

**SOUTHWEST ALABAMA PARTNERSHIP FOR TRAINING AND EMPLOYMENT, INC.**

**FINANCIAL REPORT  
FOR THE YEAR ENDED**

**JUNE 30, 2019**

**SOUTHWEST ALABAMA PARTNERSHIP FOR TRAINING AND EMPLOYMENT, INC.**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Southwest Alabama Partnership for Training and Employment, Inc.  
Mobile, Alabama

### **Report on the Financial Statements**

I have audited the accompanying financial statements of the Southwest Alabama Partnership for Training and Employment, Inc.(SWAPTE) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, statement of functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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, I 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 financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**RAH**

*R A Headrick, Jr, CPA, LLC  
Certified Public Accountant*

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***Opinion***

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SWAPTE as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters******Other Information***

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations 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 financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information 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*, I have also issued my report dated February 28, 2020 on my consideration of SWAPTE internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SWAPTE's internal control over financial reporting and compliance.



*R A Headrick, Jr, CPA, LLC*  
*Mobile, Alabama*  
*February 28, 2020*

**SOUTHWEST ALABAMA PARTNERSHIP FOR TRAINING AND EMPLOYMENT, INC.**

**STATEMENT OF FINANCIAL POSITION**  
**June 30, 2019**

**ASSETS**

**Current assets**

Cash	\$ 885,847
Prepaid insurance	<u>12,668</u>

**Total current assets** 898,515

**Plant, Property, and Equipment**

Automobile	51,035
Less: Accumulated depreciation	<u>-</u>

**Total plant, property, and equipment** 51,035

**TOTAL ASSETS** \$ 949,550

**LIABILITIES AND NET ASSETS**

**Current liabilities**

Accounts payable	\$ 1,706,068
Accrued payroll and payroll taxes	52,558
Compensated absences	<u>38,030</u>

**Total current liabilities** 1,796,656

**Total liabilities** 1,796,656

**Net Assets**

Without donor restriction	(881,756)
With donor restriction	<u>34,650</u>

**Net Assets - Deficit** (847,106)

**TOTAL LIABILITIES AND NET ASSETS** \$ 949,550



**SOUTHWEST ALABAMA PARTNERSHIP FOR TRAINING AND EMPLOYMENT, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**  
**June 30, 2019**

	Management and General	Adult Services	Youth Services	Dislocated Workers	Summer Program	Total
Retirement	\$ 31,669	\$ 3,597	\$ 2,109	\$ 496	\$ -	\$ 37,871
Insurance - Life & Disability	11,602	4,057	2,379	560	-	18,598
Insurance - Medical	59,336	29,366	17,215	4,051	-	109,968
Insurance - Workman's Compensation	1,490	864	507	119	-	2,980
Insurance - Director's & Officer's	7,819	-	-	-	-	7,819
Insurance - Errors & Omissions'	6,201	-	-	-	-	6,201
Computer - Maintenance & Software	32,787	11,372	6,667	1,568	-	52,394
Legal fees	775	696	408	96	-	1,975
Marketing	77,267	56,806	37,016	7,836	-	178,925
Auditing fees	19,750	-	-	-	-	19,750
Office and expendable supplies	8,590	4,601	2,697	636	-	16,524
Bank charges and fees	35	20	12	3	-	70
Equipment maintenance and repairs	2,475	-	-	-	-	2,475
Equipment rental	1,406	1,436	841	198	-	3,881
Postage and meter supplies	1,407	-	-	-	-	1,407
Facilities rent	34,727	19,421	11,385	2,679	-	68,212
Alabama Dept of Labor of Services	-	1,453,105	211,125	73,781	-	1,738,011
Monitor	28,567	-	-	-	-	28,567
Consultant fee	3,500	-	-	-	-	3,500
Subscriptions and memberships	2,223	770	451	106	-	3,550
Council Expense	1,539	348	48	204	-	2,139
Staff Support and administration	12,285	-	-	-	-	12,285
Telephone	15,055	700	97	410	-	16,262
Travel - local	686	3,818	2,238	714	-	7,456
Travel - out of area	10,411	3,607	2,114	497	-	16,629
Record storage service	1,972	687	403	94	-	3,156
Training and workshops	-	1,007	590	139	-	1,736
Basic education and testing	-	337	197	46	-	580
Spherion Summer Youth Program	-	-	1,622	-	-	1,622
ITA Adult Training	-	3,558,893	28,426	-	-	3,587,319
ITA Dislocated Worker Training	-	3,565	2,427	62,695	-	68,687
OJT Adult Training	-	932,146	-	862	-	933,008
OJT Dislocated Worker Training	-	5,281	-	108,541	-	113,822
Contract Services	-	6,500	1,694,200	-	-	1,700,700
Participant Payments	-	-	24,830	-	-	24,830
Incentive	6,450	21,140	19,018	2,851	-	49,459
Automobile Insurance	1,285	-	-	-	-	1,285
Payroll Taxes	25,273	17,581	10,306	2,426	-	55,586
Salaries and wages	319,362	230,888	135,348	31,846	-	717,444
Summer youth stipends	-	-	-	-	3,800	3,800
<b>Total</b>	<b>\$ 725,944</b>	<b>\$ 6,372,609</b>	<b>\$ 2,214,676</b>	<b>\$ 303,454</b>	<b>\$ 3,800</b>	<b>\$ 9,620,483</b>

