

TAMPA BAY WORKFORCE ALLIANCE, INC.

Financial Statements, Supplemental Information and Regulatory Reports

June 30, 2019 and 2018

(With Independent Auditor's Report Thereon)

TAMPA BAY WORKFORCE ALLIANCE, INC.

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors,  
Tampa Bay Workforce Alliance, Inc.:

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Tampa Bay Workforce Alliance, Inc., which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

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

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tampa Bay Workforce Alliance, Inc. as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Other Information*

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

*Emphasis of Matter*

As discussed in Note 2(v) to the financial statements, in the year ended June 30, 2019, the organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, Presentation of Financial Statements of Not-for-Profit Entities, which modifies the presentation of the financial statements. Our opinion is not modified with respect to this matter.

*Other Matter*

The financial statements of Tampa Bay Workforce Alliance, Inc. for the year ended June 30, 2018, were audited by another auditor who expressed an unmodified opinion on those statements on January 23, 2019.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 19, 2020, on our consideration of Tampa Bay Workforce Alliance, Inc. internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Tampa Bay Workforce Alliance, Inc. internal control over financial reporting and compliance

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

Tallahassee, FL  
March 19, 2020

TAMPA BAY WORKFORCE ALLIANCE, INC.  
Statements of Financial Position  
June 30, 2019 and 2018

<b>Assets</b>	<b>2019</b>	<b>2018</b>
Current assets:		
Cash and cash equivalents	\$ 2,241,041	\$ 1,101,717
Grants receivable	758,939	629,147
Accounts receivable	95,160	100,904
Prepaid expenses	296,711	402,851
Total current assets	<u>3,391,851</u>	<u>2,234,619</u>
Noncurrent assets:		
Board designated cash	318,111	312,334
Property and equipment, net	714,943	914,815
Total noncurrent assets	<u>1,033,054</u>	<u>1,227,149</u>
Total assets	<u>\$ 4,424,905</u>	<u>\$ 3,461,768</u>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable	\$ 127,692	\$ 62,515
Contracts payable	352,208	251,770
Participants payable	384,347	272,052
Related party payable	165,065	51,984
Accrued expenses	838,140	540,816
Deferred grant revenue	1,074,392	510,681
Deferred revenue	3,221	9,580
Total current liabilities	<u>2,945,065</u>	<u>1,699,398</u>
Net assets:		
Without donor restrictions		
Operating	1,161,729	1,450,036
Board designated	318,111	312,334
Total net assets	<u>1,479,840</u>	<u>1,762,370</u>
Total liabilities and net asset	<u>\$ 4,424,905</u>	<u>\$ 3,461,768</u>

See accompanying independent auditor's report and notes to financial statements.

TAMPA BAY WORKFORCE ALLIANCE, INC.

Statements of Activities  
Year Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Net assets without donor restrictions		
Grants		
Federal	\$ 16,697,950	\$ 16,731,251
Local	285,819	111,763
In-Kind Revenue	7,980	7,980
Contribution and sponsorship	8,004	8,500
Other	<u>104,155</u>	<u>131,140</u>
Total Revenues	<u>17,103,908</u>	<u>16,990,634</u>
Expenses:		
Program services		
Workforce development	15,860,613	15,699,002
Supporting services		
General and administrative	<u>1,525,825</u>	<u>1,428,353</u>
Total Expenses	<u>17,386,438</u>	<u>17,127,355</u>
Changes in net assets without donor restrictions	(282,530)	(136,721)
Net assets at beginning of year	<u>1,762,370</u>	<u>1,899,091</u>
Net assets at end of year	<u>\$ 1,479,840</u>	<u>\$ 1,762,370</u>

See accompanying independent auditor's report and notes to financial statements

TAMPA BAY WORKFORCE ALLIANCE, INC.  
 Statements of Functional Expenses  
 Year Ended June 30, 2019

	<u>Workforce Development</u>	<u>General and Administrative</u>	<u>Totals</u>
Salaries	\$ 6,743,979	\$ 769,983	\$ 7,513,962
Retirement	227,872	26,017	253,889
Payroll taxes and fringe	631,355	72,084	703,439
Staff training and education	59,869	6,835	66,704
Accounting and professional	604,692	212,975	817,667
Community outreach	62,872	7,178	70,050
Communications	107,570	12,282	119,852
Office expenses	439,792	50,213	490,005
Licenses, dues and other fees	23,091	2,636	25,727
Other expenses	871	99	970
Occupancy	1,128,950	128,896	1,257,846
Travel	120,574	13,766	134,340
Meetings and conferences	51,049	5,828	56,877
Insurance	74,033	8,453	82,486
Service provider contracts	619,750	-	619,750
Customer training	4,957,132	-	4,957,132
In-Kind Expense	7,162	818	7,980
Loss on disposal	-	-	-
Depreciation	-	207,762	207,762
	<u>                  </u>	<u>                  </u>	<u>                  </u>
Total expenses	\$ <u>15,860,613</u>	\$ <u>1,525,825</u>	\$ <u>17,386,438</u>

