

**OREGON NORTHWEST WORKFORCE INVESTMENT BOARD**

**FINANCIAL STATEMENTS AND  
SINGLE AUDIT INFORMATION**

**For the Years Ended June 30, 2020 and 2019**



OREGON NORTHWEST WORKFORCE INVESTMENT BOARD  
FINANCIAL STATEMENTS AND SINGLE AUDIT INFORMATION  
For the Years Ended June 30, 2020 and 2019

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OREGON NORTHWEST WORKFORCE INVESTMENT BOARD

June 30, 2020

EXECUTIVE DIRECTOR

Heather DeSart

BOARD OF DIRECTORS

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Tony Erickson	Chair
Zach Poole	Vice Chair
Linda Dugan	Treasurer
Amanda Morris	Board Member
Whitney Forsman	Board Member
Cami Aufdermauer	Board Member
Stephanie Hurliman	Board Member
Heather Clark	Board Member
Henry Balensifer III	Board Member
Josh Kvidt	Board Member
John Hawkins	Board Member
Ivan Castille	Board Member
Rod Belisle	Board Member
Terre Cooper	Board Member
Birgitte Ryslinge	Board Member
Todd Simmons	Board Member
Lauren Smith	Board Member
Ann Buchele	Board Member

NORTHWEST OREGON WORKFORCE CONSORTIUM

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Doug Hunt	Pat Malone	Mary Faith Bell
Pamela Wev	Henry Heimuller	

**REGISTERED ADDRESS**

3788 SE High School Dr.  
Lincoln City, OR 97367

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Oregon Northwest Workforce Investment Board  
Lincoln City, Oregon

### Report on the Financial Statements

We have audited the accompanying financial statements of Oregon Northwest Workforce Investment Board (a nonprofit organization), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, cash flows, and functional expenses 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.

### Auditor's 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 audits 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 Oregon Northwest Workforce Investment Board as of June 30, 2020 and 2019, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

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

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2020 on our consideration of Oregon Northwest Workforce Investment Board'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 Oregon Northwest Workforce Investment Board'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 Oregon Northwest Workforce Investment Board's internal control over financial reporting and compliance.



Jones & Roth, P.C.  
Eugene, Oregon  
November 18, 2020

## FINANCIAL STATEMENTS

OREGON NORTHWEST WORKFORCE INVESTMENT BOARD  
 STATEMENTS OF FINANCIAL POSITION  
 June 30, 2020 and 2019

	2020	2019
<b>Assets</b>		
<b>Current assets</b>		
Cash	\$ 392,132	\$ 241,793
Grants receivable	291,206	331,834
Prepaid expenses	3,174	3,409
Deposits	1,872	1,872
<b>Total current assets</b>	<b>\$ 688,384</b>	<b>\$ 578,908</b>
<b>Liabilities and Net Assets</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 244,645	\$ 400,839
Refundable advances	289,038	-
Accrued compensated absences	48,179	34,860
Total current liabilities	581,862	435,699
<b>Net assets</b>		
Without donor restriction	28,022	33,339
With donor restriction	78,500	109,870
Total net assets	106,522	143,209
<b>Total liabilities and net assets</b>	<b>\$ 688,384</b>	<b>\$ 578,908</b>

The accompanying notes are an integral part of these statements.

OREGON NORTHWEST WORKFORCE INVESTMENT BOARD  
 STATEMENTS OF ACTIVITIES  
 For the Years Ended June 30, 2020 and 2019

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and revenues</b>			
Government grants	\$ 1,884,502	\$ -	\$ 1,884,502
Contributions	-	78,500	78,500
Program income	-	-	-
Net assets released from restrictions	109,870	(109,870)	-
Total support and revenues	1,994,372	(31,370)	1,963,002
<b>Expenses</b>			
Program activity:			
Employment and training	1,653,655	-	1,653,655
Supporting services:			
Management and general	344,204	-	344,204
Fundraising	1,830.00	-	1,830
Total expenses	1,999,689	-	1,999,689
<b>Change in net assets</b>	(5,317)	(31,370)	(36,687)
Net assets, beginning of year	33,339	109,870	143,209
Net assets, end of year	\$ 28,022	\$ 78,500	\$ 106,522

