

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

**FINANCIAL STATEMENTS AND  
SINGLE AUDIT INFORMATION**

**For the Year Ended June 30, 2018**



EAST CASCADES WORKFORCE INVESTMENT BOARD  
dba EAST CASCADES WORKS  
FINANCIAL STATEMENTS AND SINGLE AUDIT INFORMATION  
For the Year Ended June 30, 2018

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EAST CASCADES WORKFORCE INVESTMENT BOARD  
dba EAST CASCADES WORKS

June 30, 2018

EXECUTIVE DIRECTOR

Heather Ficht

BOARD OF DIRECTORS

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Wally Corwin	Chair
Mark Warne	Treasurer/Secretary
David Burger	Board Member
Ellyn Craven	Board Member
Lisa Dobey	Board Member
Lisa Farquharson	Board Member
Amy Gibbs	Board Member
Roberto Gutierrez	Board Member
Molly Joubert	Board Member
Julie Matthews	Board Member
Kelly McGarva	Board Member
Sam Meier	Board Member
Jennifer Newby	Board Member
Gary North	Board Member
Brad Porterfield	Board Member
Jim Sanders	Board Member
Robbie Smith	Board Member
Heather Tramp	Board Member
Steve Kramer	Chief Local Elected Official - Chair
Kelly Minty Morris	Local Elected Official - Co-Vice Chair
Wayne Fording	Local Elected Official - Co-Vice Chair

**REGISTERED ADDRESS**

404 SW Columbia St., Suite 200  
Bend, OR 97702

## 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, 2018, 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, 2018, 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 November 1, 2018, 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  
November 1, 2018

## FINANCIAL STATEMENTS

EAST CASCADES WORKFORCE INVESTMENT BOARD  
dba EAST CASCADES WORKS  
STATEMENT OF FINANCIAL POSITION  
June 30, 2018

**Assets**

**Current assets**

Cash	\$ 304,010
Cash - restricted	2,100
Accounts receivable	2,636
Grants receivable	297,539
Prepaid expenses	<u>16,578</u>

Total current assets 622,863

**Deposits**

3,200

**Total assets**

\$ 626,063

**Liabilities and Net Assets**

**Current liabilities**

Accounts payable	\$ 558,996
Accrued payroll and related benefits	15,285
Unearned revenue	<u>21,239</u>

Total current liabilities 595,520

**Net assets**

Net assets without donor restrictions 30,543

**Total liabilities and net assets**

\$ 626,063

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, 2018

	<u>Net Assets Without Donor Restrictions</u>
<b>Revenues</b>	
Government grants	\$ 3,486,397
Local revenue	13,250
Program income	108,070
Miscellaneous revenue	8,218
Interest income	<u>651</u>
 Total revenues	 <u>3,616,586</u>
<b>Expenses</b>	
Program activity:	
Employment and training	3,371,863
Supporting services:	
Management and general	<u>235,180</u>
 Total expenses	 <u>3,607,043</u>
 <b>Change in net assets</b>	 9,543
 Net assets, beginning of year	 <u>21,000</u>
 Net assets, end of year	 <u>\$ 30,543</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, 2018

	<u>Net Assets Without Donor Restrictions</u>
<b>Cash flows from operating activities</b>	
Change in net assets	\$ 9,543
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
(Increase) decrease in operating assets:	
Accounts receivable	(2,636)
Grants receivable	(67,115)
Prepaid expenses	(4,123)
Increase (decrease) in operating liabilities:	
Accounts payable	276,893
Accrued payroll and related benefits	(10,566)
Unearned revenue	<u>5,941</u>
Net cash provided by operating activities	<u>207,937</u>
<b>Net increase in cash and restricted cash</b>	207,937
Cash and restricted cash, beginning of year	<u>98,173</u>
Cash and restricted cash, end of year	<u><u>\$ 306,110</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, 2018

