan bears interest at 1 percent, matures on June 24, 2025, and is unsecured. If not forgiven, the loan is payable in monthly installments of \$3,120, including principal and interest.

If not forgiven, future maturities of the loan are as follows:

<u>Year Ending June 30,</u>	
2021	\$ -
2022	22,403
2023	36,498
2024	36,865
2025	37,234
Thereafter	<u>-</u>
Total	<u>\$ 133,000</u>

As of the date of the independent auditor's report, CWP anticipates the loan to be fully forgiven. Upon forgiveness of the loan, CWP will recognize income for the amount forgiven in accordance with FASB ASC 470-20, *Liabilities: Extinguishment of Liabilities*.

**5. Retirement Plan**

CWP makes employer matching contributions under an arrangement described in Section 403(b) of the IRC. CWP contributes up to 8 percent of the employee's salary. Expenses under this plan for the years ended June 30, 2020 and 2019, totaled \$38,353 and \$38,113, respectively.

**6. Lease Commitments**

CWP leases administrative office space under an operating lease that is scheduled to expire August 1, 2021.

CWP also leases additional office space under an operating lease that is scheduled to expire July 1, 2022.

CWP leases certain office equipment under an operating lease that will expire January 27, 2023.

WORKFORCE INVESTMENT COUNCIL OF CLACKAMAS COUNTY, INC.  
dba CLACKAMAS WORKFORCE PARTNERSHIP  
NOTES TO FINANCIAL STATEMENTS

**6. Lease Commitments**, continued

At June 30, future minimum lease payments under these leases are as follows:

<u>For the Year Ending June 30,</u>	
2021	\$ 49,678
2022	12,520
2023	2,254
Thereafter	<u>-</u>
Total	<u>\$ 64,452</u>

Total rent expense was \$50,743 and \$50,722 for the years ended June 30, 2020 and 2019, respectively.

**7. Related Party Transactions**

CWP has entered into grant and office space rental agreements with organizations whose management includes members of the CWP Board of Directors. Payables to these organizations totaled \$94,276 and \$344,097 at June 30, 2020 and 2019, respectively. Expenses of \$1,548,609 and \$1,955,372 were incurred under grant and rental agreements with these organizations during the years ended June 30, 2020 and 2019, respectively.

**8. Contingencies**

Reimbursement claims under federal and state program grants are subject to audit and adjustment by grantor agencies. Any disallowed claims might become a liability of CWP.

**9. Economic Uncertainties**

The COVID-19 coronavirus pandemic has resulted in significant economic uncertainties across the globe. CWP has not yet experienced significant disruption in its operations as a result of the ongoing COVID-19 coronavirus pandemic. However, as of the date of the independent auditor's report, certain economic uncertainties still exist related to the COVID-19 coronavirus pandemic. These continuing uncertainties have the potential to result in a significant impact to CWP's future financial condition and operating results. However, any such future financial impact and duration of such impact cannot be reasonably estimated at this time.

**10. Subsequent Events**

Management evaluates events and transactions that occur after the statement of financial position date as potential subsequent events. Management has performed this evaluation through the date of the independent auditor's report.

FEDERAL AWARDS SECTION

WORKFORCE INVESTMENT COUNCIL OF CLACKAMAS COUNTY, INC.  
 dba CLACKAMAS WORKFORCE PARTNERSHIP  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Year Ended June 30, 2020

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Program or Award Amount	Expenditures	Passed Through to Subrecipients
<b>U.S. Department of Labor</b>					
Passed through State of Oregon:					
WIOA Cluster:					
WIOA Adult Program	17.258	17-046, 18-036, 19-079A	\$ 854,983	\$ 349,441	\$ 288,867
WIOA Adult Program - Administration	17.258	17-046, 18-036, 19-079A	94,966	81,002	-
WIOA Youth Activities	17.259	18-036, 19-079A	903,732	440,287	396,426
WIOA Youth Activities - Administration	17.259	18-036, 19-079A	100,414	100,414	1,353
WIOA Dislocated Worker Formula Grants	17.278	18-036, 19-079A	1,148,439	602,977	384,560
WIOA Dislocated Worker Formula Grants - Administration	17.278	18-036, 19-079A	127,603	77,203	-
WIOA Dislocated Worker Formula Grants - West Linn Paper	17.278	PY17-6	185,633	15,779	15,779
WIOA Dislocated Worker Formula Grants - Rapid Response	17.278	17-046	1,000	1,000	-
WIOA Dislocated Worker Formula Grants - Rapid Response Layoff Aversion	17.278	17-046, 18-036	164,890	164,890	-
WIOA Youth Activities - High Concentration of Eligible Youth	17.259	18-036, 19-079A	<u>28,030</u>	<u>15,655</u>	<u>15,655</u>
Total WIOA Cluster			<u>3,609,690</u>	<u>1,848,648</u>	<u>1,102,640</u>
Passed through Worksystems, Inc.:					
H-1B Job Training Grants:					
Northwest Promise					
Administration	17.268	16-60550	114,509	16,726	-
Program	17.268	16-60550	<u>1,030,578</u>	<u>361,700</u>	<u>302,461</u>
Total passed through Worksystems, Inc.			<u>1,145,087</u>	<u>378,426</u>	<u>302,461</u>
Passed through Clackamas Community College:					
H-1B Job Training Grants:					
Tech Hire	17.268	n/a	<u>143,300</u>	<u>37,630</u>	<u>-</u>
Total U.S. Department of Labor			4,898,077	2,264,704	1,405,101
<b>U.S. Department of Agriculture</b>					
Direct Program:					
Timber Lake Job Corps	10.699	17-PA-11161700-011	<u>108,998</u>	<u>40,339</u>	<u>40,339</u>
Total federal programs			<u>\$ 5,007,075</u>	<u>\$ 2,305,043</u>	<u>\$ 1,445,440</u>



