



*Reports of Independent Auditors and  
Financial Statements with  
Supplementary Information*

**Madera County Workforce  
Investment Corporation**

*June 30, 2021*

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## **Report of Independent Auditors**

To the Board of Directors  
Madera County Workforce Investment Corporation

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Madera County Workforce Investment Corporation, which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Madera County Workforce Investment Corporation as of June 30, 2021, 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.

**Other Matter**

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 18 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 on page 16, as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have issued our report dated September 30, 2021, 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, 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



Fresno, California  
September 30, 2021

## **Financial Statements**

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**Madera County Workforce Investment Corporation**  
**Statement of Financial Position**  
**June 30, 2021**

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**ASSETS**

CURRENT ASSETS

|                     |              |
|---------------------|--------------|
| Cash                | \$ 367,953   |
| Grants receivable   | 299,527      |
| Accounts receivable | 16,853       |
| Prepaid expenses    | <u>1,310</u> |

Total current assets 685,643

PROPERTY AND EQUIPMENT, net

22,742

Total assets \$ 708,385

**LIABILITIES AND NET ASSETS**

CURRENT LIABILITIES

|                                      |               |
|--------------------------------------|---------------|
| Accounts payable                     | \$ 86,092     |
| Accrued payroll and related expenses | <u>85,838</u> |

Total current liabilities 171,930

NET ASSETS

|                            |                |
|----------------------------|----------------|
| With donor restrictions    | 23,923         |
| Without donor restrictions | <u>512,532</u> |

Total net assets 536,455

Total liabilities and net assets \$ 708,385

**Madera County Workforce Investment Corporation**  
**Statement of Activities**  
**Year Ended June 30, 2021**

|   | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total             |
|---|-------------------------------|----------------------------|-------------------|
| <b>REVENUES, GAINS, AND OTHER SUPPORT</b> |                               |                            |                   |
| Grants and contracts                      | \$ 2,657,328                  | \$ 10,000                  | \$ 2,667,328      |
| Rental and other income                   | 183,876                       | -                          | 183,876           |
| Charges for services                      | 3,255                         | -                          | 3,255             |
|   | <u>2,844,459</u>              | <u>10,000</u>              | <u>2,854,459</u>  |
| Net assets released from restrictions     | <u>21,645</u>                 | <u>(21,645)</u>            | <u>-</u>          |
| Total revenues, gains, and other support  | <u>2,866,104</u>              | <u>(11,645)</u>            | <u>2,854,459</u>  |
| <b>EXPENSES</b>                           |                               |                            |                   |
| Program services                          | 2,678,973                     | -                          | 2,678,973         |
| Supporting services                       | 146,188                       | -                          | 146,188           |
| Total expenses                            | <u>2,825,161</u>              | <u>-</u>                   | <u>2,825,161</u>  |
| CHANGE IN NET ASSETS                      | 40,943                        | (11,645)                   | 29,298            |
| NET ASSETS, beginning of year             | <u>471,589</u>                | <u>35,568</u>              | <u>507,157</u>    |
| NET ASSETS, end of year                   | <u>\$ 512,532</u>             | <u>\$ 23,923</u>           | <u>\$ 536,455</u> |

**Madera County Workforce Investment Corporation**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2021**

|                                 | Program Services                                     |  |   |                      |                              |                   | Supporting<br>Services | Total<br>Expenses |
|---------------------------------|--|--|---|----------------------|------------------------------|-------------------|------------------------|-------------------|
|                                 | Workforce<br>Innovation<br>and<br>Opportunity<br>Act | Madera<br>County Department<br>of Corrections<br>Realignment<br>Services | State Prison<br>to Employment<br>(P2E) Services | Foundation<br>Grants | Total<br>Program<br>Services |                   |                        |                   |
| Salaries                        | \$ 1,188,067   | \$ 32,344  | \$ 47,292                                       | \$ -                 | \$ 1,267,703                 | \$ 16,826         | \$ 1,284,529           |                   |
| Payroll taxes                   | 105,082  | 2,899  | 4,462   | -                    | 112,443                      | 1,403             | 113,846                |                   |
| Employee benefits               | 176,727  | 4,648  | 7,534   | -                    | 188,909                      | 1,800             | 190,709                |                   |
| Materials and supplies          | 19,798   | 114  | 305   | 1,899                | 22,116                       | 9,741             | 31,857                 |                   |
| Overhead and operating expenses | 388,588  | 8,750  | 12,588  | -                    | 409,926                      | 116,418           | 526,344                |                   |
| Client program expenses         | 641,282  | -  | 16,848  | 19,746               | 677,876                      | -                 | 677,876                |                   |
|                                 | <u>\$ 2,519,544</u>                                  | <u>\$ 48,755</u>   | <u>\$ 89,029</u>                                | <u>\$ 21,645</u>     | <u>\$ 2,678,973</u>          | <u>\$ 146,188</u> | <u>\$ 2,825,161</u>    |                   |



