

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

FINANCIAL STATEMENTS

**For the Year Ended June 30, 2022
(With Comparative Totals for the Year Ended June 30, 2021)**



WORKFORCE INVESTMENT COUNCIL OF CLACKAMAS COUNTY, INC.
 dba CLACKAMAS WORKFORCE PARTNERSHIP
 FINANCIAL STATEMENTS
 For the Year Ended June 30, 2022
 (With Comparative Totals for the Year Ended June 30, 2021)

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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 Audit of the Financial Statements

Opinion

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, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Clackamas Workforce Partnership as of June 30, 2022, 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 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Clackamas Workforce Partnership 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 opinions.

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 Clackamas Workforce Partnership's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

The Right People Beside You.

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the 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 Clackamas Workforce Partnership'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 Clackamas Workforce Partnership'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.

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, as required by Title 2 U.S. *Code of Federal Regulations* 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited Clackamas Workforce Partnership's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 15, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 17, 2023 on our consideration of the 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 the 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 the Clackamas Workforce Partnership's internal control over financial reporting and compliance.



Jones & Roth, P.C.
Eugene, Oregon
February 17, 2023

FINANCIAL STATEMENTS

WORKFORCE INVESTMENT COUNCIL OF CLACKAMAS COUNTY, INC.
 dba CLACKAMAS WORKFORCE PARTNERSHIP
 STATEMENT OF FINANCIAL POSITION
 June 30, 2022
 (With Comparative Totals for June 30, 2021)

	2022	2021
Assets		
Current assets		
Cash	\$ 1,397,578	\$ 404,470
Grants receivable	715,712	355,284
Prepaid expenses	13,149	12,217
Total assets	\$ 2,126,439	\$ 771,971
Liabilities and Net Assets		
Current liabilities		
Accrued payroll and related expenses	\$ 66,196	\$ 57,517
Accounts payable and accrued liabilities	499,020	506,202
Refundable advances	1,394,825	155,633
Total liabilities	1,960,041	719,352
Net assets		
Without donor restrictions	166,398	52,619
Total liabilities and net assets	\$ 2,126,439	\$ 771,971

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, 2022
 (With Comparative Totals for June 30, 2021)

	2022	2021
Changes in net assets without donor restrictions		
Support and revenues:		
Grants	\$ 3,819,700	\$ 2,769,161
PPP loan forgiveness	-	133,000
Other income	5,883	60,330
Total unrestricted support and revenues	3,825,583	2,962,491
Net assets released from restrictions	-	10,000
Total unrestricted support and revenues and reclassifications	3,825,583	2,972,491
Expenses:		
Program services:		
WIOA programs	2,687,905	1,661,524
Other programs	732,162	1,021,192
Support services:		
Administration	291,737	265,813
Total expenses	3,711,804	2,948,529
Increase in net assets without donor restrictions	113,779	23,962
Changes in net assets with donor restrictions		
Support and revenues:		
Net assets released from restrictions	-	(10,000)
Change in net assets	113,779	13,962
Net assets, beginning of year	52,619	38,657
Net assets, end of year	\$ 166,398	\$ 52,619

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, 2022
 (With Comparative Totals for June 30, 2021)

	2022				2021 Total
	Program Services		Support Services		
	WIOA Programs	Other Programs	Administration	Total	
Community investments	\$ 2,052,987	\$ 570,020	\$ 8,893	\$ 2,631,900	\$ 2,013,103
Salaries and wages	399,727	91,975	170,946	662,648	567,059
Retirement contributions	27,367	6,505	10,989	44,861	40,634
Payroll taxes	35,545	8,341	15,408	59,294	42,369
Other employee benefits	56,352	13,473	24,147	93,972	87,013
Travel and mileage	343	15	819	1,177	-
Board and staff development	653	7,008	-	7,661	945
Professional services	29,948	14,168	24,588	68,704	41,445
Participant data tracking	17,793	5,605	7,876	31,274	35,799
General office supplies	2,371	1,124	995	4,490	5,934
Expendable equipment	14,355	4,703	6,852	25,910	32,138
Meetings	-	645	-	645	-
Telephone	6,025	1,342	2,601	9,968	9,039
Memberships and fees	10,652	567	4,998	16,217	17,072
Program information and outreach	-	489	-	489	77
Printing	87	-	-	87	-
Liability insurance	3,855	992	1,830	6,677	4,608
Office rental	29,845	5,190	10,795	45,830	51,294
Total expenses	<u>\$ 2,687,905</u>	<u>\$ 732,162</u>	<u>\$ 291,737</u>	<u>\$ 3,711,804</u>	<u>\$ 2,948,529</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, 2022
 (With Comparative Totals for June 30, 2021)