*See the accompanying notes to the financial statements*

**SOUTHWEST ALABAMA PARTNERSHIP FOR TRAINING AND EMPLOYMENT, INC.**

**STATEMENT OF CASH FLOWS**  
**June 30, 2019**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash received from federal grants	\$ 9,835,695
Cash received from contributions	26,100
Cash received from miscellaneous revenue	1,558
Cash paid for program costs	(8,014,560)
Cash paid to employees and benefits	(758,765)
Cash paid for administrative costs	(381,309)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<u>708,719</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchase of vehicle	(51,035)
<b>NET CASH USED FOR INVESTING ACTIVITIES</b>	<u>(51,035)</u>

**CASH FLOW FROM FINANCING ACTIVITIES**

<b>NET CASH FROM FINANCING ACTIVITIES</b>	<u>-</u>
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**NET INCREASE IN CASH AND CASH EQUIVALENTS** 657,684

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR 228,163

**CASH AND CASH EQUIVALENTS, END OF YEAR** \$ 885,847



**SOUTHWEST ALABAMA PARTNERSHIP FOR TRAINING AND EMPLOYMENT, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2019**

**Note 1 – Summary of Significant accounting principles**

*Nature of activities*

Southwest Alabama Partnership for Training and Employment, Inc. (SWAPTE) was organized by agreement between city and county officials and business and civic leaders of the community. SWAPTE administers grants received from the Alabama Department of Economic and Community Affairs (ADECA) pursuant to the Workforce Innovation and Opportunity Act of 2014. The organization designs and offers training services to equip individuals to enter the workforce and/or retain employment. SWAPTE is dependent upon these grants for continued operations.

*Use of estimates in the preparation of financial statements*

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

*Basis of accounting*

SWAPTE uses the accrual basis of accounting, thereby recognizing revenue when earned and expenses when incurred.

*Basis of presentation*

SWAPTE's financial statements are presented in accordance with professional standards, which require information regarding its financial position and its activities be presented according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

*Cash and cash equivalents*

For purposes of the Statement of Cash Flows, SWAPTE considers all unrestricted highly liquid investments purchased with an original maturity date of three months or less to be cash equivalents.

*Budgets/budgetary accounting*

SWAPTE's annual budget is a management tool that assists its users in analyzing financial activity for the fiscal year ended June 30, 2019.

SWAPTE's funding sources are grants and contracts, which have periods that may or may not coincide with SWAPTE's fiscal year. These grants are awarded for periods of up to two years.

The Executive Committee of SWAPTE formally approves the annual budget, but greater emphasis is placed on complying with the grant and contract budget terms and conditions. These terms and conditions usually specify the period during which costs may be incurred and outlines budget restrictions or allowances.

