

PARTNER4WORK
Pittsburgh, Pennsylvania

Consolidated Financial Statements
and
Supplementary Information and Reporting Under
Government Auditing Standards and the Uniform Guidance
For the years ended June 30, 2018 and 2017

and Independent Auditors' Report Thereon



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
TRWIB, Inc. and Affiliate d/b/a Partner4Work
Pittsburgh, Pennsylvania

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of TRWIB, Inc. and Affiliate d/b/a Partner4Work (Organization), which comprise the consolidated statements of financial position as of June 30, 2018 and 2017, and the related consolidated statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Organization as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. GAAP.

Other Matters

Supplementary and Other Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements of financial position, consolidating statements of activities and changes in net assets, consolidated schedules of functional expenses and detail of consolidated schedule of functional expenses are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated 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 March 29, 2019 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, 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 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.

Schneider Downs & Co., Inc.

Pittsburgh, Pennsylvania
March 29, 2019

PARTNER4WORK

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	June 30	
	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and cash equivalents - unrestricted	\$ 1,381,823	\$ 1,054,511
Cash and cash equivalents - restricted	871,890	1,605,723
	<u>2,253,713</u>	<u>2,660,234</u>
Contractual revenue receivable	8,614,670	3,591,919
Furniture and computer software, net	89,765	90,613
Other assets	<u>38,580</u>	<u>90,483</u>
Total Assets	<u>\$ 10,996,728</u>	<u>\$ 6,433,249</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Due to subrecipients	\$ 3,997,241	\$ 3,784,894
Accounts payable	202,292	115,697
Accrued liabilities	<u>163,204</u>	<u>92,050</u>
Total Liabilities	4,362,737	3,992,641
NET ASSETS		
Unrestricted	787,082	824,911
Temporarily restricted	<u>5,846,909</u>	<u>1,615,697</u>
Total Net Assets	<u>6,633,991</u>	<u>2,440,608</u>
Total Liabilities And Net Assets	<u>\$ 10,996,728</u>	<u>\$ 6,433,249</u>

See notes to consolidated financial statements.

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CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2018			2017		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenue and other support:						
Public funds/government grants	\$ 15,911,487	\$ 6,968,289	\$ 22,879,776	\$ 15,527,644	-	\$ 15,527,644
Foundation and private contributions	576	1,274,294	1,274,870	-	\$ 804,272	804,272
Interest income	3,651	-	3,651	3,084	-	3,084
Other income	4,232	-	4,232	863	-	863
Net assets released from restrictions	4,011,371	(4,011,371)	-	1,024,381	(1,024,381)	-
 Total Revenue And Other Support	 19,931,317	 4,231,212	 24,162,529	 16,555,972	 (220,109)	 16,335,863
Expenses:						
Management and general	1,380,829	-	1,380,829	1,158,203	-	1,158,203
Fundraising	11,773	-	11,773	-	-	-
Program services	18,531,884	-	18,531,884	15,455,091	-	15,455,091
 Total Expenses	 19,924,486	 -	 19,924,486	 16,613,294	 -	 16,613,294
 Changes In Net Assets Before Depreciation	 6,831	 4,231,212	 4,238,043	 (57,322)	 (220,109)	 (277,431)
Depreciation	44,660	-	44,660	37,837	-	37,837
 Changes In Net Assets	 (37,829)	 4,231,212	 4,193,383	 (95,159)	 (220,109)	 (315,268)
NET ASSETS						
Beginning of year	824,911	1,615,697	2,440,608	920,070	1,835,806	2,755,876
End of year	\$ 787,082	\$ 5,846,909	\$ 6,633,991	\$ 824,911	\$ 1,615,697	\$ 2,440,608

See notes to consolidated financial statements.

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CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 4,193,383	\$ (315,268)
Adjustments to reconcile changes in net assets to net cash (used in) provided by operating activities:		
Depreciation expense	44,660	37,837
Changes in assets and liabilities:		
Contractual revenue receivable	(5,022,751)	1,044,137
Other assets	51,903	(823)
Due to subrecipients	212,347	102,127
Accounts payable and accrued liabilities	157,749	(99,095)
Net Cash (Used In) Provided By Operating Activities	<u>(362,709)</u>	<u>768,915</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of computer software	<u>(43,812)</u>	<u>(14,940)</u>
Net (Decrease) Increase In Cash, Cash Equivalents And Restricted Cash	(406,521)	753,975
CASH, CASH EQUIVALENTS AND RESTRICTED CASH		
Beginning of year	<u>2,660,234</u>	<u>1,906,259</u>
End of year	<u><u>\$ 2,253,713</u></u>	<u><u>\$ 2,660,234</u></u>

See notes to consolidated financial statements.