	2022	2021
Cash flows from operating activities		
Cash received as revenues and public support	\$ 3,465,155	\$ 2,757,811
Cash paid to employees for wages and benefits	(852,096)	(734,014)
Cash paid for other expenses	(1,619,950)	(1,972,322)
Net cash provided by operating activities	993,108	51,475
Net increase in cash	993,108	51,475
Cash, beginning of year	404,470	352,995
Cash, end of year	\$ 1,397,578	\$ 404,470
 Reconciliation of change in nets assets to net cash provided by operating activities		
Change in net assets	\$ 113,779	\$ 13,962
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
PPP loan forgiveness	-	(133,000)
(Increase) decrease in assets:		
Grants receivable	(360,428)	(71,680)
Prepaid expenses	(932)	(440)
Increase (decrease) in liabilities:		
Accrued payroll and related expenses	8,679	3,061
Accounts payable and accrued liabilities	(7,182)	309,608
Refundable advances	1,239,192	(70,036)
Net cash provided by operating activities	\$ 993,108	\$ 51,475

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 of accounting. 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, 2021, 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, 2022 and 2021, there was \$1,380,439 and \$262,961, 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.

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 no net assets with donor restrictions at June 30, 2022 and 2021.

CWP includes donor-restricted support whose restrictions are met in the same reporting period the support is received within net assets without donor restrictions.

Support, Revenues, and Receivables

The primary source of support for CWP is derived from federal 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.

Receivables are recorded in accordance with the policies enumerated above. Management of CWP considers all amounts included in grants receivable to be collectible; therefore, no provision for uncollectible accounts has been made. Approximately 93 percent and 86 percent of CWP's grants receivable at June 30, 2022 and 2021, respectively, was due from the state of Oregon.

Refundable Advances

Certain grants and contributions received by CWP contain barriers that must be overcome before CWP is entitled to the funds, and a right of return requiring the funds to be repaid if expenses or outcomes as specified by the grant agreement are not incurred; and therefore, the grants and contributions are considered conditional contributions. Conditional contributions or grants received in advance of when the conditions are substantially met are accounted for as refundable advances, and are classified as a liability in the accompany statement of financial position. Once conditions are substantially met, the amounts become unconditional and are recognized as revenue.

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. CWP's federal Return of Organization Exempt from Income Tax return (Form 990) for the years ended June 30, 2022 and 2021 is subject to examination by the Internal Revenue Service, generally for three years after filed.

Functional Allocation of Expenses

The costs of providing programs have been summarized on a functional basis in the accompanying statement of activities. Accordingly, certain costs have been allocated among program and supporting services benefited. CWP allocates costs between program and support activities based on a cost allocation plan. Most of CWP's operating expenses are allocated to program and support activities based on employee timecards unless the item can be specifically traced to a program related activity.

