

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

FINANCIAL STATEMENTS

**For the Year Ended June 30, 2023
(With Comparative Totals for the Year Ended June 30, 2022)**



WORKFORCE INVESTMENT COUNCIL OF CLACKAMAS COUNTY, INC.
dba CLACKAMAS WORKFORCE PARTNERSHIP
FINANCIAL STATEMENTS
For the Year Ended June 30, 2023
(With Comparative Totals for the Year Ended June 30, 2022)

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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, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 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 opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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.

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 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 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 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 17, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2024 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
February 15, 2024

FINANCIAL STATEMENTS

WORKFORCE INVESTMENT COUNCIL OF CLACKAMAS COUNTY, INC.
 dba CLACKAMAS WORKFORCE PARTNERSHIP
 STATEMENT OF FINANCIAL POSITION
 June 30, 2023
 (With Comparative Totals for June 30, 2022)

	2023	2022
Assets		
Current assets		
Cash	\$ 221,018	\$ 1,397,578
Grants receivable	693,748	715,712
Prepaid expenses	1,446	13,149
Total current assets	916,212	2,126,439
Operating lease right-of-use asset, net	38,452	-
Total assets	\$ 954,664	\$ 2,126,439
Liabilities and Net Assets		
Current liabilities		
Accrued payroll and related expenses	\$ 77,780	\$ 66,196
Accounts payable and accrued liabilities	642,877	499,020
Refundable advances	21,807	1,394,825
Current portion of operating lease liability	35,452	-
Total current liabilities	777,916	1,960,041
Operating lease liability, net of current portion	3,000	-
Total liabilities	780,916	1,960,041
Net assets		
Without donor restrictions	161,248	166,398
With donor restrictions	12,500	-
Total net assets	173,748	166,398
Total liabilities and net assets	\$ 954,664	\$ 2,126,439

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, 2023
 (With Comparative Totals for June 30, 2022)

	2023	2022
Changes in net assets without donor restrictions		
Support and revenues:		
Grants	\$ 4,922,647	\$ 3,819,700
Shared cost reimbursements	50,123	-
Other income	68,941	5,883
Total unrestricted support and revenues	5,041,711	3,825,583
Expenses:		
Program services:		
WIOA programs	2,118,422	2,687,905
Other programs	2,332,235	732,162
Support services:		
Administration	596,204	291,737
Total expenses	5,046,861	3,711,804
Increase (decrease) in net assets without donor restrictions	(5,150)	113,779
Changes in net assets with donor restrictions		
Support and revenues:		
Contributions	12,500	-
Change in net assets	7,350	113,779
Net assets, beginning of year	166,398	52,619
Net assets, end of year	\$ 173,748	\$ 166,398

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, 2023
(With Comparative Totals for June 30, 2022)

	2023				2022 Total
	Program Services		Support Services		
	WIOA Programs	Other Programs	Administration	Total	
Community investments	\$ 1,693,586	\$ 1,892,599	\$ 28,645	\$ 3,614,830	\$ 2,631,900
Salaries and wages	269,992	202,328	349,349	821,669	662,648
Retirement contributions	17,502	13,522	25,714	56,738	44,861
Payroll taxes	24,662	18,737	33,380	76,779	59,294
Other employee benefits	41,028	23,214	45,929	110,171	93,972
Travel and mileage	466	73	11,790	12,329	1,177
Board and staff development	-	18,111	-	18,111	7,661
Professional services	5,851	61,338	33,946	101,135	68,704
Participant data tracking	9,336	25,304	2,333	36,973	31,274
General office supplies	278	520	1,313	2,111	4,490
Expendable equipment	15,570	6,455	16,307	38,332	21,606
Equipment lease	1,128	345	1,093	2,566	4,304
Meetings	-	2,049	-	2,049	645
Telephone	4,171	2,632	5,132	11,935	9,968
Memberships and fees	-	590	21,363	21,953	16,217
Regional collaborative shared costs	-	54,931	-	54,931	-
Program information and outreach	-	1,634	-	1,634	489
Printing	-	-	498	498	87
Liability insurance	3,925	938	3,233	8,096	6,677
Facility and office leases	30,927	6,915	16,179	54,021	45,830
 Total expenses	 <u>\$ 2,118,422</u>	 <u>\$ 2,332,235</u>	 <u>\$ 596,204</u>	 <u>\$ 5,046,861</u>	 <u>\$ 3,711,804</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, 2023
(With Comparative Totals for June 30, 2022)