PARTNER4WORK
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 1 - DESCRIPTION OF ORGANIZATION

TRWIB, Inc. and Affiliate d/b/a Partner4Work (Organization) is a not-for-profit corporation chartered by the Commonwealth of Pennsylvania. The primary purpose of the Organization is to manage operations, carry out obligations in compliance with the Workforce Innovation and Opportunity Act and address other policy matters as they relate to workforce development. As an employer-driven board, the mission of the Organization is to lead the development, integration and implementation of a world-class workforce development system in Pittsburgh and Allegheny County.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies consistently applied by management in the preparation of the accompanying consolidated financial statements follows:

Basis of Accounting - The consolidated financial statements of the Organization are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Principles of Consolidation - The consolidated financial statements include the accounts of Partner4Work and its affiliate, Regional Workforce Collaborative-SWPA (RWC-SWPA). The purpose of the RWC-SWPA is to support the workforce investment boards of southwestern Pennsylvania in implementing policy guidance, technical assistance and program oversight in economic and workforce development of the 11 counties of southwestern Pennsylvania to ensure the quality and depth of the labor force. RWC-SWPA shares common management, facilities and personnel with Partner4Work. All material intercompany transactions have been eliminated in consolidation.

Net Assets - The Organization classifies resources for accounting and reporting purposes into separate net asset classes based on the absence or existence of donor-imposed restrictions. In the accompanying consolidated financial statements, net assets that have similar characteristics have been consolidated into similar categories. A description of the net asset categories of the Organization is as follows:

Unrestricted Net Assets - Net assets not subject to donor-imposed restrictions or stipulations as to purpose or use.

Temporarily Restricted Net Assets - Net assets that are subject to donor-imposed restrictions or stipulations that may or will be met either by actions of the Organization or the passage of time.

Permanently Restricted Net Assets - Net assets subject to restrictions of gift instruments requiring that the principal is invested in perpetuity and the income is used only to support programs of the Organization. There was no permanently restricted support during the years ended June 30, 2018 and 2017.

Use of Estimates - The preparation of consolidated financial statements in conformity with U.S. GAAP 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

PARTNER4WORK
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted and Unrestricted Revenue and Other Support - Contributions and grants received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Contractual revenue results from billings to various agencies for reimbursement of costs incurred during the operation of the programs related to its mission. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions.

Support funded by government grants is recognized as the Organization performs the contracted services or incurs outlays eligible for reimbursement under these agreements. Grant activities and outlays are subject to monitoring and acceptance by the granting agency and adjustments could be required.

The Organization's policy is to provide for future losses on uncollectible contractual revenue receivables based on an evaluation of the underlying receivables and such other factors that, in the Organization's judgment, merit consideration in estimating doubtful accounts. At June 30, 2018 and 2017, no allowance was considered to be necessary.

Cash and Cash Equivalents - The Organization maintains, at various financial institutions, cash that may exceed federally insured amounts at times. For purposes of cash flows, the Organization considers all highly liquid investments with original maturities of three months or less to be cash equivalents. Restricted cash consists of donor-designated funds that are to be utilized for specific programs.

Furniture and Computer Software - Purchases of furniture and computer software having a unit cost of \$5,000 or more and an estimated useful life of three or more years are capitalized at the lower of cost or fair value. Depreciation is computed using the straight-line method over the estimated useful life of the assets ranging from 3 to 7 years. Depreciation expense for the years ended June 30, 2018 and 2017 was \$44,660 and \$37,837, respectively.

Fair Value Measurement - The Fair Value Measurement topic of the Accounting Standards Codification (Codification) defines fair value, establishes a framework for its measurement and expands disclosures about fair value measurements.

U.S. GAAP established a hierarchy for which these assets and liabilities must be grouped, based on significant levels of inputs as follows:

Level 1 - Valuations are based on unadjusted quoted prices in an active market for identical assets or liabilities.

Level 2 - Valuations are based on quoted prices for similar assets or liabilities in active markets, or quoted prices in markets that are not active for which significant inputs are observable, either directly or indirectly.

Level 3 - Valuations are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. Inputs reflect management's best estimate of what market participants would use in valuing the asset or liability at the measurement date.

PARTNER4WORK
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The determination of where assets and liabilities fall within this hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The Organization's financial instruments consist primarily of cash and cash equivalents, contractual revenue receivable, accounts payable and accrued liabilities whose carrying value approximates fair value primarily because of the short maturity of such instruments.

Functional Allocation of Expenses - Costs of providing the various programs and other activities are summarized on a functional basis. Accordingly, certain costs have been allocated among various programs and supporting services benefited based on actual staff hours.

Income Taxes - TRWIB, Inc. and RWC-SWPA are not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code (IRC) and are exempt from federal income taxes pursuant to Section 501(a) of the IRC. The organizations are not classified as private foundations.

The Organization follows the Income Taxes topic of the Financial Accounting Standards Board (FASB) Codification, clarifying the accounting for uncertainty in income taxes recognized in an entity's consolidated financial statements. This topic requires a recognition threshold and measurement principles for financial statement disclosures of tax positions taken or expected to be taken on a tax return. The Organization has assessed the tax positions it has taken or expects to take in its tax returns, and no liability for uncertain tax positions has been recorded; further, the Organization has no unrecognized tax benefits. The Organization is no longer subject to examination of its tax returns for years before 2015.

In August 2016, the FASB completed Phase I of its Presentation of Financial Statements of Not-for-Profit Entities and issued ASU No. 2016-14 Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities (ASU 2016-14), which is intended to simplify and improve not-for-profit financial reporting.

