

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, 2021 and 2020

and Independent Auditor's Report Thereon

DRAFT FOR INTERNAL USE - 2/24/22

## CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1
CONSOLIDATED FINANCIAL STATEMENTS	
Consolidated Statements of Financial Position, June 30, 2021 and 2020	3
Consolidated Statements for the years ended June 30, 2021 and 2020:	
Activities and Changes in Net Assets	4
Functional Expenses	6
Cash Flows	10
Notes to Consolidated Financial Statements	11
REPORTING UNDER <i>GOVERNMENT AUDITING STANDARDS</i> 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 <i>Government Auditing Standards</i>	17
Schedule of Expenditures of Federal Awards for the year ended June 30, 2021	19
Notes to the Schedule of Expenditures of Federal Awards for the year ended June 30, 2021	22
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	23
Schedule of Findings and Questioned Costs for the year ended June 30, 2021	25

INDEPENDENT AUDITOR'S REPORT

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

***Report on the Consolidated 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, 2021 and 2020, 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.

***Management's Responsibility for the Consolidated 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.

***Auditor's 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 auditor's 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, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. GAAP.

**Other Matters**

Our audits were 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 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 \_\_\_\_\_, 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 solely 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 effectiveness of 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* 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	
	2021	2020
ASSETS		
Cash and cash equivalents - unrestricted	\$ 102,685	\$ 1,618,569
Cash and cash equivalents - restricted	5,520,746	5,573,390
	5,623,431	7,191,959
Contractual revenue receivable	8,117,053	6,113,779
Furniture and computer software, net of accumulated depreciation of \$176,112 and \$146,819 at June 30, 2021 and 2020, respectively	158,907	44,066
Other assets	140,291	24,031
Total Assets	<u>\$ 14,039,682</u>	<u>\$ 13,373,835</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Due to subrecipients	\$ 3,611,082	\$ 3,067,737
Accounts payable	1,567,406	1,176,442
Accrued liabilities	74,456	370,427
Total Liabilities	5,252,944	4,614,606
NET ASSETS		
Without donor restrictions	898,492	1,013,571
With donor restrictions	7,888,246	7,745,658
Total Net Assets	8,786,738	8,759,229
Total Liabilities And Net Assets	<u>\$ 14,039,682</u>	<u>\$ 13,373,835</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, 2021 AND 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and other support:						
Public funds/government grants	\$ 20,363,711	\$ 2,928,600	\$ 23,292,311	\$ 18,892,087	\$ 3,714,998	\$ 22,607,085
Foundation and private contributions	138,623	890,000	1,028,623	70,885	1,632,650	1,703,535
Interest income	1,459	-	1,459	6,606	-	6,606
Net assets released from restrictions	3,676,012	(3,676,012)	-	4,051,043	(4,051,043)	-
<b>Total Revenue And Other Support</b>	<b>24,179,805</b>	<b>142,588</b>	<b>24,322,393</b>	<b>23,020,621</b>	<b>1,296,605</b>	<b>24,317,226</b>
Expenses:						
Management and general	1,806,446	-	1,806,446	1,610,669	-	1,610,669
Fundraising	773	-	773	41,301	-	41,301
Program services	22,458,372	-	22,458,372	21,090,364	-	21,090,364
<b>Total Operating Expenses</b>	<b>24,265,591</b>	<b>-</b>	<b>24,265,591</b>	<b>22,742,334</b>	<b>-</b>	<b>22,742,334</b>
Changes In Net Assets Before Depreciation	(85,786)	142,588	56,802	278,287	1,296,605	1,574,892
Depreciation	29,293	-	29,293	13,899	-	13,899
Changes In Net Assets	(115,079)	142,588	27,509	264,388	1,296,605	1,560,993
<b>NET ASSETS</b>						
Beginning of year	1,013,571	7,745,658	8,759,229	749,183	6,449,053	7,198,236
End of year	<u>\$ 898,492</u>	<u>\$ 7,888,246</u>	<u>\$ 8,786,738</u>	<u>\$ 1,013,571</u>	<u>\$ 7,745,658</u>	<u>\$ 8,759,229</u>

See notes to consolidated financial statements.

