

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, 2022 and 2021

and Independent Auditor's Report Thereon

DRAFT FOR INTERNAL USE - 2/16/23

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## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying consolidated financial statements of TRWIB and Affiliate d/b/a Partner4Work (Organization), which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, and the related consolidated statements of activities and changes in net assets, functional expenses and cash flows for the years then ended and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2022 and 2021, and the changes in its net assets, its functional expenses and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the 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 audit opinion.

#### ***Responsibilities of Management for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

## ***Auditor's Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, 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 the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. 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 audit 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the 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 \_\_\_\_\_, 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 the effectiveness of the Organization's 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.

Pittsburgh, Pennsylvania

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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	June 30	
	2022	2021
ASSETS		
Cash and cash equivalents - unrestricted	\$ 898,028	\$ 102,685
Cash and cash equivalents - restricted	5,418,083	5,520,746
	6,316,111	5,623,431
Contractual revenue receivable	7,873,459	8,117,053
Furniture and computer software, net of accumulated depreciation of \$201,757 and \$176,112 at June 30, 2022 and 2021, respectively	128,822	158,907
Other assets	73,663	140,291
Total Assets	<u>\$ 14,392,055</u>	<u>\$ 14,039,682</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Due to subrecipients	\$ 4,098,863	\$ 3,611,082
Accounts payable	1,623,410	1,567,406
Accrued liabilities	199,052	74,456
Total Liabilities	5,921,325	5,252,944
NET ASSETS		
Without donor restrictions	852,647	898,492
With donor restrictions	7,618,083	7,888,246
Total Net Assets	8,470,730	8,786,738
Total Liabilities And Net Assets	<u>\$ 14,392,055</u>	<u>\$ 14,039,682</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, 2022 AND 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and other support:						
Public funds/government grants	\$ 19,420,729	\$ 2,568,000	\$ 21,988,729	\$ 20,363,711	\$ 2,928,600	\$ 23,292,311
Foundation and private contributions	108,862	865,000	973,862	138,623	890,000	1,028,623
Interest income	1,358	-	1,358	1,459	-	1,459
Net assets released from restrictions	3,703,163	(3,703,163)	-	3,676,012	(3,676,012)	-
<b>Total Revenue And Other Support</b>	<b>23,234,112</b>	<b>(270,163)</b>	<b>22,963,949</b>	<b>24,179,805</b>	<b>142,588</b>	<b>24,322,393</b>
Expenses:						
Management and general	1,864,601	-	1,864,601	1,806,446	-	1,806,446
Fundraising	1,366	-	1,366	773	-	773
Program services	21,383,905	-	21,383,905	22,458,372	-	22,458,372
<b>Total Operating Expenses</b>	<b>23,249,872</b>	<b>-</b>	<b>23,249,872</b>	<b>24,265,591</b>	<b>-</b>	<b>24,265,591</b>
Changes In Net Assets Before Depreciation and Loss	(15,760)	(270,163)	(285,923)	(85,786)	142,588	56,802
Depreciation	25,645	-	25,645	29,293	-	29,293
Loss on disposal of furniture and computer software	4,440	-	4,440	-	-	-
<b>Changes In Net Assets</b>	<b>(45,845)</b>	<b>(270,163)</b>	<b>(316,008)</b>	<b>(115,079)</b>	<b>142,588</b>	<b>27,509</b>
<b>NET ASSETS</b>						
Beginning of year	898,492	7,888,246	8,786,738	1,013,571	7,745,658	8,759,229
End of year	<u>\$ 852,647</u>	<u>\$ 7,618,083</u>	<u>\$ 8,470,730</u>	<u>\$ 898,492</u>	<u>\$ 7,888,246</u>	<u>\$ 8,786,738</u>

See notes to consolidated financial statements.

