

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

**FINANCIAL STATEMENTS AND
SINGLE AUDIT INFORMATION**

For the Year Ended June 30, 2020



EAST CASCADES WORKFORCE INVESTMENT BOARD
dba EAST CASCADES WORKS
FINANCIAL STATEMENTS AND SINGLE AUDIT INFORMATION
For the Year Ended June 30, 2020

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EAST CASCADES WORKFORCE INVESTMENT BOARD
dba EAST CASCADES WORKS

June 30, 2020

EXECUTIVE DIRECTOR

Heather Ficht

BOARD OF DIRECTORS

Lisa Dobey	Chair
Gary North	Vice Chair
Heather Tramp	Treasurer/Secretary
Lisa Farquharson	Board Member
Sam Meier	Board Member
Michelle Alvarado	Board Member
Nicole Hough	Board Member
Teri Hockett	Board Member
Mike Graham	Board Member
Trevor Janeck	Board Member
Amy Gibbs	Board Member
Dr. Marta Yera Cronin	Board Member
Jennifer Newby	Board Member
David Burger	Board Member
Robbie Smith	Board Member
Julie Matthews	Board Member
Martin Campos-Davis	Board Member
Jon Irvine	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

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, 2020, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

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, 2020, 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 February 22, 2021, 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
February 22, 2021

FINANCIAL STATEMENTS

EAST CASCADES WORKFORCE INVESTMENT BOARD
 dba EAST CASCADES WORKS
 STATEMENT OF FINANCIAL POSITION
 June 30, 2020

Assets

Current assets

Cash	\$ 397,464
Cash - restricted	160,165
Grants receivable	311,008
Prepaid expenses	<u>10,519</u>
Total current assets	<u>879,156</u>

Long-term assets

Cash - restricted	20,776
Operating lease right-of-use assets	56,670
Deposits	<u>3,200</u>
Total long-term assets	<u>80,646</u>

Total assets	\$ <u>959,802</u>
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Liabilities and Net Assets

Current liabilities

Accounts payable	\$ 457,833
Accrued payroll and related benefits	23,452
Contracts payable	14,200
Unearned revenue	205,367
Operating lease liabilities	<u>31,502</u>
Total current liabilities	<u>732,354</u>

Long-term liabilities

Contracts payable	28,400
Unearned revenue	20,776
Operating lease liabilities	<u>27,061</u>
Total long-term liabilities	<u>76,237</u>

Total liabilities	<u>808,591</u>
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Net assets

Net assets with donor restrictions	133,672
Net assets without donor restrictions	<u>17,539</u>

Total net assets	<u>151,211</u>
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Total liabilities and net assets	\$ <u>959,802</u>
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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, 2020

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total Net Assets
Revenues			
Government grants	\$ 4,311,289	\$ -	\$ 4,311,289
Local revenue	38,649	295,302	333,951
Program income	137,622	-	137,622
Special event revenue, net of expense	16,379	-	16,379
Donations	6,024	45,000	51,024
Miscellaneous revenue	2,327	-	2,327
In-kind revenue	1,093	-	1,093
Interest income	381	-	381
Net assets released from restrictions	<u>206,630</u>	<u>(206,630)</u>	<u>-</u>
 Total revenues	 <u>4,720,394</u>	 <u>133,672</u>	 <u>4,854,066</u>
Expenses			
Program activity:			
Employment and training	4,501,459	-	4,501,459
Supporting services:			
Management and general	<u>236,869</u>	<u>-</u>	<u>236,869</u>
 Total expenses	 <u>4,738,328</u>	 <u>-</u>	 <u>4,738,328</u>
 Change in net assets	 (17,934)	 133,672	 115,738
Net assets, beginning of year	<u>35,473</u>	<u>-</u>	<u>35,473</u>
Net assets, end of year	<u>\$ 17,539</u>	<u>\$ 133,672</u>	<u>\$ 151,211</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, 2020

Cash flows from operating activities

Change in net assets	\$ 115,738
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
(Increase) decrease in operating assets:	
Grants receivable	(192,112)
Prepaid expenses	4,374
Operating lease right-of-use assets	31,423
Increase (decrease) in operating liabilities:	
Accounts payable	10,704
Accrued payroll and related benefits	3,928
Contracts payable	42,600
Unearned revenue	126,856
Operating lease liabilities	<u>(32,676)</u>
Net cash provided by operating activities	<u>110,835</u>
Net increase in cash and restricted cash	110,835
Cash and restricted cash, beginning of year	<u>467,570</u>
Cash and restricted cash, end of year	<u><u>\$ 578,405</u></u>