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, 2022 and 2021, CWP's financial assets available for general expenditure, that is, without donor or other restriction limiting their use, within one year from the statement of financial position date, are comprised of the following:

	2022	2021
Cash	\$ 1,397,578	\$ 404,470
Grants receivable	715,712	355,284
	2,113,290	759,754
Less financial assets unavailable for general expenditure within one year:		
Refundable advances	(1,394,825)	(155,633)
Financial assets available for general expenditure	\$ 718,465	\$ 604,121

2. Cash

At June 30, cash consisted of the following:

	2022	2021
Demand deposits with financial institutions	\$ 1,397,578	\$ 404,470

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

3. Refundable Advances

At June 30, refundable advances consisted of the following arising from conditional contributions received in advance of when the grant conditions were met:

	<u>2022</u>	<u>2021</u>
State of Oregon - HOWTO	\$ 100,594	\$ 150,633
State of Oregon - Prosperity 10,000	1,229,939	-
State of Oregon - Industry Engagement	16,826	-
State of Oregon - Work Experience	22,161	-
DHS – Youth Action Board	3,305	5,000
Clackamas County - C2P2	<u>22,000</u>	<u>-</u>
 Total refundable advances	 <u>\$ 1,394,825</u>	 <u>\$ 155,633</u>

The balances at June 30, 2022 are expected to be earned during the year ending June 30, 2023 and are classified as current in the statement of financial position.

4. 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, 2022 and 2021, totaled \$44,861 and \$40,634, respectively.

5. Paycheck Protection Program (PPP)

CWP applied for and was awarded a Paycheck Protection Program (PPP) loan under the Coronavirus Aid, Relief and Economic Security Act (the 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 could be used to assist with payroll, rent, and other operating expenses in accordance with the provisions of the CARES Act. The loan was forgivable if the funds were used for the payment of covered expenses, primarily including expenses related to payroll, within twenty-four weeks of receipt of the loan proceeds. CWP received full forgiveness of the outstanding loan balance in February 2021 and forgiveness income is included in the statement of activities for the year ended June 30, 2021.

6. Lease Commitments

CWP leases administrative office space under an operating lease requiring monthly payments of \$3,000 that is scheduled to expire August 1, 2024.

CWP also leases additional office space under an operating lease requiring monthly payments of \$440, which expired on June 30, 2022. The lease continues on a month to month basis while renewal is under negotiation with the State of Oregon.

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

6. Lease Commitments, continued

CWP leases certain office equipment under an operating lease requiring monthly payments of \$322 that will expire January 27, 2023.

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

<u>For the Year Ending June 30,</u>	
2023	\$ 38,254
2024	36,000
2025	3,000
Thereafter	<u>-</u>
Total	<u>\$ 77,254</u>

Total rent expense was \$45,830 and \$51,294 for the years ended June 30, 2022 and 2021, 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 \$356,653 and \$352,764 at June 30, 2022 and 2021, respectively. Expenses of \$1,933,548 and \$1,097,810 were incurred under grant and rental agreements with these organizations during the years ended June 30, 2022 and 2021, 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, including global supply chain considerations and labor market shortages. 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.

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

10. Reclassifications

Certain prior year financial statement amounts have been reclassified to conform to the current year presentation. Such reclassifications have no effect on the previously reported change in net assets.