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CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2022

	Program Services						
	Management and General	Fundraising	Workforce Innovation and Opportunity Act				Temporary Assistance for Needy Families
			City of Pittsburgh	Allegheny County	Ex- Offenders	National Dislocated Workers	
Project costs	-	-	\$ 2,815,104	\$ 2,233,209	\$ 332,095	\$ 3,111,363	\$ 6,064,907
Salaries, wages and benefits	\$ 1,286,137	\$ 1,290	362,505	469,355	100,620	325,779	550,612
Materials and supplies	35,247	-	163,037	222,815	-	1,008	1,196
Contracted services	74,922	-	4,915	38,693	209	500	-
Rent	113,324	76	25,240	32,649	7,150	22,723	38,066
Technology/network	106,521	-	410	410	-	4	19
Accounting	66,438	-	-	-	-	-	-
Staff administration	31,297	-	1,333	1,333	-	1,333	1,600
Memberships	41,696	-	-	-	-	-	-
Travel	6,514	-	2,579	2,668	4,867	2,028	4,490
Equipment expense	27,842	-	-	-	-	-	-
Telephone	21,972	-	-	-	-	-	-
Insurance	18,239	-	-	-	-	-	-
Communication	11,599	-	-	-	-	-	100
Legal	15,248	-	-	-	-	-	-
Meeting expense	7,605	-	176	197	-	409	148
<b>Total Operating Expenses</b>	<b>1,864,601</b>	<b>1,366</b>	<b>3,375,299</b>	<b>3,001,329</b>	<b>444,941</b>	<b>3,465,147</b>	<b>6,661,138</b>
Depreciation	25,645	-	-	-	-	-	-
<b>Total Functional Expenses</b>	<b>\$ 1,890,246</b>	<b>\$ 1,366</b>	<b>\$ 3,375,299</b>	<b>\$ 3,001,329</b>	<b>\$ 444,941</b>	<b>\$ 3,465,147</b>	<b>\$ 6,661,138</b>



Program Services			
Sector Strategies	Learn and Earn	Program Services Total	Total
\$ 334,140	\$ 2,998,757	\$ 17,889,575	\$ 17,889,575
471,797	328,845	2,609,513	3,896,940
34	3,044	391,134	426,381
146,979	44,741	236,037	310,959
32,681	22,909	181,418	294,818
5	32,508	33,356	139,877
-	-	-	66,438
8,549	15	14,163	45,460
-	-	-	41,696
5,075	450	22,157	28,671
-	-	-	27,842
-	-	-	21,972
-	-	-	18,239
60	5,275	5,435	17,034
-	106	106	15,354
2,895	(2,814)	1,011	8,616
1,002,215	3,433,836	21,383,905	23,249,872
-	-	-	25,645
<u>\$ 1,002,215</u>	<u>\$ 3,433,836</u>	<u>\$ 21,383,905</u>	<u>\$ 23,275,517</u>

See notes to consolidated financial statements.

PARTNER4WORK

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2021

			Program Services				Temporary Assistance for Needy Families
	Management and General	Fundraising	Workforce Innovation and Opportunity Act			National Dislocated Workers	
			City of Pittsburgh	Allegheny County	Ex-Offenders		
Project costs	-	-	\$ 3,648,855	\$ 2,969,183	\$ 445,046	\$ 2,489,542	\$ 5,799,396
Salaries, wages and benefits	\$ 1,217,712	\$ 733	413,870	474,265	54,616	307,390	614,156
Materials and supplies	18,113	-	1,730	17,434	156	486	2,874
Contracted services	84,151	-	58,271	53,644	-	331,417	22,700
Rent	159,619	40	27,600	30,994	3,382	20,670	38,947
Technology/network	61,788	-	882	16,779	282	-	1,270
Accounting	55,429	-	-	-	-	-	-
Staff administration	16,942	-	94	-	-	-	-
Memberships	33,330	-	-	-	-	-	-
Travel	12,035	-	1,684	659	125	-	598
Equipment expense	39,566	-	-	26,768	-	-	-
Telephone	28,256	-	-	-	-	-	-
Insurance	24,392	-	-	-	-	-	-
Communication	9,292	-	-	-	-	-	-
Legal	35,744	-	640	640	-	-	-
Meeting expense	6,643	-	-	-	-	-	-
Bank fees	3,434	-	-	-	-	-	-
<b>Total Operating Expenses</b>	<b>1,806,446</b>	<b>773</b>	<b>4,153,626</b>	<b>3,590,366</b>	<b>503,607</b>	<b>3,149,505</b>	<b>6,479,941</b>
Depreciation	29,293	-	-	-	-	-	-
<b>Total Functional Expenses</b>	<b>\$ 1,835,739</b>	<b>\$ 773</b>	<b>\$ 4,153,626</b>	<b>\$ 3,590,366</b>	<b>\$ 503,607</b>	<b>\$ 3,149,505</b>	<b>\$ 6,479,941</b>

