

**GULF COAST WORKFORCE
DEVELOPMENT BOARD, INC.
D/B/A CAREERSOURCE GULF COAST**

FINANCIAL STATEMENTS

JUNE 30, 2018

**GULF COAST WORKFORCE DEVELOPMENT BOARD, INC.
D/B/A CAREERSOURCE GULF COAST
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JUNE 30, 2018**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors,
Gulf Coast Workforce Development Board, Inc.
d/b/a CareerSource Gulf Coast:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Gulf Coast Workforce Development Board, Inc. d/b/a CareerSource Gulf Coast (the "Organization") as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Gulf Coast Workforce Development Board, Inc. d/b/a CareerSource Gulf Coast as of June 30, 2018, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

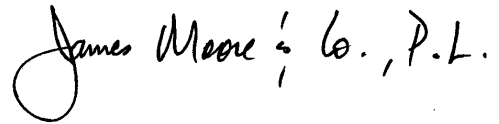
Accounting principles generally accepted in the United States of America require that management's discussion and analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 March 8, 2019, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 the Organization's internal control over financial reporting and compliance.

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

Tallahassee, Florida
March 8, 2019, except as to page 22, which is as of April 4, 2019

Gulf Coast Workforce Development Board, Inc.
d/b/a CareerSource Gulf Coast
Management’s Discussion and Analysis
June 30, 2018

Management is pleased to offer the following assessment of the financial operations of Gulf Coast Workforce Development Board, Inc. d/b/a CareerSource Gulf Coast (the “Organization”), for the year ending June 30, 2018.

Overview of Financial Statements

This discussion and analysis is intended to serve as an introduction to the Organization’s basic financial statements. The Organization’s basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements— The *government-wide financial statements* are designed to provide readers with a broad overview of the Organization’s finances in a manner similar to a private sector business. The government-wide financial statements consist of the Statement of Net Position and the Statement of Activities.

The *statement of net position* presents information on all of the Organization’s assets and liabilities, with the difference between the two reported as net position. Over time increases or decreases in net position may serve as a useful indicator of whether the financial position of the Organization is improving or deteriorating.

The *statement of activities* presents information showing how the Organization’s net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The basic government-wide financial statements can be found on pages 7 – 8 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Organization uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Organization maintains one fund category, which is a governmental fund.

Governmental funds. *Governmental funds* are used to account for essentially the same functions as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be used in evaluating a government’s near-term financing requirements.

Gulf Coast Workforce Development Board, Inc.
d/b/a CareerSource Gulf Coast
Management's Discussion and Analysis
June 30, 2018
(Continued)

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The basic governmental fund financial statements can be found on pages 9-11 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 12-20 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents a Schedule of Expenditures of Federal Awards that can be found on pages 21-22. This schedule lists all federal grants awarded to the Organization and their related expenditures for the fiscal year ended June 30, 2018.

Condensed Financial Statements

Net Position

	2018	2017
Current Assets	\$ 1,235,689	\$ 1,105,147
Capital Assets	26,629	55,037
Total Assets	1,262,318	1,160,184
Other Liabilities	699,483	664,214
Noncurrent Liabilities	8,876	16,388
Total Liabilities	708,359	680,602
Net Position	\$ 553,959	\$ 479,582

Changes in Net Position

	2018	2017
Program revenues:		
Operating grants and contributions	\$ 3,085,386	\$ 3,169,887
Total revenues	3,085,386	3,169,887
Expenses:		
Training, retraining and readjustment	3,011,009	3,005,142
Total expenses	3,011,009	3,005,142
Increase in Net Position	74,377	164,745
Net Position, beginning of year	479,582	314,837
Net Position, end of year	\$ 553,959	\$ 479,582

Gulf Coast Workforce Development Board, Inc.
d/b/a CareerSource Gulf Coast
Management's Discussion and Analysis
June 30, 2018
(Continued)

Government-wide Financial Analysis

Net Position: The Organization's net position increased by \$74,377 from fiscal year 2017. The primary cause of this increase was an increase in unrestricted revenue.

Capital Asset Administration

The Organization's net investment in capital assets for its governmental activities as of June 30, 2018, amounts to \$26,629 (net of accumulated depreciation). Additional information on Gulf Coast Workforce Development Board, Inc.'s capital assets can be found in Note II (B) of this report.