11. 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, 2022

Federal Grantor/ Pass-through Grantor/Program Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Program or Award Amount	Expenditures	Amount Passed Through to Subrecipients
U.S. Department of Labor					
<i>Workforce Innovation and Opportunity Act Cluster:</i>					
Passed through State of Oregon, Higher Education					
Coordinating Commission (HECC):					
WIOA Adult Program	17.258	20-071A, 21-010A	\$ 885,781	\$ 641,839	\$ 365,895
WIOA Adult Program - Administration	17.258	20-071A, 21-010A	106,582	69,216	667
COVID-19 - WIOA Adult Program - Strategic Innovation	17.258	19-117B	50,794	25,834	25,834
COVID-19 - WIOA Adult Program - Strategic Innovation - Administration	17.258	19-117B	5,644	618	-
WIOA Youth Activities	17.259	20-071A, 21-010A	1,012,500	455,016	377,633
WIOA Youth Activities - Administration	17.259	20-071A, 21-010A	112,499	49,284	-
WIOA Youth Activities - High Concentration of Eligible Youth	17.259	20-071A, 21-010A	12,800	4,892	4,892
WIOA Dislocated Worker Formula Grants	17.278	19-079A, 20-071A, 21-010A	1,066,826	624,887	351,616
WIOA Dislocated Worker Formula Grants - Administration	17.278	19-079A, 20-071A, 21-010A	128,599	65,877	667
COVID-19 - Dislocated Worker Formula Grants - Strategic Innovation	17.278	19-117B	50,794	1,360	1,360
COVID-19 - Dislocated Worker Formula Grants - Strategic Innovation - Administration	17.278	19-117B	5,644	33	-
WIOA Dislocated Worker Formula Grants - Rapid Response Wildfire GapFill	17.278	20-071A, 21-010A	153,789	44,245	44,245
WIOA Dislocated Worker Formula Grants - Rapid Response Layoff Aversion	17.278	20-071A	51,870	49,470	-
Total Workforce Innovation and Opportunity Act Cluster			<u>3,644,122</u>	<u>2,032,571</u>	<u>1,172,809</u>
<i>WIOA National Dislocated Worker Grants:</i>					
Passed through State of Oregon, Higher Education					
Coordinating Commission (HECC):					
WIOA National Dislocated Worker Grants - Wildfire Recovery	17.277	20-111A	928,216	595,387	595,387
WIOA National Dislocated Worker Grants - Wildfire Recovery Administration	17.277	20-111A	103,135	62,058	-
WIOA National Dislocated Worker Grants - Disaster Recovery	17.277	20-046A	198,788	78,590	78,590
WIOA National Dislocated Worker Grants - Disaster Recovery Administration	17.277	20-046A	22,087	8,225	-
WIOA National Dislocated Worker Grants - Employment Recovery	17.277	20-038A	198,788	150,005	150,005
WIOA National Dislocated Worker Grants - Employment Recovery Administration	17.277	20-038A	22,087	8,678	-
Total passed through State of Oregon, HECC			<u>1,473,101</u>	<u>902,943</u>	<u>823,982</u>

WORKFORCE INVESTMENT COUNCIL OF CLACKAMAS COUNTY, INC.
 dba CLACKAMAS WORKFORCE PARTNERSHIP
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued
 For the Year Ended June 30, 2022

Federal Grantor/ Pass-through Grantor/Program Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Program or Award Amount	Expenditures	Amount Passed Through to Subrecipients
Passed through Worksystems, Inc.:					
WIOA National Dislocated Worker Grants - Career	17.277	21-60505	80,873	8,319	-
WIOA National Dislocated Worker Grants - Career Administration	17.277	21-60505	<u>8,986</u>	<u>5,144</u>	<u>-</u>
Total passed through Worksystems, Inc.			<u>89,859</u>	<u>13,463</u>	<u>-</u>
Total WIOA National Dislocated Worker Grants			<u>1,562,960</u>	<u>916,406</u>	<u>823,982</u>
<i>H-1B Job Training Grants:</i>					
Passed through Worksystems, Inc.:					
H-1B Job Training Grants - Northwest Promise	17.268	16-60550	<u>1,030,578</u>	<u>9,388</u>	<u>9,388</u>
Total U.S. Department of Labor			<u>6,237,660</u>	<u>2,958,365</u>	<u>2,006,179</u>
Total expenditures of federal awards			<u>\$ 6,237,660</u>	<u>\$ 2,958,365</u>	<u>\$ 2,006,179</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, 2022. 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 2022 Assistance Listing Number (ALN).

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.

The Uniform Guidance establishes criteria to be used in defining major programs. Major programs are those programs selected for testing using a risk-assessment model, as well as certain minimum expenditure requirements, as outlined in the Uniform Guidance Subpart F 200.518. Programs with similar requirements may be grouped into a cluster for testing purposes.

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, 2022, 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, 2022, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 17, 2023.

Report on 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 the 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 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 that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001, that we consider to be a significant deficiency.

Report on 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*.

Clackamas Workforce Partnership's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Clackamas Workforce Partnership's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Clackamas Workforce Partnership's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.



Jones & Roth, P.C.
Eugene, Oregon
February 17, 2023

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

Opinion on 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, 2022. 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.