2019		
Without Donor Restrictions	With Donor Restrictions	Total
\$ 2,134,142	\$ 109,870	\$ 2,244,012
-	-	-
500	-	500
<u>7,663</u>	<u>(7,663)</u>	<u>-</u>
<u>2,142,305</u>	<u>102,207</u>	<u>2,244,512</u>
1,785,013	-	1,785,013
354,525	-	354,525
<u>-</u>	<u>-</u>	<u>-</u>
<u>2,139,538</u>	<u>-</u>	<u>2,139,538</u>
2,767	102,207	104,974
<u>30,572</u>	<u>7,663</u>	<u>38,235</u>
<u>\$ 33,339</u>	<u>\$ 109,870</u>	<u>\$ 143,209</u>

The accompanying notes are an integral part of these statements.

OREGON NORTHWEST WORKFORCE INVESTMENT BOARD  
 STATEMENTS OF CASH FLOWS  
 For the Years Ended June 30, 2020 and 2019

	2020	2019
<b>Cash flows from operating activities</b>		
Change in net assets	\$ (36,687)	\$ 104,974
(Increases) decreases in operating assets:		
Accounts receivable	-	410
Grants receivable	40,628	71,272
Prepaid expenses	235	351
Increases (decreases) in operating liabilities:		
Accounts payable	(156,194)	81,099
Accrued payroll and related benefits	-	(15,202)
Refundable advances	289,038	(10,000)
Accrued compensated absences	13,319	7,289
Net cash provided by operating activities	150,339	240,193
<b>Net increase in cash</b>	150,339	240,193
Cash, beginning of year	241,793	1,600
Cash, end of year	\$ 392,132	\$ 241,793

The accompanying notes are an integral part of these statements.

OREGON NORTHWEST WORKFORCE INVESTMENT BOARD  
STATEMENTS OF FUNCTIONAL EXPENSES  
For the Years Ended June 30, 2020 and 2019

	2020			
	Program Activity	Supporting Services		Total
	Employment and Training	Management and General	Fundraising	
Salaries	\$ 154,095	\$ 202,587	\$ -	\$ 356,682
Payroll taxes	13,599	18,885	-	32,484
Employee health benefits	33,544	54,713	-	88,257
 Total salaries and related expenses	 201,238	 276,185	 -	 477,423
Professional services	10,878	3,626	1,830	16,334
Audit fees	-	19,300	-	19,300
Fees	-	5,867	-	5,867
Phone and internet	1,999	4,245	-	6,244
Insurance	-	5,343	-	5,343
Office occupancy	6,042	10,533	-	16,575
Office supplies	632	1,399	-	2,031
Office expense	1,069	1,744	-	2,813
Memberships	4,841	8,601	-	13,442
Postage and printing	349	828	-	1,177
Travel	13,628	3,724	-	17,352
Meetings	711	784	-	1,495
Trainings	888	2,025	-	2,913
ITrac database	16,361	-	-	16,361
Program and community outreach	152,398	-	-	152,398
Payments to grant subrecipient providers	1,151,710	-	-	1,151,710
WorkSource Oregon center occupancy	73,914	-	-	73,914
Other WorkSource Oregon center expenses	16,997	-	-	16,997
 Total functional expenses	 <u>\$ 1,653,655</u>	 <u>\$ 344,204</u>	 <u>\$ 1,830</u>	 <u>\$ 1,999,689</u>

2019

Program Activity	Supporting Services		
Employment and Training	Management and General	Fundraising	Total
\$ 172,021	\$ 200,873	\$ -	\$ 372,894
14,242	19,773	-	34,015
22,930	49,167	-	72,097
209,193	269,813	-	479,006
6,226	6,221	-	12,447
-	17,500	-	17,500
-	7,384	-	7,384
1,896	4,368	-	6,264
-	2,905	-	2,905
4,551	10,864	-	15,415
573	1,560	-	2,133
795	2,620	-	3,415
4,447	8,131	-	12,578
317	961	-	1,278
19,288	4,694	-	23,982
1,770	958	-	2,728
2,967	9,342	-	12,309
17,462	-	-	17,462
-	-	-	-
1,376,416	2,455	-	1,378,871
75,226	4,749	-	79,975
63,886	-	-	63,886
<u>\$ 1,785,013</u>	<u>\$ 354,525</u>	<u>\$ -</u>	<u>\$ 2,139,538</u>

The accompanying notes are an integral part of these statements.