	Program Activity	Supporting Services	
	Employment and Training	Management and General	Total
Personnel costs	\$ 317,496	\$ 161,166	\$ 478,662
Legal	-	3,386	3,386
Professional services	9,533	21,528	31,061
Office expense	6,468	4,289	10,757
Occupancy	34,076	17,765	51,841
Travel	15,586	825	16,411
Conferences, conventions, and meetings	2,506	729	3,235
Insurance	-	5,980	5,980
Other expenses:			
Payments to grant subrecipient providers	2,447,328	-	2,447,328
WorkSource Oregon center expenses	99,421	-	99,421
Incumbent worker	23,950	-	23,950
One stop operator	21,686	2,169	23,855
Program projects:			
Rapid response - composite approach	189,252	-	189,252
Apprenti	71,061	-	71,061
Sectors projects	32,125	-	32,125
Train Oregon	24,742	-	24,742
Other	32,251	5,220	37,471
Fees/taxes	-	7,587	7,587
Memberships	8,078	3,508	11,586
Printing	7,004	919	7,923
Staff training	2,794	109	2,903
Itrac database	26,506	-	26,506
Total functional expenses	<u>\$ 3,371,863</u>	<u>\$ 235,180</u>	<u>\$ 3,607,043</u>

The accompanying notes are an integral part of these statements.

EAST CASCADES WORKFORCE INVESTMENT BOARD  
dba EAST CASCADES WORKS  
NOTES TO FINANCIAL 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 100 percent program.

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

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

**Accounting Standards Update**

EC Works early adopted the requirements of Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities, Presentation of Financial Statements of Not-for-Profit Entities*, during the year ended June 30, 2017. 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, not-for-profits are required to present amounts for two classes of net assets rather than the currently required three classes. Among the added disclosures required under ASU 2016-14, not-for-profit entities are to disclose information about liquid resources, the availability of financial assets to meet cash needs, and expenses by both natural and functional classification.

**Assets, Liabilities, and Net Assets**

Cash

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

Receivables

Receivables are recorded in accordance with the policies enumerated above. Management of EC Works considers all amounts included in accounts and 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, 2018.

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.

EC Works had no capital assets as of June 30, 2018.

Compensated absences payable

EC Works revised the time off policy during the year ended June 30, 2017, to include a provision for unlimited paid time off, subject to Executive Director approval. As such, no liability for unpaid time off has been accrued as of June 30, 2018.

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

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

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

Net assets

During the year ended June 30, 2017, EC Works implemented ASU 2016-14, *Not-for-Profit Entities and Health Care Entities, Presentation of Financial Statements of Not-for-Profit Entities*. 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, 2018, are subject to examination by the Internal Revenue Service and Oregon Department of Revenue, respectively, generally for three years after filed.

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.

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

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

**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**

EC Works leases an office suite under a non-cancelable operating lease that expired on May 31, 2018. The lease was renewed for a three-year term expiring on May 31, 2021. Base rent payments were \$2,320 per month from July 1, 2017 through May 31, 2018, and \$2,390 per month beginning June 1, 2018. Total rent includes base rent plus a portion of maintenance, repair, and overhead on the building and common areas. Rent expense, including common area charges, totaled \$39,162 for the year ended June 30, 2018. The lease includes scheduled 3 percent annual rent escalation clauses.

EC Works subleases two office spaces within its office suite to the Oregon Employment Department. This operating lease expires on June 30, 2020, but may be canceled at any time with a 90-day written notice. For the year ended June 30, 2018, monthly payments were \$764 per month (\$9,164 per year), which has been included in income. The lease includes two 2-year renewal options.

EC Works leases office spaces for the WorkSource Oregon center located in the Hood River, Oregon area. This operating lease expires on June 30, 2018, and includes a one-year renewal option which was exercised in March 2018. For the year ended June 30, 2018, monthly payments were \$373 per month, and \$4,476 has been included in expense for the year. Monthly payments are set to increase by 3 percent to \$384 per month for the 2018-2019 fiscal year.