	2023	2022
Cash flows from operating activities		
Cash received as revenues and public support	\$ 5,076,175	\$ 3,465,155
Cash paid to employees for wages and benefits	(1,053,773)	(852,096)
Cash paid for other expenses	(5,198,962)	(1,619,951)
Net cash provided (used) by operating activities	(1,176,560)	993,108
Net increase (decrease) in cash	(1,176,560)	993,108
Cash, beginning of year	1,397,578	404,470
Cash, end of year	\$ 221,018	\$ 1,397,578
Reconciliation of change in nets assets to net cash provided (used) by operating activities		
Change in net assets	\$ 7,350	\$ 113,779
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Amortization of operating lease right-of-use asset	34,461	-
(Increase) decrease in assets:		
Grants receivable	21,964	(360,428)
Prepaid expenses	11,703	(932)
Increase (decrease) in liabilities:		
Accrued payroll and related expenses	11,584	8,679
Accounts payable and accrued liabilities	143,857	(7,182)
Refundable advances	(1,373,018)	1,239,192
Operating lease liability	(34,461)	-
Net cash provided (used) by operating activities	\$ (1,176,560)	\$ 993,108

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, 2022, from which the summarized information is derived.

Recent Accounting Standard Adopted

During 2023, CWP adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 842, *Leases*, using the modified retrospective approach, with July 1, 2022 as the date of initial application. Lease disclosures for the year ended June 30, 2022 are made in accordance with the previous lease accounting guidance in FASB ASC 840. The most significant change in the new leasing guidance is the requirement for lessees to recognize right-of-use (ROU) assets and lease liabilities for operating leases on the statement of financial position.

CWP elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed CWP to carry forward the historical lease classification for existing leases.

Adoption of the new standard did not have a material impact on CWP's statement of financial position or statement of activities. The most significant impact was the recognition of an ROU asset and lease liability for CWP's administrative office operating lease. Adoption of the standard as of July 1, 2022 resulted in an increase in operating lease ROU asset of \$72,913, a decrease in prepaid rent of \$3,000, and an increase in operating lease liability of \$69,913 at the date of adoption. There was no impact to net 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

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. Cash balances, at times, may exceed amounts insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. All cash deposits not covered by FDIC insurance are covered by the Public Funds Collateralization Program (PFCP) of the state of Oregon. Deposits in excess of FDIC coverage with institutions participating in the Oregon PFCP are collateralized with securities held by the Federal Home Loan Bank of Seattle in the name of the institution. The PFCP is a shared liability structure for participating bank depositories, better protecting public funds though still not guaranteeing that all funds are 100 percent protected. CWP has not experienced any loss in such accounts.

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.

Leases

CWP determines whether an arrangement is or contains a lease at inception. Under FASB ASC 842, *Leases*, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the arrangement are changed. Operating leases with an initial term greater than 12 months, wherein CWP is the lessee, are included in ROU assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term.

CWP has elected the short-term lease recognition exemption for all classes of underlying assets. Leases with an initial term of 12 months or less, that do not include an option to purchase the underlying asset that CWP is reasonably certain to exercise, are not recorded on the statement of financial position. Lease expense is recognized for any such leases on a straight-line basis over the lease term.

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

1. Organization and Summary of Significant Accounting Policies, continued

Leases, continued

For all classes of underlying assets, CWP has elected to account for leases containing both lease and non-lease components as a single lease, as permitted under ASC 842. As the implicit rate is not readily determinable for CWP's leases, management has elected to use the risk-free rate at the commencement date for all classes of underlying assets in determining the present value of lease payments.

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. The restricted balance at June 30, 2023 included \$12,500 with purpose restrictions for expungement clinics. CWP had no net assets with donor restrictions at June 30, 2022.

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 sources of support for CWP are derived from federal and state 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 89 percent and 93 percent of CWP's grants receivable at June 30, 2023 and 2022, respectively, was due from the state of Oregon.

