



FRESNO AREA WORKFORCE INVESTMENT CORPORATION

Audit Committee
January 17, 2023 @ 2:00 p.m.
2125 Kern Street, Suite 207
Fresno, California 93721

ROLL CALL

AGENDA CHANGES: REMOVAL OF ITEMS OR EMERGENCY ADDITIONS

ABSTENTIONS/DISCLOSURE OF POTENTIAL CONFLICTS OF INTEREST

CHAIR/STAFF REPORT

PUBLIC COMMENTS

Item	Description	Presenter	Enclosure	Action	Page #
1.	Approval of the January 18, 2022, Meeting Minutes	Beierschmitt	Yes	Approve	2
2.	Financial Statements and Supplemental Data for Fiscal Year Ending June 30, 2021	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 17, 2023
ACTION:	APPROVE

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

TO: Audit Committee
FROM: Cheryl Beierschmitt, Deputy Director of Fiscal Services
SUBJECT: Approval of January 18, 2022, Meeting Minutes

RECOMMENDATION:

Approve the minutes of the January 18, 2022, Audit Committee meeting.

ATTACHMENT:

January 18, 2022, Meeting Minutes



FRESNO AREA WORKFORCE INVESTMENT CORPORATION

Audit Committee
January 18, 2022

SUMMARY MINUTES

The meeting was called to order at 10:00 a.m. and was held in-person and via Zoom.

ROLL CALL: PRESENT – Paul Bauer, Scott Miller and Samuel Norman

ABSENT – None

AGENDA CHANGES: None

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

BOARD CHAIR/
STAFF COMMENTS: Chair Bauer expressed his condolences regarding the passing of Robert Wiebe, who had been the Chair of the Fresno Area Workforce Investment Corporation (FAWIC) Audit Committee.

PUBLIC COMMENTS: None

Item	Description/Action Taken
1.	<p><u>Resolution to Allow for Electronic Board Meetings Pursuant to AB361 and Making Requisite Findings of State of Emergency Due to COVID-19</u></p> <p>Blake Konczal, Chief Executive Officer, FAWIC, explained that in September 2021, the State Assembly passed AB361, which would allow organizations to vote on a Resolution to conduct their public meetings via phone or video teleconferencing and still be in compliance with the Brown Act. The FAWIC was presented with a Resolution for adoption that would apply to all FAWIC Audit Committee meetings conducted in the 30-day period beginning January 18, 2022.</p> <p>MILLER/NORMAN – ADOPTED THE RESOLUTION TO ALLOW FOR ELECTRONIC MEETINGS PURSUANT TO AB361 AND MADE REQUISITE FINDINGS OF STATE OF EMERGENCY DUE TO COVID-19. VOTE: YES – 3; NO – 0 (UNANIMOUS)</p>
2.	<p><u>Approval of the February 10, 2021, Meeting Minutes</u></p> <p>Cheryl Beierschmitt, Deputy Director of Fiscal Services, FAWIC, presented the February 10, 2021, meeting minutes for correction and/or approval.</p> <p>NORMAN/MILLER – APPROVED THE FEBRUARY 10, 2021, MEETING MINUTES. VOTE: YES – 3; NO – 0 (UNANIMOUS)</p>

Item	Description/Action Taken
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3. Financial Statements and Supplemental Data for Fiscal Year Ending June 30, 2021

Ms. Beierschmitt presented the FAWIC Financial Statements and Supplemental Data for Fiscal Year Ending June 30, 2021. Ms. Beierschmitt explained that an organization receiving more than \$750,000 in federal funds a year are required to have a single audit conducted annually. The FAWIC audit was conducted through the months of October to December 2021, by Moore Grider and Company, and included an onsite review in November 2021. Ms. Beierschmitt reported that the FAWIC received an unmodified opinion and qualified as a low risk auditee. She did call to the Committee’s attention, one (1) item from the financials, a refundable advance in the amount of \$133,000. Ms. Beierschmitt explained that FAWIC had received funds from the State of California Employment Development Department in late June and the deposit recorded in July. A journal entry was made to correctly post the deposit to June 2021.

Denise Hurst, Certified Public Accountant, Moore Grider and Company, reviewed the Audit Committee Letter with the Committee and indicated that there were no findings. She indicated that from her company’s perspective, FAWIC was doing well. She thanked Ms. Beierschmitt and her staff for their assistance during the audit.

