

*Financial Report*

*The Work Connection, Inc.*

*Houma, Louisiana*

*June 30, 2020*

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*Houma, Louisiana*

*June 30, 2020*

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June 30, 2020 and 2019

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**FINANCIAL SECTION**

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors,  
The Work Connection, Inc.,  
Houma, Louisiana.

We have audited the accompanying financial statements of The Work Connection, Inc. (the "Organization"), a nonprofit organization, 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.

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

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 error or fraud. In making those risk assessments, the auditor considers internal control relevant to the Organization'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 Organization'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 financial statement presentation.

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 the Organization as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Other Matters**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information of the schedule of compensation, benefits and other payments to agency head or chief executive officer for the year ended June 30, 2020 is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Such information is the responsibility of management and was derived from and related 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.

## **Report on Summarized Comparative Information**

We have previously audited the Organization's 2019 financial statements, and our report dated December 23, 2019, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2020, 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.



Certified Public Accountants.

Houma, Louisiana,  
December 21, 2020.

**STATEMENT OF FINANCIAL POSITION****The Work Connection, Inc.**  
Houma, LouisianaJune 30, 2020 and 2019  
(with comparative totals for 2019)

	<u>2020</u>	<u>2019</u>
<b>Assets</b>		
Cash	\$ 20,228	\$ 20,425
Grants receivable	72,113	47,313
Miscellaneous receivable	1,621	1,534
Long-term receivable	7,595	8,833
Property and equipment, net	<u>29,168</u>	<u>41,044</u>
Total assets	<u>\$ 130,725</u>	<u>\$ 119,149</u>
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 47,717	\$ 22,920
Compensated absences payable	<u>7,595</u>	<u>8,833</u>
Total liabilities	<u>55,312</u>	<u>31,753</u>
<b>Net Assets</b>		
Without donor restrictions	46,245	46,352
With donor restrictions	<u>29,168</u>	<u>41,044</u>
Total net assets	<u>75,413</u>	<u>87,396</u>
Total liabilities and net assets	<u>\$ 130,725</u>	<u>\$ 119,149</u>

See notes to financial statements.

**STATEMENT OF ACTIVITIES**

**The Work Connection, Inc.**  
Houma, Louisiana

For the year ended June 30, 2020  
(with comparative totals for 2019)

	2020		2019 Totals
	Without Donor Restrictions	With Donor Restrictions	
<b>Revenues, Gains, and Other Support</b>			
Government grants	\$ 1,282,694	\$ -	\$ 1,282,694
Net assets released from restrictions:			
Satisfaction of use restrictions	11,876	(11,876)	-
	<u>1,294,570</u>	<u>(11,876)</u>	<u>1,282,694</u>
Total revenues, gains, and other support			<u>1,340,767</u>
<b>Expenses</b>			
Program services:			
Adult	708,425	-	708,425
Dislocated workers	318,249	-	318,249
Youth	267,896	-	267,896
STEP	-	-	-
Hearts	107	-	107
	<u>1,294,677</u>	<u>-</u>	<u>1,294,677</u>
Total expenses			<u>1,361,219</u>
<b>Decrease in Net Assets</b>	(107)	(11,876)	(11,983)
<b>Net Assets</b>			
Beginning of year	<u>46,352</u>	<u>41,044</u>	<u>87,396</u>
End of year	<u>\$ 46,245</u>	<u>\$29,168</u>	<u>\$ 87,396</u>

See notes to financial statements.



