

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

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

**HEARTLAND WORKFORCE INVESTMENT BOARD, INC.
 DBA: CAREERSOURCE HEARTLAND
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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

We have audited the accompanying financial statements of Heartland Workforce Investment Board, Inc., dba: CareerSource Heartland (the 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 accompanying financial statements present fairly, in all material respects, the financial position of the Organization, as of June 30, 2023, and the changes in 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 Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1(1) to the financial statements, effective July 1, 2022, the Organization adopted new accounting guidance for leases. There was no effect on beginning net assets. Our opinion is not modified with respect to this matter.

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 the Organization's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' report that includes our opinions. 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 GAAS 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 GAAS, 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 the Organization'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 the Organization'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.

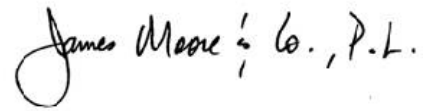
Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) 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 October 17, 2023, on our consideration of the Organization'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 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 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 the Organization's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large initial 'J'.

Daytona Beach, Florida
October 17, 2023

HEARTLAND WORKFORCE INVESTMENT BOARD, INC.
DBA: CAREERSOURCE HEARTLAND
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023

ASSETS

Current assets	
Cash and cash equivalents	\$ 163,388
Grants and accounts receivable	107,477
Prepaid expenses	57,289
Total current assets	328,154
Noncurrent assets	
Fixed assets	
Computer equipment and furniture	26,187
Accumulated depreciation	(26,187)
Net fixed assets	-
Refundable deposits	23,901
Total noncurrent assets	23,901
Operating lease right of use asset, net	1,767,890
Total Assets	\$ 2,119,945

LIABILITIES AND NET ASSETS

Current liabilities	
Accounts payable	\$ 148,210
Accrued expenses	74,124
Deferred revenue	142,936
Current portion of operating lease liability	142,968
Total current liabilities	508,238
Long-term liability, less current portion	1,624,922
Total Liabilities	2,133,160
Net assets (deficit)	
Without donor restrictions	
Undesignated	(13,215)
Total Net Assets	(13,215)
Total Liabilities and Net Assets	\$ 2,119,945

The accompanying notes to the financial statements
are an integral part of this statement.

**HEARTLAND WORKFORCE INVESTMENT BOARD, INC.
DBA: CAREERSOURCE HEARTLAND
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

Support and Revenue

Grants:	
Federal	\$ 3,337,322
Interest	156
Other revenue	3,514
Total support and revenue	<u>3,340,992</u>

Expenses

Program services	3,074,612
Administration	266,674
Total expenses	<u>3,341,286</u>

Change in net assets without donor restrictions	<u>(294)</u>
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Net assets (deficit) without donor restrictions, beginning of year	(12,921)
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Net assets (deficit) without donor restrictions, end of year	<u><u>\$ (13,215)</u></u>
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The accompanying notes to the financial statements
are an integral part of this statement.

HEARTLAND WORKFORCE INVESTMENT BOARD, INC.
DBA: CAREERSOURCE HEARTLAND
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Workforce Development</u>	<u>General and Administrative</u>	<u>Total</u>
Salaries and wages	\$ 1,189,108	\$ 144,514	\$ 1,333,622
Grants to organizations	552,191	-	552,191
Other employee benefits	321,561	30,129	351,690
Occupancy	272,203	7,887	280,090
Grants to individuals	308,124	-	308,124
Information technology	85,508	7,442	92,950
Payroll taxes	89,935	10,384	100,319
Office expense	38,578	2,635	41,213
Travel	20,252	1,593	21,845
Other service fees	117,786	19,048	136,834
Staff development and background screenings	10,893	7,250	18,143
Accounting services	-	25,200	25,200
Retirement	26,567	5,647	32,214
Insurance	19,740	3,383	23,123
Transportation and support services	17,536	-	17,536
Dues and subscriptions	4,630	621	5,251
Advertising and promotion	-	781	781
Depreciation	-	160	160
Total Expenses	<u>\$ 3,074,612</u>	<u>\$ 266,674</u>	<u>\$ 3,341,286</u>

The accompanying notes to the financial statements
are an integral part of this statement.

