



EC Works Board Meeting Agenda
January 26, 2022 from 11:30am-1:30pm
Virtual Meeting Via Zoom or Phone

Phone one-tap: US: [+12532158782](tel:+12532158782), [8793810312#](tel:+13462487799) or [+13462487799](tel:+13462487799), [8793810312#](tel:+13462487799)

Meeting URL: <https://us02web.zoom.us/j/8793810312>

Meeting ID: 879 381 0312

- I. 11:30am: Call to Order - Gary North, Chair**
 - a) Introductions – Shannon McGivney, Regional Business Services Manager
 - b) Consent Agenda – Minutes from October EC Works Board Meeting – vote required
 - c) Consent Agenda - 06/30/2021 EC Works Audited Financials – vote required

- II. 11:50am: WIOA Annual Performance – Stefanie Siebold, Mel Barrett & Brenda Stewart, Staff**

- III. 12:20pm: Conflicts of Interest and Duality of Interest Training – Jessica Fitzpatrick, Staff**

- IV. 12:55pm: General Group Updates and Discussion – All Present**
 - a) Advocacy – Prosperity 10,000 Update – Heather Ficht, Staff
 - b) Driving Force Award – Heather Ficht, Staff
 - c) Oregon Youth Employment Program Funding – Stefanie Siebold, Staff

Attachments:

- Draft October EC Works Board Meeting Minutes
- 06/30/2021 EC Works Audited Financials
- WIOA Annual Performance Presentation (PPT)



DRAFT: Executive Committee Minutes

January 11, 2022 from 8:30am-9:30am

Zoom or Call in ONLY- 1-408-638-0968

Meeting URL: <https://us02web.zoom.us/j/89773299793?pwd=cjdhVVhtSlJLTndkMlEveXpZalg1dz09>

Meeting ID: 897 7329 9793

Passcode: 682196

Board Members Present: Gary North (Chair), Dr. Marta Cronin (Vice-Chair), Martin Campos-Davis (Treasurer)

COWC Members Present: None

Others Present: Sara Hummel and Nadia Costa, Jones and Roth

Staff Present: Heather Ficht, Stefanie Siebold, Jessica Fitzpatrick, Jamie Kendellen, Stephanie Tarantino

Board Members Absent: None

- **Consent Agenda:** Meeting called to order at 8:32 am by Chair Gary North. The minutes of the December meeting were presented and the Chair asked for a motion to approve the minutes.

Motion: Marta moved to approve the minutes as presented, Gary seconded, and the minutes were unanimously approved.

- **06/30/2021 EC Works Audited Financials:** Jamie introduced Sara and Nadia from Jones and Roth to discuss the audited financials dated 06/30/2021. This year there were no material audit adjustments, no disagreements with management, and from accounting standards no new standards having a significant impact on organization. Items of note:
 - Schedule of findings – summary of the results of the audit on the last page shows the highest level possible.
 - Two programs tested: WIOA and WIOA Dislocated Workers – ECW is in compliance with everything related to these programs.
 - Statement of Financials – assets and accounts payable increased from last program year mainly due to timing. Total liabilities up about 60%, and we saw increases in revenues, government grants, program expenses and management. For year, net assets decreased which was expected as funds were received in prior year and then were released.
 - Statement of Functional Expenses – gives breakdown of functional and natural expenses. Main changes were increases in personnel costs and payments to sub-recipient providers.
 - Notes to Financial Statements – describes accounting standards and updates, footnote number 12 describes the PPP loan forgiveness.
 - Informative notes to accompany schedule and reports required under government auditing standards – if there were findings related to internal control, they would be there, but we had none so there is nothing reportable. This is still in draft form, as



part of this meeting is to give the Executive Committee the opportunity to request changes. It will be finalized if approved.

- Final Report – covers major federal programs, opinion is ECW complied in all.
- If anyone wants to dive into details or has questions, contact Jamie or Sara and Nadia.

The Chair asked for a motion to approve the 06/30/2021 EC Works Audited Financials.

Motion: Martin moved to approve the financials as presented, Marta seconded, and the financials were unanimously approved.

- **Draft January Board Meeting Agenda:** Heather presented the draft agenda for this month's full Board meeting. Highlights will be Stef introducing Shannon McGivney, EC Works' new Regional Business Services Manager, and Heather introducing Soledad Haines, who will be replacing Amy Gibb on the Board for Oregon Employment Department. We will then present the audited financials, Stef and the Program team will do another WIOA performance presentation, and Jess will lead us in Conflicts of Interest and Duality of Interest training. Finally, we will have updates on funding, specifically Prosperity 10k and OR Youth Employment. There were no proposed changes or comments from the Executive Committee.
- **Other Updates:**
 - Heather provided an update on funding under the Prosperity 10,000 initiative. There are a lot of moving parts and competing initiatives, so it is still unclear how funding will be distributed. Our hope is the Gov's office and legislature come to agreement on resourcing workforce development at least partially through Local Workforce Boards.
 - Marta – CGCC got \$2M in ARPA funding; however, they have had issues with new Skills Center buildings (i.e. water issues).
- The meeting was adjourned by Chair Gary North at 9:03 am.