**STATEMENT OF FUNCTIONAL EXPENSES****The Work Connection, Inc.**  
Houma, LouisianaFor the year ended June 30, 2020  
(with comparative totals for 2019)

	2020					2019 Totals
	Program Services					
	Adult	Dislocated Workers	Youth	Hearts	Totals	
Salaries	\$258,026	\$151,671	\$149,454	\$ -	\$ 559,151	\$ 646,650
Payroll taxes	19,439	11,370	11,203	-	42,012	48,457
Retirement	6,895	5,320	4,833	-	17,048	15,793
Employee benefits	12,721	12,029	13,043	-	37,793	29,663
<b>Total salaries and related expenses</b>	<b>297,081</b>	<b>180,390</b>	<b>178,533</b>	<b>-</b>	<b>656,004</b>	<b>740,563</b>
Advertising and public relations	6	5	4	-	15	22
Contract services	13,653	7,347	-	-	21,000	17,197
Depreciation	2,969	5,938	2,969	-	11,876	12,072
Equipment repairs and maintenance	9,108	4,851	5,189	-	19,148	17,062
Insurance	12,415	4,943	7,234	-	24,592	27,898
Membership dues and subscriptions	1,070	542	643	-	2,255	1,992
Miscellaneous	1,292	700	732	107	2,831	6,720
Postage and shipping	137	127	95	-	359	362
Professional fees	12,720	2,573	735	-	16,028	1,081
Participant tuition	288,382	82,170	34,430	-	404,982	339,300
Other participant supportive services	25,450	3,578	7,203	-	36,231	70,889
Rent	25,108	15,133	17,590	-	57,831	57,831
Supplies	9,672	2,421	4,418	-	16,511	40,811
Telephone	8,927	5,740	6,131	-	20,798	12,881
Travel, meals, and lodging	212	128	162	-	502	8,606
Utilities	223	1,663	1,828	-	3,714	5,932
<b>Totals</b>	<b>\$708,425</b>	<b>\$318,249</b>	<b>\$267,896</b>	<b>\$107</b>	<b>\$1,294,677</b>	<b>\$1,361,219</b>

See notes to financial statements.

**STATEMENT OF CASH FLOWS****The Work Connection, Inc.**  
Houma, LouisianaFor the year ended June 30, 2020  
(with comparative totals for 2019)

	<u>2020</u>	<u>2019</u>
<b>Cash Flows from Operating Activities</b>		
Decrease in net assets	<u>\$ (11,983)</u>	<u>\$ (20,452)</u>
Adjustments to reconcile decrease in net assets to net cash used in operating activities:		
Depreciation	11,876	12,072
(Increase) decrease in assets:		
Grants receivable	(24,800)	71,279
Miscellaneous receivables	(87)	(15)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	<u>24,797</u>	<u>(69,463)</u>
Total adjustments	<u>11,786</u>	<u>13,873</u>
Net cash used in operating activities	(197)	(6,579)
<b>Cash</b>		
Beginning of year	<u>20,425</u>	<u>27,004</u>
End of year	<u>\$ 20,228</u>	<u>\$ 20,425</u>

See notes to financial statements.

**NOTES TO FINANCIAL STATEMENTS**

**The Work Connection, Inc.**  
Houma, Louisiana

June 30, 2020 and 2019

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****a) Organization**

The Work Connection, Inc. (the "Organization") was incorporated as a non-profit corporation on August 28, 1987. In accordance with the Workforce Innovation and Opportunity Act (WIOA), which superseded and reauthorized the Workforce Investment Act, the Organization funds job training and other employment services in the parishes of Lafourche, Assumption and Terrebonne under grants provided by the local Workforce Development Board (the LAT). The Organization is funded by the LAT as a subrecipient of WIOA grants. The Organization also receives fees for services from the LAT for enrolling and testing participants in the Healthcare Recovery Training System programs, for the employment of disabled participants through Ticket-to-Work programs, and for the Strategies to Empower People grant that enables those receiving food stamps to seek employment.

**b) Financial Statement Presentation**

The Organization classifies their net assets, revenues, and expenses based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

**Net Assets without Donor Restrictions** - Support, revenue, and expenses for general operations

**Net Assets with Donor Restrictions** - Contributions specifically authorized by the grantor or donor to be used for a certain purpose or to benefit a specific accounting period or contributions subject to donor-imposed restrictions and that are held in perpetuity by the Organization.