HEARTLAND WORKFORCE INVESTMENT BOARD, INC.
DBA: CAREERSOURCE HEARTLAND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

Cash flows from operating activities	
Change in net assets	\$ (294)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:	
Depreciation	160
Amortization of ROU asset	169,617
Increase (decrease) in assets:	
Grants and accounts receivable	(27,827)
Prepaid expenses	(24,816)
(Increase) decrease in liabilities:	
Accounts payable	53,531
Accrued expenses	7,043
Deferred revenue	(48,837)
Lease liabilities	<u>(169,617)</u>
Net cash provided by (used in) operating activities	<u>(41,040)</u>
Net increase (decrease) in cash and cash equivalents	<u>(41,040)</u>
Cash and cash equivalents, beginning of year	204,428
Cash and cash equivalents, end of year	<u><u>\$ 163,388</u></u>

The accompanying notes to the financial statements
are an integral part of this statement.

HEARTLAND WORKFORCE INVESTMENT BOARD, INC.
DBA: CAREERSOURCE HEARTLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

(1) **Summary of Significant Accounting Policies:**

The following is a summary of the more significant accounting policies of the Organization, which affect significant elements of the financial statements:

(a) **Reporting entity**—The Organization 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, the Organization 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 individual's 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 designates a County Commissioner representative for each BOCC. The four commissioners comprise the Organization's 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 Organization's board of directors and the organization's 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 the Organization 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 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, the Organization contracts with various organizations which provide educational and training services.

HEARTLAND WORKFORCE INVESTMENT BOARD, INC.
DBA: CAREERSOURCE HEARTLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

(1) **Summary of Significant Accounting Policies:** (Continued)

The Organization develops, plans, monitors, and administrates the following grants and programs:

- Local Veterans' Outreach Program
- Disabled Veterans' Outreach Program
- Supplemental Nutrition Assistance Program
- Temporary Assistance for Needy Families
- Wagner Peyser
- Workforce Innovation and Opportunity Act – Adult, Youth, and Dislocated Worker
- Workforce Innovation Act – National Emergency Grants
- Reemployment Services and Eligibility Assessments

(b) **Basis of accounting**—The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with the generally accepted in the United States of America.

(c) **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 the Organization has oversight and financial responsibility.

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

(d) **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

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. The organization report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. There are no net assets with donor restrictions as of June 30, 2023.

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 substantially met.

HEARTLAND WORKFORCE INVESTMENT BOARD, INC.
DBA: CAREERSOURCE HEARTLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

(1) **Summary of Significant Accounting Policies:** (Continued)

A significant portion of its revenue is derived from cost-reimbursable federal, state, and local contracts and grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. At June 30, 2023, \$142,936 have been received in advance and/or have not been recognized because qualifying expenditures have not yet been incurred under the organization’s federal, state, and local contracts and grants.

(e) **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 amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(f) **Fixed assets and depreciation**—Fixed Assets are defined by the Board as assets with an initial, individual cost of \$5,000 or more and an estimated useful life of more than one year. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated acquisition value at the date of the donation. The Federal Government has a reversionary interest in those assets purchased with its funds which have a cost of \$5,000 or more and an estimated useful life of at least one year. Depreciation of capital assets is computed using the straight-line method over estimated useful lives as follows:

Assets	Years
Furniture, Equipment, and Data Processing Equipment	3-5

(g) **Federal income taxes**— Income taxes are not provided for in the financial statements since the Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and similar state provisions. Management is not aware of any activities that would jeopardize the Consortium’s tax exempt status. The Organization is not aware of any tax positions it has taken that are subject to a significant degree of uncertainty. Tax years for the past three years remain subject to examination by taxing authorities.

(h) **Accrued paid leave**—It is the Organization’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. The Organization’s liability for compensated absences of their employees was \$74,124, which is included in accrued expenses as of June 30, 2023.

(i) **Advertising**—The Organization uses advertising to promote its programs among the audiences it serves. All advertising cost are expensed as incurred. For the year ended June 30, 2023, advertising expense was \$781.