See accompanying independent auditor's report and notes to financial statements

TAMPA BAY WORKFORCE ALLIANCE, INC.  
 Statements of Functional Expense  
 Year Ended June 30, 2018

	<u>Workforce Development</u>	<u>General and Administrative</u>	<u>Totals</u>
Salaries	\$ 7,098,413	\$ 642,564	\$ 7,740,977
Retirement	271,810	24,605	296,415
Payroll taxes and fringe	597,826	54,117	651,943
Staff training and education	12,485	1,130	13,615
Accounting and professional	468,817	227,298	696,115
Community outreach	177,452	16,063	193,515
Communications	105,011	9,506	114,517
Office expenses	319,689	28,939	348,628
Licenses, dues and other fees	22,455	2,033	24,488
Other expenses	1,460	132	1,592
Occupancy	1,118,328	101,234	1,219,562
Travel	92,780	8,399	101,179
Meetings and conferences	1,108	100	1,208
Insurance	69,528	6,293	75,821
Service provider contracts	508,317	-	508,317
Customer training	4,825,543	-	4,825,543
Inkind expense	7,318	662	7,980
Loss on disposal	-	96,610	96,610
Depreciation	-	209,330	209,330
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total expenses	\$ <u>15,698,340</u>	\$ <u>1,429,015</u>	\$ <u>17,127,355</u>

See accompanying independent auditor's report and notes to financial statements

TAMPA BAY WORKFORCE ALLIANCE, INC.  
 Statements of Cash Flows  
 Year Ended June 30, 2019

	2019	2018
Cash flows from operating activities:		
Change in net assets	\$ (282,530)	\$ (136,721)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	207,762	209,330
Loss on disposal	-	96,610
Changes in assets and liabilities:		
(Increase) Decrease in grants receivable	(129,792)	2,262,428
Decrease (Increase) in accounts receivable	5,744	(69,402)
Decrease in prepaid expenses	106,140	1,656
Increase (Decrease) in accounts payable	65,177	(5,197)
Increase in contracts payable	100,438	122,159
Increase (Decrease) in participants payable	112,295	(560,557)
Increase in related party payable	113,081	3,748
Increase (Decrease) in accrued expenses	297,324	(158,970)
Increase (Decrease) in deferred grant revenue	563,711	(646,149)
Increase (Decrease) in deferred revenue	(6,359)	(9,579)
Net cash provided by operating activities	1,152,991	1,109,356
Cash flows from investing activities:		
Acquisition of property and equipment	(7,890)	(167,013)
Net cash used in investing activities	(7,890)	(167,013)
Net increase in cash	1,145,101	942,343
Cash, beginning of year	1,414,051	471,708
Cash, end of year	\$ 2,559,152	\$ 1,414,051
Supplemental disclosures:		
As shown on Statement of Financial Position		
Cash and cash equivalents	\$ 2,241,041	\$ 1,101,717
Board designated cash	318,111	312,334
Cash, end of year	\$ 2,559,152	\$ 1,414,051

See accompanying independent auditor's report and notes to financial statements

# TAMPA BAY WORKFORCE ALLIANCE, INC.

## Notes to Financial Statements Year Ended June 30, 2019 and 2018

### (1) **Nature of Organization and Purpose**

Effective February 10, 2014, Tampa Bay Workforce Alliance, Inc. (TBWA) began doing business as CareerSource Tampa Bay. The rebranding was in coordination with Florida's Workforce System to have a unified brand state-wide. The Tampa Bay Workforce Alliance, Inc. was organized on June 27, 2000, in Tampa, Florida, and created in accordance with the Florida Workforce Innovation Act of 2000 to serve as the administrative entity for programs of the Local Workforce Development Board in Hillsborough County (the Board). This public-private partnership supports and promotes economic growth through workforce development. The Board consists of representatives of business, education, labor, economic development, organizations identified as one stop partners, and other individuals as appointed by the Hillsborough County Board of County Commissioners. The Board is one of twenty-four Local Workforce Development Boards in the State of Florida providing for the development, planning, monitoring and administration of the following grants and programs:

- Temporary Assistance for Needy Families
- Workforce Innovation and Opportunity Act:
  - Adult
  - Dislocated Worker
  - Youth
  - Community Based and Sector Strategy Training Initiatives
- Wagner Peyser
- Military Spouse
- Disabled Veterans Outreach Program
- Local Veterans Employment Representative Program
- Apprenticeship USA Grant
- Trade Adjustment Assistance
- Supplemental Nutrition Assistance Program
- Reemployment Services and Eligibility Assessment
- H-1B Job Training (Tech Hire Partnership Grant)

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

The following is a summary of the significant accounting policies and practices of TBWA which affect the accompanying financial statements:

#### (a) **Basis of Accounting**

TBWA follows the provisions of the Financial Accounting Standards Board of Accounting Standards of Codification ("FASB ASC") and the standards of financial reporting for not-for-profit organizations as described in the American Institute of Certified Public Accountants' *Industry Guide for Not-for-Profit Organization*. Accordingly, the financial statements are prepared on the accrual basis of accounting. The financial statements of TBWA are the representation of management and include estimates of amounts and judgment it believes are reasonable under the circumstances.

TAMPA BAY WORKFORCE ALLIANCE, INC.  
Notes to Financial Statements  
Year Ended June 30, 2019 and 2018

(2) **Summary of Significant Accounting Policies – Continued**

(b) **Basis of Presentation**

Net assets of TBWA and changes therein are classified and reported as follows:

Net assets without donor restrictions

Net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions

Net assets subject to donor-imposed restrictions are temporary in nature, such as those that will be met either by actions of TBWA and/or passage of time. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreased in net assets without donor restrictions. Gains and losses on assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by laws. Expirations of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time has elapsed) are reported as net assets released from restrictions. TBWA implemented ASU 2016-14, *Presentation of Financial Statements of Financial Statements of Not-for-Profit Entities*, during 2019.

(c) **Reclassification**

Certain amounts in the prior year's financial statements have been reclassified to conform to the presentation of the current year financial statements. These reclassifications had no effect on the prior period change in net assets without donor restrictions.

(d) **Use of Estimates**

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

(e) **Financial Instruments Not Measured at Fair Value**

The Organization's financial instruments are not measured at fair value on a recurring basis; however, certain financial instruments are recorded at amounts that approximate fair value due to their liquid or short-term nature. Such financial assets and financial liabilities include cash and cash equivalents, grant receivables, prepaid expenses, accounts payable, accrued expenses and deferred revenue.

TAMPA BAY WORKFORCE ALLIANCE, INC.

Notes to Financial Statements

Year Ended June 30, 2019 and 2018

(2) **Summary of Significant Accounting Policies – Continued**

(f) **Cash and Cash Equivalents**

For purposes of reporting cash flows, all deposits with an original maturity of three months or less are considered to be cash equivalents. Cash designated to fund accrued paid time off is classified as restricted cash in the accompanying statement of financial position

(g) **Grants Receivable**

TBWA's grants receivable consist of amounts to be received from governments and governmental agencies for grants and appropriations. TBWA considers its receivables to be fully collectible. Accordingly, no provision for uncollectible amounts has been made in the accompanying financial statements.

(h) **Accounts Receivable**

TBWA considers accounts receivable to be fully collectible at June 30, 2019 and 2018. Therefore, no provision for uncollectible amounts has been made in the accompanying financial statements.

(i) **Prepaid Expenses**

Prepaid expenses consist of prepaid insurance, rents, services and participant incentive cards. Incentive cards are Visa cards in various denominations. Unused incentive cards are recorded as prepaid expense. These incentive cards are used for providing support services to participants served by TBWA

(j) **Property and Equipment**

Property and equipment are stated at cost, if purchased, or at estimated fair value at date of receipt if acquired by gift. Depreciation is recognized over the estimated useful lives of the assets of three to seven years for property and equipment and fifteen years for leasehold improvements, using the straight-line method. All expenditures for property less than \$5,000 are expensed when purchased.

In the event of disposal of property and equipment acquired through expenditures of federal funds, TBWA may be required to return the property and equipment to the funding source or obtain its approval to dispose of the property and equipment. Additionally, the proceeds from any disposal of property and equipment may be required to be refunded to the respective funding source.

(k) **Personal Time Off**

TBWA employees are entitled to personal time off (PTO). PTO is based on length of employment and other factors. PTO is accrued when earned. PTO of \$318,111 and \$312,334 are included as a component of accrued expenses in the Statement of Financial Position at June 30, 2019 and 2018, respectively.

TAMPA BAY WORKFORCE ALLIANCE, INC.