**Madera County Workforce Investment Corporation**  
**Statement of Cash Flows**  
**Year Ended June 30, 2021**

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|  |                          |
|--|--------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES   |                          |
| Change in net assets   | \$ 29,298                |
| Adjustment to reconcile change in net assets to net cash<br>from operating activities: |                          |
| Depreciation   | 22,033                   |
| Changes in operating assets and liabilities:   |                          |
| Grants receivable  | (141,291)                |
| Accounts receivable  | (5,119)                  |
| Prepaid expenses   | 1,907                    |
| Accounts payable   | 35,763                   |
| Accrued payroll and related expenses   | <u>(8,012)</u>           |
| Net cash from operating activities   | <u>(65,421)</u>          |
| CASH FLOWS FROM INVESTING ACTIVITIES   |                          |
| Purchase of property and equipment   | <u>(1,789)</u>           |
| Net change in cash and cash equivalents  | (67,210)                 |
| CASH AND CASH EQUIVALENTS, beginning of year   | <u>435,163</u>           |
| CASH AND CASH EQUIVALENTS, end of year   | <u><u>\$ 367,953</u></u> |

# Madera County Workforce Investment Corporation

## Notes to Financial Statements

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

**Nature of activities** – 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.

**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.

**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 without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires, restricted net assets are reclassified to net assets without donor restrictions.

**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 WIOA 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.

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

# Madera County Workforce Investment Corporation

## Notes to Financial Statements

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**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.

**Concentration of credit risk** – Accounts at each financial institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2021, there was uninsured cash balance of approximately \$136,000.

**Grants 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.

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, 2021. All accounts receivable are noninterest bearing.

**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.

**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.

**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 is 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 to 10 years |
| Office and computer equipment | 3 to 5 years  |

**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.

# Madera County Workforce Investment Corporation

## Notes to Financial Statements

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**Uncertain tax positions** – The Organization recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. The Organization does not believe its financial statements include any uncertain tax positions.

**Subsequent events** – Subsequent events are events or transactions that occur after the statement of financial position date, but before financial statements were available to be issued. The Organization recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing the financial statements. The Organization’s financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position, but arose after the statement of financial position date and before financial statements were available to be issued.

The Organization has evaluated subsequent events through September 30, 2021, which is the date the financial statements were available to be issued.

### NOTE 2 – GRANTS RECEIVABLE

The following grants receivable from funding sources were due to the Organization as of June 30, 2021:

|  |            | % of Total |
|--|------------|------------|
| State of California, Employment Development Department | \$ 288,662 | 96.37%     |
| Other receivables                                      | 10,865     | 3.63%      |
|  | \$ 299,527 | 100%       |

### NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment, net consisted of the following at June 30, 2021:

|                                |            |  |
|--------------------------------|------------|--|
| Computer equipment             | \$ 149,116 |  |
| Office equipment               | 20,226     |  |
| Furniture and fixtures         | 550        |  |
|                                | 169,892    |  |
| Less: accumulated depreciation | (147,150)  |  |
|                                | \$ 22,742  |  |

The Organization incurred \$22,033 in depreciation expense for the year ended June 30, 2021, which is included in the statements of activities and functional expenses.

**Madera County Workforce Investment Corporation**  
**Notes to Financial Statements**

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**NOTE 4 – OBLIGATIONS UNDER OPERATING LEASES**

The Organization leases office space and office equipment under operating leases, which require certain minimum monthly rental payments. The leases vary in terms and expire between October 2022 and December 2026.

The future minimum rental payments as of June 30, 2021, are as follows:

| <u>Year Ending June 30,</u> |                            |
|-----------------------------|----------------------------|
| 2022                        | \$ 216,468                 |
| 2023                        | 220,311                    |
| 2024                        | 224,718                    |
| 2025                        | 229,212                    |
| 2026                        | 233,796                    |
| Thereafter                  | <u>118,055</u>             |
|                             | <u><u>\$ 1,242,560</u></u> |

Total rent expense included in the statements of activities and functional expenses for the year ended June 30, 2021 was \$213,853.

**NOTE 5 – 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 sublease expiration dates range from June 2022 to December 2023. Future minimum rental income relating to subleased property as of June 30, 2021, is as follows:

| <u>Year Ending June 30,</u> |                          |
|-----------------------------|--------------------------|
| 2022                        | \$ 135,243               |
| 2023                        | 77,342                   |
| 2024                        | <u>15,753</u>            |
|                             | <u><u>\$ 228,338</u></u> |

Rental income on all leases for the year ending June 30, 2021, was \$165,330, which includes utility and other administrative charges allocated proportionately to the sub-lessor based on square footage leased.

