



# FRESNO AREA WORKFORCE INVESTMENT CORPORATION

**Audit Committee**  
**January 15, 2020 @ 2:00 p.m.**  
**2125 Kern Street, Suite 207**  
**Fresno, California**

**PLEASE TURN OFF CELL PHONE OR PUT IT ON VIBRATE**

ROLL CALL

AGENDA CHANGES: REMOVAL OF ITEMS OR EMERGENCY ADDITIONS

ABSTENTIONS/DISCLOSURE OF POTENTIAL CONFLICTS OF INTEREST

CHAIR/STAFF REPORT

PUBLIC COMMENTS

<b>Item</b>	<b>Description</b>	<b>Presenter</b>	<b>Enclosure</b>	<b>Action</b>	<b>Page #</b>
1.	Approval of the January 31, 2019, Meeting Minutes	Beierschmitt	Yes	Approve	2
2.	Financial Statements and Supplemental Data for Fiscal Year Ending June 30, 2019	Beierschmitt	Yes	Recommend to Accept	5

#### ACCOMMODATIONS FOR PERSONS WITH DISABILITIES

Disabled individuals and individuals who are limited English proficient who need special assistance to attend or participate in this meeting may request assistance by contacting the Fresno Regional Workforce Development Board, at 2125 Kern Street, Suite 208, Fresno, California, or by calling (559) 490-7100. Every effort will be made to reasonably accommodate individuals with disabilities or who are limited English proficient by making meeting materials available in alternative formats. Requests for assistance should be made at least three (3) working days in advance of the meeting.

# FRESNO AREA WORKFORCE INVESTMENT CORPORATION

AGENDA ITEM:	1
MEETING DATE:	January 15, 2020
ACTION:	APPROVE

2125 Kern Street, Suite 208 • Fresno, CA 93721 • (559) 490-7100 • Fax (559) 490-7199 • www.frwdb.net

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**TO:** Audit Committee  
**FROM:** Cheryl Beierschmitt, Deputy Director of Fiscal Services  
**SUBJECT:** Approval of January 31, 2019, Meeting Minutes

**RECOMMENDATION:**

Approve the minutes of the January 31, 2019, Audit Committee meeting.

**ATTACHMENT:**

January 31, 2019, Meeting Minutes



# FRESNO AREA WORKFORCE INVESTMENT CORPORATION

Audit Committee  
January 31, 2019

## SUMMARY MINUTES

The meeting was called to order at 9:00 a.m.

ROLL CALL: PRESENT – Paul Bauer, Scott Miller, Sam Norman and Robert Wiebe.

ABSENT – None

AGENDA CHANGES: None

ABSTENTIONS/RECUSALS/  
DISCLOSURES OF  
POTENTIAL CONFLICTS OF  
INTEREST: None

BOARD CHAIR/  
STAFF COMMENTS: None

PUBLIC COMMENTS: None

Item	Description/Action Taken
1.	<p><b><u>Approval of the January 17 2018, Meeting Minutes</u></b></p> <p>Cheryl Beierschmitt, Deputy Director of Fiscal Services, Fresno Regional Workforce Development Board (FRWDB) requested the Audit Committee's approval of the January 17, 2018, meeting minutes.</p> <p><b>BAUER/NORMAN – APPROVED THE JANUARY 17, 2018, MEETING MINUTES (UNANIMOUS).</b></p>
2.	<p><b><u>Acceptance of Financial Statements and Supplemental Data for Fiscal Year Ending June 30, 2018</u></b></p> <p>Ms. Beierschmitt presented the Fresno Area Workforce Investment Corporation (FAWIC) Financial Statements and Supplemental Data for Fiscal Year Ending June 30, 2018. Ms. Beierschmitt explained that an organization receiving more than \$750,000 in federal funds a year are required to have a single audit annually. Ms. Beierschmitt added that the audit was conducted in October 2018.</p> <p>Oscar Espinoza, Moore Grider and Company, Certified Public Accountants gave an overview of the reports and stated that there were no issues or findings. Mr. Espinoza added that the responsibility of an auditor is to perform an audit, and express an unbiased opinion on the financial statements. Mr. Espinoza stated that FAWIC was considered a low risk audit. Mr. Espinoza highlighted a few line items on the Statements of Activities Report.</p>

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Item	Description/Action Taken
	<p data-bbox="235 264 1445 363">Director Bauer asked what the RICO III program services entailed. Phyllis Stogbauer, Deputy Director of Program Services, FRWDB, explained that it was a youth program designed to provide training services that focused on clean vehicles.</p> <p data-bbox="235 401 1445 531">Mr. Wiebe inquired what measures that the FRWDB has in place to prevent a cyber-attack. Tim Giles, Deputy Director of Information Systems, FRWDB, explained that an updated firewall will be installed soon. Mr. Giles also stressed the importance of teaching FRWDB staff to be aware of phishing and spam since their email could be compromised.</p> <p data-bbox="235 569 1445 632">Robert Wiebe requested the Audit Committee's acceptance of the financial statements and supplemental data.</p> <p data-bbox="235 651 1445 747"><b>BAUER/NORMAN – RECOMMENDED THAT THE FRESNO AREA WORKFORCE INVESTMENT CORPORATION ACCEPT THE FINANCIAL STATEMENTS AND SUPPLEMENTAL DATA FOR FISCAL YEAR ENDING JUNE 30, 2018 (UNANIMOUS).</b></p>

The meeting was adjourned at 9:22 a.m.

