

*Financial Report*  
*The Work Connection, Inc.*  
*Houma, Louisiana*  
*June 30, 2006*

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1-24-07

## **TABLE OF CONTENTS**

### **The Work Connection, Inc.**

June 30, 2006

	<b><u>Exhibits</u></b>	<b><u>Page Number</u></b>
<b>Introductory Section</b>		
Title Page		i
Table of Contents		ii – iii
<b>Financial Section</b>		
Independent Auditor's Report		1 – 2
Statement of Financial Position	A	3
Statement of Activities	B	4
Statement of Functional Expenses	C	5 – 6
Statement of Cash Flows	D	7
Notes to Financial Statements	E	8 – 12
<b>Special Reports Of Certified Public Accountants</b>		
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>		13 – 14
Report on Compliance with Requirements Applicable to each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133		15 – 16
Schedule of Expenditures of Federal Awards		17

**TABLE OF CONTENTS**  
**(Continued)**

**The Work Connection, Inc.**

June 30, 2006

	<u>Page Number</u>
<b>Special Reports Of Certified Public Accountants (Continued)</b>	
Notes to Schedule of Expenditures of Federal Awards	18
Schedule of Findings and Questioned Costs	19 – 20
<b>Reports By Management</b>	
Schedule of Prior Year Findings and Questioned Costs	21
Management's Corrective Action Plan	22

## **FINANCIAL SECTION**



Bourgeois Bennett

## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statement of financial position of The Work Connection, Inc. (the Organization), a nonprofit organization, as of June 30, 2006, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2006, and the change in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated November 15, 2006, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

1340 West Tunnel Blvd., Suite 430  
P.O. Box 2168  
Houma, LA 70361-2168  
Phone (985) 868-0139  
Fax (985) 879-1949

Certified Public  
Accountants | Consultants  
A Limited Liability Company

1  
P.O. Box 60600  
New Orleans, LA 70160-0600  
Heritage Plaza, 17<sup>th</sup> Floor  
Phone (504) 831-4949  
Fax (504) 833-9093

507-D St. Philip St.  
P.O. Box 1205  
Thibodaux, LA 70302-1205  
Phone (985) 447-5243

Our audit was conducted for the purpose of forming an opinion on The Work Connection, Inc. taken as a whole. The accompanying schedule of expenditures of federal awards as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, listed in the table of contents, is presented for the purpose of additional analysis and is not a required part of the financial statements of The Work Connection, Inc. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole. The budgetary information, marked "unaudited", presented on page 4 has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

*Bourgeois Bennett, L.L.C.*

Certified Public Accountants.

Houma, Louisiana,  
November 15, 2006.

**STATEMENT OF FINANCIAL POSITION****The Work Connection, Inc.**

June 30, 2006

**Assets**

Grants receivable	\$ 327,512
Other receivables	20,414
Property and equipment, net	<u>63,778</u>

Total assets	<u><u>\$ 411,704</u></u>
--------------	--------------------------

**Liabilities**

Bank overdraft	\$ 5,828
Accounts payable and accrued expenses	336,056
Accrued employee benefits	<u>6,042</u>

Total liabilities	347,926
-------------------	---------

**Net Assets**

Temporarily restricted	<u>63,778</u>
------------------------	---------------

Total liabilities and net assets	<u><u>\$ 411,704</u></u>
----------------------------------	--------------------------

See notes to financial statements.