**c) Basis of Accounting**

The financial statements of the Organization are prepared on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**d) Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of support, revenues and expenses during the reporting period. Actual results could differ from those estimates.

**e) Cash and Cash Equivalents**

For purposes of the Statement of Cash Flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. The Organization had no cash equivalents as of June 30, 2020 and 2019.

**f) Allowance for Bad Debts**

The financial statements of the Organization contain no allowance for uncollectible receivables. Uncollectible receivables are recognized as bad debts at the time information becomes available, which would indicate the uncollectibility of the particular receivable. Uncollectible receivables are considered immaterial to the financial statements as of June 30, 2020 and 2019.

**g) Property and Equipment**

All acquisitions of property and equipment are purchased with grant funding through the LAT from the pass-through grantor, the State of Louisiana Workforce Commission (LWC). All property and equipment is ultimately the property of LWC, which allows the Organization to use the property to perform necessary services. Purchased property and equipment is carried at cost. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation, as determined by management. The policy of the Organization is to capitalize all expenditures for property and equipment in excess of \$1,000. Depreciation is computed using the straight-line method over estimated useful lives (two to ten years). Depreciation expense for the years ended June 30, 2020 and 2019 was \$11,876 and \$12,072, respectively.

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**h) Compensated Absences**

Full-time employees are entitled to earn annual vacation leave with pay upon completion of six month's employment and satisfactory completion of their initial probationary period.

The rate at which an employee accumulates vacation leave depends on years of service. In the event the Organization would not be funded in the following year, employees would be required to exhaust their annual vacation leave prior to the end of the funding year. The related reimbursement is recognized as long-term receivable at the time the liability is incurred.

Sick leave accrues at a rate of five hours per month. Employees shall be allowed to carry accumulated sick leave forward from one program year to the next, not to exceed 120 hours prior to July 1, 2011 and 48 hours after. In no instance shall any employee receive wages for sick leave upon termination of employment, accordingly accumulated sick leave is not accrued in the financial statements.

**i) Methods Used for Allocation of Expenses**

Most of the expenses can be directly allocated to programs or supporting functions. The financial statements also report certain categories of expenses that are attributable to both programs and supporting functions. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, payroll taxes, and benefits which are allocated on the basis of estimates of time and effort.

**j) Advertising**

The Organization's policy is to expense advertising cost as incurred. For the years ended June 30, 2020 and 2019, total advertising expense was \$15 and \$22 respectively.

**k) Income Taxes**

The Organization is a non-profit organization and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provisions for income taxes have been made.

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**k) Income Taxes (Continued)**

Accounting standards provide detailed guidance for financial statement recognition, measurement, and disclosures of uncertain tax positions recognized in an entity's financial statements. It requires an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will be sustained upon examination. As of June 30, 2020, management of the Organization believes that it has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. Tax years ended June 30, 2017 and later remain subject to examination by the taxing authorities.

**l) Recent Accounting Pronouncements**

**Contributions Received and Contributions Made**

In June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2018-08, "*Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*". ASU No. 2018-08 should assist entities in (1) evaluation whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. This new guidance is effective for fiscal years beginning after December 15, 2018. The Organization has adopted the provisions of ASU No. 2018-08 and has retrospectively applied this standard to the financial statements as of and for the year ended June 30, 2020.

**Statement of Cash Flows**

In November 2016, the FASB issued ASU No. 2016-18, "*Statement of Cash Flows*" (Topic 230). ASU No. 2016-18 requires that a statement of cash flows explain the change during the period in the total cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the Statement of Cash Flows. The amendments in ASU No. 2016-18 do not provide a definition of restricted cash or restricted cash equivalents. The ASU is effective for fiscal years beginning after December 15, 2018. The Organization has adopted the provisions of ASU No. 2016-18 and has retrospectively applied this standard to the financial statements as of and for the year ended June 30, 2019.