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

	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	-	-	\$ 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
Contracted services	84,151	-	58,271	53,644	-	332,004	22,700
Rent	159,619	40	27,600	30,994	3,382	20,083	38,947
Technology/network	61,788	-	882	16,779	282	-	1,270
Equipment expense	39,566	-	-	26,768	-	-	-
Accounting	55,429	-	-	-	-	-	-
Materials and supplies	18,113	-	1,730	17,434	156	486	2,874
Legal	35,744	-	640	640	-	-	-
Memberships	33,330	-	-	-	-	-	-
Telephone	28,256	-	-	-	-	-	-
Insurance	24,392	-	-	-	-	-	-
Staff administration	16,942	-	94	-	-	-	-
Travel	12,035	-	1,684	659	125	-	598
Communication	9,292	-	-	-	-	-	-
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
181,076	107,373	-	755,068	839,219
31,996	20,197	2,167	175,366	335,025
-	25,031	-	44,244	106,032
-	-	-	26,768	66,334
-	-	-	-	55,429
269	1,519	-	24,468	42,581
-	1,393	-	2,673	38,417
-	-	-	-	33,330
-	-	-	-	28,256
-	-	-	-	24,392
-	1,679	-	1,773	18,715
1,185	727	-	4,978	17,013
-	2,590	-	2,590	11,882
-	-	-	-	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 STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2020

	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	-	-	\$ 1,940,489	\$ 2,806,364	\$ 549,429	\$ 3,037,771	\$ 5,396,598
Salaries, wages and benefits	\$ 1,083,180	\$ 38,000	429,071	469,692	95,052	316,250	503,552
Contracted services	124,337	-	18,762	23,262	6,049	368,423	21,900
Rent	27,334	2,591	26,049	24,490	5,257	15,768	27,459
Equipment expense	28,931	-	-	-	-	645	2,054
Technology/network	82,726	-	1,902	1,902	266	569	968
Travel	27,376	202	7,735	7,564	309	9,540	4,410
Accounting	54,670	-	-	-	-	-	-
Meeting expense	21,336	508	274	4,333	2,641	1,739	1,603
Memberships	32,214	-	-	-	-	-	2,500
Materials and supplies	28,732	-	222	222	-	138	148
Legal	19,347	-	1,964	1,964	-	-	-
Telephone	25,929	-	-	-	-	-	-
Communication	13,799	-	75	75	-	-	49
Staff administration	18,663	-	-	230	-	-	-
Insurance	18,897	-	-	-	-	-	-
Bank fees	3,198	-	-	-	-	-	-
<b>Total Operating Expenses</b>	<b>1,610,669</b>	<b>41,301</b>	<b>2,426,543</b>	<b>3,340,098</b>	<b>659,003</b>	<b>3,750,843</b>	<b>5,961,241</b>
Depreciation	8,919	-	-	-	-	-	-
<b>Total Functional Expenses</b>	<b>\$ 1,619,588</b>	<b>\$ 41,301</b>	<b>\$ 2,426,543</b>	<b>\$ 3,340,098</b>	<b>\$ 659,003</b>	<b>\$ 3,750,843</b>	<b>\$ 5,961,241</b>

Program Services

Sector Strategies	Learn and Earn	National Fund	Program Services Total	Total
\$ 708,415	\$ 3,029,148	-	\$ 17,468,214	\$ 17,468,214
440,973	421,146	\$ 9,301	2,685,037	3,806,217
89,062	44,950	-	572,408	696,745
28,046	18,840	659	146,568	176,493
-	94,775	-	97,474	126,405
266	28,924	-	34,797	117,523
8,390	708	2,681	41,337	68,915
-	-	-	-	54,670
7,786	5,969	-	24,345	46,189
220	-	-	2,720	34,934
-	1,552	-	2,282	31,014
1,427	1,557	-	6,912	26,259
-	-	-	-	25,929
6,686	906	-	7,791	21,590
40	209	-	479	19,142
-	-	-	-	18,897
-	-	-	-	3,198
1,291,311	3,648,684	12,641	21,090,364	22,742,334
-	4,980	-	4,980	13,899
<u>\$ 1,291,311</u>	<u>\$ 3,653,664</u>	<u>\$ 12,641</u>	<u>\$ 21,095,344</u>	<u>\$ 22,756,233</u>

See notes to consolidated financial statements.