# FRESNO AREA WORKFORCE INVESTMENT CORPORATION

AGENDA ITEM:	2
MEETING DATE:	January 15, 2020
ACTION:	RECOMMEND TO ACCEPT

2125 Kern Street, Suite 208 • Fresno, CA 93721 • (559) 490-7100 • Fax (559) 490-7199 • www.workforce-connection.com

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**TO:** Audit Committee  
**FROM:** Cheryl Beierschmitt, Deputy Director of Fiscal Services  
**SUBJECT:** Financial Statements and Supplemental Data for Fiscal Year Ending June 30, 2019

## **RECOMMENDATION:**

Recommend that the Fresno Area Workforce Investment Corporation (FAWIC) Board of Directors accept the financial statements and supplemental data for the fiscal year ending June 30, 2019.

## **REASON FOR RECOMMENDATION:**

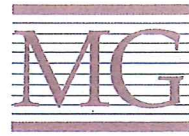
The Single Audit Act and Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, require that an organization receiving more than \$750,000 in federal funds a year have a single audit annually. The audit must be completed within nine (9) months of the fiscal year end. The Joint Powers Agreement requires that the audit be completed within 120 days of the fiscal year end.

Attached are the financial statements and supplemental data for the fiscal year ending June 30, 2019. The financial statements include comparative balances for fiscal year ending June 30, 2018. There were no findings or recommendations in the report (please see pages 23 and 24 of Attachment II). FAWIC received an unmodified opinion and qualified as a low risk auditee. Once the Audit Committee has accepted the reports, the final reports will be forwarded to the FAWIC Board of Directors and the Fresno Regional Workforce Development Board.

## **ATTACHMENTS:**

ATTACHMENT I: Audit Committee Letter  
ATTACHMENT II: Fresno Area Workforce Investment Corporation Financial Statements and Supplemental Data Years Ended June 30, 2019, and 2018





## AUDIT COMMITTEE LETTER

Moore Grider & Company  
 Certified Public Accountants

*A Partnership Including  
 Accountancy Corporations  
 and a Partnership*

January 6, 2020

Richard L. Holland, C.P.A.

Thomas L. Bell, C.P.A.  
 Accountancy Corporation

Denise S. Hurst, C.P.A.

Kenneth J. Labendeira, C.P.A., C.F.E.  
 Accountancy Corporation

Pamela J. Gallemore, C.P.A.  
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Karl L. Noyes, C.P.A.  
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Lozano, Lozano & Company  
 Accountancy Partnership with partners:

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Stalin Hernandez, C.P.A.

Michiko Rosenthal, C.P.A.

Ahsan Syed, C.P.A.

Gabriela Macias, C.P.A.

Abel M. Cabello, E.A.

L. Jerome Moore, C.P.A.  
 1923-2016

Robert E. Grider, C.P.A.  
 Retired

The Audit Committee  
 Fresno Area Workforce Investment Corporation  
 Fresno, California

We have audited the financial statements of the Fresno Area Workforce Investment Corporation for the year ended June 30, 2019 and have issued our report thereon dated January 6, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and, *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated July 2, 2019. Professional standards also require that we communicate to you the following information related to our audit.

### Significant Audit Findings

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Fresno Area Workforce Investment Corporation are described in Note 1 to the financial statements. As described in Note 9, the Organization changed accounting policies in 2019 by adopting FASB Accounting Standards Update (ASU) No. 2016-14, *Not-For-Profit Entities (Topic 958): Presentation of Financial Statements of Not-For-Profit Entities*. Accordingly, the accounting change has been retrospectively applied to prior periods presented as if the policy had always been used. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. We evaluated the key factors and assumptions used for the accounting estimates in determining that they are reasonable in relation to the financial statements taken as a whole. The most sensitive estimates affecting the financial statements were:

- Management's estimate of the collectability of grants receivable and other receivables is based upon analysis of outstanding accounts.

The Audit Committee  
Fresno Area Workforce Investment Corporation  
January 6, 2020  
Page 2

- Future lease commitments is based upon lease terms of various equipment, warehouse and office space.
- The allocation of expenses by function is based upon management's estimate of expenses incurred for program and supporting purposes.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

- Liquidity and availability of financial assets disclosed in Note 2 to the financial statements. The disclosure identifies the amount of financial assets that are available to meet general expenditures over the next 12 months.
- Concentration of grant revenue disclosed in Note 5 to the financial statements. The disclosure identifies that 98% of the Organization's funding was from the U.S. Department of Labor under various Workforce Innovation and Opportunity Act grants.

The financial statement disclosures are neutral, consistent, and clear.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Adjustments*

Professional standards require us to accumulate all adjustments identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no corrected or uncorrected adjustments as result of the audit.

#### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated January 6, 2020.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the Organization’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

**Other Matters**

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the audit committee, board of directors and management of the Fresno Area Workforce Investment Corporation and is not intended to be, and should not be, used by anyone other than these specified parties.



