

FOX VALLEY WORKFORCE DEVELOPMENT BOARD, INC.

**FINANCIAL STATEMENTS WITH
SUPPLEMENTARY INFORMATION**

June 30, 2020 and 2019

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Fox Valley Workforce Development Board, Inc.
Neenah, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of Fox Valley Workforce Development Board, Inc., which comprise the statements of financial position as of June 30, 2020 and 2019, the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Fox Valley Workforce Development Board, Inc. as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Adoption of New Accounting Guidance

As discussed in Note 1 to the financial statements, Fox Valley Workforce Development Board, Inc. adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, and all subsequently issued clarifying ASUs and ASU No. 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, as of July 1, 2019. Our opinion is not modified with respect to this matter.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the *State Single Audit Guidelines* and is not a required part of the financial statements. The accompanying DHS Cost Reimbursement Award Schedule is presented for purposes of additional analysis and is also 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 December 1, 2020 on our consideration of Fox Valley Workforce Development Board, Inc.'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 Fox Valley Workforce Development Board, Inc.'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 Fox Valley Workforce Development Board, Inc.'s internal control over financial reporting and compliance.



Wegner CPAs, LLP
Waukesha, Wisconsin
December 1, 2020

FOX VALLEY WORKFORCE DEVELOPMENT BOARD, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2020 and 2019

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash	\$ 33,665	\$ 152,275
Accounts receivable, net	136,228	16,764
Grants receivable	104,957	220,017
Prepaid expenses	22,214	18,158
	<u>297,064</u>	<u>407,214</u>
Total current assets	297,064	407,214
Property and equipment, net	5,447	17,623
	<u>5,447</u>	<u>17,623</u>
Total assets	<u><u>\$ 302,511</u></u>	<u><u>\$ 424,837</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 28,536	\$ 56,361
Accrued payroll and related expenses	35,581	36,836
Refundable advances	57,558	58,599
	<u>121,675</u>	<u>151,796</u>
Total liabilities	121,675	151,796
NET ASSETS		
Without donor restrictions	180,836	273,041
	<u>180,836</u>	<u>273,041</u>
Total liabilities and net assets	<u><u>\$ 302,511</u></u>	<u><u>\$ 424,837</u></u>

See accompanying notes.

FOX VALLEY WORKFORCE DEVELOPMENT BOARD, INC.
STATEMENTS OF ACTIVITIES
Years Ended June 30, 2020 and 2019

	2020	2019
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
REVENUES AND GAINS		
Grants	\$ 1,610,595	\$ 2,230,729
Paycheck Protection Program	58,000	-
Rental revenue	-	7,121
Fees for services	178,940	343,799
Miscellaneous income	2,250	17,433
Gain on sale of property and equipment	-	283,694
	<u>1,849,785</u>	<u>2,882,776</u>
Total revenues and gains without donor restrictions	1,849,785	2,882,776
EXPENSES AND LOSSES		
Employment and training	1,611,972	2,222,546
Management and general	321,220	440,744
	<u>1,933,192</u>	<u>2,663,290</u>
Total expenses	1,933,192	2,663,290
Loss on disposal of property and equipment	8,798	-
	<u>1,941,990</u>	<u>2,663,290</u>
Total expenses and losses	1,941,990	2,663,290
Change in net assets	(92,205)	219,486
Net assets at beginning of year	<u>273,041</u>	<u>53,555</u>
Net assets at end of year	<u><u>\$ 180,836</u></u>	<u><u>\$ 273,041</u></u>

See accompanying notes.

