

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, 2023**



KERN ▲ THOMPSON
CERTIFIED PUBLIC ACCOUNTANTS

WORKSYSTEMS, INC.

Year Ended June 30, 2023

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**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
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, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 12, 2024.

Report on 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) 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 Worksystems, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Worksystems, 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Worksystems, 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*.

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.

Kern + Thompson, LLC

Portland, Oregon
February 12, 2024

**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
Worksystems, Inc.
Portland, Oregon

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Worksystems, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of Worksystems, Inc.'s major federal programs for the year ended June 30, 2023. Worksystems, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Worksystems, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Worksystems, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Worksystems, Inc.'s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Worksystems, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists.

To the Board of Directors
Worksystems, Inc.

The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Worksystems, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Worksystems, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Worksystems, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Worksystems, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

To the Board of Directors
Worksystems, Inc.

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, 2023, and have issued our report thereon dated February 12, 2024, 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
February 12, 2024

WORKSYSTEMS, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/ Program Title	Federal AL Number	Pass-Through Entity Identifying Number	Expenditures of Federal Awards	Pass-Through to Sub- recipients
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:				
Community Development Block / Entitlement Grants Cluster:				
Pass-through assistance:				
Prosper Portland:				
Community Development Block Grant - Adult	14.218	7045-018	\$ 744,325	\$ 744,325
Community Development Block Grant - Navigator	14.218	7045-018	168,700	168,700
Community Development Block Grant - Youth	14.218	7045-018	761,536	725,345
COVID-19 Community Development Block Grant - Youth	14.218	7045-018	22,486	-
Total Prosper Portland:			<u>1,697,047</u>	<u>1,638,370</u>
Washington County Office of Community Development:				
CBDG - Economic Opportunity Program	14.218	20-1193	38,607	38,607
Total CDBG Entitlement Grants Cluster:			<u>1,735,654</u>	<u>1,676,977</u>
Emergency Solutions Grant Program:				
Pass-through assistance:				
Oregon Housing and Community Services:				
COVID-19 Multnomah County Emergency Solutions	14.231	6172	614,715	613,038
Community Action Organization:				
COVID-19 Washington County Emergency Solutions	14.231	21-22 ESG-CV-2	15,286	15,286
Total Emergency Solutions Grant Program:			<u>630,001</u>	<u>628,324</u>
U.S. DEPARTMENT OF TREASURY				
Coronavirus State and Local Fiscal Recovery Fund:				
Pass-through assistance:				
City of Portland (Prosper Portland):				
Rapid Workforce Training & Employment for Vulnerable Portlanders	21.027	70451601	2,777,106	893,410
Oregon Office of Higher Education Coordinating Commission				
Prosperity 10k ARPA	21.027	21-2211	384,302	-
Washington County	21.027	23-0216	3,837	-
Total Coronavirus State and Local Fiscal Recovery Fund:			<u>3,165,245</u>	<u>893,410</u>
U.S. DEPARTMENT OF LABOR				
WIOA Cluster:				
Pass-through assistance:				
Oregon Office of Higher Education Coordinating Commission:				
Title IB - WIA/WIOA Adult Program:				
Adult Program	17.258	21-010C	789,800	147,059
Adult Program	17.258	PY22-005C	1,558,875	576,927
Total Title IB-WIA/WIOA Adult Program:			<u>2,348,675</u>	<u>723,986</u>
Title IB - WIA/WIOA Youth Activities:				
Youth Program	17.259	20-071C	852,573	443,896
Youth Program	17.259	21-010C	109,856	-
Youth Program	17.259	PY22-005C	941,060	425,076
Total Title IB-WIA/WIOA Youth Activities:			<u>1,903,489</u>	<u>868,972</u>
Title IB - WIA/WIOA Dislocated Workers Formula Grants:				
Dislocated Worker Program	17.278	21-010C	743,368	275,747
Dislocated Worker Program	17.278	21-111H	51,599	51,493
Dislocated Worker Program	17.278	PY22-005C	1,390,641	559,564
Total Title IB-WIA/WIOA Dislocated Worker Formula Grants:			<u>2,185,608</u>	<u>886,804</u>
Total WIOA Cluster			<u>6,437,772</u>	<u>2,479,762</u>

See Notes to the Schedule of Expenditures of Federal Awards.

WORKSYSTEMS, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2023

<u>Federal Grantor/Pass-Through Grantor/ Program Title</u>	<u>Federal AL Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Expenditures of Federal Awards</u>	<u>Pass-Through to Sub- recipients</u>
U.S. DEPARTMENT OF LABOR (CONTINUED)				
Title IB - WIOA National Dislocated Workers/WIA National Emergency Grants:				
Direct assistance - DOL Career NDWG	17.277	DW-36856-21-60-A-41	572,030	466,193
Pass-through assistance:				
Oregon Office of Higher Education Coordinating Commission:				
DW Grant Disaster Recovery	17.277	20-046C	46,961	-
DW Grant Employment Recovery	17.277	20-038C	5,484	-
Total Title IB - WIOA National Dislocated Workers/ WIA National Emergency Grants:			624,475	466,193
WIOA:				
Direct assistance:				
DOL - Employment Training Administration Community Projects/Congressionally Directed Spending Grants	17.289	CP393812360A41	11,547	-
Total expenditures of federal awards			\$ 12,604,694	\$ 6,144,666

See Notes to the Schedule of Expenditures of Federal Awards.

WORKSYSTEMS, INC.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2023

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 following the cost principles contained in the Uniform Guidance or other requirements of Federal agencies such as the Department of the Treasury.

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. SAM.gov Assistance Listings

Federal award program titles are reported as presented in SAM.gov Assistance Listings (AL). Federal Award program titles not presented in SAM.gov are identified by Federal Agency number followed by (.xxx).

3. Major and Nonmajor Federal Financial Assistance Programs

Federal financial assistance programs with identical assistance (AL) 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, 2023

Section 1 – Summary of Auditor’s Results

Financial Statements

1. Type of auditor’s 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 auditor’s 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

- **AL #14.218 – Community Development Block Grants/Entitlements Grants Cluster**
 - **AL #21.027 – Coronavirus State and Local Fiscal Recovery Funds**
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**