

**HEARTLAND WORKFORCE
INVESTMENT BOARD, INC.
DBA: CAREERSOURCE HEARTLAND**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2019

**HEARTLAND WORKFORCE INVESTMENT BOARD, INC.
DBA: CAREERSOURCE HEARTLAND
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2019**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENT OF FINANCIAL POSITION	3
STATEMENT OF ACTIVITIES	4
STATEMENT OF FUNCTIONAL EXPENSES	5
STATEMENT OF CASH FLOWS	6
NOTES TO FINANCIAL STATEMENTS	7
SUPPLEMENTARY INFORMATION	
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	14
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	16
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	17
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	19
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	21



CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

Board of Directors
Heartland Workforce Investment Board, Inc.
dba: CareerSource Heartland
Sebring, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Heartland Workforce Investment Board, Inc., dba: CareerSource Heartland (CareerSource Heartland), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 auditors' 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.

Board of Directors
Heartland Workforce Investment Board, Inc.
dba: CareerSource Heartland

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Heartland Workforce Investment Board, Inc. dba: CareerSource Heartland as of June 30, 2019, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information – Schedule of Expenditures of Federal Awards

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The 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 information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 3, 2019, on our consideration of CareerSource Heartland'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 CareerSource Heartland'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 CareerSource Heartland's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Sebring, Florida
October 3, 2019

HEARTLAND WORKFORCE INVESTMENT BOARD, INC.
DBA: CAREERSOURCE HEARTLAND
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 414,760
Grants and Accounts Receivable	22,548
Prepaid Expenses	56,710
Total Current Assets	<u>494,018</u>

FIXED ASSETS

Computer Equipment and Furniture	26,187
Less: Accumulated Depreciation	<u>(22,015)</u>
Net Fixed Assets	4,172

OTHER ASSETS

Refundable Deposits	<u>23,901</u>
---------------------	---------------

Total Assets	<u><u>\$ 522,091</u></u>
--------------	--------------------------

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$ 260,452
Accrued Expenses	78,168
Deferred Revenue	<u>216,456</u>
Total Current Liabilities	<u>555,076</u>

Total Liabilities	555,076
-------------------	---------

NET ASSETS

Without Donor Restrictions:	
Undesignated	<u>(32,985)</u>

Total Liabilities and Net Assets	<u><u>\$ 522,091</u></u>
----------------------------------	--------------------------

See accompanying Notes to Financial Statements.

**HEARTLAND WORKFORCE INVESTMENT BOARD, INC.
DBA: CAREERSOURCE HEARTLAND
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019**

REVENUE

Federal Grants	\$ 3,168,231
Interest	129
Other Revenue	<u>6,237</u>
Total Unrestricted Revenue	3,174,597

EXPENSES

Program Services	2,905,807
Administration	<u>263,088</u>
Total Expenses	<u>3,168,895</u>

CHANGE IN NET ASSETS

5,702

Net Assets - Beginning of Year

(38,687)

NET ASSETS - END OF YEAR

\$ (32,985)

See accompanying Notes to Financial Statements.

HEARTLAND WORKFORCE INVESTMENT BOARD, INC.
DBA: CAREERSOURCE HEARTLAND
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2019

	Program Services	<u>Support Services</u> Management and General	Total
Salaries and Wages	\$ 1,164,778	152,356	\$ 1,317,134
Grants to Organizations	579,522	-	579,522
Other Employee Benefits	314,432	27,218	341,650
Occupancy	297,383	9,577	306,960
Grants to Individuals	171,030	-	171,030
Information Technology	101,859	6,045	107,904
Payroll Taxes	87,922	11,028	98,950
Office Expense	65,641	5,879	71,520
Travel	37,068	892	37,960
Other Service Fees	14,493	17,606	32,099
Staff Development and Background Screenings	22,088	2,225	24,313
Accounting Services	-	23,800	23,800
Retirement Expenses	20,143	2,209	22,352
Insurance	14,742	2,413	17,155
Transportation and Support Services	10,822	-	10,822
Dues and Subscriptions	2,379	573	2,952
Advertising and Promotion	1,505	143	1,648
Depreciation	-	1,124	1,124
	<u>\$ 2,905,807</u>	<u>\$ 263,088</u>	<u>\$ 3,168,895</u>
Total Expenses	<u>\$ 2,905,807</u>	<u>\$ 263,088</u>	<u>\$ 3,168,895</u>

See accompanying Notes to Financial Statements.