FOX VALLEY WORKFORCE DEVELOPMENT BOARD, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended June 30, 2020 and 2019

	2020			2019		
	Employment and Training	Management and General	Total Expenses	Employment and Training	Management and General	Total Expenses
Salaries	\$ 239,373	\$ 133,656	\$ 373,029	\$ 334,954	\$ 109,826	\$ 444,780
Payroll taxes	20,125	8,877	29,002	25,580	8,072	33,652
Retirement plan	10,929	4,904	15,833	14,606	3,737	18,343
Other benefits	1,235	20,038	21,273	20,593	2,497	23,090
Participants and support	572,299	-	572,299	467,432	-	467,432
Occupancy	62,198	11,920	74,118	96,744	43,797	140,541
Travel	15,486	1,167	16,653	19,503	874	20,377
Conferences	3,117	892	4,009	1,846	78	1,924
Supplies	26,246	2,423	28,669	28,407	10,391	38,798
Contracted services	50,079	7,320	57,399	291,062	92,484	383,546
Professional fees	13,435	106,319	119,754	169	114,384	114,553
Telephone	4,755	3,190	7,945	10,092	2,151	12,243
Printing and postage	3,993	1,557	5,550	3,061	176	3,237
Advertising	10	84	94	2,236	58	2,294
Depreciation	-	3,378	3,378	-	34,706	34,706
Other	12,408	15,495	27,903	7,592	17,513	25,105
Grants to subrecipients	576,284	-	576,284	898,669	-	898,669
Total expenses	\$ 1,611,972	\$ 321,220	\$ 1,933,192	\$ 2,222,546	\$ 440,744	\$ 2,663,290

See accompanying notes.

FOX VALLEY WORKFORCE DEVELOPMENT BOARD, INC.
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (92,205)	\$ 219,486
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	3,378	34,706
Bad debts	8,607	-
Gain on sale of property and equipment	-	(283,694)
Loss on disposal of property and equipment	8,798	-
(Increase) decrease in assets		
Accounts receivable	(128,071)	(15,072)
Grants receivable	115,060	154,123
Prepaid expenses	(4,056)	(15,330)
Security deposits	-	1,579
Increase (decrease) in liabilities		
Accounts payable	(27,825)	(90,344)
Accrued payroll and related expenses	(1,255)	(18,419)
Refundable advances	(1,041)	7,418
Net cash flows from operating activities	(118,610)	(5,547)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	-	(7,149)
Proceeds from sale of property and equipment	-	737,782
Net cash flows from investing activities	-	730,633
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on note payable	-	(580,940)
Change in cash	(118,610)	144,146
Cash at beginning of year	152,275	8,129
Cash at end of year	<u>\$ 33,665</u>	<u>\$ 152,275</u>
SUPPLEMENTAL DISCLOSURES		
Cash paid for interest	\$ -	\$ 25,859

See accompanying notes.

FOX VALLEY WORKFORCE DEVELOPMENT BOARD, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Fox Valley Workforce Development Board, Inc. (FVWDB) was organized as a nonprofit corporation in 1983. FVWDB prepares youth, dislocated workers, and unskilled adults for entry into the workforce and provides economically disadvantaged individuals and others facing barriers to employment with job training in Calumet, Fond du Lac, Green Lake, Waupaca, Waushara and Winnebago counties in Wisconsin. FVWDB also provides services to businesses and community-based organizations.

Accounts Receivable

Accounts receivable primarily represent amounts that have been billed consist of fees for services provided by FVWDB. Accounts receivable are reported at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual amounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivables. As of June 30, 2020, the allowance was accounts receivable are reported net of an allowance for doubtful accounts of \$8,607. As of June 30, 2019, management has determined that all amounts are fully collectible and no allowance for doubtful accounts is necessary.

Property and Equipment

Purchases of property and equipment in excess of \$5,000 are capitalized. Depreciation is computed using the straight-line method. Certain equipment has been purchased with grant funds from the Wisconsin Department of Workforce Development (DWD). FVWDB owns equipment acquired with grant funds while used in the programs for which they were purchased or in other future authorized programs. However, DWD has a reversionary interest in those assets. Their disposition, as well as any proceeds, is subject to DWD regulations.