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

1. Organization and Summary of Significant Accounting Policies, continued

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 accompanying statement of financial position. Once conditions are substantially met, the amounts become unconditional and are recognized as revenue.

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, 2023 and 2022 is subject to examination by the Internal Revenue Service, generally for three years after they were 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, 2023 and 2022, 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:

	2023	2022
Cash	\$ 221,018	\$ 1,397,578
Grants receivable	693,748	715,712
	914,766	2,113,290
Less financial assets unavailable for general expenditure within one year:		
Refundable advances	(21,807)	(1,394,825)
Net assets with donor restrictions	(12,500)	-
Financial assets available for general expenditure	\$ 880,459	\$ 718,465

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

2. Cash

At June 30, cash consisted of the following:

	2023	2022
Demand deposits with financial institutions	\$ 221,018	\$ 1,397,578

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:

	2023	2022
State of Oregon - HOWTO4	\$ 21,807	\$ -
State of Oregon - HOWTO2	-	100,594
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
Clackamas County - C2P2	-	22,000
Total refundable advances	\$ 21,807	\$ 1,394,825

The balances at June 30, 2023 are expected to be earned during the year ending June 30, 2024 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, 2023 and 2022, totaled \$56,738 and \$44,861, respectively.

5. Lease Commitments

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

CWP also leases additional office space for WorkSource Oregon Center purposes under an office sharing agreement requiring monthly payments of \$947, which is set to expire on June 30, 2024. The lease has a non-cancelable term of less than 12 months.

CWP leased certain office equipment under an operating lease that required monthly payments of \$322 and expired in January 2023.

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

5. Lease Commitments, continued

Additional information about CWP's leases as of and for the year ended June 30, 2023, is as follows:

Components of lease cost:	
Operating lease cost	\$ 36,000
Short-term lease cost	<u>14,965</u>
Total lease cost	<u>\$ 50,965</u>
Summary of lease-related assets and liabilities:	
Operating lease right-of use asset	\$ 72,913
Accumulated amortization	<u>(34,461)</u>
Operating lease right-of-use asset, net	<u>\$ 38,452</u>
Current portion of operating lease liability	\$ 35,452
Operating lease liability, net of current portion	<u>3,000</u>
Total operating lease liabilities	<u>\$ 38,452</u>
Cash flow information:	
Cash paid for amounts included in measurement of lease liabilities:	
Operating cash flows from operating lease	\$ 33,000
Right-of-use lease asset obtained in exchange for lease liabilities:	
Operating lease	72,913
Weighted-average remaining lease term:	
Operating lease	1.1 years
Weighted-average discount rate:	
Operating lease	2.84%

The future maturities of operating lease liabilities as of June 30, 2023 were as follows:

<u>For the Year Ending June 30,</u>	
2024	\$ 36,000
2025	3,000
2026	-
2027	-
2028	-
Thereafter	<u>-</u>
Total lease payments	39,000
Less: interest	<u>(548)</u>
Present value of lease liabilities	<u>\$ 38,452</u>

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

5. Lease Commitments, continued

Lease expense was \$45,830 for the year ended June 30, 2022 and was determined in accordance with the previous lease accounting guidance in ASC 840.

6. Related Party Transactions

CWP has entered into grant and office space lease agreements with organizations whose management includes members of the CWP Board of Directors. Payables to these organizations totaled \$281,826 and \$356,653 at June 30, 2023 and 2022, respectively. Expenses of \$2,129,524 and \$1,933,548 were incurred under grant and rental agreements with these organizations during the years ended June 30, 2023 and 2022, respectively.

7. 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.

8. 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.