Program Services				
Sector Strategies	Learn and Earn	National Fund	Program Services Total	Total
\$ 244,676	\$ 3,115,633	-	\$ 18,712,331	\$ 18,712,331
479,601	330,549	\$ 33,666	2,708,113	3,926,558
269	1,519	-	24,468	42,581
181,076	107,373	-	754,481	838,632
31,996	20,197	2,167	175,953	335,612
-	25,031	-	44,244	106,032
-	-	-	-	55,429
-	1,679	-	1,773	18,715
-	-	-	-	33,330
1,185	727	-	4,978	17,013
-	-	-	26,768	66,334
-	-	-	-	28,256
-	-	-	-	24,392
-	2,590	-	2,590	11,882
-	1,393	-	2,673	38,417
-	-	-	-	6,643
-	-	-	-	3,434
938,803	3,606,691	35,833	22,458,372	24,265,591
-	-	-	-	29,293
<u>\$ 938,803</u>	<u>\$ 3,606,691</u>	<u>\$ 35,833</u>	<u>\$ 22,458,372</u>	<u>\$ 24,294,884</u>

See notes to consolidated financial statements.

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CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in net assets	\$ (316,008)	\$ 27,509
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation expense	25,645	29,293
Loss on disposal of furniture and computer software	4,440	-
Changes in assets and liabilities:		
Contractual revenue receivable	243,594	(2,003,274)
Other assets	66,628	(116,260)
Due to subrecipients	487,781	543,345
Accounts payable and accrued liabilities	180,600	94,993
Net Cash Provided By (Used In) Operating Activities	<u>692,680</u>	<u>(1,424,394)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of computer software	<u>-</u>	<u>(144,134)</u>
Net Increase (Decrease) In Cash, Cash Equivalents And Restricted Cash	692,680	(1,568,528)
<b>CASH, CASH EQUIVALENTS AND RESTRICTED CASH</b>		
Beginning of year	<u>5,623,431</u>	<u>7,191,959</u>
End of year	<u>\$ 6,316,111</u>	<u>\$ 5,623,431</u>

See notes to consolidated financial statements.

PARTNER4WORK  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021

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:

**Net Assets Without Donor Restrictions** - Net assets not subject to donor-imposed restrictions or stipulations as to purpose or use.

**Net Assets With Donor Restrictions** - Net assets that are subject to donor-imposed restrictions, stipulations that may or will be met either by actions of the Organization or the passage of time, or 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 were no donor restricted net assets to be held in perpetuity for the years ended June 30, 2022 and 2021.

**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, 2022 AND 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

With and Without Donor Restriction Revenue and Other Support - Contributions and grants received are recorded as with or without donor restricted support, depending on the existence and/or nature of any donor restrictions. Public funds/government grants are conditional contributions that result 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 net assets with donor restrictions. When a donor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions 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, 2022 and 2021, 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-restricted 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 three to seven years. Leasehold improvements are depreciated over the life of the current lease. Depreciation expense for the years ended June 30, 2022 and 2021 was \$25,645 and \$29,293, respectively.

Due to Subrecipients - Certain grants funds are disbursed as sub-awards to subrecipients who are contracted by the Organization to perform some of the program activities required under the grants. The amounts due are recognized in the period that the subrecipient performs the services under the grant agreement.

Fair Value Measurement - The Fair Value Measurement topic of the Financial Accounting Standards Board (FASB) 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.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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, due to subrecipients, accounts payable, and accrued liabilities whose carrying value approximates fair value primarily because of the short maturity of such instruments.

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 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 2019.

