

Madera County Workforce Investment Corporation | Madera County, CA

Financial Statements

For the Year Ended June 30, 2023



PRICE PAIGE & COMPANY
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Madera County Workforce Investment Corporation
Madera, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Madera County Workforce Investment Corporation (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year 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 Madera County Workforce Investment Corporation as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Madera County 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 opinions.

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 Madera County 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.

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Auditor's 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 auditor's 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 Madera County 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 Madera County 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. The schedule of grant expenses on page 22 is presented for purposes of additional analysis and is not a required part of the financial statements. 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards 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 November 28, 2023, on our consideration of Madera County Workforce Investment Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Madera County 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 Madera County Workforce Investment Corporation's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Price Paige & Company". The signature is written in a cursive, flowing style.

November 28, 2023
Clovis, California

FINANCIAL STATEMENTS

MADERA COUNTY WORKFORCE INVESTMENT CORPORATION | JUNE 30, 2023
Statement of Financial Position

ASSETS

Current assets:

Cash	\$ 513,810
Grants receivable	265,220
Accounts receivable	24,775
Contracts receivable	65,849
Prepaid expenses	<u>1,446</u>
Total current assets	871,100

Property and equipment, net	14,969
Operating right-of-use asset	<u>2,754,073</u>

Total assets	<u><u>\$ 3,640,142</u></u>
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LIABILITIES AND NET ASSETS

Current liabilities:

Accounts payable	\$ 74,993
Accrued payroll and related expenses	96,802
Operating lease liability, current portion	<u>141,422</u>
Total current liabilities	313,217

Operating lease liability, net of current portion	<u>2,644,225</u>
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Total liabilities	<u>2,957,442</u>
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Net assets:

With donor restrictions	79,580
Without donor restrictions	<u>603,120</u>

Total net assets	<u>682,700</u>
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Total liabilities and net assets	<u><u>\$ 3,640,142</u></u>
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MADERA COUNTY WORKFORCE INVESTMENT CORPORATION | FOR THE YEAR ENDED JUNE 30, 2023

Statement of Activities

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:			
Contributions:			
Cash and other financial assets	\$ 190	\$ 100,000	\$ 100,190
Nonfinancial assets	133	-	133
Contracts and grants:			
Contracts	256,465	-	256,465
Federal grants	2,489,987	-	2,489,987
Rental income	225,389	-	225,389
Miscellaneous income	<u>2</u>	<u>-</u>	<u>2</u>
Total revenue and support before net assets released from restrictions	2,972,166	100,000	3,072,166
Net assets released from restrictions	<u>56,533</u>	<u>(56,533)</u>	<u>-</u>
Total revenue and support after net assets released from restrictions	<u>3,028,699</u>	<u>43,467</u>	<u>3,072,166</u>
Expenses:			
Program services	2,511,088	-	2,511,088
Supporting services	<u>475,452</u>	<u>-</u>	<u>475,452</u>
Total expenses	<u>2,986,540</u>	<u>-</u>	<u>2,986,540</u>
Changes in net assets	42,159	43,467	85,626
Net assets, beginning of year	<u>560,961</u>	<u>36,113</u>	<u>597,074</u>
Net assets, end of year	<u>\$ 603,120</u>	<u>\$ 79,580</u>	<u>\$ 682,700</u>

See Independent Auditor's Report and Notes to the Financial Statements.