Mr. Norman asked about the Slingshot and ETPL Project Merced on the Statement of Activities, as both showed balances on the 2020 audit report, but were showing zero on the 2021 report. Mr. Konczal explained that those grants had ended. Mr. Norman also asked about the increase in property purchases on the report and Ms. Beierschmitt explained that the FAWIC received a special grant from the state at the start of COVID and the FAWIC purchased laptop computers with built in hot spots for clients to use. Mr. Norman also asked about the increase in advertising, as reported on the Comparison of Expenses page. Mr. Konczal explained that rather than budgeting a lower number at the beginning of the year and then requesting additional funds throughout the year, as had been done in the past, he and FRWDB staff determined a realistic budget amount on what they thought would really be needed for that year that would not require an adjustment to the amount in the middle of the fiscal year.

Chair Bauer asked Ms. Hurst if she received good cooperation from the FAWIC staff in providing information needed in a timely manner. Ms. Hurst indicated that there were no issues and that FAWIC staff had been very cooperative.

MILLER/NORMAN – RECOMMENDED THAT THE FRESNO AREA WORKFORCE INVESTMENT CORPORATION ACCEPT THE FINANCIAL STATEMENTS AND SUPPLEMENTAL DATA FOR FISCAL YEAR ENDING JUNE 30, 2021. VOTE: YES – 3; NO – 0 (UNANIMOUS)

The meeting was adjourned at 10:18 a.m.

FRESNO AREA WORKFORCE INVESTMENT CORPORATION

AGENDA ITEM:	2
MEETING DATE:	January 17, 2023
ACTION:	RECOMMEND TO ACCEPT

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

TO: Audit Committee
FROM: Cheryl Beierschmitt, Deputy Director of Fiscal Services
SUBJECT: Financial Statements and Supplemental Data for Fiscal Year Ending June 30, 2022

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, 2022.

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, 2022. The financial statements include comparative balances for fiscal year ending June 30, 2021. There were no findings or recommendations in the report. 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, 2022, and 2021



AUDIT COMMITTEE LETTER

Moore Grider & Company LLP
 Certified Public Accountants

*A Partnership Including
 Accountancy Corporations*

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.

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

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

Richard L. Holland, C.P.A.

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

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Robert G. Rose, C.P.A.

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Kelli D. Steele, C.P.A.

Stalin Hernandez, C.P.A.

Michiko Rosenthal, C.P.A.

Shaina M. Miracle, C.P.A.

Kirsten Years, C.P.A.

Franklin Daniel, C.P.A.

Steve Thapar, C.P.A.

Christina R. Thompson, C.P.A.

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

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

January 17, 2023

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, 2022 and have issued our report thereon dated January 17, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance 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 June 9, 2022 and in our meeting about planning matters on July 21, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

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. No new accounting policies were adopted and the application of existing policies was not changed during the year. 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 to develop 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.
- Future lease commitments are 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 disclosures affecting the financial statements were:

- GAAP Adjustments disclosed on the Statements of Activities and in Note 1 to the financial statements. The disclosure identifies amounts that are expended for grant reporting purposes that have been capitalized in order to present the financial statements in conformity with generally accepted accounting principles (GAAP).
- Concentration of grant revenue disclosed in Note 7 to the financial statements. The disclosure identifies that 84% 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 Misstatements

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

Disagreements with Management

For purposes of this letter, a disagreement with management is a disagreement on 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 17, 2023.

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

The Audit Committee
Fresno Area Workforce Investment Corporation
January 17, 2023
Page 3

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.

Moore Krieger & Company LLP



Moore Grider & Company LLP

Certified Public Accountants

**FRESNO AREA WORKFORCE INVESTMENT
CORPORATION**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2022 AND 2021

325 E Sierra Ave. / Suite 101 / Fresno, CA 93710 / 559 440-0700 fax 559 440-0600

www.mooregrider.com

FRESNO AREA WORKFORCE INVESTMENT CORPORATION
FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
YEARS ENDED JUNE 30, 2022 AND 2021

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Moore Grider & Company LLP
Certified Public Accountants

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Retired

INDEPENDENT AUDITORS' REPORT

Board of Directors
Fresno Area Workforce Investment Corporation
Fresno, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Fresno Area Workforce Investment Corporation, which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, combining statements of activities, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Fresno Area Workforce Investment Corporation as of June 30, 2022 and 2021, 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.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Fresno Area Workforce Investment Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Fresno Area Workforce Investment Corporation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Fresno Area Workforce Investment Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Fresno Area Workforce Investment Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. On pages 20 and 21, the accompanying schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations 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 23 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 January 17, 2023, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Fresno Area Workforce Investment Corporation's 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.

