



FRESNO AREA WORKFORCE INVESTMENT CORPORATION

**Board of Directors Meeting
January 17, 2024 @ 3:00 p.m.**

**Workforce Connection
3170 W. Shaw Avenue
Fresno, CA 93711
Conference Rooms 105/106**

ROLL CALL

AGENDA CHANGES: REMOVAL OF ITEMS OR EMERGENCY ADDITIONS

ABSTENTIONS/RECUSALS/DISCLOSURE OF POTENTIAL CONFLICTS OF INTEREST

BOARD CHAIR/STAFF COMMENTS

PUBLIC COMMENTS

Item	Description	Presented By	Enclosure	Action	Page #
1.	April 19, 2023, Meeting Minutes	Konczal	Yes	Approve	3
2.	Financial Statements and Supplemental Data for Fiscal Year Ending June 30, 2023	Beierschmitt	Yes	Accept	6
3.	Referral of Agenda Items to the Fresno Regional Workforce Development Board and/or Its Committees	Montalbano	Yes	Direct	7
4.	April 17, 2024, Agenda Items	Konczal	No	Discussion	--
5.	Meeting Feedback	Konczal	No	Information	--

ACCOMMODATIONS FOR PERSONS WITH DISABILITIES

Disabled individuals 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 by making meeting materials available in alternative formats. Requests for assistance should be made at least two (2) working days in advance of the meeting.

**Fresno Area Workforce Investment Corporation
Board of Directors
Attendance Report 2023**

Cancelled Cancelled

1/18/2023 4/19/2023 7/19/2023 10/18/2023

Avila Trillium Flow	P	A	XX	XX
Barnes State Center Federation of Teachers	P	P	XX	XX
Bauer Sagaser, Watkins & Wieland	P	P	XX	XX
Blunt IMAGO	P	A	XX	XX
Hensley Hensley Associates	P	P	XX	XX
Karbassi Fresno City Council	A	P	XX	XX
Montalbano German Auto Repair	P	P	XX	XX
Quintero Fresno County Board of Supervisors	P	P	XX	XX
Riojas Fresno, Madera, Tulare, Kings Building Trades Council	P	P	XX	XX
Sotiropulos Hyatt Real Estate	--	P	XX	XX
Zabrycki CAPTRUST	P		XX	XX

P = Present

A = Absent

-- = Not a Member at Time of Meeting

XX = Meeting Canceled

FRESNO AREA WORKFORCE INVESTMENT CORPORATION

AGENDA ITEM:	1
MEETING DATE:	January 17, 2024
ACTION:	APPROVE

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

TO: Board of Directors
FROM: Blake Konczal, Chief Executive Officer
SUBJECT: April 19, 2023, Meeting Minutes

RECOMMENDATION:

Approve the minutes of the April 19, 2023, Fresno Area Workforce Investment Corporation Board of Directors meeting.

ATTACHMENT:

April 19, 2023, Board of Directors Meeting Minutes



FRESNO AREA WORKFORCE INVESTMENT CORPORATION

Board of Directors
April 19, 2023

SUMMARY MINUTES

The meeting was called to order at 3:07 p.m.

ROLL CALL: PRESENT - Lacy Barnes, Paul Bauer, Jeff Hensley, Mike Karbassi, Dennis Montalbano, Sal Quintero, Chuck Riojas, Vasili Sotiropulos (arrived at 3:12 p.m.) Lydia Zabrycki, and Legal Counsel Ken Price

ABSENT - Stephen Avila and Edgar Blunt

AGENDA CHANGES: None

ABSTENTIONS: None

BOARD CHAIR/
STAFF COMMENTS: Chair Montalbano commented on the Annual Achievement Awards event that was held the morning of April 19, 2023, stating that it was the best Fresno Regional Workforce Development Board (FRWDB) awards event he had attended. Director Zabrycki noted that it would be good to capture some of the stories about the provider staff who work with the clients, as there are good stories about how they help their clients stay motivated.

Director Sotiropulos arrived (3:12 p.m.)

Director Quintero congratulated FRWDB staff on a job well-done on the awards event and noted that he really liked the venue.