**FRESNO AREA WORKFORCE INVESTMENT CORPORATION**

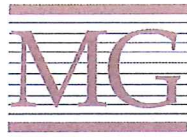
**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEARS ENDED JUNE 30, 2019 AND 2018**

**FRESNO AREA WORKFORCE INVESTMENT CORPORATION**  
**FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION**  
**YEARS ENDED JUNE 30, 2019 AND 2018**

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Moore Grider & Company  
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

A Partnership Including  
Accountancy Corporations  
and a Partnership

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Retired

Board of Directors  
Fresno Area Workforce Investment Corporation  
Fresno, California

Report on the Financial Statements

We have audited the accompanying financial statements of Fresno Area Workforce Investment Corporation, which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Fresno Area Workforce Investment Corporation as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Supplementary and Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. On pages 15 and 16, 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. The accompanying supplementary information on page 18 is presented for purposes of additional analysis and is also not a required part of the financial statements. Such information and the schedule of expenditures of federal awards 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 December 18, 2019, on our consideration of Fresno Area Workforce Investment Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Fresno Area Workforce Investment Corporation's internal control over financial reporting and compliance.

#### **Emphasis of Matter**

As discussed in Note 9 to the financial statements, in 2019, the Organization adopted Accounting Standard Update (ASU) No. 2016-14, *Not-for-Profit Entities (topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

*Moore Gilder & Company*

Fresno, California  
December 18, 2019

**FRESNO AREA WORKFORCE INVESTMENT CORPORATION**

**STATEMENTS OF FINANCIAL POSITION**

**JUNE 30, 2019 AND 2018**

	<b>2019</b>	<b>2018</b>
		<b>(Restated)</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 264,321	\$ 226,824
Grants receivable	1,685,931	1,357,560
Other receivables	21,933	18,848
Prepaid expenses	<u>139,044</u>	<u>131,198</u>
<b>TOTAL CURRENT ASSETS</b>	2,111,229	1,734,430
<b>DEPOSITS</b>	<u>9,064</u>	<u>9,064</u>
<b>TOTAL ASSETS</b>	<u><b>2,120,293</b></u>	<u><b>1,743,494</b></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	1,659,487	1,291,196
Accrued vacation	<u>159,638</u>	<u>153,695</u>
<b>TOTAL CURRENT LIABILITIES</b>	1,819,125	1,444,891
<b>COMMITMENTS AND CONTINGENCIES (Note 4)</b>	0	0
<b>NET ASSETS</b>		
Without donor restrictions	<u>301,168</u>	<u>298,603</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><b>\$ 2,120,293</b></u>	<u><b>\$ 1,743,494</b></u>

See Accompanying Notes to Financial Statements

FRESNO AREA WORKFORCE INVESTMENT CORPORATION

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018 (Restated)
<b>REVENUE AND OTHER SUPPORT WITHOUT DONOR RESTRICTIONS</b>		
Federal revenue:		
Grant income	\$ 14,558,944	\$ 14,346,512
Program income	<u>136,604</u>	<u>139,477</u>
<b>Total federal revenue</b>	14,695,548	14,485,989
Other revenue:		
Grant income - State	<u>277,948</u>	<u>304,449</u>
<b>TOTAL REVENUE AND OTHER SUPPORT         WITHOUT DONOR RESTRICTIONS</b>	<u>14,973,496</u>	<u>14,790,438</u>
<b>EXPENSES</b>		
Program Services:		
Workforce Investment Act (WIOA) Title I programs:		
Adult Funds	5,125,893	5,364,879
Youth Formula	5,697,205	4,475,552
Dislocated Worker Funds	2,955,434	3,470,765
Rapid Response Funds	420,313	188,741
Collaborative for Effective Services English Language	117,775	67,647
Regional Training Coordinator	0	10,000
ETPL Project Merced	78,215	0
Implementation and Innovation	0	27,143
WAF 6.0 and 7.0	199,233	56,162
WAF 3.0 New Accelerator	0	56,192
Slingshot	81,214	299,268
Slingshot Statewide Capacity Building	0	309,906
CalJobs VOS Enhancement Touch Screen	5,309	7,691
EPA- Brownfields	14,957	152,043
STEPS Foundation	23,148	0
Proposition 39 Pre-Apprenticeship	250,829	303,913
Administrative Services	<u>1,406</u>	<u>19,342</u>
<b>TOTAL EXPENSES</b>	<u>14,970,931</u>	<u>14,809,244</u>
<b>INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	<u>2,565</u>	<u>(18,806)</u>
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b> , beginning of year	298,603	270,449
Prior period adjustment (Note 7)	0	46,960
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b> , beginning of year as restated	<u>298,603</u>	<u>317,409</u>
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b> , end of year	<u>\$ 301,168</u>	<u>\$ 298,603</u>

See Accompanying Notes to Financial Statements



FRESNO AREA WORKFORCE INVESTMENT CORPORATION

COMBINING STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2019

	WIOA Title I Adult Funds	WIOA Title I Youth Formula	WIOA Title I DW Funds	WIOA Title I Rapid Response	Collabrative for Effective Services English Language	Title I Slingshot	ETPL Project Merced
Advertising	\$ 48,174	\$ 66,179	\$ 27,986	\$ 12,615	\$ 0	\$ 0	\$ 0
Communications	29,100	38,631	16,794	9,227	0	0	0
Insurance	16,563	21,985	9,559	487	0	0	0
Maintenance	72,897	95,500	42,014	4,100	0	0	0
Memberships	11,876	15,763	6,854	0	0	0	0
Miscellaneous	27,785	37,098	15,316	1,686	0	0	0
Office expenses	12,947	17,195	7,473	1,517	13	0	0
Professional services	58,008	75,374	32,708	383	0	0	78,215
Property purchases	56,013	114,539	32,283	7,563	0	0	0
Rent and leases	259,582	344,551	149,808	97,013	0	0	0
Salaries and benefits	802,157	1,064,727	462,935	185,897	45,313	48,761	0
Service providers	3,666,007	3,716,574	2,114,317	80,255	63,218	31,105	0
Staff development	19,937	29,553	11,506	5,472	8,558	778	0
Travel	6,323	8,402	3,649	1,066	673	570	0
Utilities	38,524	51,134	22,232	13,032	0	0	0
<b>TOTAL EXPENSES</b>	<b>\$ 5,125,893</b>	<b>\$ 5,697,205</b>	<b>\$ 2,955,434</b>	<b>\$ 420,313</b>	<b>\$ 117,775</b>	<b>\$ 81,214</b>	<b>\$ 78,215</b>