**SOUTHWEST ALABAMA PARTNERSHIP FOR TRAINING AND EMPLOYMENT, INC.**

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

**Note 1 – Summary of Significant accounting principles (continued)**

*Income taxes*

SWAPTE is a not-for-profit organization exempt from federal income taxation pursuant to Code Section 501(c)(3) of the Internal Revenue Code, as amended.

SWAPTE uses financial accounting standards guidance for uncertainty in income taxes. Under these standards, tax positions initially need to be recognized in the financial statements when it is more likely than not the position will be sustained upon examination by taxing authorities. As of June 30, 2019, management determined the organization had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

SWAPTE's Forms 990, Return of Organization Exempt from Income Tax, for the years ending June 30, 2017, 2018, and 2019 are subject to examination by the IRS, generally for three years after they were filed.

*Compensated absences*

Vacation hours are accrued by employees based on their current pay rate. Sick leave is not accrued, as it is not payable at retirement or termination.

*Retirement plan*

SWAPTE has a qualified retirement plan under Code Section 403(b) of the Internal Revenue Code in which all employees who have attained the age of 21 may elect to participate. Contributions of 5% of salary are made on a quarterly basis. The amount of cost recognized during the year ended June 30, 2019 was \$37,871.

*Recognition of grantor/donor restrictions*

Support that is restricted by the grantor/donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other grantor/donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires, restricted net assets with donor restrictions are reclassified to net assets without donor restrictions.

*Plant, property, and equipment*

All equipment is categorized as "plant, property, and equipment." Plant, property, and equipment are recorded at cost, or, if donated, at the approximate fair value at the date of donation. Depreciation is recorded using the straight-line method over the estimated useful lives of the capital assets, typically three to twenty years. SWAPTE's policy is to capitalize assets purchased at a cost of \$5,000 or greater.

**Note 2 - Concentration of risk**

SWAPTE may, from time to time, maintain amounts in excess of the Federal Deposit Insurance Corporation (FDIC) maximum coverage.

**SOUTHWEST ALABAMA PARTNERSHIP FOR TRAINING AND EMPLOYMENT, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2019**

**Note 3 – Economic Dependency**

SWAPTE receives the majority of its support from the federal government via pass-through entities. A significant reduction in the level of this support would have an adverse effect on SWAPTE's programs and activities.

**Note 4 – Operating Leases**

SWAPTE leases various pieces of office equipment and the use of office facilities under operating leases. Office facilities are shared with the Mobile Employment Security Office under a month to month agreement that can be terminated with a ninety-day written notice by either party. Rental expense under office facility leases was \$68,212 for the year ended June 30, 2019. Rental expense under equipment leases was \$3,881 for the year ended June 30, 2019.

**Note 5 – Advertising Expense**

Advertising costs are expensed as incurred. For the year ending June 30, 2019, SWAPTE had a total of \$178,925 advertising expense.

**Note 6 – Contributed services**

Members of the board of directors volunteer their time to SWAPTE. The value of these services has not been recorded as the amount cannot be reasonably estimated.

**Note 7 – Prior period adjustment**

During the 2019 Fiscal Year, it was noted the June 30, 2018 net assets with donor restrictions was understated by \$11,050. Management recorded an adjusting entry that resulted in increasing net assets with donor restrictions and decreasing net assets without donor restrictions by \$11,050.

**SOUTHWEST ALABAMA PARTNERSHIP FOR TRAINING AND EMPLOYMENT, INC.**

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

**Note 8 – Related parties’ transactions**

The related party balances for amounts expended for the year ended June 30, 2019 are as follows:

<u>Related Party</u>	<u>Company</u>	<u>Company Position</u>	<u>Amount Expended</u>	<u>Amount Owed</u>	<u>SWAPTE Affiliation</u>
Wilbert Merriweather	Dearborn YMCA	Board Member	\$ 188,299	\$ 14,179	Chairman, Youth Council
Dr. Reginal Skyes	Bishop State Community College	President	870,177	32,842	Board Member
Cheryl Williams	The Coleman Group	Owner	14,469	33,900	Board Member
Total			<u>\$ 1,072,945</u>	<u>\$ 80,921</u>	

The related parties provided training for participants eligible for the Workforce Innovation and Opportunity Act grants. The procurement and process of selection policies were utilized in the process of selecting each party as a service provider.