PUBLIC COMMENTS: None

Item Description/Action Taken

1. **January 18, 2023, Meeting Minutes**

Phyllis Stogbauer, Senior Deputy Director, FRWDB, presented the January 18, 2023, meeting minutes for approval.

BAUER/RIOJAS – APPROVED THE MINUTES OF THE JANUARY 18, 2023, MEETING. (UNANIMOUS)

2. **Fresno Area Workforce Investment Corporation Personnel Manual**

Ms. Stogbauer presented the Fresno Area Workforce Investment Corporation (FAWIC) Personnel Manual for approval, directing the FAWIC Board to the agenda item that listed the

changes made in the Manual. Legal Counsel Ken Price noted that the Personnel Manual was updated annually.

Director Bauer recommended that the verbiage in Policy 206 – Meal and Rest Periods, be amended. He stated that the Policy included wording that employees may leave the worksite to take their meal period. He recommended that the same wording be included pertaining to rest periods. He also asked if the Arbitration Agreement was current to 2023. Legal Counsel Price stated that he did not have specific changes on the Arbitration Agreement, and noted that the motion for approval should include the recommended amendment to Policy 206.

Director Zabrycki asked if there was a cyber security policy in the Manual, as she was unable to find one. Legal Counsel Price indicated that the FAWIC had a separate cyber security policy, and that a reference to the existing cyber security policy could be added to the Manual.

HENSLEY/QUINTERO – APPROVED THE FRESNO AREA WORKFORCE INVESTMENT CORPORATION PERSONNEL MANUAL, AS AMENDED WITH RESPECT TO POLICY 206 TO ALLOW EMPLOYEES TO LEAVE THE WORKSITE DURING REST PERIODS. (UNANIMOUS)

3. Referral of Agenda Items to the Fresno Regional Workforce Development Board and/or Its Committees

Chair Montalbano stated that he wanted to inform the FRWDB Directors, at their next meeting, that the FAWIC Personnel Manual had been updated.

4. July 19, 2023, Agenda Items

None.

5. Meeting Feedback

None.

The meeting was adjourned at 3:20 p.m.

FRESNO AREA WORKFORCE INVESTMENT CORPORATION

AGENDA ITEM:	2
MEETING DATE:	January 17, 2024
ACTION:	ACCEPT

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

TO: Fresno Area Workforce Investment Corporation
FROM: Audit Committee
SUBJECT: Financial Statements and Supplemental Data for Fiscal Year Ending June 30, 2023

RECOMMENDATION:

Accept the financial statements and supplemental data for the fiscal year ending June 30, 2023.

This recommendation was approved by the Fresno Area Workforce Investment Corporation (FAWIC) Audit Committee on January 16, 2024.

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, 2023. The financial statements include comparative balances for fiscal year ending June 30, 2022. 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, 2023, and 2022



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.
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Cory J. Bell, C.P.A.

Aaron C. Studt, C.P.A.

Kendall K. Wheeler, C.P.A.

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 Accountancy Corporation

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Ginger A. Lozano, C.P.A.
 Retired

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Michiko Rosenthal, C.P.A.

Shaina M. Miracle, C.P.A.

Franklin Daniel, C.P.A.

Steve Thapar, C.P.A.

Christina R. Thompson, C.P.A.

Dallin M. Jones, C.P.A.

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

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

January 16, 2024

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, 2023 and have issued our report thereon dated January 16, 2024. 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 8, 2023 and in our meeting about planning matters on July 5, 2023. 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.

- Right-of-use operating lease assets and liabilities based on the lease terms of office space and equipment and estimated risk-free interest rates in accordance with FASB ASC 842 Leases.
- 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 6 to the financial statements. The disclosure identifies amounts that are expended for grant reporting purposes that have been capitalized and the adjustments to reflect lease expense on a straight-line basis over the term of the respective lease 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 86% of the Organization’s funding was from the U.S. Department of Labor under various Workforce Innovation and Opportunity Act grants.
- Operating leases disclosed in Note 8 to the financial statements. This disclosure identifies the right-of-use operating lease assets and related liabilities for amounts due under the leases.

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. The following adjustment as a result of the audit procedures has been recorded by management:

	Debit	Credit
To adjust accounts payable to actual		
Prepaid lease expense	\$208,603	
Accounts payable		\$208,603

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 16, 2024.