FRESNO AREA WORKFORCE INVESTMENT CORPORATION

COMBINING STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2019

	CalJobs VOS	WAF 6.0 & 7.0	STEPS (Foundation)	Prop 39 Pre- Apprenticeship	EPA Brownsfield	Administrative Services	Total
Advertising	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 154,954
Communications	0	183	0	0	0	0	93,935
Insurance	0	0	0	0	0	0	48,594
Maintenance	0	0	0	0	0	259	214,770
Memberships	0	0	0	0	0	0	34,493
Miscellaneous	0	0	0	0	0	787	82,672
Office expenses	188	0	330	0	0	0	39,663
Professional services	0	0	0	0	0	0	244,688
Property purchases	5,121	0	0	0	0	0	215,519
Rent and leases	0	0	0	0	0	0	850,954
Salaries and benefits	0	26,801	11,475	22,698	1,605	0	2,672,369
Service providers	0	171,042	11,250	227,639	13,352	360	10,093,119
Staff development	0	1,202	0	268	0	0	77,274
Travel	0	5	93	224	0	0	21,005
Utilities	0	0	0	0	0	0	124,922
<b>TOTAL EXPENSES</b>	<b>\$ 5,309</b>	<b>\$ 199,233</b>	<b>\$ 23,148</b>	<b>\$ 250,829</b>	<b>\$ 14,957</b>	<b>\$ 1,406</b>	<b>\$ 14,970,931</b>

FRESNO AREA WORKFORCE INVESTMENT CORPORATION

COMBINING STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2018

	WIOA Title I Adult Funds	WIOA Title I Youth Formula	WIOA Title I DW Funds	WIOA Title I Rapid Response	Collabrative for Effective Services	English Language	Title I Slingshot	Title I Slingshot Statewide Capacity Building	WAF 3.0 New Accelerator
Advertising	\$ 90,449	\$ 7,650	\$ 55,423	\$ 3,053	\$ 457	\$ 105	\$ 44	\$ 23	
Communications	45,744	16,991	27,918	3,946	227	0	18	9	
Insurance	21,970	12,839	13,735	250	0	0	6	126	
Maintenance	122,122	32,410	78,059	2,470	0	0	41	0	
Memberships	14,400	5,823	13,488	641	0	0	60	49	
Miscellaneous	38,726	30,914	23,204	1,738	90	9	245	0	
Office expenses	22,939	5,024	15,052	963	327	0	25	3	
Professional services	157,461	35,959	82,122	313	0	0	29	0	
Property purchases	40,173	11,418	25,015	138	0	0	9	0	
Rent and leases	452,683	67,938	290,152	18,598	6,317	0	312	0	
Salaries and benefits	1,087,202	641,682	844,190	124,327	43,812	0	3,262	0	
Service providers	3,159,984	3,581,617	1,929,579	28,321	13,377	297,909	305,574	55,982	
Staff development	27,867	12,394	21,356	1,014	1,562	1,245	148	0	
Travel	10,664	4,521	6,073	1,204	657	0	96	0	
Utilities	72,495	8,372	45,399	1,765	821	0	37	0	
<b>TOTAL EXPENSES</b>	<b>\$ 5,364,879</b>	<b>\$ 4,475,552</b>	<b>\$ 3,470,765</b>	<b>\$ 188,741</b>	<b>\$ 67,647</b>	<b>\$ 299,268</b>	<b>\$ 309,906</b>	<b>\$ 56,192</b>	

FRESNO AREA WORKFORCE INVESTMENT CORPORATION

COMBINING STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2018

	WAF 6.0 Ex Offender	Title I CatJobs VOS							Total
		Enhancement Touch Screen	Implementation and Innovation	Regional Training Coordinator	Prop 39 Pre Apprenticeship	EPA Brownfields	Administrative Services		
Advertising	\$ 1,254	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 158,458
Communications	88	0	0	0	6	21	0	0	94,968
Insurance	6	0	0	0	0	0	0	0	48,932
Maintenance	56	0	0	0	0	0	0	313	235,471
Memberships	70	0	0	0	0	0	0	0	34,531
Miscellaneous	64	0	1,160	0	0	16	0	18,713	114,879
Office expenses	21	0	0	0	0	5	0	0	44,359
Professional services	1	0	2,613	8,324	2,950	0	0	0	289,772
Property purchases	15	7,691	0	0	0	0	0	0	84,459
Rent and leases	415	0	0	0	0	0	0	0	836,415
Salaries and benefits	3,602	0	0	0	0	4,762	0	0	2,752,839
Service providers	50,489	0	0	0	297,631	147,082	0	0	9,867,545
Staff development	2	0	23,370	1,676	3,097	150	316	0	94,197
Travel	28	0	0	0	229	7	0	0	23,479
Utilities	51	0	0	0	0	0	0	0	128,940
<b>TOTAL EXPENSES</b>	<b>\$ 56,162</b>	<b>\$ 7,691</b>	<b>\$ 27,143</b>	<b>\$ 10,000</b>	<b>\$ 303,913</b>	<b>\$ 152,043</b>	<b>\$ 19,342</b>	<b>\$ 14,809,244</b>	