**STATEMENT OF ACTIVITIES****The Work Connection, Inc.**

For the year ended June 30, 2006

	Unrestricted	Temporarily Restricted	Total	Budget (Unaudited)	Variance Favorable (Unfavorable) (Unaudited)
<b>Revenues, Gains and Other Support</b>					
Government grants	\$ 2,839,415	\$ 28,975	\$ 2,868,390	\$ 3,831,622	\$ (963,232)
Net assets released from restrictions:					
Satisfaction of use restrictions	22,339	(22,339)	-	-	-
Total revenues, gains and other support	2,861,754	6,636	2,868,390	3,831,622	(963,232)
<b>Expenses</b>					
Program Services:					
Adult	810,404	-	810,404	720,196	(90,208)
Dislocated Workers	1,554,946	-	1,554,946	2,601,366	1,046,420
Faith Based	78,567	-	78,567	-	(78,567)
Youth	300,295	-	300,295	381,548	81,253
STEPS	113,401	-	113,401	128,512	15,111
15% Incentive	4,141	-	4,141	-	(4,141)
Total expenses	2,861,754	-	2,861,754	3,831,622	969,868
<b>Increase in Net Assets</b>	-	6,636	6,636	-	6,636
<b>Net Assets</b>					
Beginning of year	-	57,142	57,142	-	57,142
End of year	\$ -	\$ 63,778	\$ 63,778	\$ -	\$ 63,778

See notes to financial statements.



# STATEMENT OF FUNCTIONAL EXPENSES

## The Work Connection, Inc.

For the year ended June 30, 2006

<u>Program Services</u>				
	<u>Adult</u>	<u>Dislocated Workers</u>	<u>Faith Based</u>	<u>Youth</u>
Salaries	\$ 417,636	\$ 1,045,287	\$ 42,347	\$ 129,838
Payroll taxes	31,941	79,957	3,237	9,927
Retirement	4,878	5,221	1,689	3,211
Employee benefits	20,596	138,173	-	34,334
Total salaries and related expenses	475,051	1,268,638	47,273 -	177,310
Advertising and public relations	343	401	-	600
Contract services	27,476	18,011	761	280
Depreciation	3,192	6,383	3,191	3,191
Equipment rentals	2,736	5,483	-	3,545
Equipment repairs and maintenance	11,686	7,875	-	7,814
Insurance	8,351	10,177	-	9,237
Membership dues and subscriptions	1,678	685	-	451
Miscellaneous	17,985	2,205	-	1,526
Occupancy	22,519	34,717	-	36,593
Postage and shipping	553	910	-	191
Professional fees	5,625	6,233	-	4,154
Participant room and board	1,610	160	-	2,465
Participant tuition	92,915	18,188	-	20,018
Participant child care	17,239	43,213	-	1,012
Other participant supportive services	29,878	98,262	24,900	4,519
Supplies	81,882	16,621	2,442	13,990
Telephone	4,147	6,025	-	7,103
Travel, meals and lodging	1,811	5,451	-	1,441
Utilities	3,727	5,308	-	4,855
Totals	<u>\$ 810,404</u>	<u>\$ 1,554,946</u>	<u>\$ 78,567</u>	<u>\$ 300,295</u>

See notes to financial statements.

Program Services		
STEPS Program	15% Incentive	Total
\$ 95,492	\$ 876	\$ 1,731,476
7,306	67	132,435
156	7	15,162
-	-	193,103
102,954	950	2,072,176
-	-	1,344
-	-	46,528
3,191	3,191	22,339
-	-	11,764
-	-	27,375
-	-	27,765
-	-	2,814
1,027	-	22,743
-	-	93,829
-	-	1,654
-	-	16,012
-	-	4,235
-	-	131,121
-	-	61,464
-	-	157,559
5,666	-	120,601
-	-	17,275
563	-	9,266
-	-	13,890
<u>\$ 113,401</u>	<u>\$ 4,141</u>	<u>\$ 2,861,754</u>

**STATEMENT OF CASH FLOWS****The Work Connection, Inc.**

For the year ended June 30, 2006

**Cash Flows from Operating Activities**

Increase in net assets	<u>\$ 6,636</u>
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	22,339
Decrease in assets:	
Prepaid rent	23,457
Increase in assets:	
Other receivables	(2,467)
Grants receivable	(242,479)
Increase in liabilities:	
Bank overdraft	5,828
Accounts payable	238,817
Decrease in liabilities:	
Accrued employee benefits	(451)
Deferred revenue	<u>(23,457)</u>
Total adjustments	<u>21,587</u>
Net cash provided by operating activities	28,223

**Cash Flows used in Investing Activities**

Purchases of property and equipment	<u>(28,975)</u>
-------------------------------------	-----------------

**Net Decrease in Cash** (752)

**Cash**

Beginning of year	<u>752</u>
End of year	<u><u>\$ -</u></u>

See notes to financial statements.