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.

Moore Kridler & Company LLP

**FRESNO AREA WORKFORCE INVESTMENT
CORPORATION**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2023 AND 2022

FRESNO AREA WORKFORCE INVESTMENT CORPORATION
FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
YEARS ENDED JUNE 30, 2023 AND 2022

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Moore Grider & Company LLP
Certified Public Accountants

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1923-2016

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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, 2023 and 2022, 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, 2023 and 2022, 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 21 and 22, 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 24 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 16, 2024, 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.

Moore, Bieder & Company LLP

Fresno, California
January 16, 2024

FRESNO AREA WORKFORCE INVESTMENT CORPORATION

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2023 AND 2022

	2023	2022 (Restated)
ASSETS		
CURRENT ASSETS		
Cash	\$ 3,065,557	\$ 0
Grants receivable	1,451,766	3,264,082
Other receivables	119,889	24,864
Prepaid expenses	<u>152,047</u>	<u>79,770</u>
TOTAL CURRENT ASSETS	4,789,259	3,368,716
OPERATING LEASE RIGHT OF USE ASSETS (Note 8)	21,564,518	1,011,504
LEASEHOLD IMPROVEMENTS AND FURNITURE, net of accumulated depreciation (Note 3)	602,274	515,256
DEPOSITS	<u>130,504</u>	<u>9,064</u>
TOTAL ASSETS	<u>27,086,555</u>	<u>4,904,540</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Bank overdraft	0	508,551
Accounts payable and accrued expenses	1,781,535	2,381,342
Accrued lease expense	76,870	18,385
Accrued vacation	202,371	190,586
Deferred revenue	2,907,386	0
Current portion of operating lease liabilities (Note 8)	<u>2,251,750</u>	<u>315,350</u>
TOTAL CURRENT LIABILITIES	7,219,912	3,414,214
COMMITMENTS AND CONTINGENCIES (Note 5)	0	0
OPERATING LEASE LIABILITIES, net of current portion (Note 8)	19,312,768	696,154
NET ASSETS		
Without donor restrictions	(48,399)	278,916
Without donor restrictions, fixed assets purchased with grant funds (Note 3)	<u>602,274</u>	<u>515,256</u>
TOTAL NET ASSETS	<u>553,875</u>	<u>794,172</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 27,086,555</u>	<u>\$ 4,904,540</u>

See Accompanying Notes to Financial Statements

FRESNO AREA WORKFORCE INVESTMENT CORPORATION

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022 (Restated)
REVENUE AND OTHER SUPPORT WITHOUT DONOR RESTRICTIONS		
Federal revenue:		
Grant income	\$ 19,336,109	\$ 17,675,153
Program income	<u>259,150</u>	<u>326,167</u>
Total federal revenue	19,595,259	18,001,320
Other revenue:		
Grant income - State and City	2,363,313	2,738,437
Other income	<u>2,500</u>	<u>0</u>
TOTAL REVENUE AND OTHER SUPPORT WITHOUT DONOR RESTRICTIONS	<u>21,961,072</u>	<u>20,739,757</u>
EXPENSES		
Program Services:		
Workforce Investment Act (WIOA) Title I programs:		
Adult Funds	7,932,434	5,875,767
Youth Formula	5,685,486	6,743,404
Dislocated Worker Funds	4,756,408	4,406,092
Rapid Response Funds	225,358	132,168
COVID-19 Employment Recovery	121,691	290,027
Wildfire Temporary Jobs	105,668	12,347
Quest Disaster Recovery	106,949	0
Wildfire Workforce Development	27,699	7,296
CAL FIRE	283,398	936,677
Fresno Fatherhood	631,464	532,291
HRCC	1,669,035	1,404,038
Valley Build Earmark	92,614	0
Pathway Home	2,102	1,929
Prison to Employment	(23)	216,319
City Youth	152,168	0
TCC	166,121	181,402
Administrative Services	<u>71,728</u>	<u>3,360</u>
TOTAL EXPENSES	<u>22,030,300</u>	<u>20,743,117</u>
DECREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS BEFORE GAAP ADJUSTMENTS	(69,228)	(3,360)
GAAP ADJUSTMENTS (NOTE 1)		
Capitalized property and equipment expensed on billing reports	141,060	515,256
Depreciation on assets funded by granting agencies	(54,041)	0
Elimination of prepaid leases	(199,603)	0
Addition of accrued lease expense	<u>(58,485)</u>	<u>(18,385)</u>
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	(240,297)	493,511
NET ASSETS WITHOUT DONOR RESTRICTIONS, beginning of year	<u>794,172</u>	<u>300,661</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS, end of year	<u>\$ 553,875</u>	<u>\$ 794,172</u>