Specifically, ASU 2016-14:

- Revises the net asset classification scheme to two classes (net assets with donor restrictions and net assets without donor restrictions) instead of the previous three, while maintaining the requirement to report total net assets and changes in the classes of and total net assets.
- Continues to allow for a choice between the direct and indirect method of reporting operating cash flows; however, presentation of the indirect reconciliation is no longer required if using the direct method.
- Enhances disclosures for:
 - Self-imposed limits on the use of resources without donor-imposed restrictions.
 - Composition of net assets with donor restrictions, and how the restrictions affect the use of resources.
 - Qualitative disclosures on how a not-for-profit manages its available liquid resources to meet cash needs for general expenditures within one year of the balance sheet date.
 - Quantitative disclosures that communicate the availability of financial assets to meet cash needs for general expenditures within one year of the balance sheet date.
 - Methods used to allocate costs among program and support functions.

PARTNER4WORK
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Requires the presentation of expenses by nature as well as function, including an analysis of expenses showing the relationship between functional and natural classification for all expenses.
- Updates the accounting and disclosure requirements for underwater endowment funds, which include required disclosure of (1) policy concerning appropriation from underwater endowment funds, (2) the aggregate fair value of such funds, (3) the aggregate original gift amount (or level required by donor or law) to be maintained, and (4) the aggregate amount by which funds are underwater, which are to be classified as part of net assets with donor restrictions.
- Requires net presentation of investment expenses against investment return on the statement of activities and eliminates the requirement to disclose investment expenses that have been netted.
- Requires the use of, in the absence of explicit donor stipulations, the placed-in-service approach for reporting expiration of restrictions on gifts of cash or other assets to be used to acquire or construct a long-lived asset and reclassification of amounts from net assets with donor restrictions to net assets without donor restrictions for such long-lived assets that have been placed in service as of the beginning of the period of adoption (thus eliminating the current option to release the donor-imposed restrictions over the estimated useful life of the acquired asset.)

ASU 2016-14 is effective for fiscal years beginning after December 15, 2017 with early application permitted. The Organization is currently evaluating the impact ASU 2016-14 will have on its consolidated financial statements.

In May 2014, the FASB issued ASU No. 2014-09 Revenue for Contract with Customers (ASU 2014-09), which changes accounting guidance related to revenue recognition. This new standard will replace all current U.S. GAAP guidance on this topic and eliminate all industry-specific guidance. The new revenue recognition guidance provides a unified model to determine when and how revenue is recognized. The core principle is that a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration for which the entity expects to be entitled in exchange for those goods or services. In April 2015, the FASB issued a deferral on the implementation date, and this guidance will be effective for fiscal years beginning after December 15, 2018, and can be applied either retrospectively to each period presented or as a cumulative-effect adjustment as of the date of adoption. The Organization is currently evaluating the impact ASU 2014-09 will have on its consolidated financial statements.

In June 2018, the FASB issued ASU No. 2018-08 Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (ASU 2018-08), to clarify and improve the scope and accounting guidance for contributions received and contributions made. The amendments in ASU 2018-08 should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958 Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. ASU 2018-08 is effective for transactions in which the entity serves as the resource recipient for annual periods beginning after December 15, 2018. For transactions in which the entity serves as the resource provider, ASU 2018-08 is effective for annual periods beginning after December 15, 2019. The Organization is currently evaluating the impact ASU 2018-08 will have on its consolidated financial statements.

PARTNER4WORK
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In February 2016, the FASB issued ASU No. 2016-02 Leases (Topic 842) (ASU 2016-02), which requires a lessee to recognize a liability to make lease payments (lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term initially measured at the present value of the lease payments. The lessee should also include payments to be made on an optional lease extension if it is reasonably certain that the extension will be exercised when measuring the asset and liability. Companies will be permitted to make an accounting policy election to not recognize leases with a term of 12 months or less. ASU 2016-02 is effective for annual reporting periods beginning after December 15, 2019. Early application is permitted. The Organization is assessing the impact that ASU 2016-02 will have on its consolidated financial statements and related disclosures.

Subsequent Events - Management has evaluated subsequent events and transactions for potential recognition or disclosure through March 29, 2019, the date on which the consolidated financial statements were available to be issued.

NOTE 3 - RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets released during the years ended June 30 consisted of the following:

	<u>2018</u>	<u>2017</u>
Learn and Earn	\$ 2,294,632	\$ 435,806
EARN Program	797,750	-
Pittsburgh Works	272,546	344,163
Sector Strategies	238,260	62,211
Regional Workforce Strategies	169,660	90,340
Place Based Strategies	163,523	91,861
CEO Search	75,000	-
	<u>\$ 4,011,371</u>	<u>\$ 1,024,381</u>

Temporarily restricted net assets at June 30 consist of the following:

	<u>2018</u>	<u>2017</u>
EARN Program	\$ 3,124,073	-
Learn and Earn	2,223,929	\$ 856,725
Place Based Strategies	214,566	28,088
Pittsburgh Works	129,566	357,112
Sector Strategies	115,851	204,112
Regional Workforce Strategies	38,924	169,660
	<u>\$ 5,846,909</u>	<u>\$ 1,615,697</u>

PARTNER4WORK
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 4 - LEASES

The Organization leases two separate office spaces located at 650 Smithfield Street, Pittsburgh, Pennsylvania. These lease agreement runs through July 31, 2019 and August 31, 2022. The total rent expense for the years ended June 30, 2018 and 2017 was \$101,849 and \$112,153, respectively.