**HEARTLAND WORKFORCE INVESTMENT BOARD, INC.
DBA: CAREERSOURCE HEARTLAND
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2019**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ 5,702
Adjustments to Reconcile Change in Net Assets to	
Net Cash Provided by Operating Activities:	
Depreciation	1,124
(Increase) Decrease in Assets:	
Grants and Accounts Receivables	10,236
Refundable Deposits	23
Prepaid Expenses	(17,443)
Increase (Decrease) in Liabilities:	
Accounts Payable	112,092
Accrued Expenses	(6,608)
Deferred Revenue	(22,896)
Net Cash Provided by Operating Activities	<u>82,230</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS

82,230

Cash and Cash Equivalents - Beginning of Year

332,530

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 414,760

See accompanying Notes to Financial Statements.

HEARTLAND WORKFORCE INVESTMENT BOARD, INC.
DBA: CAREERSOURCE HEARTLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Heartland Workforce Investment Board, Inc., dba: CareerSource Heartland (CareerSource Heartland) is a nonprofit organization under the state of Florida Not-for-Profit Corporation Act and is exempt from income taxes according to the provisions of Section 501(c)(3) of the Internal Revenue Code (IRC). In addition, CareerSource Heartland qualifies for the charitable contribution deduction and has been classified as an organization that is not a private foundation.

The Governor of Florida has designated the four county area of DeSoto, Hardee, Highlands, and Okeechobee as a Local Workforce Development Area (LWDA) for the purpose of serving as a jurisdiction for the administration of workforce development activities designed to increase individuals' employment and earning potential, such as job-search and placement assistance, career information, training and other job preparation efforts, and the execution of Workforce Innovation and Opportunity Act (WIOA) adult, dislocated worker, and youth funds. This designation resulted in the Boards of County Commissioners (BOCC) of the four counties entering into an inter-local agreement to establish a multi-jurisdictional arrangement for the purpose of obtaining grant recipient and subgrant recipient designation. The agreement is administered through the Heartland Workforce Investment Consortium (Consortium), which is comprised of a County Commissioner representative of each BOCC. The four commissioners comprise the CareerSource Heartland Executive Board.

The Consortium's inter-local agreement provides for the appointment of the board members of the Local Workforce Development Board as required under laws enacted by federal and state legislators. It also allows for the Consortium's Executive Board to provide oversight of the CareerSource Heartland board of directors and its programs and operations.

The state of Florida is a recipient of several federal grant programs through the United States Departments of Labor, Agriculture, and Health and Human Services. As authorized by the state of Florida, the Consortium's Executive Board has designated CareerSource Heartland as the subrecipient for these grant programs within LWDA 19.

The primary objective of these programs is to establish methods to prepare youth and unskilled adults for entry into the labor force, to afford job training to economically disadvantaged individuals and to those facing serious barriers to employment, all done to assist them in reaching self-sufficiency. Workforce development support and skills enhancement training is also provided to employed workers, through a business-focused and demand-driven approach, to enhance the productivity and retention capability of our local businesses. Another objective is to provide for programs that allow individuals to move from welfare to work. To assist in the accomplishment of these purposes, CareerSource Heartland contracts with various organizations which provide educational and training services.

HEARTLAND WORKFORCE INVESTMENT BOARD, INC.
DBA: CAREERSOURCE HEARTLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Organization (Continued)

CareerSource Heartland develops, plans, monitors, and administrates the following grants and programs:

- Wagner Peyser
- Disabled Veterans' Outreach Program
- Local Veterans' Employment Representative Program
- Trade Adjustment Assistance
- Unemployment Insurance
- Workforce Innovation and Opportunity Act – Adult, Youth, and Dislocated Worker
- Supplemental Nutrition Assistance Program
- Temporary Assistance for Needy Families

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Financial Statement Presentation and Accounting for Contributions

The accompanying financial statements include all funds and activities over which the board of directors of CareerSource Heartland has oversight and financial responsibility.

CareerSource Heartland prepares its financial statements in accordance Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (ASC) 958, *Not-for-Profit Entities*.

Net Assets

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

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Revenues from grant programs are reported as increases in net assets without restrictions because the related restrictions are satisfied in the period in which the support is recognized.