Grants

FVWDB receives grants from government agencies and others that are conditioned upon FVWDB incurring qualifying expenses. Revenue from these grants is generally recognized on a reimbursement basis, that is, when qualifying expenses are incurred by FVWDB, both a receivable from the grantor agency and revenue are recorded. Grants are also generally restricted by the grantor for a specified purpose. Grants whose conditions and restrictions are met in the same reporting period that the revenue is recognized are reported as increases in net assets without donor restrictions.

FOX VALLEY WORKFORCE DEVELOPMENT BOARD, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Paycheck Protection Program Loan

FVWDB's received a loan under the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief, and Economic Security Act and administered by the U.S. Small Business Administration. The loan will be fully forgiven if the funds are used for payroll costs, rent, and utilities. FVWDB's expects to meet the PPP's eligibility criteria and believes the loan is, in substance, a grant that is expected to be forgiven. FVWDB's recognizes amounts expected to be forgiven as revenue when it incurs qualifying expenses.

Fees for Services

FVWDB provides services and training advancing the employment goals of people with disabilities. These services include employment and benefits counseling services to people with disabilities who are considering or pursuing employment. FVWDB also offers consultation, training and technical assistance to employers, human service professionals, disability advocates, government agencies, and the public regarding disability and employment issues. FVWDB provides these services primarily under contracts with government agencies and other institutions. Revenue from these services is recognized at the point in time when FVWDB provides the particular service. FVWDB also generally bills the government agency or employer at this time.

Expense Allocation

The financial statements report certain categories of expenses that are attributable to more than one program service or supporting activity. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. All expenses except for participants and support, printing and postage, professional fees, contracted services, depreciation, and grants to sunrecipients are allocated on the basis of estimates of time and effort.

The following program services and supporting activities are included in the accompanying financial statements:

Employment and training—Help prepare youth and unskilled adults for entry into the workforce. Also, provide job training to economically disadvantaged individuals and others facing barriers to employment.

Management and general—Includes the costs necessary to ensure proper administrative functioning of the board of directors, manage the financial and budgetary responsibilities of the development board, and perform other administrative tasks.

Adoption of New Accounting Guidance

On May 28, 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The ASU and all subsequently issued clarifying ASUs supersedes the revenue recognition requirements and most industry-specific guidance in U.S. generally accepted accounting principles. The core principle of the new guidance is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the

FOX VALLEY WORKFORCE DEVELOPMENT BOARD, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

consideration to which the entity expects to be entitled in exchange for those goods or services. The new guidance also includes a cohesive set of disclosure requirements that will provide users of the financial statements with comprehensive information about the nature, amount, timing, and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

FVWDB adopted the requirements of the new guidance as of July 1, 2019, using the modified retrospective method of transition. In applying the new guidance, FVWDB elected to use the practical expedient that allows the guidance to be applied only to contracts that were not complete as of July 1, 2019.

The majority of FVWDB's revenue is recognized at a point in time based on the transfer of control. Revenue recognized over time primarily consists of performance obligations that are satisfied within one year or less. In addition, the majority of FVWDB's contracts do not contain variable consideration and contract modifications are generally minimal.

The adoption of the new guidance did not have a significant impact on FVWDB's financial statements. The majority of FVWDB's revenue arrangements generally consist of a single performance obligation to transfer promised goods or services. Based on FVWDB's evaluation process and review of its contracts with customers, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under the new guidance.

Also, on June 21, 2018, the FASB issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU provides a more robust framework for evaluating whether transactions such as grants and similar contracts with government agencies and others should be accounted for as exchange transactions (that is, revenue from contracts with customers) or contributions. The ASU also assists entities in determining whether a contribution is conditional. FVWDB adopted the requirements of the ASU as of July 1, 2019. The changes in the ASU have been applied on a modified prospective basis, that is, the changes have been applied to agreements that are either not completed as of July 1, 2019, or entered into after that date. As a result, most government grants accounted for as exchange transactions under previous guidance are now accounted for as conditional contributions.