On October 17, 2018, the Organization amended its operating lease agreement providing an additional floor of office space at 650 Smithfield Street, Pittsburgh, Pennsylvania. The amended rent schedule, which includes the additional space leased, will commence October 15, 2018 and expires August 31, 2022.

Approximate future minimum lease payments are as follows:

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Amount</u> <u>Committed at</u> <u>June 30, 2018</u>	<u>Impact of</u> <u>Subsequent</u> <u>Event</u>	<u>Total</u>
2019	\$ 132,000	\$ 60,000	\$ 192,000
2020	127,000	82,000	209,000
2021	130,000	85,000	215,000
2022	134,000	87,000	221,000
2023	<u>23,000</u>	<u>15,000</u>	<u>38,000</u>
	<u>\$ 546,000</u>	<u>\$ 329,000</u>	<u>\$ 875,000</u>

NOTE 5 - EMPLOYEE RETIREMENT PLAN

The Organization maintains a salary reduction savings plan under IRC Section 401(k). The plan covers all full-time employees meeting certain service requirements. The Organization may make a discretionary contribution, which is divided among the participants eligible to share in the contribution for the plan year. The Organization authorized a discretionary contribution of \$65,187 and \$52,773 for the years ended June 30, 2018 and 2017, respectively.

NOTE 6 - RELATED-PARTY TRANSACTIONS

The Organization engages in transactions with businesses whose executives are members of the Board of Directors (Board). When these transactions are disclosed or identified, the Organization's Conflict-of-Interest Policy outlines the appropriate Board member restrictions.

PARTNER4WORK
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 7 - FEDERAL GRANTS

The Organization has been awarded federal grants and recognized grant revenue of approximately \$15,883,000 and \$13,294,000 in 2018 and 2017, respectively. Laws and regulations governing federal programs are complex and subject to interpretation. The Organization believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. While no such regulatory inquiries have been made to the Organization, compliance with such laws and regulations can be subject to future government review and interpretation, as well as significant regulatory action, including fines, penalties and exclusion from federal programs.

NOTE 8 - COMMITMENTS AND CONTINGENCIES

The Organization is involved could become legal actions arising in the normal course of operations. In the opinion of the administration, after consultation of legal counsel, the ultimate disposition of any such matters will not have a material adverse effect on the Organization's consolidated financial position or results of operations.

SUPPLEMENTARY INFORMATION

PARTNER4WORK

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

JUNE 30, 2018

	<u>Partner4Work</u>	<u>RWC- SWPA</u>	<u>Eliminations</u>	<u>Consolidated</u>
ASSETS				
Cash and cash equivalents - unrestricted	\$ 1,358,839	\$ 22,984	-	\$ 1,381,823
Cash and cash equivalents - restricted	871,890	-	-	871,890
	<u>2,230,729</u>	<u>22,984</u>	<u>-</u>	<u>2,253,713</u>
Contractual revenue receivable	8,614,670	-	-	8,614,670
Furniture and computer software, net	89,765	-	-	89,765
Other assets	38,580	-	-	38,580
	<u>38,580</u>	<u>-</u>	<u>-</u>	<u>38,580</u>
 Total Assets	 <u>\$ 10,973,744</u>	 <u>\$ 22,984</u>	 <u>-</u>	 <u>\$ 10,996,728</u>
 LIABILITIES AND NET ASSETS				
LIABILITIES				
Due to subrecipients	\$ 3,997,241	-	-	\$ 3,997,241
Accounts payable	202,292	-	-	202,292
Accrued liabilities	163,204	-	-	163,204
	<u>163,204</u>	<u>-</u>	<u>-</u>	<u>163,204</u>
 Total Liabilities	 4,362,737	 -	 -	 4,362,737
 NET ASSETS				
Unrestricted	764,098	\$ 22,984	-	787,082
Temporarily restricted	5,846,909	-	-	5,846,909
	<u>5,846,909</u>	<u>-</u>	<u>-</u>	<u>5,846,909</u>
 Total Net Assets	 <u>6,611,007</u>	 <u>22,984</u>	 <u>-</u>	 <u>6,633,991</u>
 Total Liabilities And Net Assets	 <u>\$ 10,973,744</u>	 <u>\$ 22,984</u>	 <u>-</u>	 <u>\$ 10,996,728</u>

See independent auditors' report on supplementary information.