As presented in the Statement of Financial Position:

Cash	\$ 397,464
Cash - restricted, short-term	160,165
Cash - restricted, long-term	<u>20,776</u>
	<u><u>\$ 578,405</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, 2020

	<u>Program Activity</u>	<u>Supporting Services</u>	
	<u>Employment and Training</u>	<u>Management and General</u>	<u>Total</u>
Personnel costs	\$ 483,245	\$ 180,716	\$ 663,961
Legal	-	67	67
Professional services	-	18,025	18,025
Office expense	2,824	961	3,785
Occupancy	37,124	12,658	49,782
Travel	10,473	3,570	14,043
Conferences, conventions, and meetings	2,922	996	3,918
Insurance	-	4,411	4,411
Other expenses:			
Payments to grant subrecipient providers	2,817,761	-	2,817,761
WorkSource Oregon center expenses	52,492	-	52,492
One Stop Operator	29,844	2,985	32,829
Program projects:			
COVID-19 Layoff Aversion	226,791	-	226,791
Crook County SD - STEM	111,630	-	111,630
Apprenticeship USA	181,601	-	181,601
Sectors Projects	49,403	-	49,403
Youth Career Connect	71,000	-	71,000
Warm Springs Future Ready	87,006	-	87,006
Industry Cohort Training	68,000	-	68,000
Incumbent Worker Training	74,330	-	74,330
Diversity Equity and Inclusion	47,300	-	47,300
Other	99,757	-	99,757
Fees and taxes	-	6,950	6,950
Memberships	9,230	3,147	12,377
Printing	1,560	532	2,092
Staff training	5,427	1,851	7,278
Itrac database	30,217	-	30,217
Program Outreach	429	-	429
In-kind expense	1,093	-	1,093
	<u> </u>	<u> </u>	<u> </u>
Total functional expenses	<u>\$ 4,501,459</u>	<u>\$ 236,869</u>	<u>\$ 4,738,328</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 Updates

EC Works early adopted the requirements of Accounting Standards Update (ASU) 2016-18, *Statement of Cash Flows: Restricted Cash*, 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, not-for-profits are required to present on the statement of cash flows the line item descriptions and amounts from the statement of financial position that total the cash balance at the end of the fiscal year.

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.

EC Works adopted the requirements of ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, during the year ended June 30, 2020. ASU 2018-08 assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions. The standard effectively excludes contributions from the requirements of ASU 2014-09 *Revenue from Contracts with Customers* (Topic 606) and related subsequently issued clarifying ASUs. EC Works adopted the new standard effective July 1, 2019, using a modified prospective approach in these financial statements. There was no change to previously recognized revenue. EC Works elected to delay implementation of ASU 2014-09 pursuant to ASU 2020-05 which delayed the implementation date for EC Works to July 1, 2020.

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, 2020.

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.

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

Capital assets, continued

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, 2020.

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, 2020.

Unearned revenue

Unearned revenue totaling \$226,143 as of June 30, 2020 mostly consists of funds received for expenditure-driven grants restricted to use in future periods by either time or donor restrictions. \$68,776 of the balance relates to a grant received from Central Oregon Health Council (see Note 6 Restricted Cash), which \$48,000 is expected to be earned in the year ending June 30, 2021 and is classified as current, with the remaining balance of \$20,776 expected to be earned subsequent to June 30, 2021 and is classified as long-term.

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.

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

1. Summary of Significant Accounting Policies, continued

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, 2020, 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.

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 expires on May 31, 2021. Base rent payments were \$2,461 per month from July 1, 2019 through May 31, 2020, and \$2,535 per month beginning June 1, 2020. 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 \$39,028 for the year ended June 30, 2020. The lease includes scheduled 3 percent annual rent escalation clauses.

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

2. Commitments and Contingencies, continued

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. The discount rate used is 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 \$28,358 for the year ended June 30, 2020 and this amount has been included in expense.