Income Tax Status

FVWDB is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, FVWDB qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2). However, income from certain activities not directly related to FVWDB's tax-exempt purpose is subject to taxation as unrelated business income.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

FOX VALLEY WORKFORCE DEVELOPMENT BOARD, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Date of Management's Review

Management has evaluated subsequent events through December 1, 2020, the date which the financial statements were available to be issued.

Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

NOTE 2—RETIREMENT PLAN

FVWDB sponsors a 401(k)-retirement plan. Employees who have three months of service and are at least 21 years of age are eligible to participate in the plan. The following employees are excluded from the Plan: Non-resident aliens, leased employees, union, temp/seasonal (teacher program), employees in paid training role. Employer contributions are determined at the discretion of the board of directors and vest with the employee over three years.

NOTE 3—ECONOMIC DEPENDENCY

FVWDB receives approximately 80% of its support from DWD.

NOTE 4—PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	<u>2020</u>	<u>2019</u>
Leasehold improvements	\$ 37,316	\$ 76,029
Equipment	<u>77,163</u>	<u>77,163</u>
Property and equipment	114,479	153,192
Less accumulated depreciation	<u>109,032</u>	<u>135,569</u>
Property and equipment, net	<u><u>\$ 5,447</u></u>	<u><u>\$ 17,623</u></u>

NOTE 5—DEBT

FVWDB had a note that required monthly payments of \$3,885, including principal and interest at a rate of 5%, and a final balloon payment due in August 2019. The note was secured by a real estate mortgage. This note was paid off upon the sale of the building and land in April 2019.

FVWDB has a \$50,000 line of credit with the State Bank of Chilton through June 9, 2021. The interest rate is prime plus 1.00% (currently 3.25%) and is reviewed annually. There was no activity on the credit line during the years ended June 30, 2020 and 2019.

FOX VALLEY WORKFORCE DEVELOPMENT BOARD, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 6—LEASES

FVWDB leases office space on a month-to-month or annual basis at various job centers for operation of its programs. It has seven fixed term lease agreements. Two require monthly payments of \$520 and \$512, respectively, and expire in June 2022 with options to extend for one year. Another requires monthly payments of \$1,155 expiring June 2020 and includes three one-year renewal options to extend. One lease with monthly payments of \$3,753 concluded in September 2020. Another lease has monthly payments of \$2,326 and expired on June 2020; however, it is being continued on a month-to-month basis. One lease had payments of \$270 until March 2020 that increased to \$278 for the subsequent months before expiring on June 2020. The final lease requires monthly payments of \$570. It expires June 2020 and will automatically renew for one year.

Rent expense for the years ended June 30, 2020 and 2019 was \$74,065 and \$97,855, respectively.

Future minimum lease payments for years ended June 30 are:

2021	\$	36,544
2022		12,627

NOTE 7—LIQUIDITY AND AVAILABILITY

FVWDB's financial assets available within one year of the dates of the statements of financial position for general expenditures are as follows:

	<u>2020</u>	<u>2019</u>
Cash	\$ 33,665	\$ 152,275
Accounts receivable, net	136,228	16,764
Grants receivable	<u>104,957</u>	<u>220,017</u>
	<u>\$ 274,850</u>	<u>\$ 389,056</u>

As part of FVWDB's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As further discussed in Note 6, FVWDB has a line of credit that it can draw upon when cash is needed to meet current obligations.

NOTE 8—CONDITIONAL GRANTS

FVWDB has several grants that are conditioned upon FVWDB incurring qualifying expenses under the grant programs. At June 30, 2020, these conditional grants total approximately \$972,000. These conditional grants will be recognized as revenue when the respective conditions are met in future years.