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CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in net assets	\$ 27,509	\$ 1,560,993
Adjustments to reconcile changes in net assets to net cash (used in) provided by operating activities:		
Depreciation expense	29,293	13,899
Changes in assets and liabilities:		
Contractual revenue receivable	(2,003,274)	1,875,901
Other assets	(116,260)	43,140
Due to subrecipients	543,345	(125,259)
Accounts payable and accrued liabilities	94,993	646,726
Net Cash (Used In) Provided By Operating Activities	<u>(1,424,394)</u>	<u>4,015,400</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of computer software	<u>(144,134)</u>	<u>-</u>
Net (Decrease) Increase In Cash, Cash Equivalents And Restricted Cash	(1,568,528)	4,015,400
<b>CASH, CASH EQUIVALENTS AND RESTRICTED CASH</b>		
Beginning of year	<u>7,191,959</u>	<u>3,176,559</u>
End of year	<u>\$ 5,623,431</u>	<u>\$ 7,191,959</u>

See notes to consolidated financial statements.

PARTNER4WORK  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020

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, 2021 and 2020.

**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.

**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.

PARTNER4WORK  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2021 and 2020, 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, 2021 and 2020 was \$29,293 and \$13,899, 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.

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.

PARTNER4WORK  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 2018.

Recently Adopted Accounting Pronouncement - In May 2014, the FASB issued Accounting Standards Update (ASU) No. 2014-09 Revenue from Contracts with Customers (ASU 2014-09), which requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Organization adopted ASU 2014-09 on its consolidated financial statements in the current year with no impact. It was determined that the Organization's signification revenue streams of grants and contributions fall under the guidance of ASU No. 2018-08 Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made and accordingly are scoped out of the requirements of ASU 2014-09.

Recently Issued Accounting Pronouncements - The FASB issued 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 \_\_\_\_\_, 2022, 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.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020

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:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 5,623,431	\$ 7,191,959
Contractual revenue receivable	8,117,053	6,113,779
Total financial assets	13,740,484	13,305,738
Less net assets with donor restrictions	<u>(7,888,246)</u>	<u>(7,745,658)</u>
	 \$ <u>5,852,338</u>	 \$ <u>5,560,080</u>

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:

	<u>2021</u>	<u>2020</u>
Learn and Earn	\$ 2,580,600	\$ 2,718,357
Sector Strategies	758,832	372,790
Management and General	147,267	-
EARN Program	83,995	944,391
Regional Workforce Strategies	70,823	-
National Fund	<u>34,495</u>	<u>15,505</u>
	 \$ <u>3,676,012</u>	 \$ <u>4,051,043</u>

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

	<u>2021</u>	<u>2020</u>
EARN Program	\$ 3,666,349	\$ 3,587,244
Learn and Earn	3,182,535	2,872,634
Sector Strategies	899,751	893,584
Regional Workforce Strategies	136,878	207,701
Management and General	2,733	150,000
National Fund	<u>-</u>	<u>34,495</u>
	 \$ <u>7,888,246</u>	 \$ <u>7,745,658</u>



PARTNER4WORK  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020

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 their 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, 2021 and 2020 was approximately \$336,000 and \$176,000, respectively.

Approximate future minimum lease payments are as follows:

Fiscal Year Ending June 30	Amount
2022	\$ 282,000
2023	277,000
2024	280,000
2025	285,000
2026	272,000
Thereafter	<u>1,292,000</u>
	\$ <u>2,688,000</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 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, 2021 and 2020.

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.

PARTNER4WORK  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020

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.