MADERA COUNTY WORKFORCE INVESTMENT CORPORATION | FOR THE YEAR ENDED JUNE 30, 2023

Statement of Functional Expenses

	Program Services				Supporting Services	Total Expenses
	Workforce	Community Corrections	Community Benefit Support	Regional Workforce	Management and General	
Expenses:						
Salaries	\$ 963,831	\$ 102,777	\$ 30,357	\$ 15,715	\$ 188,713	\$ 1,301,393
Payroll taxes	91,917	9,444	2,795	1,576	16,927	122,659
Employee benefits	165,532	21,685	9,333	4,246	36,433	237,229
Materials and supplies	13,510	682	111	52	1,441	15,796
Rent	2,500	337	37	48	1,453	4,375
Equipment and maintenance	38,434	3,695	1,310	847	10,852	55,138
Office expenses	26,764	3,547	16,961	300	5,297	52,869
Utilities	16,748	2,235	220	313	88,123	107,639
Professional fees	15,098	-	-	-	36,506	51,604
Taxes and fees	3	1	-	-	283	287
Computer and software	67,669	7,484	2,455	918	1,547	80,073
Travel and conferences	16,076	1,865	234	205	238	18,618
Direct client assistance	666,258	-	17,170	-	58	683,486
Lease expense	143,574	19,332	2,136	2,751	83,460	251,253
Depreciation expense	-	-	-	-	4,121	4,121
Total expenses	\$ 2,227,914	\$ 173,084	\$ 83,119	\$ 26,971	\$ 475,452	\$ 2,986,540

See Independent Auditor's Report and Notes to the Financial Statements.

MADERA COUNTY WORKFORCE INVESTMENT CORPORATION | FOR THE YEAR ENDED JUNE 30, 2023
 Statement of Cash Flows

Cash flows from operating activities:	
Change in net assets	\$ 85,626
Adjustment to reconcile change in net assets to net cash provided by (used in) operating activities:	
Depreciation	4,121
Reduction in the carrying amount of ROU asset	165,486
Change in operating assets and liabilities:	
Grants receivable	30,390
Accounts receivable	19,273
Contracts receivable	(65,849)
Prepaid expenses	1,546
Accounts payable	36,448
Accrued payroll and related expenses	6,036
Lease liability	<u>(133,912)</u>
Net cash provided by (used in) operating activities	<u>149,165</u>
Cash flows from investing activities:	
Purchase of property and equipment	<u>(13,346)</u>
Net cash provided by (used in) investing activities	<u>(13,346)</u>
Net increase (decrease) in cash	135,819
Cash, beginning of year	<u>377,991</u>
Cash, end of year	<u><u>\$ 513,810</u></u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:	
Right-of-use assets after ASC 842 implementation:	
Operating leases	<u><u>\$ 2,919,559</u></u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Madera County Workforce Investment Corporation (the Organization) is a California nonprofit public benefit corporation incorporated in 2011. The Organization received its tax-exempt status as a 501(c)(3) organization from the Internal Revenue Service in 2012. The Organization is located in Madera, California and also serves surrounding communities in both Eastern Madera County and Chowchilla. The Organization was formed with the purpose of securing more private sector jobs for the unemployed and working poor, attracting greater employer participation in all aspects of local employment and training activities, and acting as an administrative entity to assist in the implementation of the Workforce Innovation and Opportunity Act (WIOA) in Madera County in a manner that is responsive to the needs of the private sector. The Organization is also authorized to receive contributions and to make donations to, and otherwise aid and support, legally permissible undertakings consistent with the above-stated purposes.

The following provides an overview of the Organization’s programs:

Workforce Innovation and Opportunity Act (WIOA) – WIOA is a federal act enacted in 2015 designed to strengthen and improve the public workforce system within our nation and communities by providing resources and assistance to our citizens, including youth and those with significant barriers to employment, into high-quality jobs and careers with training. In addition, the program provides resources and assistance to employers for hiring and retention of skilled workers.

Community Corrections – Resources and assistance to recently released, or soon to be released, individuals within the probation, jail, and state prison facilities located within Madera County. Individuals are provided with career development, connection to services that assist with housing, job training, employment assistance, and various other wrap around services available in the community. These programs aim to increase the likelihood of retention of secured employment and reduce recidivism of the individuals served.

Regional Workforce Programs – Designed for our Organization to work with regional industries and sectors, education system, chief business officers, and workforce programs to collectively build an equitable and sustainable economy across the region by fostering high quality training and accessible jobs for all.