Budgetary Highlights

The Organization is not legally required to adopt a budget. As such, budgetary exhibits are not presented.

Economic Factors

86% of the Organization's revenues were generated from federal grants, most of which were passed through the State of Florida's Department of Economic Opportunity. Anything that could influence federal and state appropriations of these funds will have a direct impact on the Organization.

Request for Information

This report is designed to provide a general overview of the Organization's finances for all those with an interest in the Organization's finances. Questions concerning any of the information in this report or requests for additional information should be addressed as follows:

Financial Director
Gulf Coast Workforce Development Board, Inc.
5230 West Highway 98
Panama City, Florida 32401

GULF COAST WORKFORCE DEVELOPMENT BOARD, INC.
D/B/A CAREERSOURCE GULF COAST
STATEMENT OF NET POSITION
JUNE 30, 2018

	Governmental Activities
<u>ASSETS</u>	
Current assets	
Cash and cash equivalents	\$ 484,966
Receivables, net	414,549
Total current assets	899,515
Other assets	
Cash value of investment	336,174
Capital assets, net accumulated depreciation	26,629
Total Assets	1,262,318
<u>LIABILITIES</u>	
Current liabilities	
Accounts payable and accrued expenses	51,552
Due to fiscal agent	394,528
Unearned revenues	245,892
Capital lease payable due within one year	7,511
Total current liabilities	699,483
Long-term liabilities	
Capital lease payable, less current portion	8,876
Total Liabilities	708,359
<u>NET POSITION</u>	
Unrestricted	543,717
Net investment in capital assets	10,242
Total Net Position	\$ 553,959

The accompanying notes to financial statements
are an integral part of this statement.

**GULF COAST WORKFORCE DEVELOPMENT BOARD, INC.
D/B/A CAREERSOURCE GULF COAST
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018**

	Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Expenses	Operating Grants and Contributions	
<u>Functions/Programs</u>			
Governmental activities			
Training, retraining and readjustment	\$ 3,011,009	\$ 3,060,660	\$ -
Total governmental activities	<u>\$ 3,011,009</u>	<u>\$ 3,060,660</u>	<u>\$ -</u>
		General Revenues:	
		Other	24,726
		Change in net position	<u>74,377</u>
		Net position, beginning of year	479,582
		Net position, end of year	<u>\$ 553,959</u>

The accompanying notes to financial statements
are an integral part of this statement.

GULF COAST WORKFORCE DEVELOPMENT BOARD, INC.
D/B/A CAREERSOURCE GULF COAST
BALANCE SHEET
GOVERNMENTAL FUND
JUNE 30, 2018

ASSETS	<u>General Fund</u>
Cash and cash equivalents	\$ 484,966
Grant and contract receivables	414,549
Other assets	
Cash value of investment	336,174
Total Assets	<u><u>\$ 1,235,689</u></u>
LIABILITIES AND FUND BALANCE	
Liabilities	
Accounts payable and accrued expenses	\$ 51,552
Due to fiscal agent	394,528
Unearned revenues	245,892
Total Liabilities	<u>691,972</u>
Fund balance	
Unassigned	543,717
Total Fund Balance	<u>543,717</u>
Amounts reported for the governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund.	26,629
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the fund.	(16,387)
Net position of governmental activities	<u><u>\$ 553,959</u></u>

The accompanying notes to financial statements
are an integral part of this statement.

**GULF COAST WORKFORCE DEVELOPMENT BOARD, INC.
D/B/A CAREERSOURCE GULF COAST
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2018**

	General Fund
Revenues	
Grants and contracts	3,060,660
Other	24,726
Total revenues	3,085,386
Expenditures	
Personnel	1,076,064
Travel and meetings	50,433
Communications and utilities	36,871
Facilities	249,290
Direct program services	1,302,741
Insurance	18,815
Other	113,488
Printing and supplies	70,989
Professional	70,593
Total expenditures	2,989,284
Net change in fund balance	96,102
Fund balance, beginning of year	447,615
Fund balance, end of year	\$ 543,717

The accompanying notes to financial statements
are an integral part of this statement.