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**EAST CASCADES WORKFORCE INVESTMENT BOARD
dba EAST CASCADES WORKS**

**FINANCIAL STATEMENTS AND
SINGLE AUDIT INFORMATION**

For the Year Ended June 30, 2021



EAST CASCADES WORKFORCE INVESTMENT BOARD
dba EAST CASCADES WORKS
FINANCIAL STATEMENTS AND SINGLE AUDIT INFORMATION
For the Year Ended June 30, 2021

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EAST CASCADES WORKFORCE INVESTMENT BOARD
dba EAST CASCADES WORKS

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June 30, 2021

EXECUTIVE DIRECTOR

Heather Ficht

BOARD OF DIRECTORS

Gary North	Chair
Dr. Marta Yera Cronin	Vice Chair
Heather Tramp	Treasurer/Secretary
David Burger	Board Member
Amy Gibbs	Board Member
Martin Campos-Davis	Board Member
Michelle Alvarado	Board Member
Nicole Hough	Board Member
Jennifer Newby	Board Member
Julie Matthews	Board Member
Mike Graham	Board Member
Trevor Janeck	Board Member
John Hanner	Board Member
Robbie Smith	Board Member
David Aiken	Board Member
Bambi Bevill	Board Member
Matt Bogatay	Board Member
Maggie Hubbell	Board Member
Wendy Peterson	Board Member
Derrick DeGroot	Chief Local Elected Official - Chair
Steve Kramer	Local Elected Official - Co-Vice Chair
Tony DeBone	Local Elected Official - Co-Vice Chair

REGISTERED ADDRESS

334 NE Hawthorne Ave
Bend, OR 97701

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
East Cascades Workforce Investment Board
dba East Cascades Works
Bend, Oregon

Report on the Financial Statements

We have audited the accompanying financial statements of East Cascades Workforce Investment Board dba East Cascades Works (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of East Cascades Workforce Investment Board dba East Cascades Works as of June 30, 2021, and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated [DATE], on our consideration of East Cascades Workforce Investment Board dba East Cascades Works' 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 East Cascades Workforce Investment Board dba East Cascades Works' 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 East Cascades Workforce Investment Board dba East Cascades Works' internal control over financial reporting and compliance.

Jones & Roth, P.C.
Eugene, Oregon
[DATE]

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FINANCIAL STATEMENTS

EAST CASCADES WORKFORCE INVESTMENT BOARD
 dba EAST CASCADES WORKS
 STATEMENT OF FINANCIAL POSITION
 June 30, 2021

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Assets

Current assets

Cash	\$ 296,892
Cash - restricted	248,070
Grants and other receivables	804,949
Prepaid expenses	<u>3,766</u>
Total current assets	<u>1,353,677</u>

Long-term assets

Cash - restricted	10,079
Operating lease right-of-use assets	27,061
Deposits	<u>3,200</u>
Total long-term assets	<u>40,340</u>

Total assets

\$ 1,394,017

Liabilities and Net Assets

Current liabilities

Accounts payable	\$ 987,852
Accrued payroll and related benefits	30,616
Contracts payable	14,200
Unearned revenue	209,610
Operating lease liabilities	<u>3,887</u>
Total current liabilities	<u>1,246,165</u>

Long-term liabilities

Contracts payable	14,200
Unearned revenue	10,079
Operating lease liabilities	<u>23,174</u>
Total long-term liabilities	<u>47,453</u>

Total liabilities

1,293,618

Net assets

Net assets with donor restrictions	58,697
Net assets without donor restrictions	<u>41,702</u>
Total net assets	<u>100,399</u>

Total liabilities and net assets

\$ 1,394,017

The accompanying notes are an integral part of these statements.

EAST CASCADES WORKFORCE INVESTMENT BOARD
dba EAST CASCADES WORKS
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021

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	<u>Net Assets Without Donor Restrictions</u>	<u>Net Assets With Donor Restrictions</u>	<u>Total Net Assets</u>
Revenues			
Government grants	\$ 4,576,138	\$ -	\$ 4,576,138
Local revenue	152,500	-	152,500
Program income	88,114	58,697	146,811
Donations	2,137	-	2,137
Sublease income	14,403	-	14,403
Miscellaneous revenue	375	-	375
In-kind revenue	2,000	-	2,000
Interest income	76	-	76
Net assets released from restrictions	<u>133,672</u>	<u>(133,672)</u>	<u>-</u>
 Total revenues	 <u>4,969,415</u>	 <u>(74,975)</u>	 <u>4,894,440</u>
Expenses			
Program activity:			
Employment and training	4,776,835	-	4,776,835
Supporting services:			
Management and general	<u>279,767</u>	<u>-</u>	<u>279,767</u>
 Total expenses	 <u>5,056,602</u>	 <u>-</u>	 <u>5,056,602</u>
 Total change in net assets from operations	 <u>(87,187)</u>	 <u>(74,975)</u>	 <u>(162,162)</u>
Other income (expense)			
Interest expense	(866)	-	(866)
Gain on PPP loan forgiveness	<u>112,216</u>	<u>-</u>	<u>112,216</u>
 Total other income (expense)	 <u>111,350</u>	 <u>-</u>	 <u>111,350</u>
 Change in net assets	 24,163	 (74,975)	 (50,812)
Net assets, beginning of year	<u>17,539</u>	<u>133,672</u>	<u>151,211</u>
Net assets, end of year	<u>\$ 41,702</u>	<u>\$ 58,697</u>	<u>\$ 100,399</u>

The accompanying notes are an integral part of these statements.