Community Benefit Programs – Assist individuals who may not otherwise qualify for assistance through local or federal programs with accessing resources in the community. These services assist individuals in becoming viable members of the community.

Reporting Entity

The Organization is considered a component unit of the County of Madera (the County) by virtue of the Organization’s dependency on governmental funding and oversight by the Madera County Board of Supervisors. The Organization is discretely presented in the government-wide financial statements of the County to emphasize that it is legally separate from the County. The financial statements included in this report are intended to present the financial position and activities of only the Organization. They are not intended to present the financial position or activities of the County taken as a whole.

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Adoption of New Accounting Standard

Effective July 1, 2022, the Organization adopted Accounting Standards Update (ASU) No. 2016-02, *Leases*, which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. The Organization elected not to reassess at adoption (i) expired or existing contracts to determine whether they are or contain a lease, (ii) the lease classification of any existing leases, or (iii) initial direct costs for existing leases. As a result of implementing ASU No. 2016-02, the Organization recognized operating right-of-use assets and lease liabilities of \$2,919,559 in its statement of financial position as of July 1, 2022. The adoption did not result in a significant effect on amounts reported in the statement of activities for the year ended June 30, 2023.

Classification of Net Assets

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Without donor restrictions – Net assets not subject to use or time restrictions. A portion of these net assets may be designated by the Board of Directors for specific purposes.

With donor restrictions – Net assets with donor restrictions include net assets subject to donor-imposed stipulations that may or will be met by actions of the Organization and/or the passage of time.

Support that is restricted by the donor is reported as an increase in net assets with donor. When a restriction expires, restricted net assets are reclassified to net assets without donor restrictions.

Basis of Accounting

The Organization uses the accrual basis method of accounting in accordance with accounting principles generally accepted in the United States of America.

Concentration of Credit Risk

Accounts at each financial institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2023, there was an uninsured cash balance of approximately \$308,000.

Grants, Contracts and Accounts Receivable

Grants receivable are primarily awards from federal and State of California grants for services provided under cost reimbursement agreements. Management considers the amounts to be fully collectible; therefore, no allowance for doubtful accounts has been recorded in the accompanying financial statements.

Contracts receivable consist of amounts owed by various organizations for services provided that have not yet been received by the Organization. The carrying amount of contracts receivable approximates net present value.

Accounts receivable consist primarily of rental income in addition to reimbursed administrative fees charged to sub-lessees. Receivables are written off through an allowance for doubtful accounts when the Organization determines the payments will not be received. Management believes all receivables are fully collectible and has historically experienced minimal write-offs; therefore, no allowance has been recorded at June 30, 2023. All accounts receivable are noninterest bearing.

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

It is the Organization’s policy to capitalize property and equipment over \$500. Purchased property and equipment is capitalized at cost. Donated property and equipment are recorded at fair value at the date of the gift. Expenditures that increase the life of the related assets are capitalized. Repairs and maintenance, including planned major maintenance activities, are charged to operations when incurred.

Depreciation is computed using the straight-line method over the following estimated useful lives:

Furniture and fixtures	5-10 years
Office and computer equipment	3-4 years

Revenue and Revenue Recognition

The Organization recognizes revenue from contracts and rent revenue at a point in time. The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right-of-return - are not recognized until the conditions on which they depend have been met.

Contributions

Unconditional contributions are recognized as revenue in the period received. The Organization reports conditional contributions as with donor restriction support if they are received with donor stipulations that restrict the specific use or the occurrence of a certain future event limits the use of the contribution.

Contributed Nonfinancial Assets

Donated services are recognized as contributions if they 1) significantly enhance non-financial assets or 2) involve a professional service that would otherwise have been purchased and whose values can be objectively measured. During the year ended June 30, 2023, the Organization did not receive any donated professional services.