HEARTLAND WORKFORCE INVESTMENT BOARD, INC.
DBA: CAREERSOURCE HEARTLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

(1) **Summary of Significant Accounting Policies:** (Continued)

(j) **Leases**—The Organization leases office equipment and commercial building space. The Organization determines if an arrangement is a lease at inception. Operating leases are reflected as an operating lease right-of-use (ROU) asset and operating lease liabilities on the Organization's statement of financial position. ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the Organization's leases do not provide an implicit rate, the Organization uses the risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The Organization's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants. In evaluating contracts to determine if they qualify as a lease, the Organization considers factors such as if it has obtained substantially all of the rights to the underlying asset through exclusivity, if it can direct the use of the asset by making decisions about how and for what purpose the asset will be used, and if the lessor has substantive substitution rights. This evaluation may require significant judgment. In allocating consideration in the contract to the separate lease components and the non-lease components, the Organization uses the standalone prices of the lease and non-lease components. Observable standalone prices are used, if available. If the standalone price for a component has a high level of variability or uncertainty, this allocation may require significant judgment.

(k) **Subsequent events**—Management has performed an analysis of the activities and transactions subsequent to June 30, 2023 to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended June 30, 2023. Management has performed their analysis through October 17, 2023, the date the financial statements were available to be issued.

(l) **Adoption of new accounting standards**—In February 2016, the Financial Accounting Standards Board (FASB) issued guidance (Accounting Standards Codification [ASC] 842, Leases) to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. The Organization adopted the standard effective July 1, 2022 and recognized and measured leases existing at, or entered into after, July 1, 2022 using a modified retrospective approach, with certain practical expedients available.

HEARTLAND WORKFORCE INVESTMENT BOARD, INC.
DBA: CAREERSOURCE HEARTLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

(1) **Summary of Significant Accounting Policies:** (Continued)

The Organization elected the available practical expedients to account for existing capital leases and operating leases as finance leases and operating leases, respectively, under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

As result of the adoption of the new lease accounting guidance, the Organization recognized on July 1, 2022 a right-of-use asset and a lease liability of \$1,937,507, which represents the present value of the remaining operating lease payments of \$2,413,984, discounted using a risk-free rate of 3.81%. The standard had a material impact on the Organization's statement of net position, but did not have an impact on the Organization's statement of activities, nor statements of cash flows. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases.

(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 the statement of financial position date, comprise the following:

Cash and Cash Equivalents	\$ 163,388
Accounts Receivable	<u>107,477</u>
Total	<u>\$ 270,865</u>

The organization has \$270,865 of financial assets available within one year of the statement of financial position date, consisting of cash and cash equivalent 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 Commerce allows the Organization to request cash draws approximate to amounts necessary for pending disbursements for two weeks of cash needs.

HEARTLAND WORKFORCE INVESTMENT BOARD, INC.
DBA: CAREERSOURCE HEARTLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

(3) **Concentration of Credit Risk and Significant Funding Source:**

(a) **Cash and cash equivalents**—As of June 30, 2023, the Organization had demand deposits with one financial institution of \$163,388. The Organization has no policy requiring collateral or other security to support its deposits, although all demand deposits with banks are federally insured up to FDIC limitations. The demand deposits with the financial institutions are insured up to \$250,000. At June 30, 2023, the Organization had no amounts in excess of FDIC coverage.

(b) **Grants and other receivables**—The Organization's receivables are for amounts due under contracts with the State of Florida and Federal government agencies. The Board has no policy requiring collateral or other security to support its receivables.

(c) **Significant funding source**—During the year ended June 30, 2023, the Organization received approximately 99.89%, of its funding from the United States Department of Labor, the United States Department of Health and Human Services, and the United States Department of Agriculture passed through the Department of Commerce. If a significant reduction in the level of this funding were to occur, it could have an adverse effect on the Organization's program and activities.

(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 modified total direct costs for each funding source multiplied by the indirect cost rate approved by the state of Florida Department of Commerce.

(5) **Employee Benefits:**

The Organization 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. The Organization is required to match a portion of the employee's contribution. For the year ended June 30, 2023, the rate of the Organization's match was 100%, not to exceed 5% of each employee's compensation. Total expense recorded for the Organization's match was \$32,214 for the year ended June 30, 2023.

(6) **Related Parties Transactions:**

In accordance with applicable regulations, the Organization's board of directors includes representatives of private and public sector industries. During the fiscal year ended June 30, 2023, the Organization entered into contracts with certain private and public sector industries, with which certain board members associated, for the purpose of providing services to participants. Contracts are negotiated at arm's length. During the year ended June 30, 2023, total payments for providing services to participants were approximately \$668,477 and accounts payable were \$133,096 at June 30, 2023.