EAST CASCADES WORKFORCE INVESTMENT BOARD
dba EAST CASCADES WORKS
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2021

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Cash flows from operating activities

Change in net assets	\$ (50,812)
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Gain on forgiveness of Paycheck Protection Program (PPP) loan	(112,216)
Interest expense	866
(Increase) decrease in operating assets:	
Grants receivable	(493,941)
Prepaid expenses	6,753
Operating lease right-of-use assets	29,609
Increase (decrease) in operating liabilities:	
Accounts payable	530,018
Accrued payroll and related benefits	7,165
Contracts payable	(14,200)
Unearned revenue	(6,454)
Operating lease liabilities	<u>(31,502)</u>
Net cash used by operating activities	<u>(134,714)</u>

Cash flows from financing activities

Paycheck Protection Program (PPP) loan proceeds	<u>111,350</u>
Net decrease in cash and restricted cash	(23,364)
Cash and restricted cash, beginning of year	<u>578,405</u>
Cash and restricted cash, end of year	<u><u>\$ 555,041</u></u>

As presented in the Statement of Financial Position

Cash	\$ 296,892
Cash - restricted, short-term	248,070
Cash - restricted, long-term	<u>10,079</u>
	<u><u>\$ 555,041</u></u>

The accompanying notes are an integral part of these statements.

EAST CASCADES WORKFORCE INVESTMENT BOARD
 dba EAST CASCADES WORKS
 STATEMENT OF FUNCTIONAL EXPENSES
 For the Year Ended June 30, 2021

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	Program Activity	Supporting Services	
	Employment and Training	Management and General	Total
Personnel costs	\$ 544,056	\$ 215,561	\$ 759,617
Professional services	6,478	22,701	29,179
Office expense	11,200	4,155	15,355
Occupancy	37,601	13,942	51,543
Travel	510	189	699
Conferences, conventions, and meetings	260	97	357
Insurance	-	9,482	9,482
Other expenses:			
Payments to grant subrecipient providers	3,384,581	-	3,384,581
WorkSource Oregon center expenses	50,878	-	50,878
One Stop Operator	22,188	2,218	24,406
Program projects:			
COVID-19 Layoff Aversion	94,000	-	94,000
Crook County SD - STEM	83,672	-	83,672
Allied Health Coordinator	58,697	-	58,697
Youth Development Division	21,675	-	21,675
Youth Career Connect	258,500	-	258,500
Warm Springs Future Ready	5,686	-	5,686
CNA and Nurse Assistant Program	70,000	-	70,000
Incumbent Worker Training	29,562	-	29,562
Diversity Equity and Inclusion	15,000	-	15,000
Other	34,964	-	34,964
Fees and taxes	-	7,052	7,052
Memberships	8,990	3,333	12,323
Printing	1,572	583	2,155
Staff training	1,225	454	1,679
Itrac database	33,537	-	33,537
Miscellaneous expense	3	-	3
In-kind expense	2,000	-	2,000
	<u>\$ 4,776,835</u>	<u>\$ 279,767</u>	<u>\$ 5,056,602</u>
Total functional expenses	<u>\$ 4,776,835</u>	<u>\$ 279,767</u>	<u>\$ 5,056,602</u>

The accompanying notes are an integral part of these statements.

1. Summary of Significant Accounting Policies

Reporting Entity

East Cascades Workforce Investment Board dba East Cascades Works (EC Works or the Organization) was formed on July 1, 2015, as a 501(c)(3) nonprofit corporation organized in the state of Oregon. The Organization services a ten county area in Oregon, including Crook, Deschutes, Gilliam, Hood River, Jefferson, Klamath, Lake, Sherman, Wasco, and Wheeler Counties.

EC Works 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, the Organization is charged with strategic planning, oversight, and administrative responsibility for the public workforce system including, but not limited to, those funded under the Workforce Innovation and Opportunity Act of 2014 (WIOA). The WIOA requires that each workforce area designated by the Governor form a Local Workforce Development Board. The Board of Directors of EC Works was designated to meet this requirement for the geographic area of the counties in Oregon noted above.

Budget Policy

The administrative and fiscal staff in consultation with the Treasurer prepare a draft budget for modification and approval by the Executive Committee. Once approved by the Executive Committee, it is then submitted to the Central Oregon Workforce Consortium (COWC) for adoption. The COWC consists of one County Commissioner or Judge from each county serviced by EC Works and is charged with annual budget adoption.

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 statement of activities. Accordingly, certain costs have been allocated among program and supporting services benefited. EC Works' 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.

EC Works allocates costs between program and support activities based on a cost allocation plan. Most of EC Works' operating expenses are allocated to program and support activities based on employee timecards unless the item of cost can be specifically traced to a program related activity. Subrecipient expenses are generally 100 percent program.

1. Summary of Significant Accounting Policies, continued

Accounting Standards Updates

EC Works early adopted the requirements of ASU 2016-02, *Leases*, during the year ended June 30, 2019. This update supersedes accounting standards that exist under current GAAP and makes improvements to address identified issues about current financial reporting for not-for-profit entities. Under the new standard, lessees are required to report right-of-use assets and liabilities for operating and financing leases.

In 2014, the Financial Accounting Standards Board (FASB) issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606). The ASU and all subsequently issued clarifying ASUs replaced most existing revenue recognition guidance for contracts with customers in U.S. GAAP. The ASUs also required expanded disclosures related to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Organization adopted the new standard effective July 1, 2020, using the full retrospective approach in these financial statements.

Based on the Organization's evaluation process and review of its contracts with customers, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under the new standard. The implementation of the ASUs did not have a significant impact on the Organization's financial statements. No changes were required to previously reported revenues as a result of the adoption, and the adoption has not resulted in the recognition of additional assets or liabilities.