Contributed nonfinancial assets consist of donated goods and services. Contributed nonfinancial assets are recognized as contributions if they have ascertainable fair values and are able to be realized in cash or other liquid assets. During the year ended June 30, 2023, the Organization received and recognized approximately \$133 of donated goods. Donated goods consist of supplies which were used for job fairs held by the Organization.

Grants and Contracts

Federal, state, and local governments have awarded grants to support the Organization’s program activities that are conditioned on performing certain services or incurring certain reimbursable expenditures. The largest of these grants is the Workforce Innovation and Opportunity Act grant, which supports the Organization’s adult, youth, and dislocated worker programs that aid the unemployed and other job seekers in obtaining jobs and training opportunities. The grants are cost-reimbursement grants, which are recognized when the Organization incurs allowable and reasonable qualifying expenses. Cost-reimbursement grants are recognized as revenues increasing net assets without donor restrictions because the conditions and restrictions are met in the same period.

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Functional Expenses**

The costs of providing the Organization's programs and supporting services have been summarized on a functional basis in the Statements of Activities and Functional Expenses. Indirect or shared costs are allocated among program services and support services by a method that measures the relative degree of benefit, such as hours worked. Accordingly, certain costs have been allocated to program and supporting services.

Expenses	Method of Allocation
Salaries	Time and effort
Payroll taxes	Time and effort
Employee benefits	Time and effort
Materials and supplies	Time and effort
Rent	Time and effort
Equipment and maintenance	Time and effort
Office expenses	Time and effort
Utilities	Time and effort
Professional fees	Time and effort
Taxes and fees	Time and effort
Computer and software	Time and effort
Travel and conferences	Time and effort
Direct client costs	Time and effort
Lease expense	Time and effort

Income Taxes

The Organization is a tax-exempt corporation under Section 501(c)(3) of the Internal Revenue Code and section 23701(d) of the State of California Corporate Code. The Organization is subject to taxation on any unrelated business income. The Organization does not believe its unrelated business income activities result in a material tax liability and therefore no tax provision has been recorded in the financial statements.

Uncertain Tax Positions

Generally accepted accounting principles provide accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. Management has considered its tax positions and believes that all the positions taken in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. The Organization's returns are subject to examination by federal and state taxing authorities, generally for three years, after they are filed.

Leases

The Organization determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (ROU) assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect present value of the future minimum lease payments over the lease term if material. Operating expense is recognized on a straight-line basis over the lease term. The Organization does not report ROU assets and lease liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight -line basis over the lease term.

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect 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.

NOTE 2 – AVAILABILITY AND LIQUIDITY

The following table reflects the Organization’s financial assets as of June 30, 2023, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year.

Financial assets available to meet cash needs for general expenditures within one year as of June 30, 2023:

Cash	\$	513,810
Grants receivable		265,220
Accounts receivable		24,775
Contracts receivable		<u>65,849</u>
Financial assets at June 30, 2023		869,654
Less: those unavailable for general expenditure within one year		<u>(79,580)</u>
Financial assets available to meet cash needs for general expenditures within one year	\$	<u><u>790,074</u></u>

The Organization has a policy to structure their financial assets to be available as their general expenditures come due which is consistent with their spending policy. The Organization has certain donor restricted net assets that are available for general expenditures within one year of June 30, 2023, because the restrictions on the net assets are expected to be met by conducting the normal activities of the programs in the upcoming year.

NOTE 3 – GRANTS RECEIVABLE

The following grants receivable from funding sources were due to the Organization as of June 30, 2023:

	\$	<u>% of Total</u>
State of California, Employment Development Department	224,274	84.56%
EDC of Fresno County	31,957	12.05%
Fresno Regional Workforce Development Board	5,052	1.91%
GRID Alternatives	<u>3,937</u>	<u>1.48%</u>
Total	<u><u>\$ 265,220</u></u>	<u><u>100%</u></u>

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment, net, consisted of the following at June 30, 2023:

Computer equipment	\$ 161,493
Office equipment	21,195
Furniture and fixtures	550
Subtotal	<u>183,238</u>
Less accumulated depreciation	<u>(168,269)</u>
Total	<u>\$ 14,969</u>

The Organization incurred \$4,121 in depreciation expense for the year ended June 30, 2023, which is included in the Statements of Activities and Functional Expenses.