Recently Issued Accounting Pronouncements - The FASB issued Accounting Standards Update (ASU) No. 2016-02 *Leases* (Topic 842) (ASU 2016-02), which is the result of a joint project of FASB and IASB to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. ASU 2016-02 amends Topic 842 to require 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. Organizations will be permitted to make an accounting policy election to not recognize leases with a term of 12 months or less. In June 2020, the FASB issued ASU 2020-05 *Revenues from Contracts with Customers* (Topic 606) and *Leases* (Topic 842), which deferred the effective date to annual reporting periods beginning after December 15, 2021. 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 - Subsequent events are defined as events or transactions that occur after the consolidated statement of financial position date, but before the consolidated financial statements are issued or are available to be issued. Management has evaluated subsequent events through \_\_\_\_\_, the date that the consolidated financial statements were issued and determined that there have been no events that have occurred that would require adjustments to disclosures in the consolidated financial statements.

PARTNER4WORK  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021

NOTE 3 - LIQUIDITY

The Organization regularly monitors funds required to meet current operating needs, long-term objectives and donor-restricted assets. As of June 30, financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year, comprise the following:

	2022	2021
Cash and cash equivalents	\$ 6,316,111	\$ 5,623,431
Contractual revenue receivable	7,873,459	8,117,053
Total financial assets	14,189,570	13,740,484
Less net assets with donor restrictions	(7,618,083)	(7,888,246)
	\$ 6,571,487	\$ 5,852,338

As part of the Organization's liquidity management, it has a policy to segregate restricted cash and equivalents to be available as expenditures and other obligations become due.

NOTE 4 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions released during the years ended June 30 consisted of the following:

	2022	2021
Learn and Earn	\$ 2,723,757	\$ 2,580,600
Sector Strategies	743,610	758,832
EARN Program	156,619	83,995
Adult Workforce Program	79,177	70,823
Management and General	-	147,267
National Fund	-	34,495
	\$ 3,703,163	\$ 3,676,012

Net assets with donor restrictions at June 30 consist of the following:

	2022	2021
EARN Program	\$ 3,509,731	\$ 3,666,349
Learn and Earn	3,027,805	3,182,535
Sector Strategies	1,021,141	899,751
Adult Workforce Program	56,673	136,878
Management and General	2,733	2,733
	\$ 7,618,083	\$ 7,888,246



PARTNER4WORK  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021

NOTE 5 - FUNCTIONAL EXPENSES

Expenses are summarized and categorized based upon their functional classification as either program or supporting expenses. Specific expenses that are readily identifiable to a single program or activity are charged directly to that function. Certain categories of expenses that are attributable to more than one program or supporting function are allocated on a reasonable basis that is consistently applied. The primary expenses allocated are salaries, wages and benefits, which are allocated based on time and efforts and occupancy, which is allocated based on a percentage of salaries.

NOTE 6 - LEASES

The Organization has a lease for office space located at 650 Smithfield Street, Pittsburgh, Pennsylvania, which originally ran through August 31, 2022. As of July 21, 2021, the Organization amended this lease to extend its term through December 31, 2030. The Organization has leases on certain office equipment that run through June 30, 2025. The total rent expense for the years ended June 30, 2022 and 2021 was approximately \$295,000 and \$336,000, respectively.

Approximate future minimum lease payments are as follows:

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Amount</u>
2023	\$ 280,000
2024	285,000
2025	290,000
2026	277,000
2027	283,000
Thereafter	<u>1,037,000</u>
	<u>\$ 2,452,000</u>

NOTE 7 - EMPLOYEE RETIREMENT PLAN

The Organization maintains a salary reduction savings plan under IRC Section 401(k) that covers all full-time employees meeting certain service requirements. The Organization matches 100% of the employees' contributions up to 6%. The Organization made matching contributions of approximately \$131,000 and \$139,000 during the years ended June 30, 2022 and 2021, respectively. 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 did not make a discretionary contribution during the years ended June 30, 2022 and 2021.

PARTNER4WORK  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021

NOTE 8 - 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.

NOTE 9 - COMMITMENTS AND CONTINGENCIES

The Organization receives a substantial amount of its funds from federal, state and local governmental sources. Laws and regulations governing these 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 governmental programs.