PARTNER4WORK

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

JUNE 30, 2017

	<u>Partner4Work</u>	<u>RWC- SWPA</u>	<u>Eliminations</u>	<u>Consolidated</u>
ASSETS				
Cash and cash equivalents - unrestricted	\$ 1,031,532	\$ 22,979	-	\$ 1,054,511
Cash and cash equivalents - restricted	1,605,723	-	-	1,605,723
	<u>2,637,255</u>	<u>22,979</u>	<u>-</u>	<u>2,660,234</u>
Contractual revenue receivable	3,591,919	-	-	3,591,919
Computer software	90,613	-	-	90,613
Other assets	90,483	-	-	90,483
	<u>90,483</u>	<u>-</u>	<u>-</u>	<u>90,483</u>
 Total Assets	 <u>\$ 6,410,270</u>	 <u>\$ 22,979</u>	 <u>-</u>	 <u>\$ 6,433,249</u>
 LIABILITIES AND NET ASSETS				
LIABILITIES				
Due to subrecipients	\$ 3,784,894	-	-	\$ 3,784,894
Accounts payable	115,697	-	-	115,697
Accrued liabilities	92,050	-	-	92,050
	<u>92,050</u>	<u>-</u>	<u>-</u>	<u>92,050</u>
 Total Liabilities	 3,992,641	 -	 -	 3,992,641
 NET ASSETS				
Unrestricted	801,932	\$ 22,979	-	824,911
Temporarily restricted	1,615,697	-	-	1,615,697
	<u>1,615,697</u>	<u>-</u>	<u>-</u>	<u>1,615,697</u>
 Total Net Assets	 <u>2,417,629</u>	 <u>22,979</u>	 <u>-</u>	 <u>2,440,608</u>
 Total Liabilities And Net Assets	 <u>\$ 6,410,270</u>	 <u>\$ 22,979</u>	 <u>-</u>	 <u>\$ 6,433,249</u>

See independent auditors' report on supplementary information.

PARTNER4WORK

CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2018

	Partner4Work		RWC-SWPA		Eliminations	Consolidated
	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted		
REVENUE AND OTHER SUPPORT						
Public funds/government grants	\$ 15,911,487	\$ 6,968,289	-	-	-	\$ 22,879,776
Foundation and private contributions	576	1,274,294	-	-	-	1,274,870
Interest income	3,646	-	\$ 5	-	-	3,651
Other income	4,232	-	-	-	-	4,232
Net assets released from restrictions	4,011,371	(4,011,371)	-	-	-	-
Total Revenue And Other Support	19,931,312	4,231,212	5	-	-	24,162,529
EXPENSES						
Management and general	1,380,829	-	-	-	-	1,380,829
Fundraising	11,773	-	-	-	-	11,773
Program services	18,531,884	-	-	-	-	18,531,884
Total Expenses	19,924,486	-	-	-	-	19,924,486
Change In Net Assets						
Before Depreciation	6,826	4,231,212	5	-	-	4,238,043
Depreciation	44,660	-	-	-	-	44,660
Change In Net Assets	(37,834)	4,231,212	5	-	-	4,193,383
NET ASSETS						
Beginning of year	801,932	1,615,697	22,979	-	-	2,440,608
End of year	\$ 764,098	\$ 5,846,909	\$ 22,984	-	-	\$ 6,633,991

See independent auditors' report on supplementary information.

PARTNER4WORK

CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2017

	Partner4Work		RWC-SWPA		Eliminations	Consolidated
	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted		
REVENUE AND OTHER SUPPORT						
Public funds/government grants	\$ 15,527,644	-	-	-	-	\$ 15,527,644
Foundation and private contributions	-	\$ 804,272	-	-	-	804,272
Interest income	3,084	-	-	-	-	3,084
Other income	863	-	-	-	-	863
Net assets released from restrictions	1,024,381	(1,024,381)	-	-	-	-
Total Revenue And Other Support	16,555,972	(220,109)	-	-	-	16,335,863
EXPENSES						
Management and general	1,158,177	-	\$ 26	-	-	1,158,203
Fundraising	-	-	-	-	-	-
Program services	15,455,091	-	-	-	-	15,455,091
Total Expenses	16,613,268	-	26	-	-	16,613,294
Change In Net Assets Before Depreciation	(57,296)	(220,109)	(26)	-	-	(277,431)
Depreciation	37,837	-	-	-	-	37,837
Change In Net Assets	(95,133)	(220,109)	(26)	-	-	(315,268)
NET ASSETS						
Beginning of year	897,065	1,835,806	23,005	-	-	2,755,876
End of year	\$ 801,932	\$ 1,615,697	\$ 22,979	-	-	\$ 2,440,608

See independent auditors' report on supplementary information.

PARTNER4WORK

CONSOLIDATED SCHEDULE OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2018

(With Comparative Totals for the Year Ended June 30, 2017)

	Management and General	Fundraising	Program Services	Total	
				2018	2017
Project costs	-	-	\$ 16,814,667	\$ 16,814,667	\$ 14,007,977
Salaries, wages and benefits	\$ 885,774	\$ 11,773	1,338,388	2,235,935	1,856,904
Contracted services	90,279	-	233,859	324,138	123,673
Technology/network	66,152	-	62,159	128,311	82,764
Rent	97,088	-	5,530	102,618	112,153
Accounting	62,683	-	-	62,683	63,379
Travel	14,022	-	38,384	52,406	29,208
Equipment expense	29,817	-	3,356	33,173	44,205
Staff administration	25,417	-	304	25,721	16,517
Legal	7,981	-	16,774	24,755	32,896
Materials and supplies	21,928	-	1,188	23,116	46,299
Memberships	20,660	-	-	20,660	18,604
Meeting expense	10,384	-	9,311	19,695	31,491
Insurance	19,627	-	-	19,627	18,957
Telephone	19,070	-	-	19,070	13,987
Communication	7,698	-	7,964	15,662	88,785
Bank fees	1,684	-	-	1,684	2,524
Publications	565	-	-	565	1,340
Temporary service	-	-	-	-	21,631
	<u>\$ 1,380,829</u>	<u>\$ 11,773</u>	<u>\$ 18,531,884</u>	<u>\$ 19,924,486</u>	<u>\$ 16,613,294</u>

See independent auditors' report on supplementary information.