NOTE 5 – LEASES

The Organization evaluated current contracts to determine which met the criteria of a lease. The right-of-use (ROU) asset represents the Organization’s right to use underlying assets for the lease term, and the lease liabilities represent the Organization’s obligation to make lease payments arising from these leases. The ROU asset and lease liability, all of which arise from operating leases, were calculated based on the present value of future lease payments over the lease term. The Organization uses the incremental borrowing rate to discount future operating lease payments. The weighted-average discount rate applied to calculate lease liability as of June 30, 2023 was 3.0%.

The Organization’s operating leases consist primarily of office space. For the year ended June 30, 2023, total operating lease cost was \$251,253. The total right-of-use asset was \$2,754,073 and lease liability were \$2,785,647 at June 30, 2023.

The Organization leases office space under operating leases, which require certain minimum monthly rental payments. The lease term is for ten years with the option to extend it for two successive periods of five years and expires in December 2036.

The future minimum rental payments as of June 30, 2023, are as follows:

<u>Years Ending June 30</u>	
2024	\$ 223,071
2025	226,758
2026	230,445
2027	235,054
2028	240,584
Thereafter	<u>2,267,578</u>
Total lease payments	3,423,490
Less: present value adjustment	<u>637,843</u>
Present value of lease liability	<u>\$ 2,785,647</u>

NOTE 6 – RENTAL INCOME UNDER OPERATING LEASES

The Organization sub-leases a portion of its office facilities to related parties within the County and nonrelated parties. The sub-lease expiration dates range from December 2023 to December 2026. Future minimum rental income relating to sub-leased property as of June 30, 2023, is as follows:

<u>Years Ending June 30</u>	
2024	\$ 172,578
2025	96,643
2026	<u>70,939</u>
Total	<u>\$ 340,160</u>

Rental income on all leases for the year ended June 30, 2023, was \$225,389, which includes utility and other administrative charges allocated proportionately to the sub-lessor based on square footage leased.

NOTE 7 – RETIREMENT PLAN

The Organization maintains a 457 Retirement Plan (the Plan) covering all active full-time employees. All full-time employees are eligible to participate in the Plan after completing a six-month introductory period. If an employee contributes a minimum of 3% of their salary, the Organization will contribute 6% of the employee’s compensation for the year. If an employee chooses to opt-out within the first 30 days of enrollment, the Organization will contribute 2% of the employee’s compensation for the year. The employer contribution for the year ended June 30, 2023, was \$69,410 and is included within employee benefits on the Statements of Activities and Functional Expenses.

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at June 30, 2023:

Net assets with donor restrictions:

Purpose restricted:

Wells Fargo Foundation - Basic Education & High School	
Equivalency Preparation for Adults	\$ 14,709
Wells Fargo Foundation - Veterans Assistance Project	528
Kaiser - Pathways to Careers	<u>64,343</u>
Total	<u>\$ 79,580</u>

NOTE 9 – CONTRACTS WITH CUSTOMERS

The following table provides a listing of revenue recognized from contracts with customers and disaggregated to show the nature, amount, and timing of those revenue categories at June 30, 2023:

California Department of Corrections and Rehab	\$ 32,057
Madera County Probation Department	24,244
Madera County Library	<u>9,548</u>
Total	<u>\$ 65,849</u>

See Independent Auditor’s Report.