EC Works leases office spaces for the WorkSource Oregon center located in The Dalles, Oregon area. This operating lease expires on June 30, 2018, and includes monthly payments totaling \$940, and \$11,280 has been included in expense for the year. EC Works renewed the lease in June 2018. The expiration date for the renewal is January 31, 2019 and payments will be \$933 per month. The lease includes an option to extend the agreement.

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

**2. Commitments and Contingencies, continued**

Beginning September 1, 2017, EC Works leases office spaces for the WorkSource Oregon center located in Bend, Oregon area. This operating lease expires on June 30, 2020 and includes monthly payments totaling \$1,260 per month, and \$12,600 has been included in expense for the year. The lease includes an option to extend the agreement in accordance with the Oregon Employment Department's exercised Prime Lease extension options.

Beginning November 1, 2017, EC Works leases office spaces for the WorkSource Oregon center located in Redmond, Oregon area. This operating lease expires on June 30, 2020 and includes monthly payments totaling \$135 per month, and \$1,080 has been included in expense for the year. The lease includes an option to extend the agreement in accordance with the Oregon Employment Department's exercised Prime Lease extension options.

Beginning July 1, 2017, EC Works entered into a Memorandum of Understanding with a subrecipient to reimburse lease payments for four Central Oregon WorkSource center locations in Bend, Redmond, Madras, and Prineville. EC Works will continue reimbursement payments until EC Works assumes the leases. As of June 30, 2018, EC Works has assumed the leases for the Bend and Redmond locations. EC Works has assumed the lease for the Prineville location effective July 1, 2018, and continues to reimburse the subrecipient for the Madras location. For the 2017-2018 fiscal year, EC Works reimbursed the subrecipient \$45,769 for these locations including common area charges, and this amount has been included in expense. Beginning July 1, 2018, EC Works estimates the monthly rent for the Prineville location will be \$400 per month, and the Madras location will be an estimated \$2,250 per month.

Beginning October 1, 2017, EC Works leases office spaces for the WorkSource Oregon center located in Klamath Falls, Oregon area. This operating lease expires on June 30, 2019 and includes monthly payments totaling \$258 per month, and \$2,324 has been included in expense for the year. EC Works renewed the lease in June 2018. The expiration date for the renewal is June 30, 2020 and payments will be \$101 monthly.

Beginning January 2, 2018, 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 \$2,250 has been included in expense for the year. The lease includes an option to extend the agreement for an additional five-year period.

Future minimum lease payments for these leases are as follows:

<u>For the Year Ending June 30,</u>	
2019	\$ 69,022
2020	52,060
2021	32,388
2022	4,500
2023	2,250
Thereafter	-
	<u>\$ 160,220</u>

EAST CASCADES WORKFORCE INVESTMENT BOARD  
dba EAST CASCADES WORKS  
NOTES TO 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, 2018.

EC Works contracted with several subrecipient organizations to provide training and employment services during the year ended June 30, 2018. 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 \$2,319,253 during the year ended June 30, 2018.

**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, 2018:

Agency	Funding Title	Expense	Payable
Central Oregon Intergovernmental Council	WIOA Title 1B	\$ 1,605,598	\$ 275,185
Central Oregon Intergovernmental Council	DHS 2017 and 2018 TANF Summer Youth Employment Program	21,610	1,297
Central Oregon Intergovernmental Council	State of Oregon Work Experience	49,016	22,763
Central Oregon Intergovernmental Council	Central Oregon WorkSource Lease MOU – WIOA Title 1B	45,769	6,507
Mid-Columbia Council of Governments	WIOA Title 1B	135,924	-
Klamath Community College	WIOA Title 1B	461,933	111,717
Klamath Community College	State of Oregon Work Experience	12,606	1,847



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

**4. Related Party Transactions, continued**

<u>Agency</u>	<u>Funding Title</u>	<u>Expense</u>	<u>Payable</u>
Klamath Community College	Lake County General Funds	6,043	6,043
Klamath Community College	Ag Sector Agreement WIOA Title 1B	1,000	1,000
Columbia Gorge Community College	WIOA Title 1B	134,595	47,415
Columbia Gorge Community College	Northern Oregon WorkSource lease – WIOA Title 1B	4,476	-
Composite Approach	Rapid Response	189,252	39,148
Oregon Employment Department	WorkSource leases – WIOA Title 1B	31,593	9,450

Additionally, EC Works paid Oregon Workforce Partnership (OWP) \$10,000 during the year ended June 30, 2018. 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 and the Governor's office.