**GULF COAST WORKFORCE DEVELOPMENT BOARD, INC.
D/B/A CAREERSOURCE GULF COAST
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND TO
THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balance - total governmental fund	\$ 96,102
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlay in the current period:</p>	
Depreciation expense	(28,408)
<p>The issuance of long-term debt (e.g., leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>	
<p>Principal repayments:</p>	
Capital leases	6,683
Change in net position of governmental activities	\$ 74,377

The accompanying notes to financial statements are an integral part of this statement.

GULF COAST WORKFORCE DEVELOPMENT BOARD, INC.
D/B/A CAREERSOURCE GULF COAST
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

I. Summary of Significant Accounting Policies:

The following is a summary of the more significant accounting policies and practices of Gulf Coast Workforce Development Board, Inc. d/b/a CareerSource Gulf Coast (the “Organization”) which affect significant elements of the accompanying financial statements:

A. Description of government wide financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Organization. Governmental activities are normally supported by intergovernmental revenues, and other nonexchange transactions.

B. Reporting Entity

The Organization is a nonprofit corporation established to provide for enhanced coordination, cooperation, and outcomes by and between the several entities, both public and private, which are involved at the local level in providing youth and adults with opportunities to develop and continuously upgrade their knowledge and skills in order to advance economically and socially throughout their lifetime, and in providing employers with the skilled workforce necessary to be competitive in local, state, national and/or international markets. The Organization was created to fulfill the duties and responsibilities provided for by the Workforce Investment Act (WIA) of 1998-Title 1, superseded by the Workforce Innovation and Opportunity Act of 2014 (WIOA), and the State of Florida Workforce Innovation Act of 2000 for the Region 4 Local Workforce Investment Area which is comprised of Bay, Franklin and Gulf counties. The governing board of The Organization consists of twenty-three voting members and two non-voting members who are appointed by state and local officials.

The accounting policies adopted by the Organization conform to accounting principles generally accepted in the United States of America as applied to not-for-profit organizations reporting using the governmental model. As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the Organization. There were no entities that required inclusion as a component unit within the Organization's financial statements.

C. Basis of presentation – government wide financial statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from the governmental fund. Separate financial statements are provided for the governmental fund.

D. Basis of presentation – fund financial statements

The fund financial statements provide information about the Organization’s fund. The Organization reports one governmental fund:

The general fund is established to account for resources devoted to financing the general operations of the Organization. All operating resources are recorded in the general fund.

GULF COAST WORKFORCE DEVELOPMENT BOARD, INC.
D/B/A CAREERSOURCE GULF COAST
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

I. Summary of Significant Accounting Policies: (Continued)

E. Measurement focus and basis of accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. Amounts reported as program revenues include charges for services, operating grants and contributions, and capital grants and contributions. Items not properly included among program revenues are reported as general revenues.

When both restricted and unrestricted resources are available for use, it is the Organization's policy to use restricted resources first, then unrestricted resources as they are needed.

All governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues, except for certain grant revenues, are recognized in the accounting period in which they become both measurable and available. Available means collectible within the current period, or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the Organization considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, state, and other grant resources, revenue is recognized at the time the expenditure is made. Under the modified accrual basis of accounting, expenditures are generally recorded when the related fund liability is incurred. The principal exceptions to this are: principal and interest on general long-term debt, which are recorded as expenditures only when payment is due.

The Organization's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. Accordingly, the financial statements are organized on the basis of funds. A fund is an accounting entity having a self-balancing set of accounts for recording assets.

F. Assets, liabilities, and net position/fund balance

1. Deposits and investments

Cash and cash equivalents include amounts in demand deposits as well as investments that are readily convertible to known amounts of cash. Investments with original maturities of 90 days or less are considered to be cash equivalents.

2. Prepaid items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government wide and fund financial statements. The cost of prepaid items is recorded when consumed rather than when purchased.

GULF COAST WORKFORCE DEVELOPMENT BOARD, INC.
D/B/A CAREERSOURCE GULF COAST
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

I Summary of Significant Accounting Policies: (Continued)

F. Assets, liabilities, and net position/fund balance (Continued)

3. Capital Assets

Capital assets acquired by the Organization are considered to be owned by the Organization. However, funding sources may maintain an equitable interest in the capital assets purchased with grant monies as well as the right to determine the use of any proceeds from the sale of these assets. The Federal Government has a reversionary interest in those assets purchased with its funds which have a cost of \$5,000 or more and an estimated useful life of at least one year.