Notes to Financial Statements

Year Ended June 30, 2019 and 2018

(2) **Summary of Significant Accounting Policies – Continued**

(l) **Participants Payable**

TBWA provides eligible participants a forum for training in demand driven occupations through On-the-Job Training (OJT) and Occupational Skills Training (Individual Training Account – ITA). With an OJT, a local employer provides on-the-job training for a full-time salary or hourly position listed in TBWA’s targeted occupation list. TBWA reimburses the employer for a fixed portion of the OJT training costs. ITA provides eligible participants a pre-established amount of funding to access approved training programs, provided by eligible training providers, in order to qualify for occupations that are in high demand in the local area and throughout the state. Costs associated with training services received but not paid as of the end of the fiscal year are \$384,347 and \$272,052 at June 30, 2019 and 2018, respectively, and recorded as participant payable in the Statements of Financial Position.

(m) **Revenue Recognition**

Revenues and the related expenses of cost-reimbursement grant programs are recognized as allowable costs are incurred. Federal grant advances are classified as deferred revenue until expended for the intended purpose. Grants receivable relates to support earned but not yet received from federal sources.

(n) **Functional allocation of Expenses**

The cost of providing TBWA’s various programs and other supporting services have been summarized on a functional basis in the statement of activities. Direct expenses are charged directly to the related program. Certain costs which are directly shared have been allocated to programs based upon the relative benefits received. Expenses that are not directly identifiable with a specific program are allocated as indirect costs to benefiting programs based upon the Organization’s indirect cost rate. For the period July 1, 2018 through June 30, 2020, the Organization negotiated an indirect cost rate of 14.59% of modified total direct cost. The de minimis indirect rate of 10-percent of modified total direct costs was utilized for the fiscal year ending June 30, 2018.

Supporting services in the statement of activities include expenses that have been allocated both directly and indirectly to the Organization’s programs. Supporting services include planning, development, oversight and administrative functions of all programs, support services for the One Stop System including Information Technology, Management Information Systems, Facility Management, Community Outreach, and One Stop Staff training and development activities.

(o) **Income Taxes**

TBWA is a not-for-profit corporation under the laws of the State of Florida and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Internal Revenue Code provides

TAMPA BAY WORKFORCE ALLIANCE, INC.

Notes to Financial Statements

Year Ended June 30, 2019 and 2018

(2) **Summary of Significant Accounting Policies – Continued**

(o) **Income Taxes - continued**

for taxation of unrelated business income under certain circumstances. TBWA believes that it has no liability for taxes with respect to unrelated business income. However, such status is subject to final determination upon examination of the related income tax returns by the appropriate taxing authorities.

TBWA follows Accounting Standards Codification Topic 740, *Income Taxes* (“ASC 740”). A component of this standard prescribes a recognition and measurement of tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities.

TBWA’s policy is to recognize interest and penalties associated with tax positions under this standard as a component of tax expense, and none were recognized since there was no material impact of the application of this standard for the years ended June 30, 2019 and 2018. As required by Internal Revenue Service regulations, the Organization annually files a Form 990, “Return of Organization Exempt from Income Tax” with the Internal Revenue Service. The returns for 2019, 2018 and 2017 are subject to review and adjustment by the Internal Revenue Service.

(p) **Community Outreach**

The Organization expenses Community Outreach costs as incurred. Community Outreach expense for the years ended June 30, 2019 and 2018 totaled \$70,050 and \$193,515, respectively.

(q) **Retirement Plan**

The provision for employer contribution costs is recorded on an annual basis. Employer contributions are funded as they accrue.

(r) **Federal Matching and Leveraged Contributions**

Certain Federal programs require cost sharing (match) or leveraged contributions as a condition of the grant award. This match or leveraged contributions may be cash, in-kind or a combination. The amount of qualifying leveraged contributions received during the fiscal year ended June 30, 2019 and 2018 totaled \$656,411 and \$1,209,234, respectively. These amounts are not recorded in the Statements of Activities as they do not meet the criteria for financial statement recognition.

(s) **In-Kind Contributions**

In-kind contributions of services, goods or space may be donated during the year. Contribution of services are recognized as in-kind revenue at their estimated fair market value when they create or enhance nonfinancial assets, or they require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not donated. Contributed space of \$7,980 for the fiscal years ended June 30, 2019 and 2018 is recognized in the Statement of Activities as In-Kind Revenue.

TAMPA BAY WORKFORCE ALLIANCE, INC.

Notes to Financial Statements  
Year Ended June 30, 2019 and 2018

(2) **Summary of Significant Accounting Policies – Continued**

(t) **Subsequent Events**

TBWA has evaluated events and transactions for potential recognition or disclosure in the financial statement through March 19, 2020, the date the financial statements were available to be issued.