HEARTLAND WORKFORCE INVESTMENT BOARD, INC.
DBA: CAREERSOURCE HEARTLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

(7) **Leases:**

The Organization has operating leases for office equipment (commercial copiers) and buildings, which have remaining lease terms expiring in fiscal years 2024 through 2035. The Organization had no finance leases for the year ended June 30, 2023.

The components of lease expense for the year ended June 30, 2023 were as follows:

Operating lease cost	\$ 239,733
	\$ 239,733

Other information related to leases for the year ended June 30, 2023 is as follows:

Cash paid for amounts included in the measurement of lease liabilities:

Operating cash flows from operating leases	\$ 239,733
Weighted-average remaining lease term—operating leases	11.34 years
Weighted-average discount rate—operating leases	3.81%

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

Year Ending June 30,	Operating
2024	\$ 207,188
2025	207,187
2026	207,188
2027	207,187
2028	168,188
Thereafter	1,177,313
Total undiscounted cash flows	2,174,251
Less: present value discount	(406,361)
Total lease liabilities	\$ 1,767,890

In addition to the above leases, the Organization entered in to two lease commitments subsequent to year-end. The leases are for copier machines as well as a new lease for office space for the Organization's Okeechobee location. These leases will begin in fiscal year 2024.

(8) **Risks and Uncertainties:**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal government and the State of Florida. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Organization expects such amounts, if any, to be immaterial.

COMPLIANCE SECTION

**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***

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the general fund of the Heartland Workforce Investment Board, Inc., (the Organization) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements, and have issued our report thereon dated October 17, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit, we considered the Organization'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

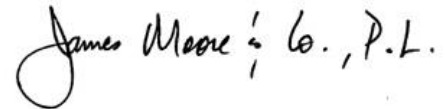
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization'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 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 "James Moore & Co., P.L." The signature is written in a cursive style with a large initial 'J'.

Daytona Beach, Florida
October 17, 2023

**HEARTLAND WORKFORCE INVESTMENT BOARD, INC.
DBA: CAREERSOURCE HEARTLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023**

Federal/State Grantor/Pass-Through Entity Federal/State Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identification Number	Federal Expenditures	Amount Provided to Subrecipients
FEDERAL AGENCY				
United States Department of Labor:				
Passed through the State of Florida, Department of Commerce:				
Employment Service Cluster:				
Wagner Peysner - PY2021	17.207	40442	\$ 5,364	\$ -
Wagner Peysner - PY2022	17.207	41606	23,447	-
Wagner Peysner - PY2022 Apprenticeship Navigator	17.207	41685	1,187	-
LVER Program - PY2021	17.801	40852	4,745	-
LVER Program - PY2022	17.801	41079	6,237	-
LVER Program - PY2022	17.801	42217	1,696	-
DVOP Program - PY2022	17.801	42348	4,325	-
Total Employment Service Cluster			<u>47,001</u>	<u>-</u>
Workforce innovation and Opportunity Act Cluster:				
WIOA Adult - PY2021	17.258	40179	550,495	-
WIOA Adult - PY2022	17.258	41527	64,039	-
WIOA Adult - PY2021 Rapid Response	17.258	40359	2,503	-
WIOA Adult - SFY22-23 WIOA Rural Initiatives	17.258	41475	80,500	-
WIOA Adult - PY2021 Get There Faster Low Income Returning Adult Learners	17.258	42331	11,026	-
WIOA Youth - PY2021	17.259	40068	539,778	523,054
WIOA Youth - PY2021 Rapid Response	17.259	40359	2,427	-
WIOA Youth - SFY22-23 WIOA Rural Initiatives	17.259	41475	78,000	-
WIOA Youth - PY2021 Get There Faster Low Income Returning Adult Learners	17.259	42331	10,692	-
WIOA Dislocated Worker - PY2021	17.278	40203	292,522	-
WIOA Dislocated Worker - PY2022	17.278	41551	33	-
WIOA Dislocated - PY2021 Rapid Response	17.278	40359	2,654	-
WIOA Dislocated - SFY22-23 WIOA Rural Initiatives	17.278	41475	91,500	-
WIOA Dislocated - PY2021 Get There Faster Low Income Returning Adult Learners	17.278	42331	11,694	-
Total Workforce Innovation and Opportunity Act Cluster			<u>1,737,863</u>	<u>523,054</u>
WIOA National Dislocated Worker Grants - Hurricane Ian				
	17.277	41887	129,164	-
Reemployment and Eligibility Assessments - PY2021				
	17.225	41205	11,418	-
Reemployment and Eligibility Assessments - PY2022				
	17.225	41948	7,269	-
Total Workforce Innovation and Opportunity Act Cluster			<u>18,687</u>	<u>-</u>
Total United States Department of Labor			<u>1,932,715</u>	<u>523,054</u>
U.S. Department of Agriculture:				
Passed through the State of Florida, Department of Commerce:				
Supplemental Nutrition Assistance Program Cluster:				
Supplemental Nutrition Assistance Program - PY2021	10.561	41340	54,507	-
Supplemental Nutrition Assistance Program - PY2021	10.561	41839	23,645	-
Supplemental Nutrition Assistance Program - PY2022	10.561	41973	369,994	-
Total U.S. Department of Agriculture and Supplemental Nutrition Assistance Program			<u>448,146</u>	<u>-</u>
U.S. Department of Health and Human Services:				
Passed through the State of Florida, Department of Commerce:				
Welfare Transition Program - PY2021				
	93.558	40741	149,922	-
Welfare Transition Program - PY2022				
	93.558	41503	299,855	-
Welfare Transition Program - PY2022				
	93.558	41918	506,684	29,137
Total U.S. Department of Health and Human Services			<u>956,461</u>	<u>29,137</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 3,337,322</u>	<u>\$ 552,191</u>