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**I) Recent Accounting Pronouncements (Continued)**

**Revenue from Contracts with Customers**

In May 2014, the FASB issued ASU No. 2014-09, "*Revenue from Contracts with Customers*" (Topic 606), which provides a single comprehensive model for entities to use in accounting for revenue from contracts with customers and supersedes most current revenue recognition models. Subsequent to the issuance of ASU No. 2014-09, the FASB issued several additional ASUs which amended and clarified the guidance and deferred the effective date. The new revenue standard is now effective for annual reporting periods beginning after December 15, 2020, with certain early adoption provisions available. The Organization is currently evaluating the full effect that the adoption of this standard will have on the financial statements.

**Leases**

In February 2016, the FASB issued ASU No. 2016-02, "*Leases*" (Topic 842). ASU No. 2016-02 requires that a lease liability and related right-of-use-asset representing the lessee's right to use or control the asset be recorded on the statement of financial position upon the commencement of all leases except for short-term leases. Leases will be classified as either finance leases or operating leases, which are substantially similar to the classification criteria for distinguishing between capital leases and operating in existing lease accounting guidance. As a result, the effect of leases in the Statement of Activities and the Statement of Cash Flows will be substantially unchanged from the existing lease accounting guidance. The ASU is effective for fiscal years beginning after December 15, 2021. Early adoption is permitted. The Organization is currently evaluating the full effect that the adoption of this standard will have on the financial statements.

**Note 2 - PROPERTY AND EQUIPMENT**

As of June 30, 2020 and 2019, property and equipment consists of the following:

	2020	2019
Transportation equipment	\$ 92,730	\$ 92,730
Office furniture and equipment	82,990	82,990
	175,720	175,720
Less: accumulated depreciation	(146,552)	(134,676)
Property and equipment, net	\$ 29,168	\$ 41,044

**Note 3 - NET ASSETS WITH DONOR RESTRICTIONS**

Donor restricted net assets as of June 30, 2020 and 2019 are restricted for the following purposes or periods:

	<u>2020</u>	<u>2019</u>
Subject to expenditure of specified purpose:		
Property and equipment	<u>\$29,168</u>	<u>\$41,044</u>

Net assets released from restrictions during the years ended June 30, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Purpose restriction satisfied:		
Property and equipment	<u>\$11,876</u>	<u>\$15,045</u>

**Note 4 - AVAILABILITY OF FINANCIAL ASSETS**

The Organization is substantially supported by grants. The Organization may also be supported by contributions with and without donor restrictions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. The Organization has established guidelines for making decisions relate to managing short-term cash and grant reimbursement requests in a prudent manner.



**Note 4 - AVAILABILITY OF FINANCIAL ASSETS (Continued)**

The following reflects the Organization's financial assets as of June 30, 2020, reduced by amounts not available for general use because of donor-imposed restrictions:

Financial assets:	
Cash	\$20,228
Grants receivable	72,113
Miscellaneous receivable	<u>1,621</u>
Total financial assets as of June 30, 2020	93,962
Less amounts unavailable for general expenditures within one year, due to: Donor imposed restrictions:	
Restricted by donors with purpose restrictions	<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$93,962</u></u>

**Note 5 - OPERATING BUDGETARY DATA**

The Organization is a non-profit organization which is not legally required to adopt or amend its budgets. The Organization's funding is from intergovernmental grants from the Federal Department of Labor and is paid as pass-through grants from the LWC and the LAT. The Organization signed a contract with the LAT which required grant budgets in the amounts of \$2,502,894 and \$1,988,147 for the years ended June 30, 2020 and 2019, respectively. All budgeted amounts which were not expended, or obligated through contracts, lapse at year end.

**Note 6 - ECONOMIC DEPENDENCY**

As described in Note 1a, the Organization receives its revenue from Federal grant funding passed through the LWC and the LAT. If significant budget cuts are made at the Federal, state and/or local government levels, the amount of funds that the Organization receives could be reduced significantly and have an adverse impact on its operations.