Assets, Liabilities, and Net Assets

Cash

Cash consists of cash on hand and demand deposits deposited in U.S. Bank accounts.

Receivables

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

EC Works receives 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, 2021.

Capital assets

Capital assets are defined by EC Works 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.

EAST CASCADES WORKFORCE INVESTMENT BOARD
dba EAST CASCADES WORKS
NOTES TO FINANCIAL STATEMENTS

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1. Summary of Significant Accounting Policies, continued

Assets, Liabilities, and Net Assets, continued

Capital assets, continued

EC Works had no capital assets as of June 30, 2021.

Compensated absences payable

EC Works revised the time off policy during the year ended June 30, 2018, to include a provision for paid time off which does not vest or carry over to subsequent years. As such, no liability for unpaid time off has been accrued as of June 30, 2021.

Unearned revenue

Unearned revenue totaling \$219,689 as of June 30, 2021 mostly consists of funds received for expenditure-driven grants restricted to use in future periods by either time or donor restrictions. \$10,079 of the balance relates to a grant received from Central Oregon Health Council (see Note 6 Restricted Cash), which is expected to be earned in the year ending June 30, 2023 and is classified as long term. \$159,155 of the balance relates to a grant received from the Oregon Health Authority (see Note 6 Restricted Cash), which is expected to be earned in the year ending June 30, 2022 and is classified as current. The remaining \$50,455 was an advance for July 2021 operating expenses and is classified as current.

Net assets

EC Works reports net assets as changes in net assets with donor restrictions and net assets without donor restrictions.

- Net Assets with Donor Restrictions – The part of net assets of a not-for-profit entity that is subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants).
- Net Assets without Donor Restrictions – The part of net assets of a not-for-profit entity that is not subject to donor-imposed restrictions, including Board-designated net assets (self-imposed limits by action of the governing board) that may be earmarked for future programs, investment, contingencies, purchase or construction of fixed assets, or other uses.

EC Works reduces net assets with donor restriction amounts, if any, first when expenditures are incurred for purposes for which restricted and unrestricted amounts are available.

Income Taxes

EC Works 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. The Organization's federal Return of Organization Exempt from Income Tax return (Form 990) and state of Oregon Form CT-12 for the year ended June 30, 2021, are subject to examination by the Internal Revenue Service and Oregon Department of Revenue, respectively, generally for three years after filed.

EAST CASCADES WORKFORCE INVESTMENT BOARD
dba EAST CASCADES WORKS
NOTES TO FINANCIAL STATEMENTS

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1. Summary of Significant Accounting Policies, continued

Income Taxes, continued

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

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.

Concentration of Credit Risk

EC Works 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 FDIC insurance are covered by the Public Funds Collateralization Program (PFCP) of the state of Oregon. Deposits in excess of FDIC coverage with institutions participating in the Oregon PFCP are collateralized with securities held by the Federal Home Loan Bank of Seattle in the name of the institution. The PFCP is a shared liability structure for participating bank depositories, better protecting public funds though still not guaranteeing that all funds are 100 percent protected.

EC Works has not experienced any loss in such accounts.

2. Commitments and Contingencies

Beginning May 1, 2021, EC Works leases an office suite located in the Bend, Oregon area. This operating lease expires on April 30, 2022 and automatically renews each year unless terminated by either party. The base rent is scheduled to increase every two years by three percent. For the year ended June 30, 2021, monthly payments were \$1,346 per month plus a portion of maintenance, repair and overhead on the building and common areas. Rent expense paid including common area charges totaled \$3,305 for the year ended June 30, 2021, and this amount has been included in expense. EC Works determined that this agreement does include a lease, however, the noncancelable lease term is less than 12 months; therefore, this agreement has not been included in the calculation of the operating lease right-of-use asset and operating lease liability.

EAST CASCADES WORKFORCE INVESTMENT BOARD
dba EAST CASCADES WORKS
NOTES TO FINANCIAL STATEMENTS

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2. Commitments and Contingencies, continued

EC Works leased an office suite under a non-cancelable operating lease that expired on May 31, 2021. Base rent payments were \$2,535 per month from July 1, 2020 through May 31, 2021. Total rent included base rent plus a portion of maintenance, repair, and overhead on the building and common areas. Rent expense paid, including common area charges, totaled \$36,526 for the year ended June 30, 2021. EC Works determined that this agreement did include a lease with a non-cancelable lease term in excess of one year, and as such this agreement was included in the calculation of the operating lease right-of-use asset and operating lease liability. The discount rate used was the risk-free 5-year Treasury bill rate in effect at lease inception, 1.55 percent. Total base lease expense recognized as a result of the recognition of the right-of-use asset and lease liability totaled \$25,995 for the year ended June 30, 2021 and this amount has been included in expense.

EC Works subleased two office spaces within its office suite to the Oregon Employment Department. This operating lease was terminated on January 31, 2021. For the year ended June 30, 2021, monthly payments were \$834 per month and \$5,841 has been included in income. EC Works determined that this agreement did include a lease, however, the non-cancelable lease term was less than 12 months; therefore, this agreement was not included in the calculation of the operating lease right-of-use asset and operating lease liability.