HEARTLAND WORKFORCE INVESTMENT BOARD, INC.
DBA: CAREERSOURCE HEARTLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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

Net Assets (Continued)

Contributions and other assets received by CareerSource Heartland would be recorded as support and revenue with donor restrictions, or without donor restrictions depending on the existence or nature of any donor-imposed restrictions.

Concentration of Grants

CareerSource Heartland receives substantially all its support in the form of grants from the United States Departments of Labor and Health and Human Services through the state of Florida Department of Economic Opportunity.

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.

Cash and Cash Equivalents

CareerSource Heartland considers all highly liquid investments, such as money market accounts, to be cash equivalents provided that they are both readily convertible to cash and had an original maturity of three months or less when purchased.

Fixed Assets

All acquisitions of computer equipment and furniture in excess of \$5,000 are capitalized. Such assets are carried at cost or if donated, at the estimated fair value at the date of donation. Depreciation is provided over the estimated useful life of the respective assets on a straight-line basis. The estimated useful lives are five years for computer equipment and seven years for furniture.

Federal Income Taxes

CareerSource Heartland follows the provisions of FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*. No adjustments were necessary as a result of this implementation as there are no positions for which it is reasonably possible that tax benefits and or burdens would significantly increase or decrease within 12 months of the reporting date.

Accrued Paid Leave

It is CareerSource Heartland's policy to allow employees upon separation of employment, other than for cause, to be compensated up to 240 hours of accrued leave at their regular hourly rate of pay, conditional upon availability of funding. CareerSource Heartland's liability for compensated absences of their employees was \$57,672, which is included in accrued expenses as of June 30, 2019.

HEARTLAND WORKFORCE INVESTMENT BOARD, INC.
DBA: CAREERSOURCE HEARTLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Advertising

CareerSource Heartland uses advertising to promote its programs among the audiences it serves. All advertising costs are expensed as incurred. Advertising expense for the year ended June 30, 2019 was \$1,648.

Grant Revenue

Grant funds are to be used only for specific purposes as defined by the applicable federal grant programs. Funds received in excess of allowable expenditures are to be either returned to the grantor agency or expended in subsequent years on the related programs.

Grant revenue is recognized on the accrual basis (the period in which the related expenditures are recognized). Grant receipts in excess of expenditures are deferred to the following period.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Subsequent Events

Management has performed an analysis of the activities and transactions subsequent to June 30, 2019 to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended June 30, 2019. Management has performed their analysis through October 3, 2019, the date the financial statements were available to be issued.

Change in Accounting Principle

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. CareerSource Heartland has implemented ASU 2016-14.

HEARTLAND WORKFORCE INVESTMENT BOARD, INC.
DBA: CAREERSOURCE HEARTLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 2 LIQUIDITY AND AVAILABILITY

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

Cash and Cash Equivalents	\$ 414,760
Accounts Receivable	22,548
Total	<u>\$ 437,308</u>

CareerSource Heartland has \$437,308 of financial assets available within one year of the statement of financial position date, consisting of cash and cash equivalents and accounts receivable. None of these assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date. The Department of Economic Opportunity allows CareerSource Heartland to request cash draws approximate to amounts necessary for pending disbursements for two weeks cash needs.

NOTE 3 CONCENTRATION OF CREDIT RISK

CareerSource Heartland maintains its cash balances with a single financial institution. Cash balances are collateralized as public funds through a state procedure provided for in Chapter 280, Florida Statutes. Financial institutions qualifying as public depositories are required to pledge eligible collateral having a market value equal to or greater than the average daily or monthly balance of all public deposits times the depository's collateral pledging level. The Public Deposit Security Trust Fund has a procedure to allocate and recover losses in the event of a default or insolvency. When public deposits are made in accordance with Chapter 280, no public depositor shall be liable for any loss thereof.

NOTE 4 INDIRECT COSTS

All direct costs that can be identified as benefiting a specific funding source are allocated directly. Shared costs (indirect costs) that cannot be identified specifically with only one cost objective are allocated based on the modified total direct costs for each funding source multiplied by the indirect cost rate approved by the state of Florida Department of Economic Opportunity.

HEARTLAND WORKFORCE INVESTMENT BOARD, INC.
DBA: CAREERSOURCE HEARTLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 5 EMPLOYEE BENEFITS

CareerSource Heartland has established a salary deferral plan under Section 401(k) of the IRC. The plan allows eligible employees to defer a portion of their compensation ranging from 1% to 75%. Such deferrals accumulate on a tax-deferred basis until the employee withdraws the funds. CareerSource Heartland is required to match a portion of the employee's contribution. For the year ended June 30, 2019, the rate of CareerSource Heartland's match was 100%, not to exceed 5% of each employee's compensation. Total expense recorded for CareerSource Heartland's match was \$22,352 for the year ended June 30, 2019.