FOX VALLEY WORKFORCE DEVELOPMENT BOARD, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
Year Ended June 30, 2020

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Provided to Subrecipients</u>	<u>Total Federal Expenditures</u>
WIOA Cluster				
Department of Labor				
Wisconsin Department of Workforce Development— WIOA Adult Program	17.258	3787, 3789	\$ 119,377	\$ 356,889
Wisconsin Department of Workforce Development— WIOA Youth Activities	17.259	3787, 3788	235,485	375,532
Wisconsin Department of Workforce Development— WIOA Dislocated Worker Formula Grants	17.278	3787, 3790, 3795	126,392	303,652
Wisconsin Department of Workforce Development— WIOA Adult Program—COVID19	17.258	3851	-	1,540
Wisconsin Department of Workforce Development— WIOA Youth Activities—COVID19	17.259	3851	-	1,540
Wisconsin Department of Workforce Development— WIOA Dislocated Worker Formula Grants—COVID19	17.278	3851	-	1,540
Total WIOA Cluster			481,254	1,040,693
Other Programs				
Department of Labor				
Wisconsin Department of Health Services—Senior Community Service Employment Program	17.235	560410	-	145,216
Wisconsin Department of Workforce Development— H-1B Job Training Grants	17.268	3852	-	57,936
Wisconsin Department of Workforce Development— WIOA National Dislocated Worker Grants / WIA National Emergency Grants	17.277	3837	7,583	79,999
Total expenditures of federal awards			<u>\$ 488,837</u>	<u>\$ 1,323,844</u>
<u>State Grantor/Program</u>		<u>State Identifying Number</u>	<u>Provided to Subrecipients</u>	<u>Total State Expenditures</u>
Wisconsin Department of Workforce Development Fast Forward		445.109	<u>\$ -</u>	<u>\$ 127,882</u>

See accompanying notes to schedule of expenditures federal and state awards.

FOX VALLEY WORKFORCE DEVELOPMENT BOARD, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
Year Ended June 30, 2020

NOTE 1—BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and state awards (the "Schedule") includes the federal and state award activity of Fox Valley Workforce Development Board, Inc. under programs of the federal government and state agencies for the year ended June 30, 2020. 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), and the *State Single Audit Guidelines*. Because the Schedule presents only a selected portion of the operations of Fox Valley Workforce Development Board, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Fox Valley Workforce Development Board, Inc.

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3—INDIRECT COST RATE

Fox Valley Workforce Development Board, Inc. has elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

FOX VALLEY WORKFORCE DEVELOPMENT BOARD, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Years Ended June 30, 2020

There were no prior audit findings.

FOX VALLEY WORKFORCE DEVELOPMENT BOARD, INC.
DHS COST REIMBURSEMENT AWARD SCHEDULE
TITLE V-SCSEP: SENIOR COMMUNITY SERVICE EMPLOYMENT PROGRAM
Year Ended June 30, 2020

DHS identification number	CARS 560410
Award amount	\$220,297
Award period	7/1/19-6/30/20
Period of award within audit period	<u>7/1/19-6/30/20</u>
A. Expenditures reported to DHS or revenue received	\$ 151,575
B. Total operating costs of award	
1 Employee Salaries and Wages	117,409
2 Employee Fringe Benefits	7,481
3 Payroll Taxes	8,914
4 Rent or Occupancy	2,672
5 Professional Services	6,776
6 Employee Travel	3,611
7 Conferences, Meetings or Education	43
8 Employee Licenses and Dues	321
9 Supplies	670
10 Telephone	453
11 Postage and Shipping	54
12 Insurance	771
13 Other	<u>2,400</u>
Total operating costs of award	151,575
C. Less disallowed costs	-
D. Less program revenue and other offsets to costs	<u>-</u>
E. Total allowable costs	<u><u>\$ 151,575</u></u>

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

To the Board of Directors
Fox Valley Workforce Development Board, Inc.
Neenah, Wisconsin

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 Fox Valley Workforce Development Board, Inc., which comprise the statement of financial position as of June 30, 2020, 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 December 1, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Fox Valley Workforce Development Board, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Fox Valley Workforce Development Board, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Fox Valley Workforce Development Board, Inc.'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.