Capital assets with a value greater than \$5,000 and an estimated useful life of at least one year are recorded at cost when purchased or at estimated fair value when contributed. Depreciation is computed using the straight-line method over the estimated useful life of the assets, ranging from three to five years.

4. Long-term obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities fund type statement of net position.

5. Use of estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

6. Compensated absences

Employees of the Organization are leased from Gulf Coast State College (the "College"). Liabilities for compensated absences are accrued in the College's financial records and the Organization makes payments to the College to cover eligible employees. Eligible employees accrue vacation and sick leave at varying rates based upon length of employment. Vacation and sick leave is accrued as earned by employees and recorded as an expense in the period earned. The maximum amount of vacation that an employee may accumulate and be paid for is 240 hours. An employee hired after July 1, 1995, who has six to ten years of service, will receive 15% of their accrued sick leave balance not to exceed 60 days. An employee hired after July 1, 1995, who has 10 or more years of service will receive 25% of their accrued sick leave not to exceed 60 days.

7. Receivables

Receivables are from grants and contracts and are stated at the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of the credit history with grantors and contractors having outstanding balances and current relationships with them, it has concluded that realization losses on balances outstanding at year-end will be immaterial.

GULF COAST WORKFORCE DEVELOPMENT BOARD, INC.
D/B/A CAREERSOURCE GULF COAST
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

I Summary of Significant Accounting Policies: (Continued)

F. Assets, liabilities, and net position/fund balance (Continued)

8. Net position flow assumption

Sometimes the Organization will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Organization’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

9. Fund balance policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Organization itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Organization’s highest level of decision-making authority. The Board of Directors is the highest level of decision making authority for the Organization that can, by passing a motion prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the Organization for specific purposes but do not meet the criteria to be classified as committed. The Board of Directors may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

10. Unearned Revenue

The Organization has unearned revenue in connection with resources that have been received, but not yet earned. At the end of the June 30, 2018, unearned revenue from grant drawdowns made prior to meeting all eligibility requirements was \$245,892.

11. Other Assets

The Organization’s investment in a corporate owned flexible premium deferred annuity is recorded at fair market value, equal to the cash surrender value, as an asset in the accompanying Statement of Net Position. The policy expense, net of changes to cash surrender value, is included as an expense in the accompanying Statement of Activities.

GULF COAST WORKFORCE DEVELOPMENT BOARD, INC.
D/B/A CAREERSOURCE GULF COAST
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

I Summary of Significant Accounting Policies: (Continued)

G. Revenues and expenditures/expenses

1. Revenue Sources

Generally, revenue is received from the State of Florida, Department of Economic Opportunity and U.S Department of Commerce and is earned on a cost reimbursement basis.

2. Advertising

Advertising costs are charged to operations as incurred. In the year ended June 30, 2018, the Organization incurred \$45,487 in advertising expenses.

3. Expense Allocation

Certain costs are allocated to the various grant programs of the Organization based on several factors including employees' time spent, percentage of direct program expenditures, and client counts. The cost allocations are revised monthly depending on application.

II Detailed Notes on All Funds:

A. Deposits

Custodial credit risk-deposits. In the case of deposits, this is the risk that in the event of a bank failure, the Organization's deposits may not be returned. At year end, the carrying amount of deposits was \$484,966 and the bank balance was \$526,447. The deposits are insured up to Federal Deposit Insurance Corporation ("FDIC") Limits.

B. Capital Assets

Capital asset activity for the year ended June 30, 2018 was as follows:

	Balance			Balance
	July 1, 2017	Increases	Decreases	June 30, 2018
Property and equipment	\$ 199,832	\$ -	\$ -	\$ 199,832
Accumulated depreciation	(144,795)	(28,408)	-	(173,203)
Property and equipment, net	<u>\$ 55,037</u>	<u>\$ (28,408)</u>	<u>\$ -</u>	<u>\$ 26,629</u>

\$28,408 of depreciation expense was allocated to the training, retraining and readjustment program during the year ended June 30, 2018.

GULF COAST WORKFORCE DEVELOPMENT BOARD, INC.
D/B/A CAREERSOURCE GULF COAST
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

II Detailed Notes on All Funds: (Continued)

C. Operating Lease:

The Organization leases a building and additional office space under operating leases expiring in 2020.