EC Works leases office spaces for the WorkSource Oregon center located in the Hood River, Oregon area. This operating lease expired on June 30, 2021 and includes a 1-year renewal option exercised by EC Works. For the year ended June 30, 2021, monthly payments were \$405 per month, and \$4,860 has been included in expense for the year. The base rent is scheduled to increase 3 percent per year. EC Works determined that this agreement does include a lease, however, the non-cancelable lease term is less than 12 months; therefore, this agreement has not been included in the calculation of the operating lease right-of-use asset and operating lease liability.

EC Works leases office spaces for the WorkSource Oregon center located in The Dalles, Oregon area. This operating lease expires on June 30, 2022, and includes monthly payments totaling \$509 per month from July 2020 through April 2021, and \$519 per month from May to June 2021, and \$6,128 has been included in expense for the year. The lease includes an option to extend the agreement in accordance with the Oregon Employment Departments' exercised Prime Lease extension options. EC Works determined that this agreement does include a lease, however, the non-cancelable lease term is less than 12 months; therefore, this agreement has not been included in the calculation of the operating lease right-of-use asset and operating lease liability. EC Works subleased a cubicle to partner entities through an annual Infrastructure Funding Agreement arrangement. Total sublease income, including income for partner shared services at this center, during the year ended June 30, 2021 totaled \$2,273.

EAST CASCADES WORKFORCE INVESTMENT BOARD
dba EAST CASCADES WORKS
NOTES TO FINANCIAL STATEMENTS

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2. Commitments and Contingencies, continued

EC Works leases office spaces for the WorkSource Oregon center located in Bend, Oregon area. This operating lease expires on June 30, 2022 and includes monthly payments totaling \$1,484 per month, and \$17,810 has been included in expense for the year. The lease renewal includes an option to extend the agreement in accordance with the Oregon Employment Department's exercised Prime Lease extension options. EC Works determined that this agreement does include a lease, however, the non-cancelable lease term is less than 12 months; therefore, this agreement has not been included in the calculation of the operating lease right-of-use asset and operating lease liability. EC Works subleased a cubicle to partner entities through an annual Infrastructure Funding Agreement arrangement. Total sublease income, including income for partner shared services at this center, during the year ended June 30, 2021 totaled \$2,366.

EC Works leases office spaces for the WorkSource Oregon center located in Redmond, Oregon area. This operating lease expires on June 30, 2022 and includes monthly payments totaling \$286 per month, and \$3,428 has been included in expense for the year. The lease renewal includes an option to extend the agreement in accordance with the Oregon Employment Department's exercised Prime Lease extension options. EC Works determined that this agreement does include a lease, however, the non-cancelable lease term is less than 12 months; therefore, this agreement has not been included in the calculation of the operating lease right-of-use asset and operating lease liability. EC Works subleased a cubicle to partner entities through an annual Infrastructure Funding Agreement arrangement. Total sublease income, including income for partner shared services at this center, during the year ended June 30, 2021 totaled \$2,049.

EC Works leases office spaces for the WorkSource Oregon center located in Klamath Falls, Oregon area. This operating lease expires on June 30, 2022 and includes monthly payments totaling \$490 per month, and \$5,875 has been included in expense for the year. EC Works determined that this agreement does include a lease, however, the non-cancelable lease term is less than 12 months; therefore, this agreement has not been included in the calculation of the operating lease right-of-use asset and operating lease liability. EC Works subleased a cubicle to partner entities through an annual Infrastructure Funding Agreement arrangement. Total sublease income, including income for partner shared services at this center, during the year ended June 30, 2021 totaled \$1,873.

EC Works leases office spaces for the WorkSource Oregon center located in Lakeview, Oregon area. This operating lease expires on January 1, 2023 and includes monthly payments totaling \$375 per month, and \$4,500 has been included in expense for the year. The lease includes an option to extend the agreement for an additional five-year period. EC Works determined that this agreement does include a lease with a non-cancelable lease term in excess of one year, and as such this agreement has been included in the calculation of the operating lease right-of-use asset and operating lease liability including the option to extend. The discount rate used is the risk-free 10-Year Treasury bill rate in effect at lease inception, 2.46 percent.

During the year ended June 30, 2019, EC Works early implemented ASU 2016-02, *Leases*. EC Works made the following elections as a result of implementing this standard:

EAST CASCADES WORKFORCE INVESTMENT BOARD
dba EAST CASCADES WORKS
NOTES TO FINANCIAL STATEMENTS

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2. Commitments and Contingencies, continued

- EC Works elects not to recognize right-of-use assets and lease liabilities that arise from short-term leases for any class of underlying assets. Short-term leases are accounted for by recognizing the lease payments in the change in net assets on a straight-line basis over the term of the lease. The short-term lease cost and commitments for each short-term lease is disclosed above.
- EC Works elects to use the risk-free rate in the calculation of operating lease liabilities for all leases utilizing the Treasury rates in effect at lease inception with terms closely tied to the terms of the leases.
- EC Works elects the practical expedient to not separate lease components from non-lease components for all underlying assets.