Mone Kridel & Company LLP

Fresno, California
January 17, 2023

FRESNO AREA WORKFORCE INVESTMENT CORPORATION

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2022 AND 2021

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash	\$ 0	\$ 441,900
Grants receivable	3,264,082	1,235,995
Other receivables	24,864	37,025
Prepaid expenses	<u>79,770</u>	<u>122,927</u>
TOTAL CURRENT ASSETS	3,368,716	1,837,847
LEASEHOLD IMPROVEMENTS AND EQUIPMENT, net of accumulated depreciation (Note 3)	515,256	0
DEPOSITS	<u>9,064</u>	<u>9,064</u>
TOTAL ASSETS	<u>3,893,036</u>	<u>1,846,911</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Bank overdraft	508,551	0
Accounts payable and accrued expenses	2,381,342	1,215,346
Accrued vacation	190,586	197,904
Refundable advance	<u>0</u>	<u>133,000</u>
TOTAL CURRENT LIABILITIES	3,080,479	1,546,250
COMMITMENTS AND CONTINGENCIES (Note 5)	0	0
NET ASSETS		
Without donor restrictions	297,301	300,661
Without donor restrictions, fixed assets purchased with grant funds (Note 3)	<u>515,256</u>	<u>0</u>
TOTAL NET ASSETS	<u>812,557</u>	<u>300,661</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,893,036</u>	<u>\$ 1,846,911</u>

See Accompanying Notes to Financial Statements

FRESNO AREA WORKFORCE INVESTMENT CORPORATION

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
REVENUE AND OTHER SUPPORT WITHOUT DONOR RESTRICTIONS		
Federal revenue:		
Grant income	\$ 17,675,153	\$ 15,936,172
Program income	<u>326,167</u>	<u>296,206</u>
Total federal revenue	18,001,320	16,232,378
Other revenue:		
Grant income - State and City	<u>2,738,437</u>	<u>754,159</u>
TOTAL REVENUE AND OTHER SUPPORT WITHOUT DONOR RESTRICTIONS	<u>20,739,757</u>	<u>16,986,537</u>
EXPENSES		
Program Services:		
Workforce Investment Act (WIOA) Title I programs:		
Adult Funds	5,875,767	6,141,583
Youth Formula	6,743,404	5,521,182
Dislocated Worker Funds	4,406,092	3,718,626
Rapid Response Funds	132,168	205,932
COVID-19 Employment Recovery	290,027	36,237
Wildfire Temporary Jobs	12,347	4,829
COVID-19 Impacted Individuals	0	309,047
WAF 6.0 and 7.0	0	49,400
Wildfire Workforce Development	7,296	4,519
CAL FIRE	936,677	355,968
Fresno FIRE	532,291	240,601
HRCC	1,404,038	202,963
Pathway Home	1,929	420
Prison to Employment	216,319	83,133
Regional Planning Merced	0	2,692
TCC	181,402	109,405
Administrative Services	<u>3,360</u>	<u>326</u>
TOTAL EXPENSES	<u>20,743,117</u>	<u>16,986,863</u>
DECREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS BEFORE GAAP ADJUSTMENTS	(3,360)	(326)
GAAP ADJUSTMENTS (NOTE 1)		
Capitalized property and equipment expensed on billing reports	515,256	0
Depreciation on assets funded by granting agencies	<u>0</u>	<u>0</u>
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	511,896	(326)
NET ASSETS WITHOUT DONOR RESTRICTIONS, beginning of year	<u>300,661</u>	<u>300,987</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS, end of year	<u>\$ 812,557</u>	<u>\$ 300,661</u>