**FRESNO AREA WORKFORCE INVESTMENT CORPORATION**

**STATEMENTS OF CASH FLOWS**

**YEARS ENDED JUNE 30, 2019 AND 2018**

	<b>2019</b>	<b>2018</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (decrease) in net assets	\$ 2,565	\$ (18,806)
Adjustments to reconcile increase (decrease) in net assets to net cash provided from (used by) operating activities		
Changes in:		
Grants receivable	(328,371)	(376,741)
Other receivables	(3,085)	25,720
Prepaid expenses	(7,846)	35,457
Accounts payable and accrued expenses	368,291	155,691
Accrued vacation	<u>5,943</u>	<u>(2,587)</u>
 <b>NET CASH PROVIDED FROM (USED BY) OPERATING ACTIVITIES</b>	 37,497	 (181,266)
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	 0	 0
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	 <u>0</u>	 <u>0</u>
 <b>NET INCREASE (DECREASE) IN CASH</b>	 37,497	 (181,266)
 <b>CASH, beginning of year</b>	 <u>226,824</u>	 <u>408,090</u>
 <b>CASH, end of year</b>	 <u><u>\$ 264,321</u></u>	 <u><u>\$ 226,824</u></u>

See Accompanying Notes to Financial Statements

**FRESNO AREA WORKFORCE INVESTMENT CORPORATION**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2019 AND 2018**

**NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Fresno Area Workforce Investment Corporation (FAWIC), a California nonprofit corporation, is an administrator of federal pass-through funds for various governmental programs. The Corporation, in turn, contracts with various service providers to provide training and services to eligible program participants in the Fresno City and County Service Delivery Area. Programs administered by the organization include the Workforce Investment and Opportunity Act (WIOA) and other employment-related training programs.

The following is a summary of the significant accounting policies of the organization:

**Method of accounting** – The financial statements are prepared using the accrual basis of accounting, in which support and revenue are recognized when earned or due and expenses are recognized when incurred.

**Basis of presentation** – The organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

**Grants and other receivables** – Grants and other receivables are stated at the amounts management expects to collect from outstanding balances. At June 30, 2019 and 2018, the organization considers all amounts to be fully collectible; therefore, no allowance for doubtful accounts is reflected.

**Capitalization of assets** – Assets purchased with grant funds are not depreciated but expensed when purchased, as required by the funding agencies.

**Accrued vacation** – The organization has accrued a liability for vacation pay which has been earned but not taken by employees. Accrued vacation at June 30, 2019 and 2018 totaled \$159,638 and \$153,695, respectively.

**Income taxes** – FAWIC is a nonprofit organization under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Franchise Tax Code. Thus, no provision for income taxes is included in the accompanying financial statements.

Tax returns are filed in U.S. federal and state of California jurisdictions. Tax returns remain subject to examination by the U.S. federal jurisdiction for three years after the return is filed and for four years by the California jurisdiction. There are currently no tax years under examination. Interest and penalties on tax assessments are classified as an expense when incurred. For the years ended June 30, 2019 and 2018, interest and penalties totaled \$0.

**Accounting estimates** – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.



FRESNO AREA WORKFORCE INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

NOTE 1: **ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
(Continued)

**Expense allocations** – The costs of providing various programs have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Expenses are charged to programs and supporting services on the basis of program costs. Administrative costs include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the organization. Accordingly, administrative costs have been allocated among the programs and supporting services benefited.

**Advertising costs** – Advertising costs are expensed as incurred and totaled \$154,954 and \$158,458 for the years ended June 30, 2019 and 2018, respectively.

NOTE 2: **AVAILABILITY AND LIQUIDITY**

**Quantitative** - Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statement of financial position, comprise the following:

Cash	\$ 264,321
Accounts receivable	1,685,931
Other receivables	21,933
Prepaid expenses	<u>139,044</u>
Total Financial Assets	<u>\$ 2,111,229</u>

**Qualitative** – The Organization maintains financial assets, consisting of cash on hand, accounts receivable and prepaid expenses to meet its normal operating expenses based on its annual budget. Operating expenses are compared to budgeted expenses on a monthly basis and financial assets on hand are adjusted as necessary. The Organization’s goal is to maintain enough financial assets to meet 30 days of operating expenses given the nature of the reimbursement grants with which it operates.

NOTE 3: **RETIREMENT PLAN**

The organization participates in a single-employer 403(b), Tax Sheltered Savings Plan with Capital Bank and Trust. Monthly contributions by the organization are 7% of gross salaries with all contributions being 100% vested.

Amounts charged to salaries and benefits expense and contributed to the plan for the years ended June 30, 2019 and 2018 were \$130,744 and \$132,670, respectively.

FRESNO AREA WORKFORCE INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

NOTE 4: COMMITMENTS AND CONTINGENCIES

**Grants**

Revenue received under grant agreements is subject to audit and retroactive adjustment by third-party payers. There are no pending audits or proposed adjustments, and no provision for estimated retroactive adjustments has been provided.