Future minimum lease payments for noncancelable leases are as follows:

<u>For the Year Ending June 30,</u>	
2022	\$ 4,500
2023	4,500
2024	4,500
2025	4,500
2026	4,500
Thereafter	<u>6,750</u>
	<u>\$ 29,250</u>

A reconciliation of future minimum lease payments for non-cancelable leases to operating lease liability as reported in the statement of financial position for the year ended June 30, 2021 is as follows:

Future minimum lease payments	\$ 29,250
Discounted to present value	<u>(2,189)</u>
Operating lease liability	<u>\$ 27,061</u>

Summary of lease information is as follows:

Operating lease cost	\$ 30,495
Short-term lease cost	40,793
Sublease income	<u>(11,364)</u>
Total lease cost	<u>\$ 59,924</u>

Cash paid for amounts included in the measurement of lease liabilities:

Operating cash flows from operating leases	<u>\$ 32,388</u>
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Weighted-average remaining lease term – operating leases	78 months
Weighted average discount rate – operating leases	2.46%

EAST CASCADES WORKFORCE INVESTMENT BOARD
dba EAST CASCADES WORKS
NOTES TO FINANCIAL STATEMENTS

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2. Commitments and Contingencies, continued

Government supported programs are subject to audit by the applicable granting agencies. The possible disallowances by the granting agencies of any item charged to the program cannot be determined until such time when the audits occur. Therefore, no provision for any potential disallowances that may result from such audits has been made in the accompanying financial statements.

3. Risk Management

EC Works 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. EC Works maintains coverage through commercial insurance companies for risk of loss. There were no insurance settlements exceeding insurance coverage during the year ended June 30, 2021.

EC Works contracted with several subrecipient organizations to provide training and employment services during the year ended June 30, 2021. 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 three primary contracted service providers cease to perform or operate per the terms of their contracts. Combined, the three primary providers in EC Works' three regions (North, Central, and South) were paid \$3,096,926 during the year ended June 30, 2021.

4. Related Party Transactions

EC Works has entered into contracts with organizations whose Boards of Directors include members of the COWC, or whose employees included members of the EC Works Board of Directors. The conflicted party is precluded from voting on budget and contract approval where a conflict is present.

The following contracts were in effect during the year ended June 30, 2021:

Agency	Funding Title	Expense	Payable
Central Oregon Community College	State of Oregon General Funds	\$ 128,697	\$ 30,580
Central Oregon Community College	DOL Future Ready	5,686	2,100
Central Oregon Intergovernmental Council	WIOA Title 1B	1,335,496	371,767
Central Oregon Intergovernmental Council	WIOA Title 1B Future Ready	28,809	15,852

EAST CASCADES WORKFORCE INVESTMENT BOARD
dba EAST CASCADES WORKS
NOTES TO FINANCIAL STATEMENTS

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4. Related Party Transactions, continued

<u>Agency</u>	<u>Funding Title</u>	<u>Expense</u>	<u>Payable</u>
Central Oregon Intergovernmental Council	DHS 2020 TANF Summer Youth Employment Program	107,992	40,427
Central Oregon Intergovernmental Council	GED Wraparound	42,900	-
Central Oregon Intergovernmental Council	DOL Apprenticeship USA	33,208	-
Central Oregon Intergovernmental Council	State of Oregon Work Experience	88,429	3,118
Central Oregon Intergovernmental Council	WIOA National Dislocated Worker Grants	272,938	9,056
Central Oregon Intergovernmental Council	Oregon Dept of Education Youth Development Division	36,608	19,932
Central Oregon Intergovernmental Council	Administration Office Lease Various Funds	3,305	613
Columbia Gorge Community College	WIOA Title 1B	283,039	49,280
Columbia Gorge Community College	DHS 2020 TANF Summer Youth Employment Program	19,574	8,508
Columbia Gorge Community College	State of Oregon Work Experience	20,634	5,048
Columbia Gorge Community College	WIOA National Dislocated Worker Grant	54,576	296

EAST CASCADES WORKFORCE INVESTMENT BOARD
dba EAST CASCADES WORKS
NOTES TO FINANCIAL STATEMENTS

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4. Related Party Transactions, continued

<u>Agency</u>	<u>Funding Title</u>	<u>Expense</u>	<u>Payable</u>
Columbia Gorge Community College	Oregon Dept of Education Youth Development Division	42,526	29,573
Columbia Gorge Community College	Northern Oregon WorkSource Lease - WIOA Title 1B	4,860	-
Lake County	Southern Oregon WorkSource Lease - WIOA Title 1B	4,500	-
Oregon Employment Department	WorkSource Leases And PSAs WIOA Title 1B	40,166	-
Heart of Oregon Corps	Oregon Dept of Education Youth Development Division	201,214	113,573
The Tofurky Company	WIOA Title 1B	20,386	20,386
Shift	Various funds	630	-

Additionally, EC Works paid Oregon Workforce Partnership (OWP) \$10,000 during the year ended June 30, 2021. An employee of EC Works 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, the Higher Education Coordinating Commission, and the Governor's office.

5. Retirement Plan

EC Works maintains a 401(k) retirement program for eligible employees. The Organization matches employee contributions up to 100 percent of the first 6 percent of eligible earnings contributed by employees. All matching contributions vest immediately. The Organization's matching contributions to the 401(k) plan totaled \$31,654 during the year ended June 30, 2021.