EC Works paid Central Oregon Intergovernmental Council and Klamath Community College \$5,415 and \$1,861, respectively, for WIOA training, paid Klamath Community College \$13,838 for computers for the WorkSource center, and paid Mid-Columbia Council of Governments \$5,265 for final contract close-out costs.

**5. Retirement Plan**

EC Works maintains a 401k 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 \$17,796 during the year ended June 30, 2018.

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

**6. Restricted Cash**

Restricted cash totaled \$2,000 as of June 30, 2018. This amount consisted of funds collected as a beneficiary of a fundraising event. As the event will not occur until September 2018, this amount is included in unearned revenue. In accordance with the fiscal service agreement, the amounts are required to be maintained in a separate account and are restricted by the hosting entity. EC Works will receive 10 percent of the net proceeds from the event once final amounts are determined to support EC Works' administrative expenses. Net proceeds, after administrative expenses, are to be invested in construction industry training.

**7. 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.

## SINGLE AUDIT INFORMATION

EAST CASCADES WORKFORCE INVESTMENT BOARD  
dba EAST CASCADES WORKS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2018

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>Title 1B Workforce Investment Opportunity Act Cluster:</i>				
WIOA - Local Administration	17.258	16-304-001	\$ 115,285	\$ 77,648
WIOA - Adult	17.258	16-304-001	372,256	279,971
WIOA - Adult	17.258	17-148-001	442,277	332,634
WIOA - Local Administration	17.259	16-304-001	126,213	-
WIOA - Local Administration	17.259	17-148-001	760	-
WIOA - Youth	17.259	16-304-001	412,626	353,509
WIOA - Youth	17.259	17-148-001	581,137	497,876
WIOA - Youth - 10% High Concentration of Eligible Youth	17.259	NFA PY16-5	30,366	30,366
WIOA - Local Administration	17.278	NFA PY15-8	13,415	-
WIOA - Local Administration	17.278	16-304-001	98,711	83,113
WIOA - Dislocated Worker	17.278	NFA PY15-8	120,745	90,947
WIOA - Dislocated Worker	17.278	16-304-001	580,872	437,522
WIOA - Dislocated Worker	17.278	17-148-001	205,073	154,464
WIOA FY18 DW Admin 5% AAA Composite Approach	17.278	NFA PY17-3 and 5	11,062	-
WIOA FY18 Rapid Response 25% Layoff Aversion Composite Approach	17.278	NFA PY17-3 and 5	<u>189,252</u>	<u>-</u>
Total Title 1B Workforce Investment Opportunity Act Cluster			<u>3,300,050</u>	<u>2,338,050</u>
Total Passed through State of Oregon, CCWD			<u>3,300,050</u>	<u>2,338,050</u>
<b>Total expenditures of federal awards</b>			<u>\$ 3,300,050</u>	<u>\$ 2,338,050</u>

EAST CASCADES WORKFORCE INVESTMENT BOARD  
dba EAST CASCADES WORKS  
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 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, 2018.

**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, 2018, 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 1, 2018.

**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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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.

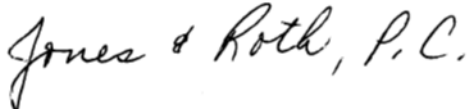
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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  
November 1, 2018

**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, 2018. East Cascades Workforce Investment Board dba East Cascades Works' 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 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, 2018.


## 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  
November 1, 2018

EAST CASCADES WORKFORCE INVESTMENT BOARD  
dba EAST CASCADES WORKS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2018

**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 program.
- 5) The independent auditor's report on compliance for the major federal award program 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 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) 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.