WORKFORCE INVESTMENT COUNCIL OF CLACKAMAS COUNTY, INC.  
dba CLACKAMAS WORKFORCE PARTNERSHIP  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of CWP under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the 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).

Grants are organized by federal department or agency and identified by the 2020 Catalog of Federal Domestic Assistance (CFDA) number.

**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 and/or OMB Circular A-122, *Cost Principles for Non-profit Organizations*, depending on date of award.

**3. Indirect Cost Rate**

CWP has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**4. Insurance**

CWP had insurance in force during the year ended June 30, 2020, as recommended by its insurance agent.

**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**

To the Board of Directors  
Workforce Investment Council of Clackamas County, Inc.  
dba Clackamas Workforce Partnership  
Oregon City, Oregon

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 Workforce Investment Council of Clackamas County, Inc. dba Clackamas Workforce Partnership (Clackamas Workforce Partnership) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, 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 17, 2020.

**Internal Control Over Financial Reporting**

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

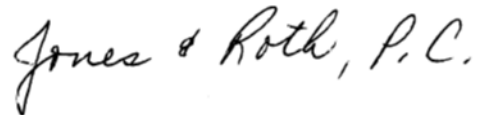
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 Clackamas Workforce Partnership'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 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.

A handwritten signature in cursive script that reads "Jones & Roth, P.C.".

Jones & Roth, P.C.  
Eugene, Oregon  
November 17, 2020

**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  
Workforce Investment Council of Clackamas County, Inc.  
dba Clackamas Workforce Partnership  
Oregon City, Oregon

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

We have audited Workforce Investment Council of Clackamas County, Inc. dba Clackamas Workforce Partnership's (Clackamas Workforce Partnership) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Clackamas Workforce Partnership's major federal programs for the year ended June 30, 2020. Clackamas Workforce Partnership'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 its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Clackamas Workforce Partnership'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* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Clackamas Workforce Partnership'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 Clackamas Workforce Partnership's compliance.

## Opinion on Each Major Federal Program

In our opinion, Clackamas Workforce Partnership 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, 2020.

## Report on Internal Control Over Compliance

Management of Clackamas Workforce Partnership 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 Clackamas Workforce Partnership'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 Clackamas Workforce Partnership'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.



Jones & Roth, P.C.  
Eugene, Oregon  
November 17, 2020

WORKFORCE INVESTMENT COUNCIL OF CLACKAMAS COUNTY, INC.  
dba CLACKAMAS WORKFORCE PARTNERSHIP  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2020

**Summary of Auditor's Results**

- (i) The independent auditor's report expresses an unmodified opinion on whether the financial statements of CWP were prepared in accordance with GAAP.
- (ii) Not applicable.
- (iii) No instances of noncompliance material to the financial statements of CWP, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- (iv) Not applicable.
- (v) The independent auditor's report on compliance for the major federal award programs for CWP expresses an unmodified opinion on the major federal programs.
- (vi) The audit did not disclose any audit findings that are required to be reported in accordance with 2 CFR section 200.516(a).
- (vii) Programs tested as major programs were:
  - CFDA #17.258, 17.259, 17.278 - Workforce Innovation and Opportunity Act cluster
  - CFDA #17.268 - H-1B Job Training Grants
- (viii) The threshold for distinguishing between Type A and Type B programs was \$750,000.
- (ix) CWP was determined to be a low-risk auditee.

**Findings – Financial Statement Audit**

None.

**Findings and Questioned Costs – Major Federal Award Programs Audit**

None.

**Prior Year Findings**

None.