**NOTES TO FINANCIAL STATEMENTS****The Work Connection, Inc.**

June 30, 2006

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

The Work Connection, Inc. (the Organization) was incorporated as a non-profit corporation on August 28, 1987. In accordance with the Workforce Investment Act (WIA), the Organization funds job training and other employment services in the parishes of Lafourche, Assumption and Terrebonne under grants provided by the local Workforce Investment Board (the LAT). The Organization is funded by the LAT as a subrecipient of Title I – B of WIA, Faith Based, 15% incentive and Temporary Assistance for Needy Families/Strategies to Empower People (STEPS) grants.

**b) Financial Statement Presentation**

The Organization's financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Organization had no permanently restricted net assets at June 30, 2006.

**c) Basis of Accounting**

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

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

**d) Use of Estimates**

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

**e) Cash and Cash Equivalents**

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. The Organization had no cash equivalents at June 30, 2006.

**f) Bad Debts**

The financial statements of the Organization contain no allowance for uncollectible receivables. Uncollectible receivables are recognized as bad debts at the time information becomes available, which would indicate the uncollectibility of the particular receivable. Management believes that all receivables at June 30, 2006 are collectible.

**g) Property and Equipment**

All acquisitions of property and equipment are purchased with grant funding through the LAT from the pass-through grantor, the State of Louisiana Department of Labor (LDOL). All property and equipment is ultimately the property of LDOL, which allows the Organization to use the property to perform necessary services. Purchased property and equipment is carried at cost. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation, as determined by management. The policy of the Organization is to capitalize all expenditures for property and equipment in excess of \$1,000. Depreciation is computed using primarily the straight-line method over estimated useful lives (two to ten years). Depreciation expense for the year ended June 30, 2006 was \$22,339.

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

**h) Compensated Absences**

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

The rate at which an employee accumulates vacation leave depends on years of service. In the event the Organization would not be funded in the following year, employees would be required to exhaust their annual vacation leave prior to the end of the funding year. The total amount of accrued accumulated vacation leave at June 30, 2006 was \$6,042.

Sick leave accrues at a rate of five hours per month. Employees shall be allowed to carry accumulated sick leave forward from one program year to the next, not to exceed 80 hours. In no instance shall any employee receive wages for sick leave upon termination of employment.

**i) Functional Expenses**

The costs of providing various services and other activities have been summarized on a functional basis in the Statement of Activities and the Statement of Functional Expenses in accordance with cost reporting regulations of the State of Louisiana Department of Labor. Accordingly, certain costs have been allocated among the services and activities benefited.

**j) Income Taxes**

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

**k) Reclassification**

Management has determined that all expenses should be reported as program services. Accordingly, management and general expenses have been reclassified into program services expenses.

**Note 2 - RESTRICTIONS ON NET ASSETS**

Temporarily restricted net assets are restricted by donors for specific purposes or for use in subsequent periods. As June 30, 2006, temporarily restricted net assets include \$63,778 for the use of property and equipment.

**Note 3 - PROPERTY AND EQUIPMENT**

At June 30, 2006, property and equipment consist of the following:

Transportation equipment	\$ 72,682
Office furniture and equipment	<u>81,508</u>
	154,190
Less: accumulated depreciation	<u>(90,412)</u>
Property and equipment, net	<u>\$ 63,778</u>

**Note 4 - OPERATING BUDGETARY DATA**

The Organization is a non-profit organization which is not legally required to adopt or amend its budgets. The Organization's funding is from intergovernmental grants from the Federal and State of Louisiana Department of Labor paid as pass-through grants from the LAT. The Organization signed a contract with the LAT which required an operating budget in the amount of \$3,831,622, which is presented in Exhibit B. All budgeted amounts which were not expended, or obligated through contracts, lapse at year end.