PARTNER4WORK

DETAIL OF CONSOLIDATED SCHEDULE OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2018

	Program Services					
	Management and General	Fundraising	Workforce Innovation and Opportunity Act		Temporary Assistance for Needy Families	Ex- Offenders
			City of Pittsburgh	Allegheny County		
Project costs	-	-	\$ 3,237,299	\$ 4,102,236	\$ 5,804,573	\$ 315,418
Salaries, wages and benefits	\$ 885,774	\$ 11,773	290,435	278,626	220,158	13,808
Contracted services	90,279	-	30,699	15,703	3,054	123,418
Technology/network	66,152	-	15,703	-	13,000	-
Rent	97,088	-	-	-	-	-
Accounting	62,683	-	-	-	-	-
Travel	14,022	-	17,006	14,232	4,664	-
Equipment expense	29,817	-	-	-	-	-
Staff administration	25,417	-	-	-	-	-
Legal	7,981	-	25	25	1,248	-
Materials and supplies	21,928	-	-	-	-	-
Memberships	20,660	-	-	-	-	-
Meeting expense	10,384	-	2,046	2,697	1,346	-
Insurance	19,627	-	-	-	-	-
Telephone	19,070	-	-	-	-	-
Communication	7,698	-	175	175	34	-
Bank fees	1,684	-	-	-	-	-
Publications	565	-	-	-	-	-
	<u>\$ 1,380,829</u>	<u>\$ 11,773</u>	<u>\$ 3,593,388</u>	<u>\$ 4,413,694</u>	<u>\$ 6,048,077</u>	<u>\$ 452,644</u>

Program Services

Sector Strategies	Learn and Earn	Place Based Strategies	Pittsburgh Works	Regional Workforce	Program Services Total	Total
\$ 625,825	\$ 2,461,279	\$ 234,118	\$ 33,919	-	\$ 16,814,667	\$ 16,814,667
56,030	209,210	23,051	160,157	\$ 86,913	1,338,388	2,235,935
362	49,581	792	-	10,250	233,859	324,138
-	-	-	-	33,456	62,159	128,311
-	5,530	-	-	-	5,530	102,618
-	-	-	-	-	-	62,683
845	503	-	550	584	38,384	52,406
-	540	-	-	2,816	3,356	33,173
-	304	-	-	-	304	25,721
648	13,724	-	-	1,104	16,774	24,755
616	57	515	-	-	1,188	23,116
-	-	-	-	-	-	20,660
-	1,465	372	1,385	-	9,311	19,695
-	-	-	-	-	-	19,627
-	-	-	-	-	-	19,070
196	1,604	462	90	5,228	7,964	15,662
-	-	-	-	-	-	1,684
-	-	-	-	-	-	565
<u>\$ 684,522</u>	<u>\$ 2,743,797</u>	<u>\$ 259,310</u>	<u>\$ 196,101</u>	<u>\$ 140,351</u>	<u>\$ 18,531,884</u>	<u>\$ 19,924,486</u>

See independent auditors' report on supplementary information.

TRWIB, INC. AND AFFILIATE

DETAIL OF CONSOLIDATED SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2017

			Program Services			
	Management and General	Fundraising	Workforce Innovation and Opportunity Act		Temporary Assistance for Needy Families	Ex- Offenders
			City of Pittsburgh	Allegheny County		
Project costs	-	-	\$ 3,408,904	\$ 4,914,851	\$ 2,258,303	\$ 74,988
Salaries, wages and benefits	\$ 708,636	-	199,540	223,646	117,025	23,842
Contracted services	5,422	-	43,320	25,089	13,156	28,535
Rent	108,153	-	-	-	-	-
Communication	23,479	-	29,138	34,602	68	50
Technology/network	39,679	-	26,714	-	13,000	-
Accounting	60,879	-	-	-	-	-
Materials and supplies	40,628	-	226	538	3	62
Equipment expense	41,412	-	-	-	-	-
Legal	11,353	-	1,278	1,733	2,326	-
Meeting expense	12,088	-	1,450	2,705	931	271
Travel	20,662	-	3,601	2,771	2,174	-
Temporary service	20,937	-	438	-	256	-
Insurance	18,957	-	-	-	-	-
Memberships	18,604	-	-	-	-	-
Staff administration	10,575	-	6	11	-	-
Telephone	12,875	-	-	-	-	-
Bank fees	2,524	-	-	-	-	-
Publications	1,340	-	-	-	-	-
	<u>\$ 1,158,203</u>	<u>-</u>	<u>\$ 3,714,615</u>	<u>\$ 5,205,946</u>	<u>\$ 2,407,242</u>	<u>\$ 127,748</u>