EC Works subleases two office spaces within its office suite to the Oregon Employment Department. This operating lease expired on June 30, 2020, and is currently on a month-to-month agreement until the end of the prime lease term of May 31, 2021. For the year ended June 30, 2020, monthly payments were \$810 per month (\$9,720 per year), which has been included in income. The lease includes two 2-year renewal 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 leases office spaces for the WorkSource Oregon center located in the Hood River, Oregon area. This operating lease expired on June 30, 2020 and includes a 1-year renewal option exercised by EC Works. For the year ended June 30, 2020, monthly payments were \$395 per month, and \$4,740 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 expired on June 30, 2020, and includes monthly payments totaling \$954 per month and \$11,448 has been included in expense for the year. EC Works renewed the lease in July 2020. The lease includes an option to extend the agreement. 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 Bend, Oregon area. This operating lease expired on June 30, 2020 and includes monthly payments totaling \$1,260 per month, and \$15,120 has been included in expense for the year. EC Works renewed the lease in July 2020. 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 leases office spaces for the WorkSource Oregon center located in Redmond, Oregon area. This operating lease expired on June 30, 2020 and includes monthly payments totaling \$135 per month, and \$1,618 has been included in expense for the year. EC Works renewed the lease in July 2020. 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.

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

2. Commitments and Contingencies, continued

Beginning July 1, 2017, EC Works entered into a Memorandum of Understanding (MOU) 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, 2020, EC Works has assumed the leases for all locations. For the 2019-2020 fiscal year, EC Works reimbursed the subrecipient \$7,045 for the Madras location including common area charges, and this amount has been included in expense. EC Works terminated the Madras lease as of September 30, 2019, and the Prineville lease as of June 30, 2019, and as such, there is no further obligation under the MOU with Central Oregon Intergovernmental Council.

EC Works leases office spaces for the WorkSource Oregon center located in Klamath Falls, Oregon area. This operating lease expired on June 30, 2020 and includes monthly payments totaling \$101 per month, and \$1,211 has been included in expense for the year. EC Works renewed the lease in June 2020. 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 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:

- 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.

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

2. Commitments and Contingencies, continued

Future minimum lease payments for noncancelable leases are as follows:

<u>For the Year Ending June 30,</u>	
2021	\$ 32,388
2022	4,500
2023	4,500
2024	4,500
2025	4,500
Thereafter	<u>11,250</u>
	<u>\$ 61,638</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, 2020 is as follows:

Future minimum lease payments	\$ 61,638
Discounted to present value	<u>(3,075)</u>
Operating lease liability	<u>\$ 58,563</u>

Summary of lease information is as follows:

Operating lease cost	\$ 32,858
Short-term lease cost	41,176
Sublease income	<u>(9,720)</u>
Total lease cost	<u>\$ 64,314</u>

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

Operating cash flows from operating leases	<u>\$ 34,111</u>
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Weighted-average remaining lease term – operating leases	55 months
Weighted average discount rate – operating leases	2.03%

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, 2020.

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

3. Risk Management, continued

EC Works contracted with several subrecipient organizations to provide training and employment services during the year ended June 30, 2020. 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 \$2,817,761 during the year ended June 30, 2020.

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, 2020:

Agency	Funding Title	Expense	Payable
Central Oregon Community College	WIOA Title 1B	\$ 111,890	\$ 19,423
Central Oregon Community College	State of Oregon General Funds	35,471	15,007
Central Oregon Community College	Central Oregon Health Council	21,224	760
Central Oregon Community College	DOL Apprenticeship USA	116,134	-
Central Oregon Intergovernmental Council	WIOA Title 1B	1,278,833	115,734
Central Oregon Intergovernmental Council	WIOA Title 1B Future Ready	35,530	3,175
Central Oregon Intergovernmental Council	DHS 2019 TANF Summer Youth Employment Program	89,311	-
Central Oregon Intergovernmental Council	GED Wraparound	15,816	-
Central Oregon Intergovernmental Council	DOL Apprenticeship USA	44,842	1,922

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>
Central Oregon Intergovernmental Council	State of Oregon Work Experience	69,959	6,964
Central Oregon Intergovernmental Council	WIOA National Dislocated Worker Grant	44,720	40,365
Central Oregon Intergovernmental Council	COVID Tech Support - Title 1B Rapid Response	588	-
Central Oregon Intergovernmental Council	Central Oregon WorkSource Lease MOU - WIOA Title 1B	7,045	-
Klamath Community College	WIOA Title 1B	493,360	80,657
Klamath Community College	State of Oregon Work Experience	28,926	76
Klamath Community College	Lake County General Funds	13,597	55
Klamath Community College	WIOA National Dislocated Worker Grant	5,301	5,301
Klamath Community College	WIOA Rapid Response Additional Assistance	282,139	15,466
Klamath Community College	DHS 2019 TANF Summer Youth Employment Program	28,829	-
Columbia Gorge Community College	WIOA Title 1B	297,873	20,685