See Accompanying Notes to Financial Statements

FRESNO AREA WORKFORCE INVESTMENT CORPORATION

COMBINING STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2022

See Accompanying Notes to Financial Statements

Page 6

	WIOA Title I Adult Funds	WIOA Title I Youth Formula	WIOA Title I DW Funds	WIOA Title I Rapid Response	COVID-19 Employment Recovery	Pathway Home	Wildfire Temporary Jobs
Advertising	\$ 117,758	\$ 121,820	\$ 115,427	\$ 11,102	\$ 0	\$ 0	\$ 0
Communications	65,201	30,931	39,085	830	0	0	0
Insurance	16,573	22,177	14,277	22	0	0	0
Maintenance	245,444	237,636	230,621	139	0	0	0
Memberships	5,812	8,898	4,728	0	0	0	0
Miscellaneous	23,344	29,077	17,621	22	0	0	0
Office expenses	12,105	13,909	9,571	7,202	0	0	0
Professional services	116,540	110,157	95,270	2,719	0	0	0
Property purchases	706,775	703,339	692,925	10,154	0	0	0
Rent and leases	479,839	169,048	386,805	1,704	0	0	0
Salaries and benefits	766,195	1,239,179	612,159	53,612	12,934	1,929	12,251
Service providers	3,239,146	4,004,027	2,125,445	43,178	277,093	0	0
Staff development	19,282	24,192	12,442	0	0	0	0
Travel	3,306	4,648	2,738	1,361	0	0	96
Utilities	58,447	24,366	46,978	123	0	0	0
TOTAL EXPENSES	\$ 5,875,767	\$ 6,743,404	\$ 4,406,092	\$ 132,168	\$ 290,027	\$ 1,929	\$ 12,347

FRESNO AREA WORKFORCE INVESTMENT CORPORATION

COMBINING STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2022

	HRCC	Prison to Employment	Wildfire Workforce Development	TCC	CAL FIRE	Fresno FIRE
Advertising	\$ 73,713	\$ 0	\$ 0	\$ 1,300	\$ 0	\$ 0
Communications	0	0	0	0	0	0
Insurance	0	0	0	0	0	0
Maintenance	0	0	0	1,849	0	0
Memberships	0	0	0	0	0	0
Miscellaneous	5,469	72	0	0	0	1,452
Office expenses	26	7	0	0	0	554
Professional services	4,838	0	0	0	0	0
Property purchases	487	0	0	0	0	0
Rent and leases	0	0	0	0	0	0
Salaries and benefits	79,973	119,694	4,604	28,002	71,485	176,488
Service providers	1,239,116	96,546	2,692	150,251	865,192	352,887
Staff development	0	0	0	0	0	0
Travel	416	0	0	0	0	910
Utilities	0	0	0	0	0	0
TOTAL EXPENSES	\$ 1,404,038	\$ 216,319	\$ 7,296	\$ 181,402	\$ 936,677	\$ 532,291

See Accompanying Notes to Financial Statements

FRESNO AREA WORKFORCE INVESTMENT CORPORATION

COMBINING STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2022

	Administrative Services		Total
		<u> </u>	
Advertising	\$ 0	\$	441,120
Communications	0		136,047
Insurance	0		53,049
Maintenance	0		715,689
Memberships	0		19,438
Miscellaneous	986		78,043
Office expenses	0		43,374
Professional services	1,074		330,598
Property purchases	0		2,113,680
Rent and leases	0		1,037,396
Salaries and benefits	0		3,178,505
Service providers	1,300		12,396,873
Staff development	0		55,916
Travel	0		13,475
Utilities	0		<u>129,914</u>
TOTAL EXPENSES	<u>\$ 3,360</u>	\$	<u>20,743,117</u>

See Accompanying Notes to Financial Statements

FRESNO AREA WORKFORCE INVESTMENT CORPORATION

COMBINING STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2021

See Accompanying Notes to Financial Statements

Page 9

	WIOA Title I Adult Funds	WIOA Title I Youth Formula	WIOA Title I DW Funds	WIOA Title I Rapid Response	COVID-19 Employment Recovery	Pathway Home	Wildfire Temporary Jobs
Advertising	\$ 287,605	\$ 52,344	\$ 179,238	\$ 1,929	\$ 0	\$ 0	\$ 0
Communications	65,098	18,460	40,207	4,310	0	0	0
Insurance	22,354	12,218	13,677	363	0	0	0
Maintenance	121,144	42,344	75,113	3,086	0	0	0
Memberships	13,583	14,121	8,191	0	0	0	0
Miscellaneous	20,918	15,777	13,991	95	0	0	0
Office expenses	25,284	9,783	15,548	14,268	0	0	0
Professional services	93,044	51,427	59,465	2,363	0	0	0
Property purchases	34,559	12,082	25,941	5,582	0	0	0
Rent and leases	446,483	132,777	275,159	18,846	0	0	0
Salaries and benefits	943,586	1,055,724	569,044	129,411	9,324	419	4,829
Service providers	3,999,694	4,080,239	2,401,066	24,224	26,913	0	0
Staff development	5,712	5,939	3,445	0	0	0	0
Travel	1,087	1,131	656	8	0	0	0
Utilities	61,431	16,815	37,885	1,450	0	0	0
TOTAL EXPENSES	\$ 6,141,583	\$ 5,521,182	\$ 3,718,626	\$ 205,932	\$ 36,237	\$ 420	\$ 4,829