9. 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, 2023

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	21-010A, 22-005A	\$ 997,653	\$ 449,878	\$ 297,561
WIOA Adult Program - Administration	17.258	21-010A, 22-005A	99,737	38,738	1,273
WIOA Youth Activities	17.259	21-010A, 22-005A	1,040,499	441,255	364,679
WIOA Youth Activities - Administration	17.259	21-010A, 22-005A	167,622	67,910	-
WIOA Youth Activities - High Concentration of Eligible Youth	17.259	21-010A, 22-005A	10,240	6,211	6,211
WIOA Dislocated Worker Formula Grants	17.278	21-010A, 22-005A	920,945	494,214	342,068
WIOA Dislocated Worker Formula Grants - Administration	17.278	21-010A, 22-005A	113,437	60,746	-
WIOA Dislocated Worker Formula Grants - Rapid Response Wildfire GapFill	17.278	21-010A, 22-005A	<u>153,789</u>	<u>18,662</u>	<u>18,662</u>
Total Workforce Innovation and Opportunity Act Cluster			<u>3,503,922</u>	<u>1,577,614</u>	<u>1,030,454</u>
<i>WIOA National Dislocated Worker Grants:</i>					
Passed through State of Oregon, HECC:					
WIOA National Dislocated Worker Grants - Wildfire Recovery	17.277	20-111A	1,543,373	535,434	527,373
WIOA National Dislocated Worker Grants - Wildfire Recovery Administration	17.277	20-111A	156,627	33,576	4,666
WIOA National Dislocated Worker Grants - Disaster Recovery	17.277	20-046A	198,788	72,067	72,067
WIOA National Dislocated Worker Grants - Employment Recovery	17.277	20-038A	<u>198,788</u>	<u>7,333</u>	<u>7,333</u>
Total passed through State of Oregon, HECC			<u>2,097,576</u>	<u>648,410</u>	<u>611,439</u>
Passed through Worksystems, Inc.:					
WIOA National Dislocated Worker Grants - Career	17.277	22-60505	300,348	84,445	57,632
WIOA National Dislocated Worker Grants - Career Administration	17.277	22-60505	<u>33,372</u>	<u>18,359</u>	<u>-</u>
Total passed through Worksystems, Inc.			<u>333,720</u>	<u>102,804</u>	<u>57,632</u>
Total WIOA National Dislocated Worker Grants			<u>2,431,296</u>	<u>751,214</u>	<u>669,071</u>
Total U.S. Department of Labor			<u>5,935,218</u>	<u>2,328,828</u>	<u>1,699,525</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, 2023

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 Treasury					
<i>COVID-19 Coronavirus State and Local Fiscal Recovery Funds:</i>					
Passed through Clackamas County:					
COVID-19 Coronavirus State and Local Fiscal Recovery Funds - Nonprofit Recovery Assistance	21.027	23-018	1,125,000	1,496	-
COVID-19 Coronavirus State and Local Fiscal Recovery Funds - Nonprofit Recovery Assistance Administration	21.027	23-018	<u>125,000</u>	<u>44,858</u>	<u>-</u>
Total U.S. Department of Treasury			<u>1,250,000</u>	<u>46,354</u>	<u>-</u>
Total expenditures of federal awards			<u>\$ 7,185,218</u>	<u>\$ 2,375,182</u>	<u>\$ 1,699,525</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, 2023. 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 2023 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 percent de minimis indirect cost rate allowed under the Uniform Guidance.

4. Insurance

CWP had insurance in force during the year ended June 30, 2023, 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, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 15, 2024.

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. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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*.

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 15, 2024

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 identified as subject to audit 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, 2023. 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, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, 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.
Eugene, Oregon
February 15, 2024

WORKFORCE INVESTMENT COUNCIL OF CLACKAMAS COUNTY, INC.
dba CLACKAMAS WORKFORCE PARTNERSHIP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2023

Summary of Auditor's Results

- (i) The independent auditor's report expresses an unmodified opinion on the financial statements of Workforce Investment Council of Clackamas County, Inc. dba Clackamas Workforce Partnership.
- (ii) No significant deficiencies or material weaknesses in internal control were disclosed by the audit of the financial statements.
- (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 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

None.

Findings and Questioned Costs – Major Federal Award Program Audit

None.

WORKFORCE INVESTMENT COUNCIL OF CLACKAMAS COUNTY, INC.
dba CLACKAMAS WORKFORCE PARTNERSHIP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, Continued
For the Year Ended June 30, 2023

Prior Period 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.

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.

2023 Follow-up: Significant improvements were noted in the current year with regard to CWP's implementation of procedures to address the underlying cause of the prior year finding. While certain adjustments related to CWP's U.S. GAAP accounting and presentation of grants were identified in the current year, they do not rise to the level of a reportable repeat finding in internal control over financial reporting.

Prior Period Findings and Questioned Costs – Major Federal Award Program Audit

None.