The accompanying notes to schedule of expenditures of federal awards are an integral part of this schedule.

HEARTLAND WORKFORCE INVESTMENT BOARD, INC.
DBA: CAREERSOURCE HEARTLAND
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023

(1) **Basis of Presentation:**

The accompanying Schedule of Expenditures of Federal Awards includes the Federal award activity of Heartland Workforce Investment Board, Inc. (the Organization) and is presented on the accrual basis of accounting. 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). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

(2) **Summary of Significant Accounting Policies:**

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

(3) **De Minimis Indirect Cost Rate Election:**

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

**HEARTLAND WORKFORCE INVESTMENT BOARD, INC.
DBA: CAREERSOURCE HEARTLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023**

I. Summary of Auditors' Results:

Financial Statements:

Type of audit report issued on the financial statements: *Unmodified*

Internal control over financial reporting:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards:

Internal control over major Federal programs:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified? _____ yes X none reported

Type of Auditors' report issued on compliance for major Federal programs: *Unmodified*

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:

Assistance Listing Number(s)	Program Name (s)
93.558	Welfare Transition Program (WTP)
Dollar threshold used to distinguish between type A and type B Federal programs:	\$750,000
Auditee qualified as low-risk auditee?	<u> X </u> yes _____ No

II. Financial Statement Findings: None.

III. Federal Awards Findings and Questioned Costs: None.

IV. State of Florida, Department of Commerce (DOC) Reporting Requirements: The Organization performed timely reconciliations between the general ledger accounting system and the Subrecipient Enterprise Resource Application maintained by DOC. Also, based on the DOC reporting requirements, there were no additional findings required to be reported in FY2023.

V. Federal Award Summary Schedule of Prior Year Findings: There were no audit findings for the year ended June 30, 2022.



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Heartland Workforce Investment Board, Inc.'s (the Organization) 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 the Organization's major federal programs for the year ended June 30, 2023. The Organization's major federal programs are identified in the summary of Auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the 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 (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (Government Auditing Standards); the special audit guidance provided by the State of Florida Department of Commerce and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization 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 the Organization'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 the Organization's federal programs.

Auditors' Responsibility

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 the Organization'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 GAAS, *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 the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards* and 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 the Organization'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 the Organization'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 the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

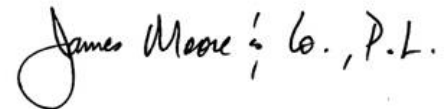
A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal

program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large initial 'J'.

Daytona Beach, Florida
October 17, 2023