(u) **Recent Accounting Pronouncements**

The FASB and other entities issued new or modifications to, interpretations of, existing accounting guidance during 2019 and 2018. TBWA has considered the new pronouncements that altered accounting principles generally accepted in the United States of America, and other than as disclosed in the notes to the financial statements, does not believe that any other new or modified principles will have a material impact on TBWA's reported financial position or operations in the near term.

In May 2014, the FASB issued Accounting Standards Update 2014-09: *Revenue from Contracts with Customers*, to clarify the principles used to recognize revenue for all entities. The new standard (as amended) is effective for fiscal years beginning after December 15, 2018 and may be adopted early. TBWA is currently evaluating the effect that implementation of the new standard will have on its financial position, results of operation, and cash flows.

In February 2016, the FASB issued Accounting Standards Update 2016-02: *Leases (Topic 842)*, to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the Statement of Financial Position and disclosing key information about lease arrangements. The new standard is effective for fiscal years beginning after December 15, 2020 and may be adopted early. TBWA is currently evaluating the effect that implementation of the new standard will have on its financial position, results of operation, and cash flows.

In November 2016, the FASB issued Accounting Standards Update 2016-18: *Statement of Cash Flows (Topic 230): Restricted Cash*, to reduce the diversity in the presentation of restricted cash and restricted cash equivalents in the Statement of Cash Flows. The new standard is effective for fiscal years beginning after December 15, 2018 and may be adopted early. TBWA is currently evaluating the effect that implementation of the new standard will have on its financial position, results of operation, and cash flows.

In June 2018, the FASB issued Accounting Standards Update 2018-08: *Not for Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, to clarify whether a transaction should be considered a contribution or an exchange transaction and to determine whether a contribution is conditional. The new standard is effective for fiscal year beginning after December 15, 2018 and may be adopted early. TBWA is currently evaluating the effect that implementation of the new standard will have on its financial position, results of operation, and cash flows.

TAMPA BAY WORKFORCE ALLIANCE, INC.

Notes to Financial Statements  
Year Ended June 30, 2019 and 2018

(2) **Summary of Significant Accounting Policies – Continued**

(v) **Implementation of Accounting Pronouncement**

On August 18, 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. TBWA has adjusted the presentation of its financial statements accordingly, applying the changes retrospectively to the comparative period presented. The new standards change the following aspects of TBWA’s financial statements:

- The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions.
- The unrestricted net asset class as been renamed net assets without donor restrictions.
- The financial statements include a new disclosure about liquidity and availability of resources (Note 3).

The changes have the following effect on net assets at June 30, 2018:

<b>Net Asset Classes</b>	<b>As Originally presented</b>	<b>After Adoption of ASU 2016-14</b>
Unrestricted	\$ 1,762,370	\$ -
Temporarily restricted	-	-
Net assets without donor restrictions	-	1,762,370
Net assets with donor restrictions	-	-
	\$ 1,762,370	\$ 1,762,370

(3) **Liquidity and Availability**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following at June 30, 2019:

Financial assets available within one year, at year end	
Cash and cash equivalents	\$ 2,241,041
Board designated cash	318,111
Grants receivable	758,939
Accounts receivable	95,160
Less those unavailable for general expenditures within one year, due to:	
Board designated	(318,111)
Additional available assets for use over the next 12 months - not designated by donor or board restrictions	\$ 3,095,140

Board designated funds consists of the amount allocated for accrued paid time off. As these amounts are already designated expenses, these are removed from assets available for general expenditures. As shown in the table above, TBWA has adequate financial assets available to meet unexpected liquidity needs. Although board designated funds are set aside for a particular purpose, these amounts could be made available if necessary.

TAMPA BAY WORKFORCE ALLIANCE, INC.

Notes to Financial Statements  
Year Ended June 30, 2019 and 2018

(4) **Grants Receivable**

Grants receivable is comprised of the following federal and local awards at June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
U.S. Department of Agriculture		
Supplemental Nutrition Assistance Program	\$ 2,831	\$ -
U.S. Department of Labor		
Employment Service Cluster		
Wagner Peyser	129,777	75,165
Military Spouse	7,434	5,634
Disabled Veteran Outreach Program	241	41,111
Local Veterans Employment Representative Program	-	11,692
Subtotal Employment Service Cluster	<u>137,452</u>	<u>133,602</u>
Reemployment Assistance Program	-	18,523
Reemployment Services and Eligibility Assessment	-	13,158
Trade Adjustment Assistance	476	11,865
National Emergency - Sector Partnership	-	56,415
Workforce Innovation and Opportunity Act Adult	-	136,600
H-1B Job Training Grant (Tech Hire Partnership Grant)	183,430	213,080
U.S. Department of Health and Human Services		
Temporary Assistance for Needy Families	416,382	45,860
Local award:		
City of Tampa		
Tampa Housing Job Plus Grant	18,368	44
	<u>\$ 758,939</u>	<u>\$ 629,147</u>

(5) **Property and Equipment**

Property and Equipment consists of the following at June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Equipment	\$ 773,743	\$ 775,842
Software	27,672	19,782
Furniture	345,001	345,001
Leasehold improvements	2,409,327	2,409,327
Total cost	<u>3,555,743</u>	<u>3,549,952</u>
Accumulated depreciation	2,840,800	2,635,137
Property and equipment, net	<u>\$ 714,943</u>	<u>\$ 914,815</u>

TAMPA BAY WORKFORCE ALLIANCE, INC.