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>
Columbia Gorge Community College	DHS 2019 TANF Summer Youth Employment Program	1,823	-
Columbia Gorge Community College	State of Oregon Work Experience	11,149	-
Columbia Gorge Community College	WIOA National Dislocated Worker Grant	19,264	19,264
Columbia Gorge Community College	COVID Tech Support - Title 1B Rapid Response	136	-
Columbia Gorge Community College	Northern Oregon WorkSource Lease MOU - WIOA Title 1B	4,740	-
Lake County	Southern Oregon WorkSource Lease MOU - WIOA Title 1B	4,500	-
Oregon Employment Department	WorkSource Leases WIOA Title 1B	34,892	-
Technology Association of Oregon Fndn	DOL Apprenticeship USA	6,000	-

Additionally, EC Works paid Oregon Workforce Partnership (OWP) \$10,000 during the year ended June 30, 2020. 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.

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

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 \$26,371 during the year ended June 30, 2020.

6. Restricted Cash

Restricted cash totaled \$180,941 as of June 30, 2020.

Funds totaling \$28,493 relate to amounts collected as a beneficiary of fundraising events that occurred in September 2018 and 2019. 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 received 10 percent of the net proceeds from the events to support EC Works' administrative expenses. Net proceeds, after administrative expenses, are to be invested in construction industry training.

EC Works received a grant from Facebook, Inc. for the benefit of the Crook County School District STEM and CTE programs during the year ended June 30, 2020. Funds received totaling \$195,302 are restricted to reimbursement for hardware, programming, and material purchases. As of June 30, 2020, \$83,672 remains unspent and this amount is included in restricted cash.

Additionally, EC Works received a grant totaling \$90,000 from Central Oregon Health Council to fund half of the total cost of a part time Health Careers Outreach Coordinator position at Central Oregon Community College for 36 months beginning on or around August 1, 2019. As of June 30, 2020, \$68,776 remains unspent. EC Works anticipates \$48,000 will be earned in the year ended June 30, 2021 and this amount is included in current assets restricted cash and current unearned revenue. The remaining \$20,776 balance is in long-term assets restricted cash and long-term unearned revenue.

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, 2020, 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	\$	578,405
Grants receivable		<u>311,008</u>
		889,413
Less financial assets unavailable for general expenditure within one year due to:		
Restricted cash subject to specified purpose or time restrictions		(180,941)
Grants receivable subject to specified purpose restrictions		<u>(50,000)</u>
Financial assets available for general expenditure	\$	<u><u>658,472</u></u>

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

8. Contributed Services

EC Works received a total of \$1,093 in contributed services during the year ended June 30, 2020. These services were provided to support the Endless Summer Nights fundraising event for EC Works. 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, 2020, net assets with donor restrictions consisted of the following amounts:

Facebook Grant restricted to purchase of hardware, programming, and materials for Crook County School District STEM and CTE Programs	\$ 83,672
Tykeson Family Foundation Grant restricted to supporting the Youth Career Connect Program	<u>50,000</u>
Total net assets with donor restrictions	<u>\$ 133,672</u>

10. Contracts Payable

Contracts payable as of June 30, 2020 totaling \$42,600 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>	
2021	\$ 14,200
2022	14,200
2023	14,200
2024	-
2025	-
Thereafter	<u>-</u>
	<u>\$ 42,600</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.

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

12. 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.

On July 28, 2020, EC Works received a \$111,350 Paycheck Protection Program (PPP) loan from the United States Small Business Administration (SBA) through U.S. Bank. EC Works has six months to spend the funds on certain eligible costs, and then may apply for loan forgiveness. The loan bears a fixed interest rate of 1 percent. As of the date of the independent auditor's report, based on its projected expenditures and developing SBA guidance, EC Works expects the entirety of the PPP loan proceeds to be forgiven. Details regarding eligible costs, requirements for loan forgiveness and repayment terms should the loan not be forgiven can be found at the following website: <https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/paycheck-protection-program>

Subsequent to year end, EC Works discovered disallowed costs related to the 2019 - 2020 fiscal year during performance of annual subrecipient monitoring. As of the date of the independent auditor's report, EC Works is evaluating steps to take to determine the total dollar amount of disallowed costs, but estimates the amount to be between \$4,000 - \$100,000. EC Works believes the full amount of disallowed costs will be recoverable from the subrecipient, and the funds will be returned to the State of Oregon Higher Education Coordinating Commission upon receipt.

