

**WORKSYSTEMS, INC.**

**Reports Required by GAO Government  
Auditing Standards and the Uniform Guidance**

**and**

**Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2019**



**KERN ▲ THOMPSON**  
CERTIFIED PUBLIC ACCOUNTANTS

**WORKSYSTEMS, INC.**

**Year Ended June 30, 2019**

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**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  
Worksystems, Inc.  
Portland, Oregon

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 Worksystems, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 29, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Worksystems, Inc.'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 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 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 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*.

To the Board of Directors  
Worksystems, Inc.

**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 Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Kim F. Thompson, LLC*

Portland, Oregon  
January 29, 2020

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

To the Board of Directors  
Worksystems, Inc.  
Portland, Oregon

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

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

**Management's Responsibility**

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

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of Worksystems, Inc.'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 audit requirements of Title 2 Code of *Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Worksystems, 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 each major federal program. However, our audit does not provide a legal determination of Worksystems, Inc.'s compliance.

**Opinion on Each Major Federal Program**

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

To the Board of Directors  
Worksystems, Inc.

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

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

### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of Worksystems, Inc. as of and for the year ended June 30, 2019, and have issued our report thereon dated January 29, 2020, which contained an unmodified opinion on those financial statements. 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 awards is presented for purposes of additional analysis as required by the 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.

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.

*Kern Thompson, LLC*

Portland, Oregon  
January 29, 2020

**WORKSYSTEMS, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended June 30, 2019**

<u>Federal Grantor/Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Expenditures of Federal Awards</u>	<u>Pass-Through to Sub- recipients</u>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</b>				
Pass-through assistance:				
Prosper Portland:				
Community Development Block Grant - Adult	14.218	7045-011	\$ 716,133	716,133
Community Black Grant-Navigator	14.218	7045-011	153,682	153,682
Community Development Block Grant - Youth	14.218	7045-011	<u>835,044</u>	<u>771,954</u>
<b>Total CDBG Cluster:</b>			<b><u>1,704,859</u></b>	<b><u>1,641,769</u></b>
<b>U.S. DEPARTMENT OF LABOR</b>				
<b>WIOA Cluster:</b>				
Pass-through assistance:				
Oregon Office of Higher Education Coordinating Commission:				
Title IB - WIA/WIOA Adult Program:				
Adult Program	17.258	17-141	248,459	
Adult Program	17.258	18-037	1,175,706	
Adult Program	17.258	16-268	<u>204,365</u>	
<b>Total Title IB-WIA/WIOA Adult Program:</b>			<b><u>1,628,530</u></b>	1,179,578
Title IB - WIA/WIOA Youth Activities:				
Youth Program	17.259	17-141	1,066,238	
Youth Program	17.259	18-037	<u>1,089,201</u>	
<b>Total Title IB-WIA/WIOA Youth Activities:</b>			<b><u>2,155,439</u></b>	1,499,687
Title IB - WIA/WIOA Dislocated Workers Formula Grants:				
Dislocated Worker Program	17.278	16-268	2,043,586	
Dislocated Worker Program	17.278	18-037	1,671,966	
Dislocated Worker Program	17.278	17-141	<u>251,371</u>	
<b>Total WIOA Cluster</b>			<b><u>3,966,923</u></b>	1,939,093
<b>7,750,892</b>				
H-1B Job Training Grants				
Direct assistance:				
Ready to Work Partnership Grants (ReBoot NW)				
H-1B Job Training Grant	17.268	HG-26675-15-60-A-41	1,637,997	1,353,994
America's Promise Job Driven (NW Promise)				
H-1B Job Training Grant	17.268	HG-30146-17-60-A-41	2,329,148	1,790,289
H-1B TechHire Partnership Grants (TechRise)				
H-1B Job Training Grant	17.268	HG-29371-16-60-A-41	<u>846,949</u>	<u>506,032</u>
<b>Total H-1B Training Grants:</b>			<b><u>4,814,094</u></b>	<b><u>3,650,315</u></b>
<b>Workforce Innovation Fund</b>				
Pass-through assistance:				
Willamette Workforce Partnership				
Rethinking Job Search				
Workforce Innovation Fund	17.283	021-16	<u>23,976</u>	
<b>Total Workforce Innovation Fund</b>			<b><u>23,976</u></b>	7,595

See Notes to the Schedule of Expenditures of Federal Awards.

**WORKSYSTEMS, INC.**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)**

**Year Ended June 30, 2019**

<u>Federal Grantor/Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Expenditures of Federal Awards</u>	<u>Pass-Through to Sub- recipients</u>
<b>Dislocated Worker National Reserve Demonstration Grants</b>				
Direct assistance:				
DOL - Employment Training Administration Career Pathways For Youth	17.280	MI-28995-16-60-A-41	<u>580,655</u>	292,140
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</b>				
ACA Health Professions Opportunity Grant				
Direct assistance:				
Administration for Children and Families Health Careers Northwest	93.093	90FX0044-01-00	<u>2,720,023</u>	2,268,504
<b>Total expenditures of federal awards</b>			<b>\$ <u>17,594,499</u></b>	

See Notes to the Schedule of Expenditures of Federal Awards.

**WORKSYSTEMS, INC.**

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

**Year Ended June 30, 2019**

**1. Basis of Accounting**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Worksystems, Inc. and is presented on the accrual basis of accounting.

The information in this schedule is presented in accordance with requirements of the Title 2 CFR 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 basic financial statements.

**2. Catalog of Federal Domestic Assistance Programs**

The program titles and CFDA numbers were obtained from the federal or pass-through grantor or the catalog of federal domestic assistance.

**3. Major and Nonmajor Federal Financial Assistance Programs**

Federal financial assistance programs with identical assistance (CFDA) numbers are combined in determining whether the programs are major or nonmajor. Type A federal assistance programs are those with combined expenditures of \$750,000 or more during a fiscal year. Type B federal financial assistance programs are those with combined expenditures of less than \$750,000 during a fiscal year.

**4. Indirect Cost Rate**

Worksystems, Inc. has not used the 10% de minimis indirect cost rate under the Uniform Guidance.

**WORKSYSTEMS, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended June 30, 2019**

**Section 1 – Summary of Auditors’ Results**

**Financial Statements**

1. Type of auditors’ report issued – **Unmodified**
2. Significant deficiencies identified during the audit of the financial statements – **None reported**
3. Material weaknesses identified during the audit of the financial statements – **None**
4. Noncompliance that is material to the financial statements noted – **None**

**Federal Awards**

5. Significant deficiencies in internal control over major programs identified in the audit of the financial statements – **None reported**
6. Material weaknesses in internal control over major programs identified in the audit of the financial statements – **None**
7. The type of auditors’ report issued on compliance for major programs – **Unmodified**
8. Audit findings disclosed that are required to be reported in accordance with 2 CFR Part 200.516(a) – **None**

**Identification of Major Programs**

- **CFDA #17.258, 17.259, 17.278 – WIOA Cluster**
  - **CFDA #93.093 – ACA Health Professions Opportunity Grant**
9. Dollar threshold used to distinguish between Type A and Type B programs – **\$750,000.**
  10. Is the auditee qualified as a low-risk auditee under the Uniform Guidance – **Yes**

**Section 2 – Financial Statement Findings**

11. Findings relating to the financial statements reported in accordance with *Government Auditing Standards* – **None**

**Section 3 – Federal Award Findings and Questioned Costs**

12. Findings and questioned costs relating to federal awards - **None**

**WORKSYSTEMS, INC.**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**Year Ended June 30, 2019**

None.