See Accompanying Notes to Financial Statements

FRESNO AREA WORKFORCE INVESTMENT CORPORATION

COMBINING STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2023

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	\$ 176,857	\$ 26,093	\$ 126,058	\$ 4,375	\$ 0	\$ 0	\$ 0
Communications	61,946	6,377	41,765	6,589	0	0	0
Insurance	34,685	8,939	21,175	793	0	0	0
Maintenance	392,372	79,906	254,195	4,355	0	0	0
Memberships	8,645	5,877	4,058	0	0	0	0
Miscellaneous	31,863	24,496	21,182	9	0	0	0
Office expenses	54,220	16,540	32,477	6,136	0	0	0
Professional services	208,418	73,688	102,855	17,648	0	0	0
Property purchases	495,797	216,137	283,859	7,752	0	0	0
Rent and leases	1,082,303	71,919	798,723	29,270	0	0	0
Salaries and benefits	1,194,494	836,569	554,279	6,967	15,186	1,816	18,378
Service providers	4,076,000	4,278,623	2,448,995	139,515	106,499	286	85,557
Staff development	34,601	24,142	16,271	488	6	0	190
Travel	8,845	6,110	4,151	267	0	0	1,543
Utilities	71,388	10,070	46,365	1,194	0	0	0
TOTAL EXPENSES	\$ 7,932,434	\$ 5,685,486	\$ 4,756,408	\$ 225,358	\$ 121,691	\$ 2,102	\$ 105,668

FRESNO AREA WORKFORCE INVESTMENT CORPORATION

COMBINING STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2023

	Quest Disaster Recovery	HRCC	Prison to Employment	Wildfire Workforce Development	City Youth	TCC	CAL FIRE	Fresno Fatherhood
Advertising	\$ 0	\$ 90,415	\$ 0	\$ 0	\$ 0	\$ 1,455	\$ 10,277	\$ 0
Communications	0	0	0	0	0	0	0	0
Insurance	0	0	0	0	0	0	0	0
Maintenance	0	0	0	0	0	0	0	0
Memberships	0	0	0	0	0	0	0	1,493
Miscellaneous	0	1,547	0	0	0	0	0	170
Office expenses	0	69	0	0	0	0	0	0
Professional services	0	232,660	0	0	0	59,845	0	0
Property purchases	0	0	0	0	0	0	0	34,111
Rent and leases	0	0	0	0	0	0	0	159,105
Salaries and benefits	5,827	188,938	0	23,883	11,369	19,811	35,398	431,450
Service providers	101,122	1,147,954	(23)	3,816	140,799	84,997	235,842	3,759
Staff development	0	1,142	0	0	0	0	989	1,376
Travel	0	6,310	0	0	0	13	892	0
Utilities	0	0	0	0	0	0	0	0
TOTAL EXPENSES	\$ 106,949	\$ 1,669,035	\$ (23)	\$ 27,699	\$ 152,168	\$ 166,121	\$ 283,398	\$ 631,464