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, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Clackamas Workforce Partnership 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 Clackamas Workforce Partnership'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 Clackamas Workforce Partnership's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Clackamas Workforce Partnership'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 generally accepted auditing standards, *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 Clackamas Workforce Partnership's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Clackamas Workforce Partnership'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 Clackamas Workforce Partnership'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 Clackamas Workforce Partnership's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

Jones & Roth, P.C.

Jones & Roth, P.C.
Eugene, Oregon
February 17, 2023

WORKFORCE INVESTMENT COUNCIL OF CLACKAMAS COUNTY, INC.
dba CLACKAMAS WORKFORCE PARTNERSHIP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2022

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) One significant deficiency in internal control was disclosed by the audit of the financial statements. No material weaknesses were disclosed.
 - (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) No material weaknesses or significant deficiencies were disclosed by the audit of the major federal award program.
 - (v) The independent auditor's report on compliance for the major federal award program for CWP expresses an unmodified opinion on the major federal program.
 - (vi) The audit did not disclose any audit findings that are required to be reported.
 - (vii) The program tested as a major program was:
 - WIOA Cluster:

WIOA Adult Program	Assistance Listing # 17.258
WIOA Youth Activities	Assistance Listing # 17.259
WIOA Dislocated Worker Formula Grants	Assistance Listing # 17.278
- (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

Finding 2022-001

Type of finding: Significant deficiency in internal control over financial reporting

Criteria: Under professional standards, it is the responsibility of CWP's management to design and implement internal controls over financial reporting to ensure that the CWP's accounts are properly recorded in accordance with U.S. GAAP. Significant adjustments that arise as a result of audit procedures that were otherwise not detected by the Organization's management are required to be reported as a deficiency in internal control over financial reporting.

WORKFORCE INVESTMENT COUNCIL OF CLACKAMAS COUNTY, INC.
dba CLACKAMAS WORKFORCE PARTNERSHIP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, Continued
For the Year Ended June 30, 2022

Findings – Financial Statement Audit, continued

Finding 2022-001, continued

Condition: While performing audit procedures, we identified multiple accounts that required adjustment in order to be properly recorded in accordance with U.S. GAAP. The adjustments were centered around CWP's financial statement presentation for grants. Several cost-reimbursement grants inaccurately reflected financial statement balances for both grants receivable and refundable advances at year-end. Other grants reflected third-party payments in prepaid expenses at year-end, with no revenue recognized, when the payments should have been expensed and the related revenue recognized during the fiscal year ended June 30, 2022. These adjustments were related to errors in the technical, U.S. GAAP financial statement presentation for the respective grants, rather than errors in actual grant cash expenditures.

Due to the adjustments being focused on the U.S. GAAP presentation for grants, as well as the dollar amount of the adjustments, we are considering this deficiency a significant deficiency in internal control over financial reporting.

Cause: There is a deficiency in the design and implementation of CWP's internal controls where certain aspects of the year-end grant reconciliation process are not being appropriately reviewed and reflected in the accounting records.

Effect: Failure to properly reconcile and account for grant activity could cause the financial statements to be materially misstated.

Recommendation: We recommend management review the design and implementation of internal control procedures surrounding year-end account reconciliations for grants to strengthen its internal controls. We recommend updating the procedures to include an additional review of all grant reconciliations, account balances and activity to ensure grant status is properly accounted for in accordance with U.S. GAAP at year-end.

Views of Responsible Officials: Management agrees with auditor's finding. See attached corrective action plan.

Findings and Questioned Costs – Major Federal Award Programs Audit

None.

Prior Period Findings and Questioned Costs

None.



2022 Audit Finding Corrective Action Plan

Person responsible for plan: Laura Kropf, Fiscal Manager

Anticipated Completion Date: March 31, 2023

Plan:

Review the design and implementation of internal control procedures surrounding year-end account reconciliations for grants to strengthen its internal controls.

Update the procedures to include an additional review of all grant reconciliations, account balances and activity to ensure grant status is properly accounted for in accordance with U.S. GAAP at year-end.