FRESNO AREA WORKFORCE INVESTMENT CORPORATION

COMBINING STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2021

	COVID-19 Impacted Individuals	WAF 6.0 & 7.0	HRCC	Prison to Employment	Wildfire Workforce Development	Regional Planning Merced	TCC
Advertising	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Communications	66,205	0	0	0	0	0	0
Insurance	0	0	0	0	0	0	0
Maintenance	0	0	0	0	0	0	0
Memberships	0	0	0	0	0	0	0
Miscellaneous	0	0	0	780	0	0	0
Office expenses	0	417	0	0	0	0	0
Professional services	12,500	0	7,079	152	0	0	400
Property purchases	226,342	0	0	0	0	0	0
Rent and leases	0	0	0	0	0	0	0
Salaries and benefits	0	0	49,950	74,326	4,519	2,692	10,189
Service providers	4,000	48,714	145,933	7,798	0	0	98,816
Staff development	0	0	0	0	0	0	0
Travel	0	270	0	77	0	0	0
Utilities	0	0	0	0	0	0	0
TOTAL EXPENSES	\$ 309,047	\$ 49,400	\$ 202,963	\$ 83,133	\$ 4,519	\$ 2,692	\$ 109,405

See Accompanying Notes to Financial Statements

FRESNO AREA WORKFORCE INVESTMENT CORPORATION

COMBINING STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2021

	Cal FIRE	Fresno FIRE	Administrative Services	<u>Total</u>
Advertising	\$ 0	\$ 0	\$ 0	\$ 521,116
Communications	0	0	0	194,280
Insurance	0	0	0	48,612
Maintenance	0	523	0	242,210
Memberships	0	0	0	35,895
Miscellaneous	0	1,759	207	53,527
Office expenses	0	353	0	65,653
Professional services	78	1,995	0	228,503
Property purchases	0	0	0	304,506
Rent and leases	0	0	0	873,265
Salaries and benefits	53,240	72,234	0	2,979,487
Service providers	302,650	163,715	119	11,303,881
Staff development	0	0	0	15,096
Travel	0	22	0	3,251
Utilities	0	0	0	117,581
TOTAL EXPENSES	<u>\$ 355,968</u>	<u>\$ 240,601</u>	<u>\$ 326</u>	<u>\$ 16,986,863</u>

See Accompanying Notes to Financial Statements

FRESNO AREA WORKFORCE INVESTMENT CORPORATION

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 511,896	\$ (326)
Adjustments to reconcile increase (decrease) in net assets to net cash provided from (used by) operating activities		
Changes in:		
Grants receivable	(2,028,087)	455,947
Other receivables	12,161	9,887
Prepaid expenses	43,157	(20,245)
Accounts payable and accrued expenses	1,165,996	(369,062)
Accrued vacation	(7,318)	11,448
Refundable advance	<u>(133,000)</u>	<u>133,000</u>
NET CASH PROVIDED FROM (USED BY) OPERATING ACTIVITIES	(435,195)	220,649
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of leasehold improvements and equipment	(515,256)	0
CASH FLOWS FROM FINANCING ACTIVITIES		
Bank overdraft, June 30, 2022	<u>508,551</u>	<u>0</u>
NET INCREASE (DECREASE) IN CASH	(441,900)	220,649
CASH, beginning of year	<u>441,900</u>	<u>221,251</u>
CASH, end of year	<u>\$ 0</u>	<u>\$ 441,900</u>

See Accompanying Notes to Financial Statements

FRESNO AREA WORKFORCE INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

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, state and City of Fresno pass-through funds for various governmental programs. The organization, 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, 2022 and 2021, the organization considers all amounts to be fully collectible; therefore, no allowance for doubtful accounts is reflected.

Leasehold improvements and equipment – The agency follows the practice of capitalizing all expenditures for leasehold improvements and equipment in excess of \$5,000. Purchases of leasehold improvements and equipment are capitalized at cost. Donations of leasehold improvements and equipment are recorded as contributions at their estimated fair value at the date of donation. Depreciation expense is computed on the straight-line basis over the estimated useful lives of the assets.

Leasehold improvements and equipment funded by grant funds are expensed on billing reports during the contract period. Depreciation may not be claimed for reimbursement for assets purchased with grant funds.

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, 2022 and 2021 totaled \$190,586 and \$197,904, respectively.