Minimum future rental payments under operating leases having remaining terms in excess of one year as of June 30, 2018, for each of the following years and in the aggregate are:

<u>Year</u>	<u>Amount</u>
2019	\$ 252,975
2020	<u>21,915</u>
Total	<u>\$ 274,890</u>

For the year ended June 30, 2018, rental expense under the terms of these leases totaled \$249,290. The above future rental expense will be offset by \$12,018 and \$840 of sublease income for the years ended June 30, 2019 and 2020, respectively.

D. Capital leases:

The Organization has entered into lease agreements as a lessee for financing the acquisition of equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
Depreciable capital assets	\$ 28,246
Less: accumulated depreciation	<u>(11,125)</u>
	<u>\$ 17,121</u>

GULF COAST WORKFORCE DEVELOPMENT BOARD, INC.
D/B/A CAREERSOURCE GULF COAST
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

II Detailed Notes on All Funds: (Continued)

D. Capital leases: (Continued)

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2018 were as follows:

Year	Amount
2019	\$ 9,040
2020	7,170
2021	2,431
Total minimum lease payments	18,641
Less amounts representing interest	2,254
Present value of minimum lease payments	\$ 16,387

E. Changes in long-term liabilities:

Long-term liability activity for the year ended June 30, 2018, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within one year
Governmental activities:					
Capital leases	\$ 23,070	\$ -	\$ 6,683	\$ 16,387	\$ 7,511

III Other Information:

A. Risk Management

The Organization is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Organization carries commercial insurance. Insurance against losses is provided for the following types of risk:

- Personal Property, General Liability and Commercial Crime
- Director's and Officer's Liability

Amounts of settlements, if any, have not exceeded insurance coverage for the past year.

GULF COAST WORKFORCE DEVELOPMENT BOARD, INC.
D/B/A CAREERSOURCE GULF COAST
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

III Other Information: (Continued)

B. Significant Funding Source

The Organization receives a substantial amount of its funding from the United States Department of Labor, United States Department of Commerce, and from the United States Department of Health and Human Services. A significant reduction in the level of this funding, if this were to occur, could have an adverse effect on the Organization's programs and activities.

C. Related Party Balances and Transactions

Gulf Coast State College (the "College"), a direct service provider, has a member of their management serving on Organization's board of directors. The College representative is mandated to serve on the board according to the Workforce Innovation and Opportunity Act of 2014 (WIOA) and falls under state conflict of interest laws. During the year ended June 30, 2018, amounts paid to this service provider totaled \$825,450. A payable related to provider relationship is also shown on the statement of financial position totaling \$394,528.

The Organization also paid dues to several entities where the Executive Director of the Organization also serves in a volunteer capacity role as a member of the respective entity's board of directors. These dues totaled \$30,750 for the year ended June 30, 2018.

D. Contingencies

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal government and the State of Florida. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Organization expects such amounts, if any, to be immaterial.

E. Income Taxes

The Organization is generally exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, and therefore, no provision for income taxes has been made in the accompanying financial statements.

The Organization files income tax returns in the U.S. Federal jurisdiction. The Organization's income tax returns for the past three years are subject to examination by tax authorities and may change upon examination.

The Organization has reviewed and evaluated the relevant technical merits of each of its tax positions in accordance with accounting principles generally accepted in the United States of America for accounting for uncertainty in income taxes, and determined that there are no uncertain tax positions that would have a material impact on the financial statements of the Organization.

GULF COAST WORKFORCE DEVELOPMENT BOARD, INC.
D/B/A CAREERSOURCE GULF COAST
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

III Other Information: (Continued)

F. Subsequent Events

On October 10, 2018, a hurricane impacted the gulf coast of Florida, including Panama City. All of the Organization's outdoor signs were either damaged or destroyed and will require repairs or replacement. At this time, management is still determining the costs associated with repair and replacement of these damaged items, which are not expected to be covered by insurance.

G. Recently issued accounting pronouncements

The Organization has considered the new pronouncements that altered accounting principles generally accepted in the United States of America, and other than as disclosed in the notes to the financial statements below, does not believe that any other new or modified principles will have a material impact on the Organization's reported financial position or operations in the near term.

In November 2016, the GASB issued Statement No. 83, Certain Retirement Obligations, which addresses accounting and financial reporting for certain asset retirement obligations, which are legally enforceable liabilities associated with the retirement of a tangible capital asset. The provisions in GASB Statement No. 83 are effective for periods beginning after June 15, 2018. The Organization has evaluated this pronouncement and determined there will be no effect on the financial statements.