The Organization, in the ordinary course of business, could become involved in pending or threatened legal actions. In the opinion of management, 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.

DRAFT FOR INTERNAL USE - 2/16/23

REPORTING UNDER *GOVERNMENT AUDITING STANDARDS* AND THE UNIFORM GUIDANCE

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  
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 and Affiliate d/b/a Partner4Work (Organization), which comprise the consolidated statement of financial position as of June 30, 2022, and the related consolidated statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated \_\_\_\_\_.

**Report on 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) as a basis for designing 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s consolidated 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 have not been identified.

## Report on 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 consolidated 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*.

### 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.

Pittsburgh, Pennsylvania

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## PARTNER4WORK

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
Department of Labor Direct Programs				
Reintegration of Ex-Offenders	17.270	PE-35039-20-60-A-55	\$ 83,592	\$ 139,730
Reintegration of Ex-Offenders	17.270	YF-32171-18-60-A-42	74,550	76,758
Total Department Of Labor Direct Programs			158,142	216,488
Department of Labor Pass-Through Programs				
Pennsylvania Department of Labor and Industry				
WIOA Cluster				
WIOA Adult Program	17.258	005-20-3001	200,229	223,457
WIOA Adult Program	17.258	005-20-3011	890,079	1,063,576
WIOA Adult Program	17.258	005-21-3011	97,676	138,461
WIOA Adult Program	17.258	095-21-3011	36,174	70,685
WIOA Adult Program	17.258	095-20-3031	97,281	135,041
WIOA Adult Program	17.258	095-20-3131	-	160,466
WIOA Adult Program	17.258	095-20-3001	59,100	77,069
WIOA Adult Program	17.258	095-20-3011	659,344	900,947
Sub-Total WIOA Adult Program Formula Grants			2,039,883	2,769,702
WIOA Youth Activities	17.259	005-21-3301	541,407	646,458
WIOA Youth Activities	17.259	005-20-3301	960,618	1,127,575
WIOA Youth Activities	17.259	095-19-3343	-	725
WIOA Youth Activities	17.259	095-19-3342	171,598	253,903
WIOA Youth Activities	17.259	095-21-3301	264,099	273,430
WIOA Youth Activities	17.259	095-20-3301	1,343,110	1,568,182
Sub-Total WIOA Youth Activities Formula Grants			3,280,832	3,870,273
WIA/WIOA Dislocated Worker Formula Grants	17.278	005-20-3013	247,323	300,000
WIA/WIOA Dislocated Worker Formula Grants	17.278	005-21-4132	-	7,722
WIA/WIOA Dislocated Worker Formula Grants	17.278	005-19-4053	19,345	20,000
WIA/WIOA Dislocated Worker Formula Grants	17.278	005-21-4001	-	28,127
WIA/WIOA Dislocated Worker Formula Grants	17.278	005-21-4011	229,692	289,529
WIA/WIOA Dislocated Worker Formula Grants	17.278	005-20-4001	232,024	264,964
WIA/WIOA Dislocated Worker Formula Grants	17.278	005-20-4011	744,883	894,076
WIA/WIOA Dislocated Worker Formula Grants	17.278	005-19-4132	64,450	73,855
WIA/WIOA Dislocated Worker Formula Grants	17.278	095-19-4051	126,962	134,010
WIA/WIOA Dislocated Worker Formula Grants	17.278	095-20-3013	457,217	600,000
WIA/WIOA Dislocated Worker Formula Grants	17.278	095-19-4053	18,277	18,277
WIA/WIOA Dislocated Worker Formula Grants	17.278	095-19-4133	-	240,000
WIA/WIOA Dislocated Worker Formula Grants	17.278	095-21-4011	42,871	61,836
WIA/WIOA Dislocated Worker Formula Grants	17.278	095-20-4001	210,742	280,849
WIA/WIOA Dislocated Worker Formula Grants	17.278	095-20-4011	387,649	665,662
Sub-Total WIA/WIOA Dislocated Worker Formula Grants			2,781,435	3,878,907
SubTotal WIA/WIOA Cluster			8,102,150	10,518,882

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, 2022  
(Continued)