**Operating Leases**

The organization leases various equipment, warehouse and office space under noncancellable operating leases that end at various dates through May 2024. Future minimum lease payments are as follows:

**Year Ending June 30,**

2020	\$ 826,172
2021	723,395
2022	118,674
2023	16,232
2024	<u>15,081</u>

Total \$ 1,699,554

Lease expense totaled \$850,953 and \$836,169 for the years ended June 30, 2019 and 2018, respectively.

NOTE 5: CONCENTRATIONS

**Credit Risk**

The organization maintains its cash accounts with one bank located in Fresno, California. The Federal Deposit Insurance Corporation (FDIC) insures total cash balances up to \$250,000 per bank. At June 30, 2019, and 2018, the organization's uninsured cash balances totaled \$221,185 and \$270,303, respectively.

**Grant Revenue**

During the years ended June 30, 2019 and 2018, approximately 98% and 99%, respectively, of the organization's support was from the U.S. Department of Labor under various Workforce Investment Act grants.

**FRESNO AREA WORKFORCE INVESTMENT CORPORATION**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2019 AND 2018**

**NOTE 6: FUNCTIONAL CLASSIFICATION OF EXPENSES**

Expenses by function for the year ended June 30, 2019 are as follow:

	<b>Program</b>		<b>Administration</b>		<b>Fundraising</b>		<b>Totals</b>
Advertising	\$ 149,209	\$	5,745	\$	0	\$	154,954
Communications	93,903		32		0		93,935
Insurance	26,181		22,413		0		48,594
Maintenance	196,628		18,142		0		214,770
Memberships	34,306		187		0		34,493
Miscellaneous	81,150		1,522		0		82,672
Office expenses	38,983		680		0		39,663
Professional services	197,451		47,237		0		244,688
Property purchases	214,902		617		0		215,519
Rent and leases	850,954		0		0		850,954
Salaries and benefits	1,761,486		879,023		31,860		2,672,369
Service providers	9,731,293		363,826		0		10,095,119
Staff development	65,473		11,801		0		77,274
Travel	16,282		4,723		0		21,005
Utilities	124,922		0		0		124,922
<b>TOTAL EXPENSES</b>	<b>\$ 13,583,123</b>	<b>\$</b>	<b>1,355,948</b>	<b>\$</b>	<b>31,860</b>	<b>\$</b>	<b>\$14,970,931</b>

Expenses by function for the year ended June 30, 2018 are as follow:

	<b>Program</b>		<b>Administration</b>		<b>Fundraising</b>		<b>Totals</b>
Advertising	\$ 156,857	\$	1,601	\$	0	\$	158,458
Communications	88,050		6,918		0		94,968
Insurance	24,365		24,567		0		48,932
Maintenance	198,127		37,344		0		235,471
Memberships	34,108		423		0		34,531
Miscellaneous	82,855		32,024		0		114,879
Office expenses	36,926		7,433		0		44,359
Professional services	214,518		75,254		0		289,772
Property purchases	79,005		5,454		0		84,459
Rent and leases	727,275		109,140		0		836,415
Salaries and benefits	1,919,014		823,198		10,627		2,752,839
Service providers	9,623,291		244,254		0		9,867,545
Staff development	75,649		18,548		0		94,197
Travel	18,217		5,262		0		23,479
Utilities	114,949		13,991		0		128,940
<b>TOTAL EXPENSES</b>	<b>\$ 13,393,206</b>	<b>\$</b>	<b>1,405,411</b>	<b>\$</b>	<b>10,627</b>	<b>\$</b>	<b>\$14,809,244</b>

**FRESNO AREA WORKFORCE INVESTMENT CORPORATION**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2019 AND 2018**

**NOTE 6: FUNCTIONAL CLASSIFICATION OF EXPENSES (Continued)**

The accompanying statement of activities reports certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable and systematic basis that is consistently applied by management in the preparation of its annual financial statements. The expenses that are allocated include costs for salaries and benefits, which are allocated on the basis of time sheets supporting actual time and effort. Other operational expenses including advertising, communications, insurance, maintenance, memberships, miscellaneous, office expenses, professional services, property purchases, rent and leases, service providers, staff development travel and utilities are allocated on the basis of time and effort and actual costs as reported by services providers.

**NOTE 7: PRIOR PERIOD ADJUSTMENT**

The Organization updated its accounting software in a prior period. During the transition balances of \$46,960 were duplicated in the accounts payable module. An entry was made to eliminate the duplicate balance in the accounts payable which also increased net assets without donor restrictions. The adjustment has no impact to previously reported cash flow information.

**NOTE 8: SUBSEQUENT EVENTS**

Management has evaluated subsequent events through December 18, 2019 (date financial statements available to be issued) and determined no events have occurred subsequent to June 30, 2019 that would require adjustment to, or disclosure in the financial statements.

**NOTE 9: CHANGE IN ACCOUNTING PRINCIPLE**

In August 2016, The Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) 2016-14, *Not-for-profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The Organization has applied the changes retrospectively to all periods presented. The new standard changes the following aspects of the financial statements:

- Unrestricted net asset class has been renamed net assets without donor restrictions.
- The financial statements include a disclosure about liquidity and availability of resources (Note 2)
- The financial statements include a disclosure to present expenses by function and nature and disclosures regarding methodologies to allocates costs among program and support functions (Note 6).