OREGON NORTHWEST WORKFORCE INVESTMENT BOARD  
NOTES TO FINANCIAL STATEMENTS

**1. Summary of Significant Accounting Policies**

**Reporting Entity**

Oregon Northwest Workforce Investment Board (ONWIB) was formed on July 1, 2015, as a 501(c)(3) nonprofit corporation organized in the state of Oregon. ONWIB services a five county area in Northwest Oregon, including Benton, Clatsop, Columbia, Lincoln, and Tillamook Counties.

ONWIB is a workforce development organization dedicated to assisting employers in recruiting and retaining employees, and helping individuals find employment and progress in their careers. Specifically, ONWIB is charged with planning, oversight, and administrative responsibility for local job training programs including, but not limited to, those funded under the Workforce Innovation and Opportunity Act of 2014 (WIOA). WIOA requires that each Workforce Development Area form a Local Workforce Development Board. The Board of Directors of ONWIB was designated to meet this requirement for the geographic area of the counties in Oregon noted above.

**Budget Policy**

The administrative and fiscal staff prepare a budget which is submitted to the Board of Directors for approval, modification, and adoption. Once approved by the Board of Directors, it is then submitted to the Northwest Oregon Workforce Consortium (NOWC). NOWC consists of one County Commissioner from each county serviced by ONWIB.

There is no legal requirement that expenditures do not exceed appropriations; however, it is Board practice to limit expenditures to the amount appropriated.

**Basis of Presentation**

The financial statements have been prepared on the accrual basis of accounting wherein revenues are reported when earned and expenses are reported when incurred. Grants and similar items are recognized as revenue as soon as all the eligibility requirements imposed by the provider have been met. Expenditure-driven grants are recorded as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

**Functional Allocation of Expenses**

The costs of providing the program have been summarized on a functional basis in the accompanying statements of activities. Accordingly, certain costs have been allocated among program and supporting services benefited. ONWIB's sole program is Employment and Training Services. This program is charged with planning, oversight, and administrative responsibility for local job training programs for at risk populations in the area.

**Assets, Liabilities, and Net Assets**

Cash

Cash consists of cash on hand and demand deposits deposited in one financial institution.

OREGON NORTHWEST WORKFORCE INVESTMENT BOARD  
NOTES TO FINANCIAL STATEMENTS

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

**Assets, Liabilities, and Net Assets, continued**

Receivables

Receivables are recorded in accordance with the policies enumerated above. Management of ONWIB considers all amounts included in grants receivable to be collectible; therefore, no provision for uncollectible accounts has been made.

ONWIB receives a majority of its federal funds from the U.S. Department of Labor passed through the state of Oregon, as well as several other nonfederal grants. The amount receivable represents contract billings and cash requests, relating to expenditures incurred through the end of the program year, which had not been received at June 30, 2020 and 2019.

Capital assets

Capital assets are defined by ONWIB as assets with an initial individual cost of \$5,000 or greater and an estimated useful life in excess of one year. Such assets are recorded at historical cost. Donated capital assets are recorded at their fair value at the date of donation.

Depreciation is provided using the straight-line method based on the estimated useful lives of the related assets.

State and federal grantor agencies retain a reversionary interest in all capital assets that are purchased with state and federal funding.

ONWIB had no capital assets as of June 30, 2020 and 2019.

Compensated absences payable

It is ONWIB's policy to permit employees to accumulate earned but unused vacation time. No liability for unpaid accumulated sick leave is recorded because ONWIB does not pay sick leave when employees separate from service with ONWIB. Accrued compensated absences totaled \$48,179 and \$34,860 as of June 30, 2020 and 2019, respectively.