GASB issued Statement No. 86, Certain Debt Extinguishment Issues, in May 2017. GASB 86 improves consistency in accounting and financial reporting for in-substance defeasance of debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The provisions in GASB 86 are effective for periods beginning after June 15, 2017. The Organization has evaluated this pronouncement and determined there will be no effect on the financial statements.

In June 2017, the GASB issued Statement No. 87, Leases, which aims to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The provisions in GASB Statement No. 87 are effective for periods beginning after December 15, 2019. The Organization is currently evaluating the effect that Statement No. 87 will have on its financial statements.

In March 2018, the GASB issued Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements, which aims to better meet the information needs of financial statement users by improving accounting and financial reporting related to debt, including direct borrowings and direct placements by governments. The provisions in GASB Statement No. 88 are effective for periods beginning after June 15, 2018. The Organization has evaluated this pronouncement and determined there will be no effect on the financial statements.

**GULF COAST WORKFORCE DEVELOPMENT BOARD, INC.
D/B/A CAREERSOURCE GULF COAST
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018**

Federal Grantor/Pass-Through Grantor/ State Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Award Number	Pass-Through to Subrecipients	Expenditures
FEDERAL AWARDS				
U. S. Department of Health and Human Services				
Passed through State of Florida, Department of Economic Opportunity				
Temporary Assistance for Needy Families	93.558	WTS17	\$ -	\$ 92,483
Temporary Assistance for Needy Families	93.558	WTS18	204,251	377,059
		Total TANF Cluster	<u>204,251</u>	<u>469,542</u>
U. S. Department of Commerce				
Passed through State of Florida, Department of Economic Opportunity				
Unallied Industry Projects	11.452	ABFCM	-	<u>107,787</u>
U. S. Department of Labor				
Passed through State of Florida, Department of Economic Opportunity				
Employment Service/Wagner – Peyser Funded Activities	17.207	WPB16	24,000	189,880
Employment Service/Wagner – Peyser Funded Activities	17.207	WPB18	74,988	137,744
Employment Service/Wagner – Peyser Funded Activities	17.207	WPA18	10,000	30,523
Disabled Veterans' Outreach Program (DVOP)	17.801	DVP17	-	12,960
Disabled Veterans' Outreach Program (DVOP)	17.801	DVP18	16,000	37,131
Disabled Veterans' Outreach Program (DVOP)	17.801	LVR17	-	5,490
Disabled Veterans' Outreach Program (DVOP)	17.801	LVR18	7,236	10,193
		Total Employment Service Cluster	<u>132,224</u>	<u>423,921</u>
Unemployment Insurance	17.225	UCRE7	22,500	35,207
Unemployment Insurance	17.225	UCRE8	22,496	36,331
Unemployment Insurance	17.225	UCB17	-	2,945
Unemployment Insurance	17.225	UCB18	6,453	7,473
			<u>51,449</u>	<u>81,956</u>

See Accompanying Notes to Schedule of Expenditures of Federal Awards.

GULF COAST WORKFORCE DEVELOPMENT BOARD, INC.
D/B/A CAREERSOURCE GULF COAST
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018
(Continued)

Federal Grantor/Pass-Through Grantor/ State Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Award Number	Pass-Through to Subrecipients	Expenditures
FEDERAL AWARDS (Continued)				
U. S. Department of Labor (Continued)				
Passed through State of Florida, Department of Economic Opportunity (Continued)				
WIOA Adult Program	17.258	WIA17	46,507	133,815
WIOA Adult Program	17.258	WIA18	91,253	263,035
WIOA Adult Program	17.258	WIS16	-	41,203
WIOA Youth Activities	17.259	WIY17	60,822	96,491
WIOA Youth Activities	17.259	WIY18	162,180	274,679
WIOA Youth Activities	17.259	WIS16	-	41,203
WIOA Dislocated Worker Formula Grants	17.278	WID17	68,378	192,840
WIOA Dislocated Worker Formula Grants	17.278	WID18	31,474	299,516
WIOA Dislocated Worker Formula Grants	17.278	WRS17	10,196	62,301
WIOA Dislocated Worker Formula Grants	17.278	WIS16	-	42,452
		Total WIOA Cluster	<u>470,810</u>	<u>1,447,535</u>
U. S. Department of Agriculture				
Passed through State of Florida, Department of Economic Opportunity				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	FSF17	209	209
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	FSH17	-	24,379
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	FSH18	44,879	79,925
		Total SNAP Cluster	<u>45,088</u>	<u>104,513</u>
Passed through State of Florida, Department of Agriculture and Consumer Services				
Summer Food Service Program for Children	10.559	04-0302	-	15,931
TOTAL FEDERAL AWARDS			<u>\$ 903,822</u>	<u>\$ 2,651,185</u>