**Note 9 – Subsequent events**

Management’s evaluation of subsequent events through February 28, 2020, which is the date the financial statements were available to be issued, revealed no significant matters to be recorded or disclosed.

**Note 10 – Measure of operations**

SWAPTE’s operating expenses in excess of revenues include all operating revenues and expenses that are an integral part of its programs and supporting activities and net assets released from donor restrictions to support operating expenses. The measure of operations includes support for operating activities from both donor-restricted net assets and net assets without donor restrictions according to the Organizations’ spending policy, which is detailed in Note 11.

Summer Program – The Summer Program’s donor-restricted net assets began with a balance of \$12,350. There was \$26,100 in contributions received and \$3,800 was released from donor restricted net assets during the 2019 Fiscal Year. These transactions resulted in an ending balance of \$34,650 at June 30, 2019 in Summer Program donor restricted net assets.

During the 2019 Fiscal Year, the Board designated no net assets without donor restrictions.

**SOUTHWEST ALABAMA PARTNERSHIP FOR TRAINING AND EMPLOYMENT, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2019**

**Note 11 – Liquidity and availability of funds**

SWAPTE has \$885,847 of financial assets available within 1 year of the balance sheet date to meet cash needs for general expenditure consisting of cash of \$885,847. \$34,650 of the financial asset is subject to donor restrictions. \$851,197 is without donor restrictions and available for general expenditure within one year of the balance sheet date. SWAPTE has a goal to maintain financial assets, which consist of cash on hand, to meet 30 days of normal operating expenses, which are, on average, approximately \$801,000. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATIERS BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

To the Board of Directors  
Southwest Alabama Partnership for Training and Employment, Inc.  
Mobile, Alabama

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Southwest Alabama Partnership for Training and Employment, Inc. (SWAPTE) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated February 28, 2020.

**Internal Control over Financial Reporting**

In planning and performing my audit of the financial statements, I considered SWAPTE's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of SWAPTE's internal control. Accordingly, I do not express an opinion on the effectiveness of SWAPTE'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.

My 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 my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**RAH**

*R A Headrick, Jr, CPA, LLC  
Certified Public Accountant*

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## Compliance and Other Matters

As part of obtaining reasonable assurance about whether SWAPTE's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my 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 my 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 SWAPTE's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink that reads "R A Headrick, Jr, CPA, LLC". The signature is written in a cursive style.

*R A Headrick, Jr, CPA, LLC*  
*Mobile, Alabama*  
*February 28, 2020*

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**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  
Southwest Alabama Partnership for Training and Employment, Inc.  
Mobile, Alabama

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

I have audited Southwest Alabama Partnership for Training and Employment, Inc.'s (SWAPTE) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of SWAPTE's major federal programs for the year ended June 30, 2019. SWAPTE'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 federal programs.

**Auditor's Responsibility**

My responsibility is to express an opinion on compliance for each of SWAPTE's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my 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 I 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 SWAPTE's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of SWAPTE's compliance.

**RAH**

*R A Headrick, Jr, CPA, LLC  
Certified Public Accountant*



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## Opinion on Each Major Federal Program

In my opinion, SWAPTE 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, 2019.

## Report on Internal Control Over Compliance

Management of SWAPTE is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered SWAPTE'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, I do not express an opinion on the effectiveness of SWAPTE'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 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.

My 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. I did not identify any deficiencies in internal control over compliance that I 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 my 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.