Refundable advances

Refundable advances totaling \$289,038 and \$-0- at June 30, 2020 and 2019, respectively, consists of funds received for expenditure-driven grants restricted for use in future periods by either time or other donor restrictions. The entire balance at June 30, 2020 relates to competitiveness strategies funds received from the state of Oregon, which are expected to be earned in the year ending June 30, 2021 and are classified as current.

Net assets

ONWIB reports net assets as with or without donor restriction.

- Without donor restriction – Net assets without donor restriction consists of resources that are available for use in carrying out the mission of ONWIB and include those expendable resources that have been designated for special use by the Board.

OREGON NORTHWEST WORKFORCE INVESTMENT BOARD  
NOTES TO FINANCIAL STATEMENTS

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

**Assets, Liabilities, and Net Assets, continued**

Net assets, continued

- With donor restriction – Net assets with donor restriction represent those amounts 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 restriction are reclassified to net assets without donor restriction and reported in the statements of activities as net assets released from restrictions. The amount restricted at June 30, 2020 included amounts for the maritime coordinator position and sewing classes in Columbia County. The amount restricted at June 30, 2019 was for board support and the industry engagement project.

ONWIB reduces restricted amounts, if any, first when expenditures are incurred for purposes for which restricted and unrestricted amounts are available.

**Income Taxes**

ONWIB is exempt from income tax under Internal Revenue Code (IRC) Section 501(c)(3) and is only subject to tax on income unrelated to its exempt purposes, unless that income is otherwise excluded by the IRC. ONWIB's federal Return of Organization Exempt from Income Tax return (Form 990) for the years ended June 30, 2020 and 2019 is subject to examination by the Internal Revenue Service, generally for three years after filed.

Management evaluated ONWIB's tax positions, including unrelated business income, if any, and concluded that ONWIB had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance.

**Concentration of Credit Risk**

ONWIB maintains its cash and bank deposit accounts in certain financial institutions. Interest and noninterest bearing accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000.

All deposits not covered by the FDIC 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.

ONWIB has not experienced any loss in such accounts.

OREGON NORTHWEST WORKFORCE INVESTMENT BOARD  
NOTES TO FINANCIAL STATEMENTS

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

**Recent Accounting Standard Adopted**

ONWIB adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2018-08 *Not-for-Profit Entities* (Topic 958) to clarify the scope and accounting guidance for contributions made and received. ASU 2018-08 assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions. The standard effectively excludes contributions from the requirements of ASU 2014-09 *Revenue from Contracts with Customers* (Topic 606) and related subsequently issued clarifying ASUs. ONWIB adopted the new standard effective July 1, 2019, using a modified prospective approach in these financial statements. As a result of adopting ASU 2018-08, management determined board support funds are indicative of a conditional contribution where not all conditions were met at June 30, 2020. Accordingly, unspent funds of \$289,038 are reflected in refundable advances at June 30, 2020. At June 30, 2019, similar unspent funds totaling \$109,870 were included in net assets with donor restriction. There was no change to previously recognized revenue. ONWIB elected to delay implementation of ASU 2014-09 pursuant to ASU 2020-05 which delayed the implementation date for ONWIB to July 1, 2020.

**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 reporting amounts of certain assets, liabilities, revenues, and expenses. Actual results may differ from such estimates.

**Liquidity and Availability of Resources**

ONWIB has a policy to manage its liquidity and reserves in order to meet its needs to fund operating expenditures. At June 30, 2020 and 2019, ONWIB'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:

	2020	2019
Cash	\$ 392,132	\$ 241,793
Grants receivable	291,206	331,834
	683,338	573,627
Less financial assets unavailable for general expenditure within one year due to:		
Purpose or time restrictions	(78,500)	(109,870)
Financial assets available for general expenditure	\$ 604,838	\$ 463,757

OREGON NORTHWEST WORKFORCE INVESTMENT BOARD  
NOTES TO FINANCIAL STATEMENTS

**2. Leases**

As of June 30, 2020, ONWIB leased office and storage space at several locations:

	<u>Lease Terms</u>	<u>Lease Payment</u>
3788 SE High School Dr Lincoln City	Lease started September 1, 2018 at \$1,298 per month, and renews on a yearly basis. Rent will increase 4% per year effective October 1 of each subsequent year that the agreement remains in effect.	\$ 16,096
450 Marine Dr Astoria	Monthly payments of \$608 from January 1, 2018 to June 30, 2020; Monthly payments under amended lease of \$784 from July 1, 2020 to June 30, 2022.	7,301
500 N Highway 30 St. Helens	Monthly payments of \$938 from July 1, 2017 to June 30, 2020; Monthly payments under amended lease of \$1,067 from July 1, 2020 to June 30, 2022.	11,261
4170 SW Research Way Corvallis	Monthly payments of \$199 from June 1, 2018 through June 30, 2020; Monthly payments under amended lease of \$740 from July 1, 2020 to June 30, 2022.	2,388
4157 NW Highway 101 Lincoln City	Monthly payments of \$381 from July 1, 2017 to June 30, 2020; Monthly payments under amended lease of \$152 from July 1, 2020 to June 30, 2022.	4,570
120 NE Avery St Newport	Monthly payments of \$285 from July 1, 2017 to June 30, 2020; Monthly payments under amended lease of \$290 from July 1, 2020 to June 30, 2022.	3,415
902 SE Uglow Ave Dallas	Month-to-month storage lease requiring payments of \$75.	522
2101 5th St Tillamook	Monthly payments of \$1,345 from July 1, 2019 to June 30, 2020. Monthly payments under new lease of \$1,379 from July 1, 2020 to June 30, 2021 and \$1,413 from July 1, 2021 to June 30, 2022.	<u>16,142</u>
	Total lease expenses	<u>\$ 61,695</u>

OREGON NORTHWEST WORKFORCE INVESTMENT BOARD  
NOTES TO FINANCIAL STATEMENTS

**2. Leases**

Future minimum lease payments are as follows:

<u>Year Ended June 30,</u>		
2021	\$	55,647
2022		<u>53,355</u>
Total	\$	<u>109,002</u>

Lease expense for the years ended June 30, 2020 and 2019 totaled \$61,695 and \$60,309, respectively. During the years ended June 30, 2020 and 2019, ONWIB leased facilities for WorkSource Oregon subrecipient providers. Total lease expense includes WorkSource Oregon lease expense of \$52,596 and \$51,997 for the years ended June 30, 2020 and 2019, respectively.

**3. Related Party Transactions**

ONWIB has entered into contracts with organizations whose management and/or Boards of Directors include members of the ONWIB Board of Directors or Northwest Oregon Workforce Consortium.

The following contracts were in effect during the year ended June 30, 2020:

<u>Agency</u>	<u>Funding Title</u>	<u>Expense</u>	<u>Payable (Receivable)</u>
Oregon Coast Community College	OCCC Maritime Welding Partnership	\$ 24,000	\$ 24,000
Oregon Aero	Rapid Response - Layoff Aversion	5,107	-

ONWIB entered into a lease agreement with Oregon Coast Community College for office space at 3788 SE High School Dr, in Lincoln City. See Note 2. ONWIB also purchased approximately \$16,000 of equipment with state general funds during the year ended June 30, 2020 and contracted with Oregon Aero to teach and develop curriculum for a textile program. The equipment is physically located at Oregon Aero where the textile program classes are conducted.

There were no such related party contracts in effect for the year ended June 30, 2019.

Additionally, ONWIB paid Oregon Workforce Partnership (OWP) \$10,000 during the years ended June 30, 2020 and 2019. An employee of ONWIB is on the Board of Directors of OWP. The annual membership fee covers expenses for monthly meetings, as well as the costs for partnership development with other workforce boards in Oregon, the Oregon Employment Department, and the Governor's office.