**FRESNO AREA WORKFORCE INVESTMENT CORPORATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2019**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Contract Number	Federal Expenditures	Amount to Subrecipients
<u>U.S. Department of Labor</u>				
<i>Passed through from the State of California Employment Development Department</i>				
Workforce Innovation and Opportunity Act (WIOA)				
Title I Adult Formula 2	17.258	K9110006	\$ 2,368,556	\$ 1,649,651
Title I Adult Formula	17.258	K9110006	837,285	105,845
Title I Adult Formula 2	17.258	K8106174	795,052	785,511
Title I Adult Round 2 Transfer from DW	17.258	K8106174	1,125,000	1,125,000
Title I WAF 6.0 Ex Offender	17.258	K8106174	191,469	167,142
Title I WAF 7.0 Accelerator Fund Adult Rd 2	17.258	K9110006	3,900	3,900
Title I WAF 7.0 Accelerator Fund Adult Rd 1	17.258	K9110006	3,864	0
Title I Slingshot-Construction Pre-Apprenticeship Pipeline	17.258	K8106174	81,214	31,105
Title I CalJobs VOS Enhancement Touch Screen	17.258	K7102028	5,309	0
Subtotal - Title I WIA Adult Programs			5,411,649	3,868,154
Title I Youth Formula Rd 1	17.259	K9110006	4,143,260	3,418,287
Title I Youth Formula	17.259	K8106174	1,553,945	298,287
Subtotal - Title I WIA Youth Programs			5,697,205	3,716,574
Title I Dislocated Worker Rd 1	17.278	K9110006	921,551	217,004
Title I Dislocated Worker Adult Rnd 2	17.278	K9110006	922,819	786,250
Title I Dislocated Worker Adult Rnd 2	17.278	K8106174	1,111,064	1,111,064
Subtotal - Title I WIA Dislocated Worker Programs			2,955,434	2,114,317

**FRESNO AREA WORKFORCE INVESTMENT CORPORATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2019**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Contract Number	Federal Expenditures	Amount to Subrecipients
<u>U.S. Department of Labor</u>				
<i>Passed through from the State of California Employment Development Department (continued)</i>				
Workforce Innovation and Opportunity Act (WIOA) (continued)				
Title I Rapid Response 2	17.278	K8106174	\$ 35,311	\$ 0
Title I Rapid Response 1	17.278	K9110006	47,726	0
Title I Rapid Response 2	17.278	K9110006	237,117	15,700
Title I RR Layoff Aversion 2	17.278	K8106174	25,503	25,503
Title I RR Layoff Aversion	17.278	K8106174	8,240	8,240
Title I RR Layoff Aversion	17.278	K9110006	13,461	11,646
Title I RR Layoff Aversion 2	17.278	K9110006	52,955	19,166
Subtotal - Title I Rapid Response Programs			<u>420,313</u>	<u>80,255</u>
<i>Passed through from Madera County WIC</i>				
Collabrative for Effective Services English Language	17.258	n/a	117,775	63,218
<i>Passed Through from Merced County</i>				
Regional Career Ladders/ETPL Projectws	17.258	2019035	<u>78,215</u>	<u>0</u>
Total WIOA Cluster			14,680,591	9,842,519
<u>U.S. Environmental Protection Industry</u>				
<i>Passed through from:</i>				
Brownfields Grant, EWD & JT	66.815	99T30101	<u>14,957</u>	<u>13,352</u>
Total Expenditures of Federal Awards			<u>\$ 14,695,548</u>	<u>\$ 9,855,870</u>



**FRESNO AREA WORKFORCE INVESTMENT CORPORATION**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2019**

**NOTE 1: BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Fresno Area Workforce Investment Corporation under programs of the federal government for the year ended June 30, 2019. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Fresno Area Workforce Investment Corporation, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Fresno Area Workforce Investment Corporation.

**NOTE 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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Fresno Area Workforce Investment Corporation has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE 3: CLUSTERS**

The WIOA Cluster includes the following CFDA numbers:

17.258  
17.259  
17.278

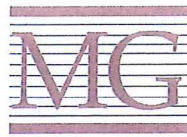
Federal expenditures for the WIOA Cluster totaled \$14,680,591

FRESNO AREA WORKFORCE INVESTMENT CORPORATION

COMPARISON OF EXPENSES

YEARS ENDED JUNE 30, 2019 AND 2018

	2019		2018	
	Amount	% of Total	Amount	% of Total
Advertising	\$ 154,954	1.04%	\$ 158,458	1.07%
Communications	93,935	0.63%	94,968	0.64%
Insurance	48,594	0.32%	48,932	0.33%
Maintenance	214,770	1.43%	235,471	1.59%
Memberships	34,493	0.23%	34,531	0.23%
Miscellaneous	82,672	0.55%	114,879	0.78%
Office expenses	39,663	0.26%	44,359	0.30%
Professional services	244,688	1.63%	289,772	1.96%
Property purchases	215,519	1.44%	84,459	0.57%
Rent and leases	850,954	5.68%	836,415	5.65%
Salaries and benefits	2,672,369	17.85%	2,752,839	18.59%
Service providers	10,095,119	67.43%	9,867,545	66.63%
Staff development	77,274	0.52%	94,197	0.64%
Travel	21,005	0.14%	23,479	0.16%
Utilities	124,922	0.83%	128,940	0.87%
<b>Total</b>	<b>\$ 14,970,931</b>	<b>100.00%</b>	<b>\$ 14,809,244</b>	<b>100.00%</b>



Moore Grider & Company  
 Certified Public Accountants

**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**

*A Partnership Including  
 Accountancy Corporations  
 and a Partnership*

Richard L. Holland, C.P.A.