EAST CASCADES WORKFORCE INVESTMENT BOARD
dba EAST CASCADES WORKS
NOTES TO FINANCIAL STATEMENTS

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6. Restricted Cash

Restricted cash totaled \$258,149 as of June 30, 2021, and is comprised of the following:

<u>Fund</u>	<u>Description</u>	<u>Current</u>	<u>Long-term</u>	<u>Total</u>
Oregon Health Authority	Semi-annual payment for HowTo award to support Central Oregon Behavioral Health Consortium	\$ 159,155	\$ -	\$ 159,155
Central Oregon Health Council	36 month award ending July 2022 supporting a part-time Health Careers Outreach Coordinator position at Central Oregon Community College	58,697	10,079	68,776
Local Fundraising Event	Funds to support construction industry training	28,496	-	28,496
Fiscal Sponsor Agreement	Love Your Neighbor	<u>1,722</u>	<u>-</u>	<u>1,722</u>
	Total restricted cash	<u>\$ 248,070</u>	<u>\$ 10,079</u>	<u>\$ 258,149</u>

7. Liquidity and Availability of Resources

EC Works has a policy to manage its liquidity and reserves in order to meet its needs to fund operating expenditures. At June 30, 2021, EC Works' 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:

Cash and restricted cash	\$ 555,041
Grants receivable	<u>804,949</u>
	1,359,990
Less financial assets unavailable for general expenditure within one year due to:	
Restricted cash subject to specified purpose or time restrictions	<u>(258,149)</u>
Financial assets available for general expenditure	<u>\$ 1,101,841</u>

EAST CASCADES WORKFORCE INVESTMENT BOARD
 dba EAST CASCADES WORKS
 NOTES TO FINANCIAL STATEMENTS

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8. Contributed Services

EC Works received a total of \$2,000 in contributed services during the year ended June 30, 2021. These services provided EC Works staff with Diversity, Equity, and Inclusion, and Personal Protective Equipment virtual reality experiences. This amount has been included in in-kind revenues and in-kind expenses in the financial statements.

9. Net Asset with Donor Restrictions

As of June 30, 2021, net assets with donor restrictions consisted of the following amounts:

Central Oregon Health Council restricted to support part-time Health Careers Coordinator position at Central Oregon Community College	<u>\$ 58,697</u>
Total net assets with donor restrictions	<u>\$ 58,697</u>

10. Contracts Payable

Contracts payable as of June 30, 2021 totaling \$28,400 includes the balance due on a contract to purchase diversity, equity, and inclusion curriculum. Future payments are as follows:

<u>For the Year Ending June 30,</u>	
2022	\$ 14,200
2023	14,200
2024	-
2025	-
2026	-
Thereafter	<u>-</u>
	<u>\$ 28,400</u>

11. Economic Uncertainties

The COVID-19 coronavirus pandemic has resulted in significant economic uncertainties across the globe. EC Works 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 EC Works' future financial condition and operating results. However, any such future financial impact and duration of such impact cannot be reasonably estimated at this time.

12. Paycheck Protection Program (PPP) Loan Forgiveness

On July 28, 2020, EC Works received a \$111,350 Paycheck Protection Program (PPP) loan from the Small Business Administration (SBA) through U.S. Bank. EC Works applied for and has been notified that \$111,350 in eligible expenditures for payroll described in the Coronavirus Aid, Relief and Economic Security Act (the CARES Act), and \$866 in accrued interest have been forgiven as of May 4, 2021. Loan forgiveness is reflected in other income in the accompanying statement of activities.

13. Subsequent Events

Management has evaluated subsequent events through the date of the independent auditor's report, the date on which the financial statements were available to be issued. Management is not aware of any subsequent events that require recognition or disclosure in the financial statements.

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SINGLE AUDIT INFORMATION

EAST CASCADES WORKFORCE INVESTMENT BOARD
dba EAST CASCADES WORKS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2021

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Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Expenditures	Amounts Paid to Subrecipients
U.S. Department of Labor				
Passed through State of Oregon, Department of Community Colleges and Workforce Development (CCWD):				
<i>Title 1B Workforce Investment Opportunity Act Cluster:</i>				
WIOA - Local Administration PY19	17.258	19-079E	\$ 13,015	\$ 1,110
WIOA - Local Administration FY20	17.258	19-079E	68,592	68,592
WIOA - Adult FY20	17.258	19-079E	388,523	310,000
WIOA - Adult PY20	17.258	20-071E	173,254	110,000
WIOA - Adult FY21	17.258	20-071E	286,059	223,309
WIOA - Local Administration PY19	17.259	19-079E	88,283	22,797
WIOA - Youth PY19	17.259	19-079E	462,550	350,000
WIOA - Youth PY20	17.259	20-071E	559,562	450,613
WIOA - Youth PY19 10% High Concentration of Eligible Youth	17.259	19-079E	11,250	11,250
WIOA - Local Administration PY19	17.278	19-079E	15,921	1,110
WIOA - Local Administration FY20	17.278	19-079E	75,489	75,489
WIOA - Dislocated Worker FY20	17.278	19-079E	400,132	350,000
WIOA - Dislocated Worker PY20	17.278	20-071E	154,360	100,000
WIOA - Dislocated Worker 10% Future Ready	17.278	18-166	35,561	28,809
WIOA - Dislocated Worker FY21	17.278	20-071E	220,911	166,451
COVID-19 WIOA FY19 Rapid Response 25% Layoff Aversion COVID Funds	17.278	18-030	88,640	-
Total Title 1B Workforce Investment Opportunity Act Cluster			<u>3,042,102</u>	<u>2,269,530</u>
<i>WIOA National Emergency Grants (NEG):</i>				
Dislocated Worker Grant Employment Recovery	17.277	20-038E	256,114	217,300
Dislocated Worker Grant Disaster Recovery	17.277	20-046E	279,120	241,706
Total WIOA National Emergency Grants (NEG)			<u>535,234</u>	<u>459,006</u>
<i>Apprenticeship USA Grants:</i>				
Apprenticeship USA - Program & Administration	17.285	18-107	40,796	33,208

EAST CASCADES WORKFORCE INVESTMENT BOARD
 dba EAST CASCADES WORKS
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued
 For the Year Ended June 30, 2021