**Madera County Workforce Investment Corporation**  
**Notes to Financial Statements**

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**NOTE 6 – 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, 2021, was \$73,328 and is included within employee benefits on the statements of activities and functional expenses.

**NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consisted of the following at June 30, 2021:

|  |                  |
|--|------------------|
| Wells Fargo Foundation – Basic Education & High School<br>Equivalency Preparation for Adults | \$ 22,528        |
| Wells Fargo Foundation – Veterans Assistance Project   | 869              |
| Wells Fargo Foundation – Resources for Single Female Parent<br>NonWorking Households         | <u>526</u>       |
|  | <u>\$ 23,923</u> |

**NOTE 8 – 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.

# Madera County Workforce Investment Corporation

## Notes to Financial Statements

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### ***Economic Dependency***

Approximately 93% 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, 2021, consisted of the following:

|  |                     | <u>% of Total</u> |
|--|---------------------|-------------------|
| Programs                                     |                     |                   |
| Workforce Innovation and Opportunity Act:    |                     |                   |
| Adult Program                                | \$ 1,177,514        | 44.15%            |
| Dislocated Worker Program                    | 350,323             | 13.13%            |
| Youth Program                                | 918,564             | 34.44%            |
| COVID-19 Employment Recovery NDWG            | 70,816              | 2.65%             |
| Reintegration of Ex-Offenders – Pathway Home | <u>2,327</u>        | <u>0.09%</u>      |
|  | 2,519,544           | 94.46%            |
| <br>   |                     |                   |
| MCDC Realignment Services                    | 48,755              | 1.83%             |
| San Joaquin P2E IDS/SSEL                     | 89,029              | 3.34%             |
| Foundational Grants                          | <u>10,000</u>       | <u>0.37%</u>      |
|  | <u>\$ 2,667,328</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.

### ***Impact from Coronavirus Outbreak***

The World Health Organization declared the novel coronavirus outbreak a public health emergency. The Organization's operations are located in Madera, California, which has issued shelter-in-place restrictions and restricted gatherings of people due to the coronavirus outbreak. Given the dynamic nature of these circumstances and business disruption, the Organization anticipates a significant short-term impact. The Organization will continue to monitor the situation closely, but given the uncertainty of the situation, an estimate of the impact to the financial statements cannot be made at this time.

**Madera County Workforce Investment Corporation**  
**Notes to Financial Statements**

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**NOTE 9 – LIQUIDITY AND FUNDS AVAILABLE**

The following table reflects the Organization's financial assets as of June 30, 2021, 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, 2021:

|  |                          |
|--|--------------------------|
| Cash   | \$ 367,953               |
| Grants receivable  | 299,527                  |
| Accounts receivable  | <u>16,853</u>            |
| Financial assets, at June 30, 2021   | 684,333                  |
| Less: those unavailable for general expenditure within one year                        | <u>-</u>                 |
| Financial assets available to meet cash needs for general expenditures within one year | <u><u>\$ 684,333</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, 2021, because the restrictions on the net assets are expected to be met by conducting the normal activities of the programs in the upcoming year.



## **Supplementary Information**

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**Madera County Workforce Investment Corporation**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2021**

| Pass-Through Grantor/Federal Grantor/Program Title  | Federal Assistance Listing Number | Pass-Through Grantor's Identifying Number | Federal Expenditures       |
|---|-----------------------------------|---|----------------------------|
| Workforce Innovation and Opportunity Act – Cluster  |                                   |   |                            |
| U.S. Department of Labor  |                                   |   |                            |
| Passed through State of California Employment Development                                   |                                   |   |                            |
| Department Workforce Services Division:   |                                   |   |                            |
| Workforce Innovation and Opportunity Act – Adult  | 17.258                            | 201/202/500                               | \$ 930,700                 |
| Governor's Discretionary – Disability Employment Accelerator                                | 17.258                            | 1172                                      | 139,164                    |
| Governor's Discretionary – ELL Pathways to Careers  | 17.258                            | 1206                                      | 107,650                    |
| Workforce Innovation and Opportunity Act – Youth  | 17.259                            | 301                                       | 918,564                    |
| Workforce Innovation and Opportunity Act – Dislocated Worker                                | 17.278                            | 501/502                                   | 191,602                    |
| Dislocated Worker Rapid Response  | 17.278                            | 540/541                                   | 100,795                    |
| Dislocated Worker Rapid Response Layoff Aversion  | 17.278                            | 292/293                                   | 42,526                     |
| COVID-19 Dislocated Worker Rapid Response – Underserved COVID-19 Impacted Individuals Grant | 17.278                            | 1187                                      | <u>15,400</u>              |
| Total Workforce Innovation and Opportunity Act – Cluster                                    |                                   |   | 2,446,401                  |
| Other programs  |                                   |   |                            |
| U.S. Department of Labor  |                                   |   |                            |
| Passed through State of California Employment Development                                   |                                   |   |                            |
| Department Workforce Services Division:   |                                   |   |                            |
| COVID-19 Governor's Discretionary – COVID-19 Employment Recovery NDWG                       | 17.277                            | 1187                                      | 70,816                     |
| Passed through GRID Alternatives  |                                   |   |                            |
| Reintegration of Ex-Offenders – Pathway Home  | 17.270                            | n/a                                       | <u>2,327</u>               |
| Total expenditures of federal awards  |                                   |   | <u><u>\$ 2,519,544</u></u> |