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
Covid-19 - National Emergency Grants	17.277	005-19-8523	\$ 4,861	\$ 6,226
Covid-19 - National Emergency Grants	17.277	095-19-8523	22,502	26,011
SubTotal WIA National Emergency Grants			27,363	32,237
Pennsylvania Department of Labor and Industry Scaling Apprenticeship through Sector-Based Strategies				
HG-35914-21-60-A-25	17.268	Tech Boost	-	9,904
HG-33043-19-60-A-25	17.268	Tech Quest	55,000	55,000
Total Scaling Apprenticeship through Sector-Based Strategies			55,000	64,904
SubTotal Department Of Labor Pass-Through Programs			8,184,513	10,616,023
Total Department Of Labor			8,342,655	10,832,511
477 Cluster				
Department of Health and Human Services Pass-Through Programs				
Pennsylvania Department of Labor and Industry				
Temporary Assistance for Needy Families	93.558	005-21-3361	349,177	501,639
Temporary Assistance for Needy Families	93.558	005-20-3361	262,834	325,334
Temporary Assistance for Needy Families	93.558	095-21-3361	151,160	261,056
Temporary Assistance for Needy Families	93.558	095-20-3361	852,646	1,049,485
SubTotal Pennsylvania Department of Labor and Industry			1,615,817	2,137,514
Pennsylvania Department of Human Services				
Temporary Assistance for Needy Families	93.558	410-005-8195	1,111,092	1,256,368
Temporary Assistance for Needy Families	93.558	410-007-8069	3,401,878	3,691,956
Community Development Block Grant	93.569	Agreement # 248970	279,884	411,911
Sub-Total Pennsylvania Department of Human Services			4,792,854	5,360,235
Total 477 Cluster / Department Of Health and Human Services Pass-Through Programs			6,408,671	7,497,749
SNAP Cluster				
United States Department of Agriculture Pass-Through Programs				
Pennsylvania Department of Human Services				
State Administrative Matching Grants for the SNAP	10.561	410-007-8069	49,703	53,941
CDBG - Entitlement Grants Cluster				
Department of Housing and Urban Development				
Community Development Block Grant	14.218	JD Edwards Job # 026350019.58101.00	86,482	86,482
Community Development Block Grant	14.218	Federal Award # B-21-UC-42-0103	365,220	365,220
Total Entitlement Grants Cluster / Department of Housing and Urban Development Program			451,702	451,702
Department of Commerce				
Pittsburgh Life Sciences	11.020	Cluster Grant	-	622
Appalachian Regional Commission				
ARC Inspire	23.002	Appalachian Area Development	-	31,467
Total Expenditures Of Federal Awards			\$ 15,252,731	\$ 18,867,992

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, 2022

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, 2022. 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	\$ 21,988,729
Non-federal revenue	<u>(3,120,737)</u>
Total expenditures of federal awards	<u>\$ 18,867,992</u>

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DRAFT FOR INTERNAL USE - 2/16/23

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

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

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

We have audited the TRWIB and Affiliate d/b/a Partner4Work (Organization) 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 the Organization's major federal programs for the year ended June 30, 2022. 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.

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, 2022.

***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 the Organization 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 the Organization'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 the Organization'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 the Organization'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. 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 the Organization'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 the Organization'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 the Organization'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 the Organization'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.

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.

Pittsburgh, Pennsylvania

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PARTNER4WORK

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2022

Financial Statements:

Type of auditor's report issued:	Unmodified			
Internal control over financial reporting:				
Material weakness(es) identified?	-	yes	X	no
Significant deficiency(ies) identified?	-	yes	X	none reported
Noncompliance material to financial statements noted?	-	yes	X	no

Federal Awards Section:

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 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 programs:

<u>Assistance Listing Numbers</u>	<u>Name of Federal Programs</u>
95.558, 93.569	477 Cluster

Dollar threshold used to determine type A programs:	\$ 750,000			
Auditee qualified as low-risk auditee?	X	yes	-	no

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 in an Uniform Guidance audit.

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 finding 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 required to be reported in accordance with Uniform Grant Guidance.

The independent auditor's report on compliance should be read with this schedule.