NOTE 6 OPERATING LEASES

CareerSource Heartland leases office space and office equipment under operating leases with varying terms through 2023. Under the terms of the leases, CareerSource Heartland is generally responsible for insurance, repairs, and maintenance costs. Lease expense under all operating leases for the year ended June 30, 2019 was \$281,010 and is recognized on the straight-line basis. The following is a schedule by years of future minimum lease payments under noncancellable leases at June 30, 2019:

<u>Year Ending June 30,</u>	<u>Amount</u>
2020	\$ 282,913
2021	114,887
2022	67,124
2023	22,536
2024	661
Total	<u>\$ 488,121</u>

NOTE 7 RELATED PARTY TRANSACTIONS

In accordance with applicable regulations, CareerSource Heartland's board of directors includes representatives of private and public sector industries. During the fiscal year ended June 30, 2019, CareerSource Heartland entered into contracts with certain private and public sector industries, with which certain board members are associated, for the purpose of providing services to participants. Total payments for providing services to participants during the year ended June 30, 2019 were approximately \$619,549 and accounts payable at June 30, 2019 were \$236,996.

NOTE 8 COMMITMENTS AND CONTINGENCIES

CareerSource Heartland receives substantially all its support from the federal and state governments in the form of grants. A significant reduction in the level of this support, if this were to occur, may have a significant effect on CareerSource Heartland's programs and activities.

**HEARTLAND WORKFORCE INVESTMENT BOARD, INC.
DBA: CAREERSOURCE HEARTLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 8 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Government grants require the fulfillment of certain conditions as set forth in applicable laws, rules and regulations, and in the grant agreements. Failure to fulfill the conditions could result in the return of the funds to the grantor. Management believes such disallowances, if any, would not be material.

HEARTLAND WORKFORCE INVESTMENT BOARD, INC.
DBA: CAREERSOURCE HEARTLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2019

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
United States Department of Labor:				
Passed through the State of Florida, Department of Economic Opportunity:				
Employment Service Cluster:				
Wagner Peyser	17.207	33824		\$ 82,922
Wagner Peyser	17.207	037456		28,675
Wagner Peyser Performance Incentives	17.207	37315		17,578
Veterans Program - Consolidated	17.801	35394		8,376
Veterans Program - Consolidated	17.801	037840		6,822
Total Employment Service Cluster				144,373
Trade Adjustment Assistance				
Trade Adjustment Assistance - Case Management	17.245	36552		98
Trade Adjustment Assistance - Training	17.245	34614		210
Trade Adjustment Assistance - Training	17.245	37637		210
Total Trade Adjustment Assistance				518
Unemployment Insurance:				
Reemployment Assistance Program	17.225	037713		14,551
Total Unemployment Insurance				14,551
Workforce Innovation and Opportunity Act Cluster:				
WIOA Adult	17.258	33669		432,253
Emerging Initiative - Manufacturing	17.258	36009		22,725
WIOA Rural Initiatives	17.258	037401		37,500
Soft Skills	17.258	037936		1,948
Supplemental WIOA State Level	17.258	33644		25,159
WIOA Youth	17.259	33419	\$ 436,867	641,183
WIOA Youth	17.259	037293	137,795	167,790
Emerging Initiative - Manufacturing	17.259	36009		22,725
WIOA Rural Initiatives	17.259	037401		37,500
Soft Skills	17.259	037936		1,948
Supplemental WIOA State Level	17.259	33644		25,159
WIOA Dislocated Worker	17.278	33694		433,002
Emerging Initiative - Manufacturing	17.278	36009		27,857
WIOA Performance Incentives	17.278	037533		138,254
WIOA Rural Initiatives	17.278	037401		50,000
Soft Skills	17.278	037936		2,007
Supplemental WIOA State Level	17.278	33644		33,545
Total Workforce Innovation and Opportunity Act Cluster			574,662	2,100,555
Total United States Department of Labor			574,662	2,259,997