OREGON NORTHWEST WORKFORCE INVESTMENT BOARD  
NOTES TO FINANCIAL STATEMENTS

**4. Risk Management**

ONWIB is exposed to various risks of losses related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. ONWIB maintains coverage through commercial insurance companies for risk of loss. There were no insurance settlements exceeding insurance coverage during June 30, 2020 or 2019.

ONWIB contracted with sub-recipient organizations to provide services for 100 percent of federal Workforce Innovation and Opportunity Act and state grant programs during the years ended June 30, 2020 and 2019. While federal and state requirements and compliance for provisions of services are defined and rather strict, there are other local organizations capable of providing the necessary services in the event any of the contracted service providers ceases to perform or operate per terms of their contracts. Combined, two sub-recipient organizations were paid \$1,151,710 during the year ended June 30, 2020 and two sub-recipient organizations were paid \$1,378,871 during the year ended June 30, 2019.

**5. Retirement Plan**

ONWIB maintains a 401(k) retirement program for eligible employees. ONWIB matches employee contributions up to 100 percent of the first 6 percent of eligible earnings contributed by employees. All matching contributions vest immediately. ONWIB's matching contributions to the 401(k) plan totaled \$18,553 and \$14,332 during the years ended June 30, 2020 and 2019, respectively.

**6. Economic Uncertainties**

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

**7. Subsequent Events**

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

To mitigate the effects of the COVID-19 outbreak, ONWIB requested and was granted a loan under the Paycheck Protection Program (PPP) through the United States Small Business Administration (SBA) and issued by Oregon Coast Bank in the amount of \$79,697 in July 2020. The loan can be used to assist with payroll, rent, and other operating expenses in accordance with the provisions of the CARES Act. The loan bears a fixed interest rate of 1 percent and matures in two years. The loan is forgivable if the funds are used for the payment of covered expenses, primarily including expenses related to payroll, within twenty-four weeks of receipt of the loan proceeds. As of the date of the independent auditor's report, based on its projected expenditures and developing SBA guidance, ONWIB expects the entirety of the PPP loan proceeds to be forgiven.

## SINGLE AUDIT INFORMATION

OREGON NORTHWEST WORKFORCE INVESTMENT BOARD  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2020

Federal Grantor/ Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Expenditures	Amounts Paid to Subrecipients
<b>U.S. Department of Labor</b>				
Passed through State of Oregon, Department of Community Colleges and Workforce Development (CCWD):				
<i>Workforce Innovation and Opportunity Act Cluster:</i>				
WIOA Adult Program - Local Administration	17.258	17-143 & 19-079F	\$ 58,166	\$ 753
WIOA Adult Program	17.258	17-143 & 19-079F	399,233	310,420
WIOA Youth Activities - Local Administration	17.259	17-143 & 19-079F	76,459	753
WIOA Youth Activities	17.259	17-143 & 19-079F	543,784	426,337
WIOA Youth Activities - High Concentration of Eligible Youth	17.259	19-079F & 20.04	26,952	26,952
WIOA Dislocated Worker Formula Grants - Local Administration	17.278	17-143 & 19-079F	58,469	753
WIOA Dislocated Worker Formula Grants	17.278	17-143 & 19-079F	416,860	318,524
WIOA Dislocated Worker Formula Grants - Rapid Response Layoff Aversion	17.278	17-143 & 19-079F	<u>122,814</u>	<u>-</u>
Total Workforce Innovation and Opportunity Act Cluster			<u>1,702,737</u>	<u>1,084,492</u>
WIOA National Dislocated Worker Grants/WIA National Emergency Grants - Local Administration	17.277	20-046F	175	-
WIOA National Dislocated Worker Grants/WIA National Emergency Grants	17.277	20-046F	<u>4,405</u>	<u>4,405</u>
Total WIOA National Dislocated Worker Grants			<u>4,580</u>	<u>4,405</u>
<b>Total expenditures of federal awards</b>			<u>\$ 1,707,317</u>	<u>\$ 1,088,897</u>

OREGON NORTHWEST WORKFORCE INVESTMENT BOARD  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**1. Purpose of the Schedule**

The accompanying schedule of expenditures of federal awards (the Schedule) is a supplementary schedule to Oregon Northwest Workforce Investment Board's (ONWIB's) financial statements and is presented for purposes of additional analysis. Because the Schedule presents only a selected portion of the activities of the Organization, it does not present the financial position, changes in financial position, or the revenues and expenditures of ONWIB.