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Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Expenditures	Amounts Paid to Subrecipients
US Department of Health and Human Services				
Passed through State of Oregon, Department of Community Colleges and Workforce Development (CCWD):				
<i>Temporary Assistance for Needy Families (TANF)</i>				
Temporary Assistance for Needy Families	93.558	19-014E	76,078	61,940
Total Passed through State of Oregon, CCWD			3,694,210	2,823,684
Total expenditures of federal awards			\$ 3,694,210	\$ 2,823,684

EAST CASCADES WORKFORCE INVESTMENT BOARD
dba EAST CASCADES WORKS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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1. Purpose of the Schedule

The accompanying schedule of expenditures of federal awards (the Schedule) is a supplementary schedule to East Cascades Workforce Investment Board dba East Cascades Works' (EC Works') 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 EC Works.

2. Significant Accounting Policies

Reporting Entity

The reporting entity is fully described in Note 1 to EC Works' financial statements. The Schedule includes all federal programs administered by EC Works for the fiscal year ended June 30, 2021.

Basis of Presentation

The information in the Schedule is presented in accordance with OMB *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* 2CFR200 (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 EC Works 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.

3. Indirect Cost Rate

EC Works 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
East Cascades Workforce Investment Board
dba East Cascades Works
Bend, Oregon

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 East Cascades Workforce Investment Board dba East Cascades Works (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, 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 [DATE].

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered East Cascades Workforce Investment Board dba East Cascades Works' 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 East Cascades Workforce Investment Board dba East Cascades Works' internal control. Accordingly, we do not express an opinion on the effectiveness of East Cascades Workforce Investment Board dba East Cascades Works' 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 East Cascades Workforce Investment Board dba East Cascades Works' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Jones & Roth, P.C.
Eugene, Oregon

[DATE]

**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
East Cascades Workforce Investment Board
dba East Cascades Works
Bend, Oregon

Report on Compliance for Each Major Federal Program

We have audited East Cascades Workforce Investment Board dba East Cascades Works' compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of East Cascades Workforce Investment Board dba East Cascades Works' major federal programs for the year ended June 30, 2021. East Cascades Workforce Investment Board dba East Cascades Works' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of East Cascades Workforce Investment Board dba East Cascades Works' 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 East Cascades Workforce Investment Board dba East Cascades Works' 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 East Cascades Workforce Investment Board dba East Cascades Works' compliance.

Opinion on Each Major Federal Program

In our opinion, East Cascades Workforce Investment Board dba East Cascades Works 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, 2021.

Report on Internal Control over Compliance

Management of East Cascades Workforce Investment Board dba East Cascades Works 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 East Cascades Workforce Investment Board dba East Cascades Works' 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 East Cascades Workforce Investment Board dba East Cascades Works' 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
[DATE]

EAST CASCADES WORKFORCE INVESTMENT BOARD
dba EAST CASCADES WORKS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2021

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Summary of Auditor's Results

- 1) The independent auditor's report expresses an unmodified opinion on the financial statements of East Cascades Workforce Investment Board dba East Cascades Works.
- 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 in internal control were disclosed by the audit of the major federal award programs.
- 5) The independent auditor's report on compliance for the major federal award programs for East Cascades Workforce Investment Board dba East Cascades Works expresses an unmodified opinion.
- 6) The audit disclosed no audit findings required to be reported.
- 7) The programs tested as major programs were:

WIOA Cluster:

WIOA Adult Program	CFDA# 17.258
WIOA Youth Activities	CFDA# 17.259
WIOA Dislocated Worker Formula Grants	CFDA# 17.278

WIOA National Dislocated Worker Grants CFDA #17.277

- 8) The threshold for distinguishing between Type A and Type B programs was \$750,000.
- 9) East Cascades Workforce Investment Board dba East Cascades Works qualifies as a low-risk auditee.

Findings - Financial Statement Audit

None.

Findings and Questioned Costs - Major Federal Award Programs Audit

None.

Prior Period Findings and Questioned Costs

None.



EC Works Board Meeting Agenda
January 26, 2022 from 11:30am-1:30pm
Virtual Meeting Via Zoom or Phone

Phone one-tap: US: [+12532158782](tel:+12532158782), [8793810312#](tel:+13462487799) or [+13462487799](tel:+13462487799), [8793810312#](tel:+13462487799)

Meeting URL: <https://us02web.zoom.us/j/8793810312>

Meeting ID: 879 381 0312

- I. 11:30am: Call to Order - Gary North, Chair**
 - a) Introductions – Shannon McGivney, Regional Business Services Manager
 - b) Consent Agenda – Minutes from October EC Works Board Meeting – vote required
 - c) Consent Agenda - 06/30/2021 EC Works Audited Financials – vote required

- II. 11:50am: WIOA Annual Performance – Stefanie Siebold, Mel Barrett & Brenda Stewart, Staff**

- III. 12:20pm: Conflicts of Interest and Duality of Interest Training – Jessica Fitzpatrick, Staff**

- IV. 12:55pm: General Group Updates and Discussion – All Present**
 - a) Advocacy – Prosperity 10,000 Update – Heather Ficht, Staff
 - b) Driving Force Award – Heather Ficht, Staff
 - c) Oregon Youth Employment Program Funding – Stefanie Siebold, Staff

Attachments:

- Draft October EC Works Board Meeting Minutes
- 06/30/2021 EC Works Audited Financials
- WIOA Annual Performance Presentation (PPT)