**Madera County Workforce Investment Corporation**  
**Notes to Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2021**

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**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, 2021. 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**

**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**  
**Schedule of Grant Expenses – Workforce Innovation and Opportunity Act**  
**Year Ended June 30, 2021**

|                                 | Adult<br>Program    | Dislocated<br>Workers<br>Program | Youth<br>Program  | COVID-19<br>Employment<br>Recovery NDWG | Reintegration of<br>Ex-Offenders –<br>Pathway Home | Total               |
|---------------------------------|---------------------|----------------------------------|-------------------|---|--|---------------------|
| Salaries                        | \$ 546,020          | \$ 185,071                       | \$ 432,804        | \$ 22,666                               | \$ 1,506   | \$ 1,188,067        |
| Payroll taxes                   | 47,168              | 18,577                           | 37,279            | 1,936                                   | 122  | 105,082             |
| Employee benefits               | 80,189              | 30,663                           | 62,150            | 3,471                                   | 254  | 176,727             |
| Materials and supplies          | 8,353               | 4,701                            | 6,614             | 129                                     | 1  | 19,798              |
| Overhead and operating expenses | 183,845             | 59,832                           | 136,380           | 8,087                                   | 444  | 388,588             |
| Client program expenses         | 311,939             | 51,479                           | 243,337           | 34,527                                  | -  | 641,282             |
|                                 | <u>\$ 1,177,514</u> | <u>\$ 350,323</u>                | <u>\$ 918,564</u> | <u>\$ 70,816</u>                        | <u>\$ 2,327</u>                                    | <u>\$ 2,519,544</u> |

## **Single Audit Reports**

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## **Report of Independent Auditors 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  
Madera County Workforce Investment Corporation

We have audited, 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, the financial statements of Madera County Workforce Investment Corporation, which comprise the statement of financial position as of June 30, 2021, 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 September 30, 2021.

### **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 combination of deficiencies, in internal control, such that there is a reasonable probability that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether 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 Madera County Workforce Investment Corporation’s internal control or on compliance. This 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 and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, appearing to be 'M. Allen' followed by a stylized flourish.

Fresno, California  
September 30, 2021

# **Report of Independent Auditors on Compliance for the Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance**

To the Board of Directors  
Madera County Workforce Investment Corporation

## **Report on Compliance for the Major Federal Program**

We have audited Madera County Workforce Investment Corporation's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Madera County Workforce Investment Corporation's major federal program for the year ended June 30, 2021. Madera County Workforce Investment Corporation's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### ***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for Madera County Workforce Investment Corporation's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Madera County Workforce Investment Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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



**Opinion on the Major Federal Program**

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 its major federal program for the year ended June 30, 2021.

**Report on Internal Control over Compliance**

Management of Madera County Workforce Investment Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Madera County Workforce Investment Corporation’s internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Madera County Workforce Investment Corporation’s internal control over compliance.

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

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

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

A handwritten signature in black ink, appearing to be 'M. Allen' followed by a stylized flourish.

Fresno, California  
September 30, 2021

**Madera County Workforce Investment Corporation**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2021**

**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?  Yes  No

Significant deficiency(ies) identified?  Yes  None reported

Noncompliance material to financial statements noted?  Yes  No

**Federal Awards**

Internal control over major federal programs:

Material weakness(es) identified?  Yes  No

Significant deficiency(ies) identified?  Yes  None reported

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

**Identification of Major Federal Programs**

| <i>Assistance Listing Number</i> | <i>Name of Federal Program/Cluster</i>           | <i>Type of Auditor's Report Issued on Compliance for</i> |
|----------------------------------|--|--|
| Various                          | Workforce Innovation and Opportunity Act Cluster | Unmodified   |

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

Auditee qualified as "low-risk auditee"?  Yes  No

**Section II - Financial Statement Findings**

None reported.

**Section III - Federal Award Findings and Questioned Costs**

None reported.