**Note 7 - RETIREMENT PLAN**

The Organization established a 401(k) retirement plan to provide benefits to all permanent full-time employees having completed at least one year of service. Participants are permitted to contribute in any amount up to 15% of their compensation not to exceed statutory limits. The Organization matches 100% of the employee contributions not to exceed 5% of the employee's compensation. The Organization's contributions for the years ended June 30, 2020 and 2019 were \$17,048 and \$15,793, respectively.

**Note 8 - RISK MANAGEMENT**

The Organization is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. There were no settled claims that exceeded this commercial coverage during the year ended June 30, 2020.

**Note 9 - OFFICE RENT**

The Organization has three offices that are rented on a month-to-month basis. Rental expenditures incurred on all offices amounted to \$57,831 for both the years ended June 30, 2020 and 2019.

**Note 10 - CORONAVIRUS**

The recent global outbreak of the Coronavirus (COVID-19) has raised concerns regarding operations and the financial markets have recently experienced significant volatility. While the Organization's operations have not been materially impacted, the long term impact on the Organization's operations and its investments is uncertain at this time.

**Note 11 - SUBSEQUENT EVENTS**

Management evaluates events occurring subsequent to the date of financial statements in determining the accounting for and disclosure of transactions and events that effect the financial statements. Subsequent events have been evaluated through December 21, 2020, which is the date the financial statements were available to be issued.

**SUPPLEMENTARY INFORMATION SECTION**

**SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER  
PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER**

**The Work Connection, Inc.**  
Houma, Louisiana

For the year ended June 30, 2020

**Agency Head Name:** Lorey Owens, Executive Director

**Purpose**

Salary	\$ 53,848
Benefits - insurance	3,751
Benefits - retirement	4,255
Benefits - other	-
Car allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	160
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Meals	-
	<hr/>
	<b><u>\$ 62,014</u></b>

**SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS**

**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,  
The Work Connection, Inc.,  
Houma, Louisiana.

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 The Work Connection, Inc., (the "Organization"), 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 December 21, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 over financial reporting 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

This report is intended 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 suited for any other purpose.

A handwritten signature in black ink that reads "Bourgeois Bennett, L.L.C." in a cursive script.

Certified Public Accountants.

Houma, Louisiana,  
December 21, 2020.

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

To the Board of Directors,  
The Work Connection, Inc.,  
Houma, Louisiana.

**Report on Compliance for each Major Federal Program**

We have audited the compliance of The Work Connection, Inc., (the "Organization"), with the types of compliance requirements described 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, 2020. The Organization's major federal programs are 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 the requirements of laws, regulations, contracts and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Uniform Guidance. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

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



## **Opinion on Each Major Federal Program**

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, 2020.

## **Report on Internal Control Over Compliance**

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or 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 the internal control over compliance was for the limited purpose described in the first paragraph in this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Bougeois Bennett, L.L.C.*

Certified Public Accountants.

Houma, Louisiana,  
December 21, 2020.

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**The Work Connection, Inc.**  
Houma, Louisiana

For the year ended June 30, 2020

<u>Federal Grantor/Pass- Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Award/ Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>	<u>Subrecipients</u>
<b>Department of Labor</b>				
<u>Pass-Through Payments:</u>				
<u>Louisiana Workforce Commission:</u>				
<u>LAT Workforce Investment Board, Inc.</u>				
<u>WIOA Cluster:</u>				
WIOA Adult Program	17.258	OCR #474-000559	\$ 705,456	\$ -
WIOA Youth Activities	17.259	OCR #474-000559	264,927	-
WIOA Dislocated Workers	17.278	OCR #474-000559	312,311	-
Total expenditures of federal awards			<u>\$ 1,282,694</u>	<u>\$ -</u>

See Notes to Schedule of Expenditures of Federal Awards.