HEARTLAND WORKFORCE INVESTMENT BOARD, INC.
DBA: CAREERSOURCE HEARTLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title (Continued)	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
United States Department of Agriculture:				
Passed through the State of Florida, Department of Economic Opportunity:				
Supplemental Nutrition Assistance Program Cluster				
Supplemental Nutrition Assistance Program	10.561	34884		\$ 58,943
Supplemental Nutrition Assistance Program	10.561	037584		161,756
Total Supplemental Nutrition Assistance Program Cluster				<u>220,699</u>
Total United States Department of Agriculture				220,699
United States Department of Health and Human Services:				
Passed through the State of Florida, Department of Economic Opportunity:				
Temporary Assistance for Needy Families Cluster:				
Welfare Transition Program	93.558	037424		146,884
Welfare Transition Program	93.558	037615		540,651
Total Temporary Assistance for Needy Families Cluster				<u>687,535</u>
Total United States Department of Health and Human Services				<u>687,535</u>
Total Federal Awards			\$ 574,662	\$ <u>3,168,231</u>

HEARTLAND WORKFORCE INVESTMENT BOARD, INC.
DBA: CAREERSOURCE HEARTLAND
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2019

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (SEFA) includes the federal award activity of Heartland Workforce Investment Board, Inc., dba: CareerSource Heartland (CareerSource Heartland) under programs of the federal government for the year ended June 30, 2019. The information in this SEFA is presented in accordance with the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a selected portion of the operations of CareerSource Heartland, it is not intended to and does not present the financial position, changes in net assets, or cash flows of CareerSource Heartland.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the SEFA 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.

NOTE 3 INDIRECT COST RATE

CareerSource Heartland has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 4 RECONCILIATION TO SUBRECIPIENT ENTERPRISE RESOURCE APPLICATION SYSTEM

The audit included a test of CareerSource Heartland's reconciliation of its financial statements to the Subrecipient Enterprise Resource Application (SERA) system. The reconciliation was done in a satisfactory manner.



CliftonLarsonAllen LLP
CLAconnect.com

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

Board of Directors
Heartland Workforce Investment Board, Inc.
dba: CareerSource Heartland
Sebring, Florida

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 Heartland Workforce Investment Board, Inc., dba: CareerSource Heartland (CareerSource Heartland), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 3, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered CareerSource Heartland's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of CareerSource Heartland's internal control. Accordingly, we do not express an opinion on the effectiveness of CareerSource Heartland's internal control.

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

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

Board of Directors
Heartland Workforce Investment Board, Inc.
dba: CareerSource Heartland

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Sebring, Florida
October 3, 2019



CliftonLarsonAllen LLP
CLAconnect.com

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

Board of Directors
Heartland Workforce Investment Board, Inc.
dba: CareerSource Heartland
Sebring, Florida

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of CareerSource Heartland's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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); and special audit guidance provided by the Florida Department of Economic Opportunity. 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 CareerSource Heartland's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of CareerSource Heartland's compliance.

Board of Directors
Heartland Workforce Investment Board, Inc.
dba: CareerSource Heartland

Opinion on Each Major Federal Program

In our opinion, CareerSource Heartland complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

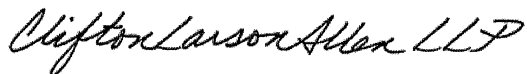
Report on Internal Control Over Compliance

Management of CareerSource Heartland 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 CareerSource Heartland's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of CareerSource Heartland'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 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 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.



CliftonLarsonAllen LLP

Sebring, Florida
October 3, 2019

**HEARTLAND WORKFORCE INVESTMENT BOARD, INC.
DBA: CAREERSOURCE HEARTLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2019**

Section I – Summary of Auditors' Results

Financial Statements

1. Type of auditors' report issued: Unmodified
2. Internal control over financial reporting:
 - Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? _____ yes x none reported
3. Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

1. Internal control over major federal programs:
 - Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? _____ yes x none reported
2. Type of auditors' report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes x no

Identification of Major Federal Programs

CFDA Number(s)	Name of Federal Program or Cluster
17.258, 17.259 and 17.278	Workforce Innovation and Opportunity Act (WIOA) Cluster
Dollar threshold used to distinguish between Type A and Type B programs:	\$ <u>750,000</u>
Auditee qualified as low-risk auditee?	<u> x </u> yes <u> </u> no

HEARTLAND WORKFORCE INVESTMENT BOARD, INC.
DBA: CAREERSOURCE HEARTLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Section III – Findings and Questioned Costs – Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).