Refundable advance – FAWIC is the recipient of grants that require expenditure for specified activities before FAWIC is reimbursed by the grantor for the costs incurred. Documentation showing actual costs expended is included when submitting a monthly or quarterly report for reimbursement. Certain grantors pay in advance of incurring the specified costs; in those cases, the amount received in excess of amounts spent on reimbursable costs is reported as refundable advance.

FRESNO AREA WORKFORCE INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

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

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, 2022 and 2021, 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.

Expense allocations – The costs of providing various programs have been summarized on a functional basis in the statements of activities. 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 \$441,120 and \$521,116 for the years ended June 30, 2022 and 2021, respectively.

GAAP Adjustments – The Statements of Activities present financial data in conformity with generally accepted accounting principles (GAAP). The data included in the Schedule of Expenditures of Federal Awards presents expenditures according to grant reporting requirements. Reporting differences arise because grant funds must be expended during the contract period. However, for GAAP, such expenditures are capitalized and depreciated over the life of the asset. To address such reporting differences, the Statements of Activities include GAAP adjustments.

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See next page for continuation of notes.

FRESNO AREA WORKFORCE INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

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 statements of financial position, comprise the following:

	2022	2021
Cash	\$ 0	\$ 441,900
Grants receivable	3,264,082	1,235,995
Other receivables	24,864	37,025
Prepaid expenses	<u>79,770</u>	<u>122,927</u>
Total Financial Assets	<u>\$ 3,368,716</u>	<u>\$ 1,837,847</u>

Qualitative – The organization maintains financial assets, consisting of cash on hand, grants receivable, other receivables 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: FIXED ASSETS PURCHASED WITH GRANT FUNDS

The funding agencies retain a reversionary interest in certain assets purchased with grant funds. The title of such assets vests in FAWIC only for the period of time during which FAWIC has a contract with the respective funding agency. At June 30, 2022 and 2021, such assets consisted of the following:

	2022	2021
Furniture	\$ 105,076	\$ 0
Leasehold improvements	<u>410,180</u>	<u>0</u>
	515,256	0
Less: Accumulated depreciation	<u>0</u>	<u>0</u>
	<u>\$ 515,256</u>	<u>\$ 0</u>

Depreciation on fixed assets will begin on July 1, 2022.

FRESNO AREA WORKFORCE INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE 4: 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, 2022 and 2021 were \$148,057 and \$146,072, respectively.

NOTE 5: 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 February 2033. Future minimum lease payments are as follows:

Year Ending June 30,	
2023	\$ 1,980,847
2024	2,111,006
2025	1,947,712
2026	1,877,710
2027	2,230,957
Thereafter	<u>10,366,353</u>
Total	<u>\$ 20,514,585</u>

Lease expense totaled \$1,037,396 and \$873,265 for the years ended June 30, 2022 and 2021, respectively.

The organization is in the process of negotiating various subleases of two of its office space leases. Therefore, the terms have not yet been finalized.

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See next page for continuation of notes.

FRESNO AREA WORKFORCE INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE 6: FUNCTIONAL CLASSIFICATION OF EXPENSES

Expenses by function for the year ended June 30, 2022 are as follow:

	Program	Administration	Fundraising	Total
Advertising	\$ 436,120	\$ 5,000	\$ 0	\$ 441,120
Communications	136,047	0	0	136,047
Insurance	28,114	24,935	0	53,049
Maintenance	695,880	19,809	0	715,689
Memberships	19,393	45	0	19,438
Miscellaneous	77,053	990	0	78,043
Office expenses	42,583	791	0	43,374
Professional services	216,892	113,706	0	330,598
Property purchases	2,112,511	1,169	0	2,113,680
Rent and leases	1,037,396	0	0	1,037,396
Salaries and benefits	2,150,626	984,971	42,908	3,178,505
Service providers	12,128,402	268,471	0	12,396,873
Staff development	53,600	2,316	0	55,916
Travel	8,646	4,829	0	13,475
Utilities	129,914	0	0	129,914
SUBTOTAL BEFORE GAAP ADJUSTMENTS	19,273,177	1,427,032	42,908	20,743,117
GAAP ADJUSTMENTS (NOTE 1)				
Capitalized property and equipment expensed on billing reports	(515,256)	0	0	(515,256)
Depreciation on assets funded by granting agencies	0	0	0	0
	<u>\$ 18,757,921</u>	<u>\$ 1,427,032</u>	<u>\$ 42,908</u>	<u>\$ 20,227,861</u>

FRESNO AREA WORKFORCE INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE 6: FUNCTIONAL CLASSIFICATION OF EXPENSES (Continued)