NOTE 10 - PAYCHECK PROTECTION PLAN LOAN

On May 4, 2020, the Organization was granted a loan from PNC Bank, National Association (PNC) in the aggregate amount of \$502,600, pursuant to the Paycheck Protection Program (the PPP) under Division A, Title I of the Coronavirus Aid, Relief and Economic Security Act (the CARES Act), which was enacted March 27, 2020. Under the terms of the PPP, loans and accrued interest are forgivable after 24 weeks, as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels.

The Organization met the restrictions and requirements set forth by the agreement during the year ended June 30, 2020 and therefore recognized the amount as grant revenue within public funds/government grants within the consolidated statements of activities and changes in net assets during the year then ended. The Organization received full forgiveness for the PPP loan from the SBA on February 26, 2021.

REPORTING UNDER *GOVERNMENT AUDITING STANDARDS* AND THE UNIFORM GUIDANCE

DRAFT FOR INTERNAL USE - 2/24/22

DRAFT FOR INTERNAL USE - 2/24/22

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, Inc. and Affiliate d/b/a Partner4Work (Organization), which comprise the consolidated statement of financial position as of June 30, 2021 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 \_\_\_\_\_.

***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 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 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 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, 2021

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				
WIOA National Dislocated Worker	17.277	DW-32582-18-60-A-42	\$ 2,437,325	\$ 3,154,539
Reintegration of Ex-Offenders	17.270	PE-35039-20-60-A-55	-	102,013
Reintegration of Ex-Offenders	17.270	YF-32171-18-60-A-42	318,215	356,674
Total Department Of Labor Direct Programs			2,755,540	3,613,226
Department of Labor Pass-Through Programs				
Pennsylvania Department of Labor and Industry				
WIOA Cluster				
WIOA Adult Program	17.258	005-18-3131	-	28,000
WIOA Adult Program	17.258	095-18-3133	126,831	188,689
WIOA Adult Program	17.258	005-19-3001	20,300	20,337
WIOA Adult Program	17.258	005-19-3011	715,617	930,523
WIOA Adult Program	17.258	095-19-3001	-	1,086
WIOA Adult Program	17.258	095-19-3011	366,016	551,375
WIOA Adult Program	17.258	095-20-3001	123,832	141,351
WIOA Adult Program	17.258	095-20-3011	132,747	188,979
Sub-Total WIOA Adult Program Formula Grants			1,485,343	2,050,340
WIOA Youth Activities	17.259	005-19-3301	922,217	1,103,370
WIOA Youth Activities	17.259	005-20-3011	51,485	51,485
WIOA Youth Activities	17.259	005-20-3301	209,032	234,887
WIOA Youth Activities	17.259	095-18-3301	11,847	11,847
WIOA Youth Activities	17.259	095-18-3342	49,302	65,696
WIOA Youth Activities	17.259	095-18-3350	10,000	10,000
WIOA Youth Activities	17.259	005-18-3350	5,555	10,000
WIOA Youth Activities	17.259	095-19-3301	1,096,392	1,273,358
Sub-Total WIOA Youth Activities Formula Grants			2,355,830	2,760,643
WIA/WIOA Dislocated Worker Formula Grants	17.278	005-19-3013	378,714	600,000
WIA/WIOA Dislocated Worker Formula Grants	17.278	005-18-4132	47,742	49,983
WIA/WIOA Dislocated Worker Formula Grants	17.278	005-18-4152	105,214	170,619
WIA/WIOA Dislocated Worker Formula Grants	17.278	005-18-4155	111,397	117,229
WIA/WIOA Dislocated Worker Formula Grants	17.278	005-19-4001	161,137	215,408
WIA/WIOA Dislocated Worker Formula Grants	17.278	005-19-4011	388,729	579,490
Sub-Total WIA/WIOA Dislocated Worker Formula Grants			1,192,933	1,732,729