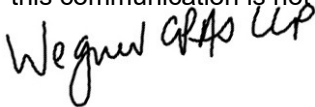
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Fox Valley Workforce Development Board, Inc.'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 "Wegner CPAs LLP". The signature is written in a cursive, flowing style.

Wegner CPAs, LLP
Waukesha, Wisconsin
December 1, 2020

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR MAJOR FEDERAL PROGRAM AND
MAJOR STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
THE UNIFORM GUIDANCE AND THE *STATE SINGLE AUDIT GUIDELINES*

To the Board of Directors
Fox Valley Workforce Development Board, Inc.
Neenah, Wisconsin

Report on Compliance for Major Federal Program and Major State Program

We have audited Fox Valley Workforce Development Board, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *State Single Audit Guidelines* (the *Guidelines*) that could have a direct and material effect on Fox Valley Workforce Development Board, Inc.'s major federal program and its major state program for the year ended June 30, 2020. Fox Valley Workforce Development Board, Inc.'s major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Fox Valley Workforce Development Board, Inc.'s major federal program and its major state program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 the *Guidelines*. Those standards, the Uniform Guidance, and the *Guidelines* 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 or major state program occurred. An audit includes examining, on a test basis, evidence about Fox Valley Workforce Development Board, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program and the major state program. However, our audit does not provide a legal determination of Fox Valley Workforce Development Board, Inc.'s compliance.

Opinion on Major Federal Program and Major State Program

In our opinion, Fox Valley Workforce Development Board, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program and its major state program for the year ended June 30, 2020.

Report on Internal Control Over Compliance

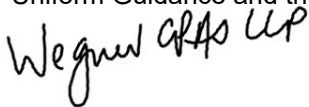
Management of Fox Valley Workforce Development Board, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements

referred to above. In planning and performing our audit of compliance, we considered Fox Valley Workforce Development Board, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program and its major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its major federal program and its major state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and the *Guidelines*, 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 Fox Valley Workforce Development Board, Inc.'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 or state 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 or state 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 or state 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 and the *Guidelines*. Accordingly, this report is not suitable for any other purpose.



Wegner CPAs, LLP
Waukesha, Wisconsin
December 1, 2020

FOX VALLEY WORKFORCE DEVELOPMENT BOARD, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2020

Section I—Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major federal program:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None reported
Type of auditor's report issued on compliance for major federal program:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of major federal program:

Federal Assistance Listing Number(s)	Name of Federal Program or Cluster
17.258, 17.259, 17.278	WIOA Cluster

Dollar threshold used to distinguish between type A and type B programs:	\$ 750,000
Auditee qualified as low-risk auditee?	Yes

Section II—Financial Statement Findings

No matters were reported.

Section III—Federal and State Award Findings and Questioned Costs

No matters were reported.

FOX VALLEY WORKFORCE DEVELOPMENT BOARD, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2020

Section IV—Other Issues

Does the auditor's report or the notes to the financial statements include disclosure with regard to substantial doubt as to the auditee's ability to continue as a going concern?

No

Does the audit report show audit issues (i.e., material non-compliance, non-material non-compliance, questioned costs, material weakness, significant deficiency, management letter comment, excess revenue, or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with the *State Single Audit Guidelines* :

Department of Corrections

No

Department of Health Services

No

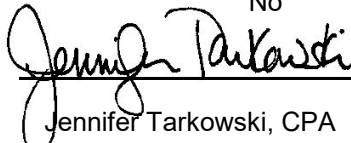
Department of Workforce Development

No

Was a management letter or other document conveying audit comments issued as a result of this audit?

No

Name and signature of partner


Jennifer Tarkowski, CPA

Date of report

December 1, 2020