Program Services

Sector Strategies	Learn and Earn	Place Based Strategies	Pittsburgh Works	Regional Workforce	Program Services Total	Total
\$ 511,430	\$ 2,612,447	\$ 170,139	\$ 56,915	-	\$ 14,007,977	\$ 14,007,977
100,652	201,379	17,574	195,491	\$ 69,119	1,148,268	1,856,904
12	8,122	17	-	-	118,251	123,673
-	4,000	-	-	-	4,000	112,153
780	310	-	358	-	65,306	88,785
-	-	-	-	3,371	43,085	82,764
-	2,500	-	-	-	2,500	63,379
40	4,802	-	-	-	5,671	46,299
-	-	-	-	2,793	2,793	44,205
-	16,206	-	-	-	21,543	32,896
1,225	1,961	336	10,524	-	19,403	31,491
-	-	-	-	-	8,546	29,208
-	-	-	-	-	694	21,631
-	-	-	-	-	-	18,957
-	-	-	-	-	-	18,604
-	5,925	-	-	-	5,942	16,517
-	1,112	-	-	-	1,112	13,987
-	-	-	-	-	-	2,524
-	-	-	-	-	-	1,340
<u>\$ 614,139</u>	<u>\$ 2,858,764</u>	<u>\$ 188,066</u>	<u>\$ 263,288</u>	<u>\$ 75,283</u>	<u>\$ 15,455,091</u>	<u>\$ 16,613,294</u>

See independent auditors' report on supplementary information.

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REPORTING UNDER *GOVERNMENT AUDITING STANDARDS* AND THE UNIFORM GUIDANCE



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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
TRWIB, Inc. and Affiliate d/b/a Partner4Work
Pittsburgh, Pennsylvania

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 consolidated financial statements of TRWIB, Inc. and Affiliate d/b/a Partner4Work (Organization), which comprise the consolidated statement of financial position as of June 30, 2018 and the related consolidated statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated March 29, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, 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 consolidated 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 consolidation 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 consolidation 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 might exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization’s consolidated 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*.

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.

Schneider Downs & Co., Inc.

Pittsburgh, Pennsylvania
March 29, 2019

PARTNER4WORK

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
Department of Labor Direct Programs				
Reentry Employment Opportunities	17.270	N/A	\$ 429,930	\$ 469,492
SubTotal Department Of Labor Direct Programs			<u>429,930</u>	<u>469,492</u>
WIA/WIOA Cluster				
Department of Labor Pass-Through Programs				
Pennsylvania Department of Labor and Industry				
WIA/WIOA Adult Program	17.258	095-16-3011	531,840	640,788
WIA/WIOA Adult Program	17.258	095-16-3001	74,363	75,128
WIA/WIOA Adult Program	17.258	095-16-3132	15,000	15,063
WIA/WIOA Adult Program	17.258	005-16-3011	748,801	854,849
WIA/WIOA Adult Program	17.258	005-17-3011	689,724	771,492
WIA/WIOA Adult Program	17.258	095-17-3011	631,814	751,127
WIA/WIOA Adult Program	17.258	095-17-3001	109,284	109,284
			<u>2,800,826</u>	<u>3,217,731</u>
WIA/WIOA Youth Activities	17.259	005-17-3301	945,643	1,093,130
WIA/WIOA Youth Activities	17.259	005-15-3342	121,217	145,746
WIA/WIOA Youth Activities	17.259	005-16-3301	190,525	351,730
WIA/WIOA Youth Activities	17.259	095-17-3301	670,327	826,266
			<u>1,927,712</u>	<u>2,416,872</u>
WIA/WIOA Dislocated Worker Formula Grants	17.278	095-15-4155	-	16,231
WIA/WIOA Dislocated Worker Formula Grants	17.278	095-17-4011	481,645	598,794
WIA/WIOA Dislocated Worker Formula Grants	17.278	095-16-4151	23,799	23,799
WIA/WIOA Dislocated Worker Formula Grants	17.278	095-16-4011	450,421	547,335
WIA/WIOA Dislocated Worker Formula Grants	17.278	095-16-4134	78,658	78,743
WIA/WIOA Dislocated Worker Formula Grants	17.278	005-15-4155	-	27,912
WIA/WIOA Dislocated Worker Formula Grants	17.278	005-15-4053	12,221	12,221
WIA/WIOA Dislocated Worker Formula Grants	17.278	005-17-4151	78,075	78,075
WIA/WIOA Dislocated Worker Formula Grants	17.278	005-17-4011	302,645	432,963
WIA/WIOA Dislocated Worker Formula Grants	17.278	005-16-4151	25,000	25,000
WIA/WIOA Dislocated Worker Formula Grants	17.278	005-16-4001	-	8,796
WIA/WIOA Dislocated Worker Formula Grants	17.278	005-16-4011	602,811	757,590
SubTotal WIA/WIOA Dislocated Worker Formula Grants			<u>2,055,275</u>	<u>2,607,459</u>
SubTotal WIA/WIOA Cluster			<u>6,783,813</u>	<u>8,242,062</u>
WIOA National Dislocated Worker Grants/ WIA National Emergency Grants	17.277	095-15-5100	-	314,563
Workforce Innovation Fund	17.283	005-15-2100	183,402	183,402
SubTotal Department Of Labor Pass-Through Programs			<u>6,967,215</u>	<u>8,740,027</u>
Total Department Of Labor			<u>7,397,145</u>	<u>9,209,519</u>

The notes to the schedule of expenditures of federal awards should be read with this schedule.