See Accompanying Notes to Financial Statements

FRESNO AREA WORKFORCE INVESTMENT CORPORATION

COMBINING STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2023

	Valley Build Earmark	Administrative Services	<u>Total</u>
Advertising	\$ 1,362	\$ 3,607	\$ 440,499
Communications	0	0	116,677
Insurance	0	0	65,592
Maintenance	0	0	730,828
Memberships	0	0	18,580
Miscellaneous	0	621	81,211
Office expenses	0	0	109,612
Professional services	17,190	65,000	777,304
Property purchases	0	2,500	1,006,045
Rent and leases	0	0	2,016,326
Salaries and benefits	13,008	0	3,085,028
Service providers	56,871	0	13,338,303
Staff development	4,183	0	85,771
Travel	0	0	29,507
Utilities	0	0	129,017
TOTAL EXPENSES	<u>\$ 92,614</u>	<u>\$ 71,728</u>	<u>\$ 22,030,300</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 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	\$ 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 Fatherhood
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	<u>\$ 1,404,038</u>	<u>\$ 216,319</u>	<u>\$ 7,296</u>	<u>\$ 181,402</u>	<u>\$ 936,677</u>	<u>\$ 532,291</u>

See Accompanying Notes to Financial Statements

FRESNO AREA WORKFORCE INVESTMENT CORPORATION

COMBINING STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2022

	Administrative Services		Total
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		129,914
TOTAL EXPENSES	\$ 3,360	\$	20,743,117

See Accompanying Notes to Financial Statements

FRESNO AREA WORKFORCE INVESTMENT CORPORATION

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ (240,297)	\$ 493,511
Adjustments to reconcile increase (decrease) in net assets to net cash provided from (used by) operating activities		
Depreciation	54,041	0
Changes in:		
Grants receivable	1,812,316	(2,028,087)
Other receivables	(95,025)	12,161
Prepaid expenses	(72,277)	43,157
Deposits	(121,440)	0
Accounts payable and accrued expenses	(599,806)	1,165,996
Accrued lease expense	58,485	18,385
Accrued vacation	11,785	(7,318)
Refundable advance	0	(133,000)
Deferred revenue	2,907,386	0
	<u>3,715,168</u>	<u>(435,195)</u>
NET CASH PROVIDED FROM (USED BY) OPERATING ACTIVITIES	3,715,168	(435,195)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of leasehold improvements and equipment	(141,060)	(515,256)
CASH FLOWS FROM FINANCING ACTIVITIES		
Bank overdraft, June 30, 2022	(508,551)	508,551
	<u>3,065,557</u>	<u>(441,900)</u>
NET INCREASE (DECREASE) IN CASH	3,065,557	(441,900)
CASH, beginning of year	<u>0</u>	<u>441,900</u>
CASH, end of year	<u>\$ 3,065,557</u>	<u>\$ 0</u>

See Accompanying Notes to Financial Statements

FRESNO AREA WORKFORCE INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

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, 2023 and 2022, the organization considers all amounts to be fully collectible; therefore, no allowance for doubtful accounts is reflected.

Leasehold improvements and furniture – The agency follows the practice of capitalizing all expenditures for leasehold improvements and furniture in excess of \$5,000. Purchases of leasehold improvements and furniture are capitalized at cost. Donations of leasehold improvements and furniture 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, 2023 and 2022 totaled \$202,371 and \$190,586, 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.

FRESNO AREA WORKFORCE INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

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

Income taxes (continued)

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, 2023 and 2022, 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 \$440,499 and \$441,120 for the years ended June 30, 2023 and 2022, 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, expenditures are capitalized and depreciated over the life of the asset and lease expense is recognized on a straight-line basis over the term of the lease. To address such reporting differences, the Statements of Activities include GAAP adjustments.

Leases – FAWIC determines if an arrangement is a lease at inception. Operating leases are included in operating lease right of use assets (“ROU”) and operating lease liabilities in the accompanying statements of financial position.

ROU assets represent FAWIC’s right to use an underlying asset for the lease term and lease liabilities represent FAWIC’s obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that FAWIC will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term.

FRESNO AREA WORKFORCE INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

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

Leases (continued)

The individual lease contracts do not provide information about the discount rate implicit in each lease. Therefore, FAWIC has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of the lease liability.

Adoption of New Accounting Standard

Leases – In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2016-02, Leases (ASC 842). This new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statements of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. FAWIC adopted the requirements of the guidance effective July 1, 2022.

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:

	2023	2022
Cash	\$ 3,065,557	\$ 0
Grants receivable	1,451,766	3,264,082
Other receivables	119,889	24,864
Prepaid expenses	<u>152,047</u>	<u>79,770</u>
Total Financial Assets	<u>\$ 4,789,259</u>	<u>\$ 3,368,716</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.