Expenses by function for the year ended June 30, 2021 are as follow:

	Program	Administration	Fundraising	Total
Advertising	\$ 518,153	\$ 2,963	\$ 0	\$ 521,116
Communications	194,280	0	0	194,280
Insurance	26,199	22,413	0	48,612
Maintenance	224,263	17,947	0	242,210
Memberships	35,677	218	0	35,895
Miscellaneous	53,527	0	0	53,527
Office expenses	64,570	1,083	0	65,653
Professional services	122,371	106,132	0	228,503
Property purchases	304,261	245	0	304,506
Rent and leases	873,265	0	0	873,265
Salaries and benefits	1,981,283	924,159	74,045	2,979,487
Service providers	11,063,229	240,652	0	11,303,881
Staff development	14,747	349	0	15,096
Travel	1,643	1,608	0	3,251
Utilities	117,581	0	0	117,581
SUBTOTAL BEFORE				
GAAP ADJUSTMENTS	15,595,049	1,317,769	74,045	16,986,863
GAAP ADJUSTMENTS (NOTE 1)				
Capitalized property and equipment expensed on billing reports	0	0	0	0
Depreciation on assets funded by granting agencies	0	0	0	0
	<u>\$ 15,595,049</u>	<u>\$ 1,317,769</u>	<u>\$ 74,045</u>	<u>\$ 16,986,863</u>

FRESNO AREA WORKFORCE INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE 6: FUNCTIONAL CLASSIFICATION OF EXPENSES (Continued)

The accompanying statements of activities report 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, 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 service providers.

NOTE 7: 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, 2022 and 2021, the organization's uninsured cash balances totaled \$525,122 and \$476,507, respectively.

Grant Revenue

During the years ended June 30, 2022 and 2021, approximately 84% and 94%, respectively, of the organization's support was from the U.S. Department of Labor under various Workforce Innovation and Opportunity Act grants.

NOTE 8: SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 17, 2023 (date financial statements available to be issued) and determined no events have occurred subsequent to June 30, 2022 that would require adjustment to, or disclosure in the financial statements.

**FRESNO AREA WORKFORCE INVESTMENT CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Contract Number</u>	<u>Federal Expenditures</u>	<u>Amount to Subrecipients</u>
<i>U.S. Department of Labor</i>				
<i>Passed through from the State of California Employment Development Department</i>				
 Workforce Innovation and Opportunity Act (WIOA)				
Title I Adult Formula Rd 2	17.258	AA111005	\$ 4,699,855	\$ 3,180,768
Title I Adult Formula Rd 1	17.258	AA211005	1,167,993	58,378
Title I Adult Formula Rd 2	17.258	AA211005	0	0
Title I High Performing Boards PY 20-21	17.258	AA111005	3,846	0
Title I Equity and Special Population	17.258	AA211005	4,072	0
Subtotal - Title I WIA Adult Programs			<u>5,875,766</u>	<u>3,239,146</u>
 Title I Youth Formula Rd 1	 17.259	 AA111005	 2,329,074	 555,553
Title I Youth Formula Rd 1	17.259	AA211005	4,414,329	3,448,474
Subtotal - Title I WIA Youth Programs			<u>6,743,403</u>	<u>4,004,027</u>
 Title I Dislocated Worker Rd 2	 17.278	 AA111005	 2,606,299	 1,333,657
Title I Dislocated Worker Rd 1	17.278	AA211005	967,783	32,995
Title I Dislocated Worker Rd 2	17.278	AA211005	832,009	758,793
Subtotal - Title I WIA Dislocated Worker Programs			<u>4,406,091</u>	<u>2,125,445</u>
 Title I Rapid Response Layoff Aversion Rd 2	 17.278	 AA111005	 20,532	 0
Title I Rapid Response Rd 2	17.278	AA111005	9,849	0
Title I Rapid Response Layoff Aversion	17.278	AA211005	0	0
Title I Rapid Response Layoff Aversion Rd 2	17.278	AA211005	0	0
Title I Rapid Response Rd 1	17.278	AA211005	27,257	0
Title I Rapid Response Rd 2	17.278	AA211005	74,531	43,178
Subtotal - Title I Rapid Response Programs			<u>132,169</u>	<u>43,178</u>
 Total WIOA Cluster			 <u>17,157,429</u>	 <u>9,411,796</u>