Notes to Financial Statements  
Year Ended June 30, 2019 and 2018

(6) **Deferred Grant Revenue**

Deferred grant revenue is comprised of the following federal and local awards at June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
U.S. Department of Agriculture		
Supplemental Nutrition Assistance Program	\$ -	\$ 7,901
U.S. Department of Labor		
Employment Service Cluster		
Local Veterans Employment Representative Program	<u>3,428</u>	<u>-</u>
Subtotal Employment Service Cluster	<u>3,428</u>	<u>-</u>
Reemployment Assistance Program	714	-
Reemployment Services and Eligibility Assessment	29,248	-
Hurricanes and Wildfires Supplemental - National Dislocated Worker Grant	4,796	-
Workforce Innovation and Opportunity Act (WIOA) Cluster		
WIOA Adult	271,420	-
WIOA Dislocated Worker	445,379	44,420
WIOA Youth	<u>306,909</u>	<u>272,241</u>
Subtotal WIOA Cluster	<u>1,023,708</u>	<u>316,661</u>
Apprenticeship USA Grants	8,759	-
Local award:		
Citi Foundation	<u>3,739</u>	<u>186,119</u>
	<u>\$ 1,074,392</u>	<u>\$ 510,681</u>

(7) **Commitments**

(a) **Facilities**

TBWA leases facilities (workforce program offices and administrative office) under cancelable and non-cancelable lease agreements. Pursuant to the original lease document the lease shall remain ongoing until cancelled by either party. The lessor or lessee shall have the right to terminate for any reason, without penalty, with one hundred eighty (180) days written notice. Lease payments, net of sublease payments, were approximately \$1,177,000 and \$1,116,000 for the year ending June 30, 2019 and 2018, respectively. In addition, TBWA has entered into sublease arrangements with several of its service partners whereby the partners use office space in the Career Centers. The sublease agreements cover a one-year period and are renewable annually. TBWA received approximately \$64,000 and \$105,000 in sublease payments for the year ending June 30, 2019 and 2018, respectively.

Future minimum lease payments that have remaining terms in excess of one year as of June 30, 2019:

<u>Year Ending June 30,</u>	<u>Amount</u>
2020	\$ 432,000
2021	333,000
2022	<u>226,000</u>
	<u>\$ 991,000</u>

TAMPA BAY WORKFORCE ALLIANCE, INC.  
Notes to Financial Statements  
Year Ended June 30, 2019 and 2018

(7) **Commitments - Continued**

(a) **Equipment**

TBWA entered into an operating lease for copiers and other office equipment. The minimum rental payments for the remaining fiscal years ending June 30, 2019 are approximately:

Year Ending June 30,	Amount
2020	\$ 55,000
2021	55,000
2022	55,000
2023	20,000
2024	2,400
	\$ 187,400

(8) **Employment Benefits**

(a) **Retirement Plan**

Effective September 1, 2018, TBWA is the employer of record for its employees. In addition, TBWA established a defined contribution retirement plan, Tampa Bay Workforce Alliance, Inc. 401k Plan (TBWA 401k Plan), covering its eligible employees. Prior to September 1, 2018, WorkNet Pinellas, Inc. was the employer of record for TBWA. A defined contribution retirement plan, WorkNet Pinellas, Inc. 401k Plan (WorkNet 401k Plan), was provided to eligible employees by WorkNet Pinellas, Inc.

The TBWA 401k Plan and the WorkNet 401k Plan provides for two types of employer contributions, a non-elective contribution (NEC) and a discretionary matching contribution to eligible employees. The discretionary employer match was not elected for fiscal years ending June 30, 2019 and 2018. For both the TBWA 401k Plan and the WorkNet 401k Plan, the NEC is provided to all eligible employees regardless if the employee contributes. NEC totaled \$253,889 and \$296,414 for the year ended June 30, 2019 and 2018, respectively.