**Note 5 - ECONOMIC DEPENDENCY**

As described above, the Organization receives its revenue from Federal grant funding passed through the State of Louisiana Department of Labor and the LAT. The grant amounts are appropriated each year by Federal, state, and local governments. The State of Louisiana incurred significant losses as a result of Hurricanes Katrina and Rita in August and September 2005. Hurricane relief and recovery efforts have stretched the State's finances and increased the likelihood of cuts in the Organization's future funding from the State. If significant budget cuts are made at the Federal, state and local government levels, the amount of funds that the Organization receives could be reduced significantly and have an adverse impact on its operations. Management is not able to estimate at this time the amount of funds that the Organization will receive from future state funding. However, management believes that it will receive sufficient funds to avoid a material impact on the Organization's future operations.

**Note 6 - PENSION PLAN**

The Organization established a 401(k) retirement plan to provide benefits to all permanent full-time employees having completed at least one year of service. Participants are permitted to contribute in any amount up to 15% of their compensation not to exceed statutory limits. The Organization matches 100% of the employee contributions not to exceed 5% of the employee's compensation. The Organization's contributions for the year ended June 30, 2006 were \$15,162.

**Note 7 - RISK MANAGEMENT**

The Organization is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. There were no settled claims that exceeded this commercial coverage during the year ended June 30, 2006.

**Note 8 - OFFICE LEASE**

During June 2004, the Organization signed a thirty-six (36) month operating lease for office space in Thibodaux, Louisiana for \$3,000 a month. The rental period for the lease commences July 1. Commitments under the lease as follows:

<u>Year</u>	<u>Amount</u>
2007	<u>\$ 36,000</u>

The remaining two offices are rented on a month-to-month basis. Rental expenditures incurred on all offices, including the above lease, amounted to \$93,829 during the year ended June 30, 2006.



**SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS**



Bourgeois Bennett

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

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

We have audited the financial statements of The Work Connection, Inc., (the Organization), as of and for the year ended June 30, 2006, and have issued our report thereon dated November 15, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Organization's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could

have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Audit Standards.

We noted a certain matter that we reported to management of the Work Connection, Inc. in a separate letter dated November 15, 2006.

This report is intended solely for the information and use of the Board of Directors, management, the Legislative Auditor for the State of Louisiana and various federal and state audit agencies and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Bougeois Bennett, L.L.C.*

Certified Public Accountants.

Houma, Louisiana,  
November 15, 2006.



Bourgeois Bennett

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE  
TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

**Compliance**

We have audited the compliance of The Work Connection, Inc., (the Organization), a nonprofit organization with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2006. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Organization's management. Our responsibility is to express an opinion on the Organization's compliance based on our audit.

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 OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Those standards and OMB Circular A-133 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. Our audit does not provide a legal determination on the Organization's compliance with those requirements.

In our opinion, the Organization complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

### **Internal Control Over Compliance**

The management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Organization's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Directors, management, the State of Louisiana, the Legislative Auditor for the State of Louisiana and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Bourgeois Bennett, L.L.C.*

Certified Public Accountants.

Houma, Louisiana,  
November 15, 2006.

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**The Work Connection, Inc.**

For the year ended June 30, 2006

<u>Federal Grantor/Pass- Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Award/ Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<b>Department of Labor</b>			
<b><u>Pass-Through Payments:</u></b>			
<b><u>LAT Workforce Investment Board, Inc.:</u></b>			
Faith Based	17.257		\$ 77,234
<b><u>Pass-Through Payments:</u></b>			
<b><u>Louisiana Department of Labor:</u></b>			
<b><u>LAT Workforce Investment Board, Inc.:</u></b>			
WIA Adult Program	17.258	OCR# 474-000559	810,213
WIA Youth Activities	17.259	OCR# 474-000559	304,104
WIA Dislocated Workers	17.260	OCR# 474-000559	1,565,679
Strategies to Empower People (STEPS)	93.558	OCR# 474-401318	110,210
15% Incentive	17.258	OCR# 474-000559	950
Total			<u>\$ 2,868,390</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

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

### **The Work Connection, Inc.**

June 30, 2006

#### **Note 1 - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of The Work Connection, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

#### **Note 2 - RECONCILIATION TO FINANCIAL STATEMENTS**

Total federal expenditures for the year ended June 30, 2006 reconciles to the Organization's financial statements for the year ended June 30, 2006 as follows:

Total federal expenditures	\$2,868,390
Capital expenditures for the purchase of capitalized property and equipment	(28,975)
Depreciation of capitalized property and equipment	<u>22,339</u>
Total expenses	<u>\$2,861,754</u>

#### **Note 3 - FINDINGS OF NONCOMPLIANCE AND INTERNAL CONTROL OVER COMPLIANCE**

There were no federal award findings or questioned costs reported during the audit for the year ended June 30, 2006.