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, 2021

(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
WIA/WIOA Dislocated Worker Formula Grants	17.278	005-19-4131	\$ 103,179	\$ 134,918
WIA/WIOA Dislocated Worker Formula Grants	17.278	005-19-4132	-	26,245
WIA/WIOA Dislocated Worker Formula Grants	17.278	095-18-4011	31,264	31,264
WIA/WIOA Dislocated Worker Formula Grants	17.278	095-18-4152	98,915	168,342
WIA/WIOA Dislocated Worker Formula Grants	17.278	095-18-4155	236,683	450,428
WIA/WIOA Dislocated Worker Formula Grants	17.278	095-18-4053	1,723	1,723
WIA/WIOA Dislocated Worker Formula Grants	17.278	095-19-3013	252,212	500,000
WIA/WIOA Dislocated Worker Formula Grants	17.278	095-19-4001	44,260	143,187
WIA/WIOA Dislocated Worker Formula Grants	17.278	095-19-4011	240,549	418,775
Sub-Total WIA/WIOA Dislocated Worker Formula Grants			<u>2,201,718</u>	<u>3,607,611</u>
Total WIOA Cluster			6,042,891	8,418,594
WIA National Emergency Grants				
COVID-19 - National Emergency Grants	17.277	005-19-8523	<u>19,785</u>	<u>19,785</u>
Total WIA National Emergency Grants			19,785	19,785
Apprenticeship USA Grants	17.285	095-16-7413	<u>-</u>	<u>2,470</u>
Total Department Of Labor Pass-Through Programs			<u>6,062,676</u>	<u>8,440,849</u>
Total Department Of Labor			8,818,216	12,054,075
477 Cluster				
Department of Health and Human Services Pass-Through Programs				
Pennsylvania Department of Labor and Industry				
Temporary Assistance for Needy Families	93.558	005-19-3361	(2,332)	(2,332)
Temporary Assistance for Needy Families	93.558	095-19-3361	683,237	994,622
Temporary Assistance for Needy Families	93.558	005-20-3361	697,997	1,061,596
Temporary Assistance for Needy Families	93.558	095-20-3361	<u>363,561</u>	<u>456,966</u>
SubTotal Pennsylvania Department of Labor and Industry			1,742,463	2,510,852

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, 2021  
(Continued)

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
Pennsylvania Department of Human Services				
Temporary Assistance for Needy Families	93.558	410-005-8195	\$ 963,905	\$ 1,102,534
Temporary Assistance for Needy Families	93.558	410-007-8069	3,004,252	3,320,792
Community Services Block Grant	93.569	Agreement # 248970	172,149	240,065
Sub-Total Pennsylvania Department of Human Services			4,140,306	4,663,391
Total 477 Cluster / Department Of Health and Human Services Pass-Through Programs			5,882,769	7,174,243
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	43,893	48,518
CDBG - Entitlement Grants Cluster				
Department of Housing and Urban Development				
Community Development Block Grant	14.218	026350019.58101.00	20,805	20,805
Community Development Block Grant	14.218	B-18-UC-42-0103	370,494	370,494
Total Entitlement Grants Cluster / Department of Housing and Urban Development Program			391,299	391,299
Department of Commerce				
Pittsburgh Life Sciences	11.020	Cluster Grant	-	3,264
Appalachian Regional Commission				
ARC Inspire	23.002	Appalachian Area Development	-	1,097
Total Expenditures Of Federal Awards			<u>\$ 15,136,177</u>	<u>\$ 19,672,496</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, 2021

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, 2021. 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	\$ 23,292,311
Non-federal revenue	<u>(3,619,815)</u>
Total expenditures of federal awards	<u>\$ 19,672,496</u>

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***

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, 2021. 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.

***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.

***Auditor's 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, 2021.

***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.

Pittsburgh, Pennsylvania

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PARTNER4WORK

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

SECTION I - SUMMARY OF AUDITORS' RESULTS

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:

Assistance Listing Numbers: 17.258, 17.259, 17.278
Name of Federal Programs: WIOA Cluster

Dollar threshold used to determine type A programs: \$ 750,000
Auditee qualified as low-risk auditee? X yes

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.

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