(b) **Cafeteria Contribution**

A cafeteria contribution is provided to eligible employees to be used towards medical, dental, vision and supplemental life insurance. The cafeteria contribution equals 28% of the eligible employee's earnings. It is included as part of the employee's gross pay and paid twice a month over 24 pay periods. The cafeteria contribution totaled \$1,062,328 and \$1,535,108 for the year ended June 30, 2019 and 2018, respectively.

TAMPA BAY WORKFORCE ALLIANCE, INC.

Notes to Financial Statements  
Year Ended June 30, 2019 and 2018

(9) **Concentration of Credit Risk**

TBWA maintains its cash with a financial institution. TBWA's deposits are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At times, TBWA has deposits which exceed the FDIC amount. Management does not anticipate nonperformance by the financial institution.

(10) **Grants**

Costs charged to federal programs under cost-reimbursement grants are subject to government audit. Therefore, all such costs are subject to adjustment. Management believes that adjustments, if any, would not have a significant effect on the financial statements. TBWA receives a substantial amount of its support from federal agencies through various grants. Any significant reduction in the level of this support could have an effect on TBWA's programs.

(11) **Legal Matters**

At year-end, TBWA is being investigated by certain state and federal agencies regarding its operations and utilization of grant funds. As of the date of the financial statements, these state and federal investigations are ongoing and the final results have not been released. Therefore, TBWA cannot conclude as of the report date if a loss is reasonably probable, and the amount of any such loss is not estimable at this time.

TBWA is also involved in various legal actions that, in the opinion of management, will not have a significant effect on the financial position or results of operations of TBWA. Legal actions that pertain to employment matters are generally covered by TBWA's liability insurance.

(12) **Related Party Transactions**

In accordance with applicable regulations, TBWA's Board of Directors includes representatives of private and public sector industries, with which board members are associated for the purpose of providing services to participants. Total payments for providing services to participants during the year ended June 30, 2019 and June 30, 2018 were \$378,009 and \$519,711, respectively, and accounts payable at June 30, 2019 and 2018 were \$165,065 and \$51,984.

**SUPPLEMENTAL INFORMATION**

**TAMPA BAY WORKFORCE ALLIANCE, INC.**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2019**

Federal/State Agency Pass-Through Entity/ Program Title	Federal CFDA Number	Pass-Thru Entity Identifying Number	Federal Expenditures	Amount to Subrecipients
<b>U.S. Department of Agriculture</b>				
Passed through the Department of Economic Opportunity:				
Supplemental Nutrition Assistance Program Cluster	10.561	34880, 37580	\$ 735,706	\$ -
Total U.S. Department of Agriculture			<u>735,706</u>	<u>-</u>
<b>U.S. Department of Labor</b>				
Passed through the Department of Economic Opportunity:				
Employment Service Cluster:				
Wagner Peysner	17.207	33820, 37452	1,465,136	-
Military Spouse	17.207	37436	98,434	-
Disabled Veterans Outreach Program	17.801	35360, 37754	158,747	-
Local Veterans Employment Representative Program	17.804	35335, 37737	43,913	-
Subtotal Employment Service Cluster			<u>1,766,230</u>	<u>-</u>
Reemployment Assistance Program	17.225	34784, 37709	58,464	-
Reemployment Services and Eligibility Assessment	17.225	35670, 37824, 38015	464,763	-
Trade Adjustment Assistance	17.245	34610, 37634, 34585, 37654, 36550	54,676	-
Hurricanes and Wildfires Supplemental - National Dislocated Worker Grant	17.277	35820	23,204	-
Workforce Innovation and Opportunity Act (WIOA) Cluster:				
WIOA Adult	17.258	33665, 37503, 35260, 35630, 36538, 37932, 37381	3,573,723	-
WIOA Youth	17.259	33415, 37289, 35260, 35630, 36538, 37932, 37381	1,331,691	6,500
WIOA Dislocated Worker	17.278	33690, 37479, 35310, 35260, 35060, 35630, 36538, 37932, 37381	3,695,317	-
Subtotal WIOA Cluster			<u>8,600,731</u>	<u>6,500</u>
Apprenticeship USA Grants	17.285	37271	26,241	-
Subtotal Department of Economic Opportunity			<u>11,730,015</u>	<u>6,500</u>
Passed through Westat, Inc.:				
H-1B Job Training Grant (Tech Hire Partnership Grant)	17.268	HG-29364-16-60-A-12	45,578	-
Subtotal Westat, Inc.			<u>45,578</u>	<u>-</u>
H-1B Job Training Grant (Tech Hire Partnership Grant)	17.268	HG-29364-16-60-A-12	776,176	349,175
Subtotal Direct U.S. Department of Labor			<u>776,176</u>	<u>349,175</u>
Total U.S. Department of Labor			<u>12,551,769</u>	<u>355,675</u>
<b>U.S. Department of Health and Human Services</b>				
Passed through the Department of Economic Opportunity:				
Temporary Assistance for Needy Families Cluster	93.558	37420, 37611	4,146,181	264,075
Total U.S. Department of Health and Human Services			<u>4,146,181</u>	<u>264,075</u>
Total Federal Awards			<u>\$ 16,697,950</u>	<u>\$ 619,750</u>