See Accompanying Notes to Schedule of Expenditures of Federal Awards.

**GULF COAST WORKFORCE DEVELOPMENT BOARD, INC.
D/B/A CAREERSOURCE GULF COAST
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018**

(1) **Basis of Presentation:**

The accompanying Schedule of Expenditures of Federal Awards includes the Federal award activity of Gulf Coast Workforce Development Board, Inc. d/b/a CareerSource Gulf Coast is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with 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). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

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

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

(3) **De Minimis Indirect Cost Rate Election:**

Gulf Coast Workforce Development Board, Inc. d/b/a CareerSource Gulf Coast has elected not to use the 10 percent de minimis indirect cost rate as allowed under Uniform Guidance.

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

To the Board of Directors,
Gulf Coast Workforce Development Board, Inc. d/b/a CareerSource Gulf Coast:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Gulf Coast Workforce Development Board, Inc. d/b/a CareerSource Gulf Coast (“the Organization”) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Organization’s basic financial statements, and have issued our report thereon dated March 8, 2019.

Internal Control over Financial Reporting

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

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

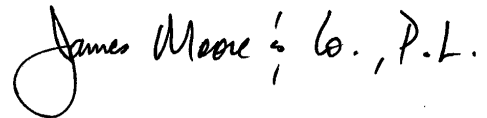
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

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

Purpose of this Report

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

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

Tallahassee, Florida

March 8, 2019, except as to page 22, which is as of April 4, 2019

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

To the Board of Directors,
Gulf Coast Workforce Development Board, Inc. d/b/a CareerSource Gulf Coast:

Report on Compliance for Each Major Federal Program

We have audited Gulf Coast Workforce Development Board, Inc. d/b/a CareerSource Gulf Coast's (the "Organization") compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2018. The Organization's 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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the special audit guidance provided by the State of Florida Department of Economic Opportunity; 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 the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Organization 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.

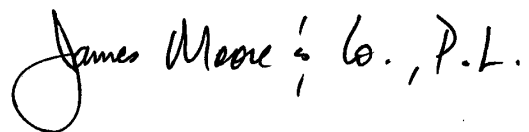
Report on Internal Control Over Compliance

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

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

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

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

James Moore & Co., P.L.

Tallahassee, Florida

March 8, 2019, except as to page 22, which is as of April 4, 2019

**GULF COAST WORKFORCE DEVELOPMENT BOARD, INC.
D/B/A CAREERSOURCE GULF COAST
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2018**

I. Summary of Auditors' Results:

Financial Statements

Type of audit report issued on the financial statements: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major Federal programs:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified? _____ yes X none reported

Types of auditor's report issued on compliance for major Federal programs: *Unmodified*

Any audit findings that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes X no

Identification of major programs:

Federal Program	Federal CFDA Number
WIOA Cluster	17.258, 17.259, 17.278
Employment Service Cluster	17.207, 17.801
Dollar threshold used to distinguish between type A and type B Federal programs:	750,000
Auditee qualified as low-risk auditee?	<u> X </u> yes _____ no

GULF COAST WORKFORCE DEVELOPMENT BOARD, INC.
D/B/A CAREERSOURCE GULF COAST
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2018
(CONTINUED)

II. Financial Statement Findings:

None.

III. Federal Award Findings and Questioned Costs:

None.

IV. State of Florida, Department of Economic Opportunity Reporting Requirements:

Gulf Coast Workforce Development Board, Inc. performed timely reconciliations between the general ledger accounting system and the One Stop Management Information System and Subrecipient Enterprise Resource Application.

V. Federal Award Summary Schedule of Prior Year Findings:

There were no audit findings for the year ended June 30, 2017.