**2. Significant Accounting Policies**

**Reporting Entity**

The reporting entity is fully described in Note 1 to ONWIB's financial statements. The Schedule includes all federal programs administered by ONWIB for the fiscal year ended June 30, 2020.

**Basis of Presentation**

The information in the Schedule is presented in accordance with Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

**Federal Financial Assistance**

Pursuant to the Uniform Guidance, federal financial assistance is defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance, or direct appropriations. Accordingly, nonmonetary federal assistance, including federal surplus property, is included in federal financial assistance and is reported on the Schedule (if applicable). Federal financial assistance does not include direct federal cash assistance to individuals. Solicited contracts between ONWIB and the federal government for which the federal government procures tangible goods or services are not considered to be federal financial assistance.

**Major Programs**

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.

**Basis of Accounting**

Receipts and expenditures are accounted for using the accrual basis of accounting. Revenues are recorded when earned or, in the case of grants where expenditures are the prime factor for determining eligibility, when the expenditure is made. Expenditures are recorded when a liability is incurred.

OREGON NORTHWEST WORKFORCE INVESTMENT BOARD  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**3. Indirect Cost Rate**

ONWIB elected to use the ten percent (10%) de minimis indirect cost rate of modified total direct costs. A definition of modified total direct costs can be found in the Uniform Guidance Subpart A 200.68.

**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  
Oregon Northwest Workforce Investment Board  
Lincoln 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 Oregon Northwest Workforce Investment Board (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 18, 2020.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Oregon Northwest Workforce Investment Board'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 Oregon Northwest Workforce Investment Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

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

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Oregon Northwest Workforce Investment Board's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

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

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

Jones & Roth, P.C.  
Eugene, Oregon  
November 18, 2020

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

To the Board of Directors  
Oregon Northwest Workforce Investment Board  
Lincoln City, Oregon

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

We have audited Oregon Northwest Workforce Investment Board's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Oregon Northwest Workforce Investment Board's major federal programs for the year ended June 30, 2020. Oregon Northwest Workforce Investment Board's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

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

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

## Opinion on Major Federal Program

In our opinion, Oregon Northwest Workforce Investment Board complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2020.

## Report on Internal Control over Compliance

Management of Oregon Northwest Workforce Investment Board 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 Oregon Northwest Workforce Investment Board's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Oregon Northwest Workforce Investment Board's internal control over compliance.

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

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

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



Jones & Roth, P.C.  
Eugene, Oregon  
November 18, 2020

OREGON NORTHWEST WORKFORCE INVESTMENT BOARD  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2020

**Summary of Auditor's Results**

- 1) The independent auditor's report expresses an unmodified opinion on the financial statements of Oregon Northwest Workforce Investment Board.
- 2) No material weaknesses or significant deficiencies in internal control were disclosed by the audit of the financial statements.
- 3) No instances of noncompliance material to the financial statements were disclosed during the audit.
- 4) No material weaknesses or significant deficiencies were disclosed by the audit of the major federal award program.
- 5) The independent auditor's report on compliance for the major federal award program for Oregon Northwest Workforce Investment Board expresses an unmodified opinion.
- 6) The audit disclosed no audit findings required to be reported.
- 7) The program tested as a major program was:

WIOA Cluster:	
WIOA Adult Program	CFDA# 17.258
WIOA Youth Activities	CFDA# 17.259
WIOA Dislocated Worker Formula Grants	CFDA# 17.278
- 8) The threshold for distinguishing between Type A and Type B programs was \$750,000.
- 9) Oregon Northwest Workforce Investment Board qualifies as a low-risk auditee.

**Findings - Financial Statement Audit**

None

**Findings and Questioned Costs - Major Federal Award Program Audit**

None

**Prior Period Findings and Questioned Costs**

None.