**NOTES TO SCHEDULE OF EXPENDITURES  
OF FEDERAL AWARDS**

**The Work Connection, Inc.**  
Houma, Louisiana

For the year ended June 30, 2020

**Note 1 - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the SEFA) includes the federal award activity of the Organization under programs of the federal government for the year ended June 30, 2020. The information in this SEFA is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Organization.

**Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

- (1) Expenditures reported on the SEFA are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) The Organization has elected not to use the 10% *de minimis* indirect cost rate as allowed under the Uniform Guidance.

**Note 3 - RECONCILIATION TO FINANCIAL STATEMENTS**

Total federal expenditures for the year ended June 30, 2020 reconciles to the Organization's financial statements for the year ended June 30, 2020 as follows:

Total federal expenditures	\$1,282,694
Add:	
Depreciation	11,876
Non federal expenditures	<u>107</u>
Total expenditures	<u>\$1,294,677</u>

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**The Work Connection, Inc.**  
Houma, Louisiana

For the year ended June 30, 2020

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

a) Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

- Material weakness(es) identified?                    \_\_\_ Yes X No
- Significant deficiency(ies) identified that are  
not considered to be a material weakness?                    \_\_\_ Yes X None reported

Noncompliance material to financial statements noted?   \_\_\_ Yes X No

b) Federal Awards

Internal control over major programs:

- Material weakness(es) identified?                    \_\_\_ Yes X No
- Significant deficiency(ies) identified that are  
not considered to be a material weakness?                    \_\_\_ Yes X None reported

Type of auditor's report issued on compliance for major program: unqualified

- Any audit findings disclosed that are required  
to be reported in accordance with Uniform  
Guidance?                    \_\_\_ Yes X No

**Section I - Summary of Auditor's Report (Continued)**

c) Identification of Major Programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program</u>
	WIOA Cluster:
17.258	WIOA Adult Program
17.259	WIOA Youth Activities
17.278	WIOA Dislocated Workers

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

Auditee qualified as a low-risk auditee? X Yes \_\_\_ No

**Section II Financial Statement Findings**

No financial statement findings were noted during the audit of the financial statements for the year ended June 30, 2020.

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

There were no federal award findings or questioned costs reported during the audit for the year ended June 30, 2020.

**REPORTS BY MANAGEMENT**

## **SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS**

**The Work Connection, Inc.**  
Houma, Louisiana

For the year ended June 30, 2020

### **Section I - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Financial Statements**

#### **Internal Control Over Financial Reporting**

No material weaknesses were reported during the audit of the financial statements for the fiscal year ended June 30, 2019.

No significant deficiencies were reported during the audit of the financial statements for the fiscal year ended June 30, 2019.

#### **Compliance and Other Matters**

There were no compliance findings material to the financial statements reported during the audit for the fiscal year ended June 30, 2019.

### **Section II - Internal Control and Compliance Material to Federal Awards**

There were no federal award findings or questioned costs reported during the audit for the year ended June 30, 2019.

### **Section III - Management Letter**

A management letter was not issued in connection with the audit of the financial statements for the year ended June 30, 2019.

## **MANAGEMENT'S CORRECTIVE ACTION PLAN**

**The Work Connection, Inc.**  
Houma, Louisiana

For the year ended June 30, 2020

### **Section I - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Financial Statements**

#### **Internal Control Over Financial Reporting**

No material weaknesses were reported during the audit of the financial statements for the fiscal year ended June 30, 2020.

No significant deficiencies were reported during the audit of the financial statements for the fiscal year ended June 30, 2020.

#### **Compliance and Other Matters**

There were no compliance findings material to the financial statements reported during the audit for the fiscal year ended June 30, 2020.

### **Section II - Internal Control and Compliance Material to Federal Awards**

There were no federal award findings or questioned costs reported during the audit for the year ended June 30, 2020.

### **Section III - Management Letter**

A management letter was not issued in connection with the audit of the financial statements for the year ended June 30, 2020.