NOTE 10 – CONTRACT ASSETS

Contract assets include contracts receivable primarily from the California Department of Corrections and Rehab and Madera County Probation Department. Contract assets were as follows:

	<u>6/30/2023</u>	<u>6/30/2022</u>
Contract assets:		
Contracts receivable	\$ 65,849	\$ 88,123

NOTE 11 – CONTINGENCIES, CONCENTRATIONS AND UNCERTAINTIES

Federal and State Grants

Amounts received from grant agencies are subject to audit and adjustment by grantor agencies, principally the state and federal governments. Any disallowed claims, including amounts already collected, may constitute a liability of the Organization. There are no pending audits or proposed adjustments currently.

Economic Dependency

Approximately 89% of the Organization’s total support and revenue is derived from state and federal grants. Grant and contract revenue for the year ended June 30, 2023 consisted of the following:

		<u>% of Total</u>
Programs:		
Workforce Innovation and Opportunity Act:		
Adult Program	\$ 903,947	32.91%
Youth Program	848,295	30.89%
Dislocated Worker Program	196,954	7.17%
Rapid Response	96,951	3.53%
Rapid Response Layoff Aversion	73,298	2.67%
Quest Disaster Recovery NDWG	24,070	0.88%
September Wildfire Temporary Job	261,139	9.51%
Fresno ESP	9,156	0.33%
Stanislaus WIOA Veap	19,414	0.71%
Subtotal	<u>2,433,224</u>	<u>88.60%</u>
MCDC Realignment Services	87,236	3.18%
MCDP Juvenile	39,453	1.44%
California Department of Correctional Rehabilitation	101,902	3.71%
Fresno EDA Good Jobs	31,957	1.16%
Reintegration of Ex-Offenders - Pathway Home	20,934	0.76%
Other Programs	<u>31,746</u>	<u>1.15%</u>
Total	<u>\$ 2,746,452</u>	<u>100%</u>

The Organization recognizes grant and contract revenue from related party organizations within the County for services performed under the terms of the grant or contract.

NOTE 12 – SUBSEQUENT EVENTS

Management has evaluated and concluded that there were no subsequent events that have occurred from June 30, 2023 through the date the financial statements were available to be issued at November 28, 2023 that would require disclosure or adjustment.

SUPPLEMENTARY INFORMATION

MADERA COUNTY WORKFORCE INVESTMENT CORPORATION | FOR THE YEAR ENDED JUNE 30, 2023

Schedule of Expenditures of Federal Awards

Federal Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing Number	Pass-through Grantor's Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF LABOR			
Workforce Innovation and Opportunity Act - Cluster:			
Passed through the State of California Employment Development Department Workforce Services Division:			
Title I-A: Workforce Innovation and Opportunity Act - Adult	17.258	201/202/500	* \$ 903,947
Title I-Y: Workforce Innovation and Opportunity Act - Youth	17.259	301/302	* 848,295
Title I-D: Workforce Innovation and Opportunity Act - Dislocated Workers	17.278	501/502	* 196,954
Dislocated Worker Discretionary - Rapid Response	17.278	540/541	* 96,951
Dislocated Worker Discretionary - Rapid Response Layoff Aversion	17.278	292/293	* 73,298
Governor's Discretionary - Quest Disaster Recovery NDWG	17.277	1262	* 24,070
Governor's Discretionary - 2020 September Wildfire Temporary Jobs	17.277	6002	* 261,139
Passed through Fresno Regional Workforce Development Board:			
Governor's Discretionary - Fresno ESP	17.258	n/a	* 9,156
Passed through Stanislaus Workforce Development Board:			
Governor's Discretionary - Stanislaus WIOA Veap Contract	17.258	n/a	* <u>19,414</u>
Total Workforce Innovation and Opportunity Act - Cluster			<u>2,433,224</u>
Other programs:			
Passed through Fresno EDC:			
Economic Development Administration - Good Jobs Challenge	11.307	n/a	31,957
Passed through GRID Alternatives:			
Reintegration of Ex-Offenders - Pathway Home	17.270	n/a	<u>20,934</u>
Total other programs			<u>52,891</u>
Total U.S. Department of Labor			<u>2,486,115</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 2,486,115</u>

* Denotes a major program per 2 CFR 200, Section 200.518 (b).