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

### **The Work Connection, Inc.**

For the year ended June 30, 2006

#### **Section I Summary of Auditor's Results**

##### **a) Financial Statements**

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified?                    ☐ yes    ☒ no
- Reportable condition(s) identified that are not  
considered to be material weaknesses?                    ☐ yes    ☒ none reported

Noncompliance material to financial statements noted?    ☐ yes    ☒ no

##### **b) Federal Awards**

Internal control over major programs:

- Material weakness(es) identified?                    ☐ yes    ☒ no
- Reportable condition(s) identified that are not  
considered to be material weaknesses?                    ☐ yes    ☒ none reported

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

Any audit findings disclosed that are required to be  
reported in accordance with section 510(a) of  
Circular A-133?                    ☐ yes    ☒ no

##### **c) Identification of Major Programs:**

###### CFDA Number(s)

###### Name of Federal Program

17.258

WIA Adult Program

17.258

15% Incentive

17.259

WIA Youth Activities

17.260

WIA Dislocated Workers



**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**(Continued)**

**The Work Connection, Inc.**

For the year ended June 30, 2006

**Section I Summary of Auditor's Results (Continued)**

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

\$300,000

Auditee qualified as low-risk auditee?

  X   yes        no

**Section II Financial Statement Findings**

No financial statement findings were noted during the audit of the financial statements for the year ended June 30, 2006.

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

There were no federal award findings or questioned costs reported during the audit of the financial statements for the year ended June 30, 2006.

## **REPORTS BY MANAGEMENT**

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

### **The Work Connection, Inc.**

For the year ended June 30, 2006

#### **Section I Internal Control and Compliance Material to the Financial Statements**

##### **Internal Control**

No material weaknesses were noted during the audit of the financial statements for the year ended June 30, 2005.

No reportable conditions were noted during the audit of the financial statements for the year ended June 30, 2005.

##### **Compliance**

No compliance findings material to the financial statements were noted during the audit of the financial statements for the year ended June 30, 2005.

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

There were no federal award findings or questioned costs reported during the audit of the financial statements for the year ended June 30, 2005.

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

05 – 1 **Recommendation** – Office rent should only be included in office rent in drawdowns not exceeding one month from the first day of the rental period.

**Management's Corrective Action** – Management will not include office rent in drawdowns not exceeding one month from the first day of the rental period. Resolved.

05 – 2 **Recommendation** – Management should follow up on each travel advance given to employees with in two weeks of the travel. An expense report should be obtained with documentation for the expenses incurred while traveling.

**Management's Corrective Action** – Management will follow up with employees on all open travel advances. Management will obtain expense reports for the travel advances received by the employees shortly after the travel has occurred. Unresolved.

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

**The Work Connection, Inc.**

For the year ended June 30, 2006

### **Section I Internal Control and Compliance Material to the Basic Financial Statements**

#### **Internal Control**

No material weaknesses were noted during the audit of financial statements for the year ended June 30, 2006.

No reportable conditions were reported during the audit of the financial statements for the year ended June 30, 2006.

#### **Compliance**

No compliance findings material to the financial statements were noted during the audit for the year ended June 30, 2006.

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

There were no federal award findings or questioned costs reported during the audit of the financial statements for the year ended June 30, 2006.

### **Section III Management Letter**

- 06-1 **Recommendation** – Management should follow up on each travel advance given to employee within two weeks of the travel. An expense report should be obtained with documentation for the expenses incurred while traveling.

**Management's Corrective Action** – Management will follow up with employees on all open travel advances. Management will obtain expense reports for the travel advances received by the employees shortly after the travel has occurred.