Thomas L. Bell, C.P.A.  
 Accountancy Corporation

Denise S. Hurst, C.P.A.

Kenneth J. Labendeira, C.P.A., C.F.E.  
 Accountancy Corporation

Pamela J. Gallemore, C.P.A.  
 Accountancy Corporation

Karl L. Noyes, C.P.A.  
 Accountancy Corporation

Cory J. Bell, C.P.A.

Aaron C. Studt, C.P.A.

Kendall K. Wheeler, C.P.A.

Tom Collins, C.P.A.  
 Accountancy Corporation

Carrie M. Wiebe, C.P.A., C.F.E.  
 Accountancy Corporation

Lozano, Lozano & Company  
 Accountancy Partnership with partners

Phil A. Lozano, C.P.A.

Ginger A. Lozano, C.P.A.

Kelli D. Steele, C.P.A.

Julie B. Fillmore, C.P.A.

Oscar Espinoza, C.P.A.

Lisa Brown, C.P.A., C.F.E.

Stalin Hernandez, C.P.A.

Michiko Rosenthal, C.P.A.

Ahsan Syed, C.P.A.

Gabriela Macias, C.P.A.

Abel M. Cabello, E.A.

L. Jerome Moore, C.P.A.  
 1923-2016

Robert E. Grider, C.P.A.  
 Retired

**Board of Directors  
 Fresno Area Workforce Investment Corporation  
 Fresno, California**

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 Fresno Area Workforce Investment Corporation, which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 18, 2019.

**Internal Control over Financial Reporting**

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

### **Purpose of this Report**

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

*Moore Grier & Company*

Fresno, California  
December 18, 2019





Moore Grider & Company  
Certified Public Accountants

A Partnership Including  
Accountancy Corporations  
and a Partnership

Richard L. Holland, C.P.A.

Thomas L. Bell, C.P.A.  
Accountancy Corporation

Denise S. Hurst, C.P.A.

Kenneth J. Labendeira, C.P.A., C.F.E.  
Accountancy Corporation

Pamela J. Gallemore, C.P.A.  
Accountancy Corporation

Karl L. Noyes, C.P.A.  
Accountancy Corporation

Cory J. Bell, C.P.A.

Aaron C. Studt, C.P.A.

Kendall K. Wheeler, C.P.A.

Tom Collins, C.P.A.  
Accountancy Corporation

Carrie M. Wiebe, C.P.A., C.F.E.  
Accountancy Corporation

Lozano, Lozano & Company  
Accountancy Partnership with partners:

Phil A. Lozano, C.P.A.

Ginger A. Lozano, C.P.A.

Kelli D. Steele, C.P.A.

Julie B. Fillmore, C.P.A.

Oscar Espinoza, C.P.A.

Lisa Brown, C.P.A., C.F.E.

Stalin Hernandez, C.P.A.

Michiko Rosenthal, C.P.A.

Ahsan Syed, C.P.A.

Gabriela Macias, C.P.A.

Abel M. Cabello, E.A.

L. Jerome Moore, C.P.A.  
1923-2016

Robert E. Grider, C.P.A.  
Retired

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

**Board of Directors  
Fresno Area Workforce Investment Corporation  
Fresno, California**

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

We have audited Fresno Area Workforce Investment Corporation's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of Fresno Area Workforce Investment Corporation's major federal programs for the year ended June 30, 2019. Fresno Area Workforce Investment Corporation's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of 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 Fresno Area Workforce Investment Corporation's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations 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 Fresno Area Workforce Investment Corporation'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 Fresno Area Workforce Investment Corporation's compliance.

**Opinion on Each Major Federal Program**

In our opinion, Fresno Area Workforce Investment Corporation 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, 2019.

**Report on Internal Control Over Compliance**

Management of Fresno Area Workforce Investment Corporation 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 Fresno Area Workforce Investment Corporation'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 Fresno Area Workforce Investment Corporation'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 requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*More Shider & Company*

Fresno, California  
December 18, 2019



**FRESNO AREA WORKFORCE INVESTMENT CORPORATION**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**YEAR ENDED JUNE 30, 2019**

**SECTION I - SUMMARY OF AUDITORS' RESULTS**

**Financial Statements**

- Type of auditors' report issued: Unmodified opinion
- Internal control over financial reporting:
  - Material weakness identified: No
  - Significant deficiencies identified: None reported
- Noncompliance material to the financial statements noted: No

**Federal Awards**

- Internal control over major programs:
  - Material weakness identified: No
  - Significant deficiencies identified: None reported
- Type of auditors' report issued on compliance for major programs: Unmodified opinion
- Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a): No
- Major programs:

CFDA Number	Name of Federal Program or Cluster
17.258	WIOA Title I Adult Formula
17.259	WIOA Title I Youth Formula
17.278	WIOA Title I Dislocated Worker
17.278	WIOA Title I Rapid Response

- Dollar threshold used to distinguish Type A and B programs: \$ 750,000
- Fresno Area Workforce Investment Corporation qualified as a low-risk auditee: Yes

**SECTION II – FINANCIAL STATEMENT FINDINGS** None

**SECTION III – MAJOR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS** None

**FRESNO AREA WORKFORCE INVESTMENT CORPORATION**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**YEAR ENDED JUNE 30, 2019**

<b>Section II – Financial Statement Findings</b>	None
<b>Section III – Federal Award Findings and Questioned Costs</b>	None