The accompanying notes are an integral part of this schedule.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of Madera County Workforce Investment Corporation (the Organization) 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 the Organization, it is not intended to, and does not present, the financial position, changes in net position, or cash flows of Madera County Workforce Investment Corporation.

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

Federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included in the schedule. Pass-through entity identifying numbers are presented where available.

Relationship to Financial Reports

Information included in the accompanying Schedule is in substantial agreement with the information reported in the related financial reports for major programs.

Subrecipients

The Organization does not pass through funds to subrecipients.

NOTE 2 – INDIRECT COSTS

The Organization has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

MADERA COUNTY WORKFORCE INVESTMENT CORPORATION | FOR THE YEAR ENDED JUNE 30, 2023

Schedule of Grant Expenses – Workforce Innovation and Opportunity Act

	Adult Program	Dislocated Workers Program	Youth Program	Rapid Response	Quest Disaster Recovery NDWG	September Wildfire Temp Job	Total
Salaries	\$ 407,349	\$ 95,757	\$ 424,182	\$ 118,081	\$ 4,497	\$ 41,038	\$ 1,090,904
Payroll taxes	38,473	8,193	42,416	10,403	393	3,725	103,603
Employee benefits	76,920	17,332	69,329	18,271	991	6,850	189,693
Materials and supplies	6,385	1,069	3,397	2,386	6	265	13,508
Overhead and operating expenses	170,364	29,428	110,212	21,108	929	13,955	345,996
Client program expenses	233,026	45,173	198,761	-	17,254	195,306	689,520
Total	\$ 932,517	\$ 196,952	\$ 848,297	\$ 170,249	\$ 24,070	\$ 261,139	\$ 2,433,224



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

To the Board of Directors of
Madera County Workforce Investment Corporation
Madera, 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 Madera County Workforce Investment Corporation (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 28, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Madera County 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 Madera County Workforce Investment Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of Madera County 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.

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fax 559.299.2344

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Madera County 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.



Clovis, California
November 28, 2023



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

To the Board of Directors of
Madera County Workforce Investment Corporation
Madera, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Madera County 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 Madera County Workforce Investment Corporation's major federal programs for the year ended June 30, 2023. Madera County Workforce Investment Corporation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Madera County 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 Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Madera County 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 Madera County 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 Madera County Workforce Investment Corporation's federal programs.

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Auditor's 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 Madera County 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 Madera County 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 Madera County 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 Madera County 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 Madera County 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 Auditor's 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 the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Price Price & Company

Clovis, California
November 28, 2023

FINDINGS AND QUESTIONED COSTS

SECTION I – SUMMARY OF AUDITOR’S RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified? _____ Yes X No
 Significant deficiencies identified -
 not considered to be material weaknesses? _____ Yes X None reported

Noncompliance material to financial statements noted? _____ Yes X No

FEDERAL AWARDS

Internal control over major programs:

Material weaknesses identified? _____ Yes X No
 Significant deficiencies identified that
 are not considered to be material weaknesses? _____ Yes X None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 Section 200.516(a)? _____ Yes X No

Identification of major programs:

Federal Assistance Listing Numbers	<u>Name of Federal Program or Cluster</u>
17.258, 17.259, 17.277, 17.278	Workforce Innovation and Opportunity Act Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? X Yes _____ No

MADERA COUNTY WORKFORCE INVESTMENT CORPORATION | FOR THE YEAR ENDED JUNE 30, 2023

Schedule of Findings and Questioned Costs

(Continued)

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III – FEDERAL AWARD FINDINGS

None reported.

FINANCIAL STATEMENT FINDINGS

None reported.

FEDERAL AWARD FINDINGS

None reported.