PARTNER4WORK

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

(Continued)

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
Department of Health and Human Services Pass-Through Programs				
Pennsylvania Department of Labor and Industry				
Temporary Assistance for Needy Families	93.558	410-005-8195	\$ 375,975	\$ 409,073
Temporary Assistance for Needy Families	93.558	410-007-8069	2,785,103	3,249,319
Temporary Assistance for Needy Families	93.558	005-17-3361	974,815	1,110,305
Temporary Assistance for Needy Families	93.558	005-16-3362	414,173	415,239
Temporary Assistance for Needy Families	93.558	005-16-3361	3,660	18,017
Temporary Assistance for Needy Families	93.558	095-17-3361	410,002	414,509
Temporary Assistance for Needy Families	93.558	095-16-3362	420,156	487,951
Temporary Assistance for Needy Families	93.558	095-16-3361	143,622	213,418
Total Department of Health and Human Services			<u>5,527,506</u>	<u>6,317,831</u>
Community Development and Urban Development Pass-Through Programs				
City of Pittsburgh				
Community Development Block Grants/Special Purpose Grants / Insular Areas	14.218	09063117-58101-00	237,641	238,361
Corporation for National and Community Service Pass-Through Programs				
Jobs for the Future, Inc.				
Social Innovation Fund	94.019	14-048	102,878	117,538
Total Expenditures Of Federal Awards			<u>\$ 13,265,170</u>	<u>\$ 15,883,249</u>

The notes to the schedule of expenditures of federal awards should be read with this schedule.

PARTNER4WORK

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 - BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal grant activity of TRWIB, Inc. and Affiliate d/b/a Partner4Work (Organization) under programs of the federal government for the year ended June 30, 2018. 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). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, activities or cash flows of the Organization.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICY

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. Pass-through entity identifying numbers are presented where available.

NOTE 3 - INDIRECT COST RATE

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

NOTE 4 - RECONCILIATION

A reconciliation between the total expenditures of federal awards and total public funds/government grants revenue is as follows:

Public funds/government grants revenue	\$ 22,879,776
Non-federal revenue	<u>(6,996,527)</u>
Total expenditures of federal awards	<u>\$ 15,883,249</u>

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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
TRWIB, Inc. and Affiliate d/b/a Partner4Work
Pittsburgh, Pennsylvania

Report on Compliance for Each Major Federal Program

We have audited TRWIB, Inc. and Affiliate d/b/a Partner4Work's (Organization) compliance 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, 2018. The Organization'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 programs.

Auditors' Responsibility

Our responsibility is to express an opinion on 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 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). 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 of the Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, the Organization 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, 2018.

Report on Internal Control Over Compliance

Management of the Organization 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 the Organization'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 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 consolidation 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.

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.

Schneider Downs & Co., Inc.

Pittsburgh, Pennsylvania
March 29, 2019

PARTNER4WORK

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

SECTION 1 - SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

Type of report the auditor issued on whether the financial statements were prepared in accordance with accounting principles generally accepted in the United States of America:

Unmodified

Internal control over financial reporting:
Material weakness(es) identified?

_____ yes X no

Significant deficiency(ies) identified?

_____ yes X none reported

Noncompliance material to financial statements notes

_____ yes X no

Federal Awards:

Internal control over major programs:
Material weakness(es) identified?

_____ yes X no

Significant deficiency(ies) identified?

_____ yes X none reported

Type of auditor's report on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

_____ yes X no

Identification of major federal programs:

CFDA Numbers
17.258, 17.259, 17.278

Name of Federal Program or Cluster
WIA/WIOA Cluster

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

 X yes _____ no

See independent auditors' report on compliance should be read with this schedule.

PARTNER4WORK

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

(Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS

This section identifies the significant deficiencies, material weaknesses, fraud, noncompliance with provisions of laws, regulations, contracts, grant agreements and abuse related to the financial statements for which *Government Auditing Standards* require reporting.

There were no findings noted in the current year that are required to be reported in accordance with *Government Auditing Standards*.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

This section identifies the audit findings required to be reported by 2 CFR 200.516(a) (significant deficiencies, material weaknesses, material instances of noncompliance, including questioned costs and material abuse.)

There were no findings noted in the current year that are required to be reported in accordance with 2 CFR 200.516(a).

See independent auditors' report on compliance should be read with this schedule.

PARTNER4WORK

SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018

<u>Finding Number</u>	<u>Finding</u>	<u>Status</u>
	There were no prior-year audit findings.	

See independent auditors' report on compliance.

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