See Notes to Schedule of Expenditures of Federal Awards

**TAMPA BAY WORKFORCE ALLIANCE, INC.**  
**Notes to Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2019**

**(1) Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of TBWA under programs of the federal government passed through the Department of Economic Opportunity for the year ended June 30, 2019. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Because the schedule presents only a selected portion of the operations of TBWA, it is not intended to and does not present the financial position, changes in net assets or cash flows of TBWA.

**(2) Basis of Accounting**

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

**(3) Property and Equipment**

Property and equipment of approximately \$8,000 was purchased using federal grant awards during fiscal year ending June 30, 2019. These amounts are included in the Schedule but excluded from the statement of activities as the amount has been capitalized for financial statement purposes and recorded as property and equipment on the statement of position.

**(4) Match and Leveraged Contributions and Expenses**

Cost sharing (match) or leveraged contributions is a requirement of certain Federal programs and may be fulfilled with in-kind or cash. In-kind match may be in the form of equipment, supplies, and other expendable property, donated time, and the value of goods and services that directly benefit and are specifically identifiable to the Federal program. Cash match may include cash provided for grant activities by TBWA, salaries paid by employers providing incumbent worker training and cash received from partners. Match or leveraged contributions is not reported in the accompanying schedule of expenditures of federal awards as they do not represent amounts expended. Leveraged contributions of \$656,411 represents salaries paid by employers providing incumbent worker training for the H-1B Job Training Grant (TechHire Partnership Grant).

**(5) Indirect Cost Rate**

For the period July 1, 2018 through June 30, 2020, TBWA negotiated an indirect cost rate of 14.59% of modified total direct cost rate.

## **REGULATORY REPORTS**

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

To the Board of Directors,  
Tampa Bay Workforce Alliance, Inc.:

We have audited 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, the financial statements of Tampa Bay Workforce Alliance, Inc., which comprise the statement of financial position as of June 30, 2019, and the related statement 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 March 19, 2020.

**Internal Control over Financial Reporting**

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

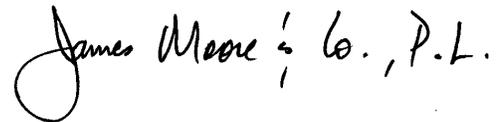
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during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

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Tampa Bay Workforce Alliance, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests 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 result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

James Moore & Co., P.L.

Tallahassee, Florida  
March 19, 2020

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

To the Board of Directors,  
Tampa Bay Workforce Alliance, Inc.:

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

We have audited Tampa Bay Workforce Alliance, Inc. compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2019. Tampa Bay Workforce Alliance, Inc. major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of Tampa Bay Workforce Alliance, Inc. major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the Florida Department of Economic Opportunity's (DEO) Audit and Audit Resolution Responsibilities (AWI FG 05-019) issued August 12, 2005, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Tampa Bay Workforce Alliance, Inc. compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Tampa Bay Workforce Alliance, Inc. compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, Tampa Bay Workforce Alliance, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

### **Report on Internal Control over Compliance**

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

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

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

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

James Moore & Co., P.L.

Tallahassee, Florida  
March 19, 2020

**TAMPA BAY WORKFORCE ALLIANCE, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**Section I. Summary of Auditors' Results:**

**Financial Statements**

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified  Yes  No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)?  Yes  None reported

Noncompliance material to financial statements noted?  Yes  No

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)?  Yes  None reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 516(a)?  Yes  No

Identification of major programs: **WIOA Cluster:**  
CFDA 17.258, CFDA 17.259, CFDA 17.27  
WIOA Adult, WIOA Youth, WIOA  
Dislocated Worker

Dollar threshold used to distinguish between the type A and type B programs: \$750,000

Auditee qualified as a low-risk auditee?  Yes  No

**Section II. Findings relating to the Financial Statements Which are Required to be Reported in Accordance with *Government Auditing Standards*** None

**Section III. Findings and Questions Costs for Federal Awards:** None

**Section IV. State of Florida, Department of Economic Opportunity Reporting Requirements**  
  
TBWA performed timely reconciliations between the general ledger accounting system and the Subrecipient Enterprise Resource Application.

**Section V. Prior Audit Findings and Corrective Action Plan for Federal Awards for the Year Ended June 30, 2018:** No corrective action plan was necessary as there were no prior year audit findings.