FRESNO AREA WORKFORCE INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

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, 2023 and 2022, such assets consisted of the following:

	2023	2022
Furniture	\$ 135,019	\$ 105,076
Leasehold improvements	<u>521,296</u>	<u>410,180</u>
	656,315	515,256
Less: accumulated depreciation	<u>(54,041)</u>	<u>0</u>
	<u><u>\$ 602,274</u></u>	<u><u>\$ 515,256</u></u>

Depreciation on fixed assets began on July 1, 2022.

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, 2023 and 2022 were \$143,618 and \$148,057, 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.

FRESNO AREA WORKFORCE INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

NOTE 6: FUNCTIONAL CLASSIFICATION OF EXPENSES

Expenses by function for the year ended June 30, 2023 are as follow:

	Program	Administration	Fundraising	Total
Advertising	\$ 440,499	\$ 0	\$ 0	\$ 440,499
Communications	116,677	0	0	116,677
Insurance	40,657	24,935	0	65,592
Maintenance	720,618	10,210	0	730,828
Memberships	18,580	0	0	18,580
Miscellaneous	80,071	1,140	0	81,211
Office expenses	104,838	4,774	0	109,612
Professional services	651,768	125,536	0	777,304
Property purchases	1,006,024	21	0	1,006,045
Rent and leases (Note 8)	2,016,326	0	0	2,016,326
Salaries and benefits	2,068,294	976,693	40,041	3,085,028
Service providers	13,068,281	270,022	0	13,338,303
Staff development	81,793	3,978	0	85,771
Travel	22,674	6,833	0	29,507
Utilities	129,017	0	0	129,017
SUBTOTAL BEFORE GAAP ADJUSTMENTS	20,566,117	1,424,142	40,041	22,030,300
GAAP ADJUSTMENTS (NOTE 1)				
Capitalized property and equipment expensed on billing reports	(141,060)	0	0	(141,060)
Depreciation on assets funded by granting agencies	54,041	0	0	54,041
Elimination of prepaid lease expense	199,603	0	0	199,603
Addition of accrued lease expense	58,485	0	0	58,485
	<u>\$ 20,737,186</u>	<u>\$ 1,424,142</u>	<u>\$ 40,041</u>	<u>\$ 22,201,369</u>

FRESNO AREA WORKFORCE INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

NOTE 6: FUNCTIONAL CLASSIFICATION OF EXPENSES (Continued)

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 (Note 8)	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
Accrued lease expense	18,385	0	0	18,385
	<u>\$ 18,776,306</u>	<u>\$ 1,427,032</u>	<u>\$ 42,908</u>	<u>\$ 20,246,246</u>

FRESNO AREA WORKFORCE INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

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, service providers, staff development, and travel 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, 2023 and 2022, the organization's uninsured cash balances totaled \$3,396,090 and \$525,122, respectively.

Grant Revenue

During the years ended June 30, 2023 and 2022, approximately 86% and 84%, respectively, of the organization's support was from the U.S. Department of Labor under various Workforce Innovation and Opportunity Act grants.

NOTE 8: **OPERATING LEASES**

FAWIC leases equipment and office space for various terms under long-term noncancellable lease agreements. The leases expire at various dates through 2033.

The components of rent and lease expense are as follows:

Rent and lease costs:			
Buildings	\$	2,092,923	\$ 297,469
Copier Machines		13,056	13,056
Short-term rent		168,435	745,256
Subtotal	\$	2,274,414	\$ 1,055,781
Less: GAAP Adjustments		(258,088)	(18,385)
	\$	<u>2,016,326</u>	\$ <u>1,037,396</u>

FRESNO AREA WORKFORCE INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

NOTE 8: OPERATING LEASES (Continued)

Other information related to the leases was as follows:

Right-of-use assets obtained in exchange for lease obligations as of July 1, 2021 were \$1,256,928.

The discount rates related to FAWIC's lease liabilities for both June 30, 2023 and 2022 ranged from 0.40% to 1.36%. The discount rates are based on estimates of FAWIC's risk-free rates, as the discount rates implicit in FAWIC's leases cannot be readily determined.