SINGLE AUDIT INFORMATION

EAST CASCADES WORKFORCE INVESTMENT BOARD
dba EAST CASCADES WORKS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2020

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Expenditures	Amounts Paid to Subrecipients
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 PY17	17.258	17-148-004	\$ 1,144	\$ -
WIOA - Local Administration FY18	17.258	17-148-004	2,289	-
WIOA - Local Administration PY18	17.258	18-030	14,808	475
WIOA - Local Administration FY19	17.258	18-030	77,335	77,335
WIOA - Adult PY17	17.258	17-148-004	10,297	-
WIOA - Adult FY18	17.258	17-148-004	20,602	-
WIOA - Adult FY18 10% Future Ready	17.258	18-166-001	81,791	-
WIOA - Adult FY19	17.258	18-030	443,768	341,219
WIOA - Adult FY19 10% Future Ready	17.258	18-166-001	42,000	35,530
WIOA - Adult PY19	17.258	19-079E	119,405	91,398
WIOA - Adult FY20	17.258	19-079E	229,215	176,703
WIOA - Adult PY18 Strategic Innovation	17.258	19-117C	13,992	-
WIOA - Local Administration PY18	17.259	18-030	97,640	32,131
WIOA - Youth PY18	17.259	18-030	543,733	434,664
WIOA - Youth PY19	17.259	19-079E	389,693	314,756
WIOA - Youth PY18 10% High Concentration of Eligible Youth	17.259	18-030	15,000	15,000
WIOA - Local Administration PY18	17.278	18-030	15,221	474
WIOA - Local Administration FY19	17.278	18-030	72,070	72,070
WIOA - Dislocated Worker FY19	17.278	18-030	547,853	336,629
WIOA - Dislocated Worker PY19	17.278	19-079E	143,298	90,168
WIOA - Dislocated Worker 10% Future Ready	17.278	18-166-001	5,131	-
WIOA - Dislocated Worker FY20	17.278	19-079E	280,395	174,326
WIOA - Dislocated Worker PY18 Strategic Innovation	17.278	19-117C	5,431	-
COVID-19 WIOA FY18 RR Rapid Response 25% COVID TECH 19	17.278	17-148-004	1,000	-
COVID-19 WIOA FY18 Rapid Response 25% Layoff Aversion COVID	17.278	17-148-004	150,360	-
COVID-19 WIOA FY19 Rapid Response 25% Layoff Aversion COVID Funds	17.278	18-030	55,400	-
WIOA FY19 DW Admin 5% IQor	17.278	18-030	5,264	-
WIOA FY19 Rapid Response 25% IQor	17.278	18-030	282,139	282,139
Total Title 1B Workforce Investment Opportunity Act Cluster			<u>3,666,274</u>	<u>2,475,017</u>

EAST CASCADES WORKFORCE INVESTMENT BOARD
 dba EAST CASCADES WORKS
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued
 For the Year Ended June 30, 2020

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Expenditures	Amounts Paid to Subrecipients
<i>WIOA National Emergency Grants (NEG):</i>				
Dislocated Worker Grant Employment Recovery	17.277	20-038E	51,224	47,412
Dislocated Worker Grant Disaster Recovery	17.277	20-046E	<u>25,954</u>	<u>21,874</u>
Total WIOA National Emergency Grants (NEG)			<u>77,178</u>	<u>69,286</u>
<i>Apprenticeship USA Grants</i>				
Apprenticeship USA - Program & Administration	17.285	18-107	<u>202,159</u>	<u>44,842</u>
Total Passed through State of Oregon, CCWD			3,945,611	2,589,145
Passed through Lane Workforce Partnership:				
<i>H-1B Job Training Grants</i>				
American Apprenticeship Initiative Grant	17.268	31131	<u>2,369</u>	<u>-</u>
Total expenditures of federal awards			<u>\$ 3,947,980</u>	<u>\$ 2,589,145</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, 2020.

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, 2020, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 22, 2021.

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.

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

Jones & Roth, P.C.
Eugene, Oregon
February 22, 2021

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, 2020. 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, 2020.

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
February 22, 2021