**FRESNO AREA WORKFORCE INVESTMENT CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Contract Number</u>	<u>Federal Expenditures</u>	<u>Amount to Subrecipients</u>
<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 Covid-19 Employment Recovery NDWG	17.277	AA011005	\$ 290,027	\$ 277,093
Title I 2020 Sept. Wildfires DR Temp Jobs	17.277	AA111005	12,347	0
Title I 2020 Sept. Wildfires DR Workforce Development	17.277	AA111005	<u>7,297</u>	<u>2,692</u>
Subtotal - Title I WIOA National Emergency			<u>309,671</u>	<u>279,785</u>
<i>Passed through from Grid Alternatives</i>				
Pathway Home Grant	17.270		<u>1,929</u>	<u>0</u>
<u>Department of Health and Human Services</u>				
<i>Passed through from:</i>				
Fresno FIRE	93.086	90ZJ0038	<u>532,291</u>	<u>352,886</u>
Total Expenditures of Federal Awards			<u>\$ 18,001,320</u>	<u>\$ 10,044,467</u>

FRESNO AREA WORKFORCE INVESTMENT CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022

NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of Fresno Area Workforce Investment Corporation under programs of the federal government for the year ended June 30, 2022. 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 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 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.

NOTE 3: 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 4: CLUSTERS

The WIOA Cluster includes the following Assistance Listing Numbers:

17.258
17.259
17.278

Federal expenditures for the WIOA Cluster totaled \$17,157,429.

FRESNO AREA WORKFORCE INVESTMENT CORPORATION

COMPARISON OF EXPENSES

YEARS ENDED JUNE 30, 2022 AND 2021

	2022		2021	
	Amount	% of Total	Amount	% of Total
Advertising	\$ 441,120	2.13%	\$ 521,116	3.07%
Communications	136,047	0.66%	194,280	1.14%
Insurance	53,049	0.26%	48,612	0.29%
Maintenance	715,689	3.45%	242,210	1.43%
Memberships	19,438	0.09%	35,895	0.21%
Miscellaneous	78,043	0.38%	53,527	0.32%
Office expenses	43,374	0.21%	65,653	0.39%
Professional services	330,598	1.59%	228,503	1.35%
Property purchases	2,113,680	10.19%	304,506	1.79%
Rent and leases	1,037,396	5.00%	873,265	5.14%
Salaries and benefits	3,178,505	15.32%	2,979,487	17.54%
Service providers	12,396,873	59.76%	11,303,881	66.54%
Staff development	55,916	0.27%	15,096	0.09%
Travel	13,475	0.06%	3,251	0.02%
Utilities	129,914	0.63%	117,581	0.69%
Total	\$ 20,743,117	100.00%	\$ 16,986,863	100.00%



Moore Grider & Company LLP
 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*

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Michiko Rosenthal, C.P.A.

Shaina M. Miracle, C.P.A.

Kirsten Years, C.P.A.

Franklin Daniel, C.P.A.

Steve Thapar, C.P.A.

Christina R. Thompson, C.P.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, 2022, and the related statements of activities, combining statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 17, 2023.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Fresno Area Workforce Investment Corporation'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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

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

Moore Krieger & Company LLP

Fresno, California
January 17, 2023



Moore Grider & Company LLP
Certified Public Accountants

A Partnership Including
Accountancy Corporations

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.

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

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

Richard L. Holland, C.P.A.

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

Tom Collins, C.P.A.
Accountancy Corporation

Ginger A. Lozano, C.P.A.

Robert G. Rose, C.P.A.

Abel M. Cabello, E.A.

Kelli D. Steele, C.P.A.

Stalin Hernandez, C.P.A.

Michiko Rosenthal, C.P.A.

Shaina M. Miracle, C.P.A.

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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

Opinion on Each Major Federal Program

We have audited Fresno Area Workforce Investment Corporation's compliance with the types of compliance requirements identified as subject to audit 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, 2022. 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.

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, 2022.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Fresno Area Workforce Investment Corporation and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Fresno Area Workforce Investment Corporation's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Fresno Area Workforce Investment Corporation's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Fresno Area Workforce Investment Corporation's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Fresno Area Workforce Investment Corporation's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Fresno Area Workforce Investment Corporation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Fresno Area Workforce Investment Corporation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Fresno Area Workforce Investment Corporation's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 Krieger & Company LLP

Fresno, California
January 17, 2023

FRESNO AREA WORKFORCE INVESTMENT CORPORATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2022

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:

Assistance	
Listing 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
17.277	WIOA Title I National Emergency Grants

- 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, 2022

Section II – Financial Statement Findings	None
Section III – Major Federal Award Findings and Questioned Costs	None