Future minimum lease payments under the non-cancellable leases as of June 30, 2023 were as follows:

Year Ending June 30,	Office Equipment	Fresno Office Space (West Shaw)	FAWIC Warehouse	Fresno Office Space (Kern Street)	Parlier Office Space	Fresno Office Space (East Shaw)	Mendota Office Space	Totals
2024	\$ 13,056	\$ 1,178,573	\$ 15,081	\$ 229,343	\$ 244,334	\$ 700,206	\$ 46,914	\$ 2,427,507
2025	7,616	1,214,490	0	257,986	251,517	708,987	0	2,440,596
2026	0	1,250,743	0	108,815	259,062	717,988	0	2,336,608
2027	0	1,286,995	0	0	266,834	727,215	0	2,281,044
2028	0	1,326,940	0	0	274,839	736,672	0	2,338,451
Thereafter	0	5,838,879	0	0	1,236,000	3,568,740	0	10,643,619
Total future minimum lease payments	\$ 20,672	\$ 12,096,620	\$ 15,081	\$ 596,144	\$ 2,532,586	\$ 7,159,808	\$ 46,914	\$ 22,467,825
Less present value discount								903,307
								21,564,518
Less current portion								2,251,750
								\$ 19,312,768
								<u>6/30/2023</u>
Weighted average remaining lease term:								<u>6/30/2022</u>
Operating leases							9.06 Years	3.2 Years
Weighted average discount rate:								
Operating leases							0.82%	0.02%

NOTE 9: RESTATEMENT

The financial statements as of August 31, 2022 and for the year then ended have been restated to conform to the presentation of the new lease standards. The effects of the restatement are to increase rent and leases expense by \$18,385 and reflect accrued lease expense of \$18,385. The restatement has no impact on previously reported cash flows.

NOTE 10: SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 16, 2024 (date financial statements available to be issued) and determined no events have occurred subsequent to June 30, 2023 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, 2023**

<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</i>				
Workforce Innovation and Opportunity Act (WIOA)				
Title I Adult Formula Rd 2	17.258	AA211005	\$ 4,652,476	\$ 2,159,867
Title I Adult Formula Rd 1	17.258	AA211005	0	0
Title I Adult Formula Rd 1	17.258	AA311005	1,265,088	67,521
Title I Adult Formula Rd 2	17.258	AA311005	1,679,255	1,552,250
Title I Equity and Special Population	17.258	AA211005	335,615	296,364
Subtotal - Title I WIA Adult Programs			<u>7,932,434</u>	<u>4,076,002</u>
Title I Youth Formula Rd 1	17.259	AA311005	4,223,557	3,181,743
Title I Youth Formula Rd 1	17.259	AA211005	1,461,929	1,096,880
Subtotal - Title I WIA Youth Programs			<u>5,685,486</u>	<u>4,278,623</u>
Title I Dislocated Worker Rd 1	17.278	AA311005	1,030,293	27,229
Title I Dislocated Worker Rd 2	17.278	AA311005	1,058,481	1,014,294
Title I Dislocated Worker Rd 1	17.278	AA211005	0	0
Title I Dislocated Worker Rd 2	17.278	AA211005	2,667,634	1,407,472
Subtotal - Title I WIA Dislocated Worker Programs			<u>4,756,408</u>	<u>2,448,995</u>
Title I Rapid Response Layoff Aversion	17.278	AA311005	16,948	16,948
Title I Rapid Response Layoff Aversion Rd 2	17.278	AA311005	7,424	6,136
Title I Rapid Response	17.278	AA311005	57,608	54,072
Title I Rapid Response Rd 2	17.278	AA311005	73,577	32,049
Title I Bitwise AA Project	17.278	AA311005	0	0
Title I Rapid Response Layoff Aversion	17.278	AA211005	8,149	5,865
Title I Rapid Response Layoff Aversion Rd 2	17.278	AA211005	20,203	0
Title I Rapid Response Rd 2	17.278	AA211005	41,449	24,445
Subtotal - Title I Rapid Response Programs			<u>225,358</u>	<u>139,515</u>
Total WIOA Cluster			<u>18,599,686</u>	<u>10,943,135</u>