R A Headrick, Jr, CPA, LLC  
Mobile, Alabama  
February 28, 2020

**SOUTHWEST ALABAMA PARTNERSHIP FOR TRAINING AND EMPLOYMENT, INC.**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2019**

<b>Federal Grantor Program Title</b>	<b>Federal CFDA Number</b>	<b>Contract/ Grant Number</b>	<b>Expenditures</b>
<b>U S Department of Labor Pass-Through</b>			
Alabama Department of Economic and Community Affairs, Work Force Development Division			
Workforce Innovation and Opportunity Act State and Local Government Programs Cluster			
WIA Adult Program	17.258	AA-30769-17-55-A-1	\$ 6,253,633
WIA Adult Program	17.258	AA-32188-18-55-A-1	479,884
			<u>6,733,517</u>
WIA Youth Activities	17.259	AA-30769-17-55-A-1	2,162,289
WIA Youth Activities	17.259	AA-32188-18-55-A-1	350,997
			<u>2,513,286</u>
WIA Dislocated Workers	17.278	AA-30769-17-55-A-1	270,759
WIA Dislocated Workers	17.278	AA-32188-18-55-A-1	99,121
			<u>369,880</u>
Major Program Totals			\$ 9,616,683
Reconciliation to Statement of Activities to Workforce Innovation Opportunity Act Program Expenses Without General and Administrative Expenses:			
General and administrative expenses - Adult Program			(360,908)
General and administrative expenses - Youth Program			(298,610)
General and administrative expenses - Dislocated Workers Program			<u>(66,426)</u>
Total Workforce Innovation Opportunity Act Program Expenses Without General and Administrative Expenses			\$ 8,890,739

*See the accompanying notes to the schedule of expenditures of federal awards*

# **SOUTHWEST ALABAMA PARTNERSHIP FOR TRAINING AND EMPLOYMENT, INC.**

## **NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS June 30, 2019**

### **Note 1 - Basis of presentation**

The accompanying Schedule of Expenditures of Federal Awards (SEFA) summarizes the federal expenditures of SWAPTE under programs of the federal government for the year ended June 30, 2019. The amounts reported as federal expenditures were obtained from the Organization's general ledger. Because the SEFA presents only a selected portion of the operations of SWAPTE, it is not intended to and does not present the financial positions, changes in net assets, and cash flows of SWAPTE.

For purposes of the SEFA, federal awards include all grants, contracts, and similar agreements entered into directly with the federal government and other pass-through entities. SWAPTE has obtained Catalog of Federal Domestic Assistance (CFDA) numbers to ensure that all programs have been identified in the SEFA. CFDA numbers have been appropriately listed by applicable programs. Federal programs with different CFDA numbers that are closely related because they share common compliance requirements are defined as a cluster by OMB Circular A-133. The cluster applicable to the CFDA numbers in the SEFA is:

**Workforce Innovation and Opportunity Act** – This cluster includes awards that design and offer training services to equip individuals to enter the workforce and/or retain employment. The grant awards from this cluster are received from the U. S. Department of Labor.

### **Note 2 - Federal pass-through funds**

SWAPTE is the sub-recipient of federal funds that have been subjected to testing and are reported as expenditures and listed as federal pass-through funds.

### **Note 3 – Basis of accounting**

The SEFA was prepared on the accrual basis of accounting.

### **Note 4 – Contingencies**

Grant proceeds received and disbursed by SWAPTE are for specific purposes and are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Based on prior experience, SWAPTE does not believe that such disallowances, if any, would have a material effect on the financial position of the Organization. As of June 30, 2019, there are no material questioned or disallowed costs as a result of grant audits in process or completed.

**SOUTHWEST ALABAMA PARTNERSHIP FOR TRAINING AND EMPLOYMENT, INC.**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2019**

**SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of auditors' report issued	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified ?	None reported
Noncompliance material to financial statements noted?	No

**Federal Awards**

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditors' report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	No

**Identified major programs:**

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
17.258	WIA Adult Program
17.259	WIA Youth Activities
17.278	WIA Dislocated Workers

Dollar threshold used to distinguish between type A and type B programs? \$750,000

Auditee qualified as low-risk auditee? Yes

**SOUTHWEST ALABAMA PARTNERSHIP FOR TRAINING AND EMPLOYMENT, INC.**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED  
YEAR ENDED JUNE 30, 2019**

**OTHER MATTERS**

Auditee's summary schedule of prior findings required to be reported in accordance with 2 CFR 200.511(b)?

No

**FINANCIAL STATEMENT FINDINGS**

None noted.

**OTHER AUDITOR'S FINANCIAL STATEMENT FINDINGS**

None noted.

**FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

None noted.