**FRESNO AREA WORKFORCE INVESTMENT CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023**

<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	\$ 121,691	\$ 106,499
Title I 2020 Sept. Wildfires DR Temp Jobs	17.277	AA111005	105,668	85,557
Title I 2020 Sept. Wildfires DR Workforce Development	17.277	AA111005	27,699	3,817
Title I 2022 Quest Disaster Recovery NDWG	17.277	AA311005	<u>106,949</u>	<u>101,122</u>
Subtotal - Title I WIOA National Emergency			<u>362,007</u>	<u>296,995</u>
<i>Passed through from Grid Alternatives</i>				
Pathway Home Grant	17.270		<u>2,102</u>	<u>286</u>
<u>Department of Health and Human Services</u>				
<i>Passed through from:</i>				
Fresno Fatherhood	93.086	90ZJ0038	<u>631,464</u>	<u>431,450</u>
Total Expenditures of Federal Awards			<u>\$ 19,595,259</u>	<u>\$ 11,671,866</u>

**FRESNO AREA WORKFORCE INVESTMENT CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023**

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, 2023. 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 \$18,599,686.

FRESNO AREA WORKFORCE INVESTMENT CORPORATION

COMPARISON OF EXPENSES BEFORE GAAP ADJUSTMENTS

YEARS ENDED JUNE 30, 2023 AND 2022

	2023		2022	
	Amount	% of Total	Amount	% of Total
Advertising	\$ 440,499	2.00%	\$ 441,120	2.13%
Communications	116,677	0.53%	136,047	0.66%
Insurance	65,592	0.30%	53,049	0.26%
Maintenance	730,828	3.32%	715,689	3.45%
Memberships	18,580	0.08%	19,438	0.09%
Miscellaneous	81,211	0.37%	78,043	0.38%
Office expenses	109,612	0.50%	43,374	0.21%
Professional services	777,304	3.53%	330,598	1.59%
Property purchases	1,006,045	4.57%	2,113,680	10.19%
Rent and leases (Note 8)	2,016,326	9.15%	1,037,396	5.00%
Salaries and benefits	3,085,028	14.00%	3,178,505	15.32%
Service providers	13,338,303	60.55%	12,396,873	59.76%
Staff development	85,771	0.39%	55,916	0.27%
Travel	29,507	0.13%	13,475	0.06%
Utilities	129,017	0.59%	129,914	0.63%
Total	\$ 22,030,300	100.00%	\$ 20,743,117	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

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

Stalin Hernandez, C.P.A.
Accountancy Corporation

Richard L. Holland, C.P.A.

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

Tom Collins, C.P.A.
Accountancy Corporation

Robert G. Rose, C.P.A.

Ginger A. Lozano, C.P.A.
Retired

Abel M. Cabello, E.A.

Kelli D. Steele, C.P.A.

Michiko Rosenthal, C.P.A.

Shaina M. Miracle, C.P.A.

Franklin Daniel, C.P.A.

Steve Thapar, C.P.A.

Christina R. Thompson, C.P.A.

Dallin M. Jones, 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, 2023, 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 16, 2024.

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 Kleider & Company LLP

Fresno, California
January 16, 2024



Moore Grider & Company LLP
 Certified Public Accountants

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 Accountancy Corporations*

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-
- 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

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, 2023. 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, 2023.

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 Kriden & Company LLP

Fresno, California
January 16, 2024

FRESNO AREA WORKFORCE INVESTMENT CORPORATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2023

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, 2023

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

FRESNO AREA WORKFORCE INVESTMENT CORPORATION

AGENDA ITEM:	3
MEETING DATE:	January 17, 2024
ACTION:	DIRECT

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

TO: Board of Directors

FROM: Dennis Montalbano, Board Chair

SUBJECT: Referral of Agenda Items to the Fresno Regional Workforce Development Board and/or Its Committees

RECOMMENDATION:

Discuss and direct staff to refer agenda items from this meeting to the Fresno Regional Workforce Development Board and/or its committees.

REASON FOR RECOMMENDATION:

This item is intended to allow your Board to collectively decide which of the items you just discussed should be referred to another committee(s), and the reason they are being referred (information, action, etc.).