

WORKFORCE SOLUTIONS CAPITAL AREA WORKFORCE BOARD

FINANCIAL STATEMENTS AND
FEDERAL AND STATE AWARDS REPORTS

FOR THE YEAR ENDED SEPTEMBER 30, 2025



CPAs | ADVISORS

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**WORKFORCE SOLUTIONS
CAPITAL AREA WORKFORCE BOARD**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Workforce Solutions – Capital Area Workforce Board
Austin, Texas

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Workforce Solutions – Capital Area Workforce Board (a nonprofit organization), which comprise the statements of financial position as of September 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Workforce Solutions – Capital Area Workforce Board, as of September 30, 2025, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Workforce Solutions – Capital Area Workforce Board 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 opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 Workforce Solutions – Capital Area Workforce Board'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Workforce Solutions – Capital Area Workforce Board'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 financial statements as a whole. The accompanying schedule of expenditures of federal and state 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* and the Texas Grant Management Standards, 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 our opinion, the schedule of expenditures of federal and state 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 June 25, 2026, on our consideration of Workforce Solutions – Capital Area Workforce Board’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 the effectiveness of Workforce Solutions – Capital Area Workforce Board’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 Workforce Solutions – Capital Area Workforce Board’s internal control over financial reporting and compliance.

ABIP, PC

San Antonio, Texas
June 25, 2026



FINANCIAL SECTION



**WORKFORCE SOLUTIONS
CAPITAL AREA WORKFORCE BOARD**

STATEMENTS OF FINANCIAL POSITION

September 30, 2025 and 2024

	Without Donor Restrictions	With Donor Restrictions	2025 Total	2024 Total
<u>ASSETS</u>				
Current assets:				
Cash and cash equivalents	\$ 579,819	\$ 2,405,714	\$ 2,985,533	\$ 1,698,530
Accounts receivable:				
Grants/contracts	307,754	6,479,683	6,787,437	9,679,430
Other, net of allowance	-	9,431	9,431	11,081
Prepaid expenses	97,772	580,697	678,469	890,354
Deposits	<u>132,708</u>	<u>-</u>	<u>132,708</u>	<u>140,647</u>
Total current assets	<u>1,118,053</u>	<u>9,475,525</u>	<u>10,593,578</u>	<u>12,420,042</u>
Property and equipment:				
Fixed assets, net	322,243	-	322,243	339,156
Right to use assets, net	<u>6,024,511</u>	<u>-</u>	<u>6,024,511</u>	<u>7,575,296</u>
Net property and equipment	<u>6,346,754</u>	<u>-</u>	<u>6,346,754</u>	<u>7,914,452</u>
Total assets	<u>\$ 7,464,807</u>	<u>\$ 9,475,525</u>	<u>\$ 16,940,332</u>	<u>\$ 20,334,494</u>
<u>LIABILITIES AND NET ASSETS</u>				
Current liabilities:				
Accounts payable - trade	\$ 102,899	\$ 2,870,957	\$ 2,973,856	\$ 4,173,489
Other payables	39,216	644,156	683,372	1,804,693
Compensated absences	240,821	3,171	243,992	330,585
Deferred revenue	163,421	5,908,678	6,072,099	5,484,757
Right to use lease liability - current portion	<u>1,838,793</u>	<u>-</u>	<u>1,838,793</u>	<u>1,916,291</u>
Total current liabilities	<u>2,385,150</u>	<u>9,426,962</u>	<u>11,812,112</u>	<u>13,709,815</u>
Long-term liabilities:				
Right to use lease liability - long-term	<u>4,540,603</u>	<u>-</u>	<u>4,540,603</u>	<u>6,030,910</u>
Total long-term liabilities	<u>4,540,603</u>	<u>-</u>	<u>4,540,603</u>	<u>6,030,910</u>
Total liabilities	<u>6,925,753</u>	<u>9,426,962</u>	<u>16,352,715</u>	<u>19,740,725</u>
Net assets:				
With donor restrictions - child care activities	-	48,563	48,563	48,563
Without donor restrictions:				
Unrestricted	<u>539,054</u>	<u>-</u>	<u>539,054</u>	<u>545,206</u>
Total net assets	<u>539,054</u>	<u>48,563</u>	<u>587,617</u>	<u>593,769</u>
Total liabilities and net assets	<u>\$ 7,464,807</u>	<u>\$ 9,475,525</u>	<u>\$ 16,940,332</u>	<u>\$ 20,334,494</u>

The accompanying notes are an integral part of these financial statements.

**WORKFORCE SOLUTIONS
CAPITAL AREA WORKFORCE BOARD**

STATEMENTS OF ACTIVITIES

For the year ended September 30, 2025 and 2024

	Without Donor Restrictions	With Donor Restrictions	2025 Total	2024 Total
REVENUES				
Federal/state grant revenue	\$ -	\$ 64,653,075	\$ 64,653,075	\$ 62,715,929
City/county grant revenue	-	2,448,619	2,448,619	3,557,946
Other contracts	78,750	635,718	714,468	1,060,393
Interest revenue	27,286	4,137	31,423	37,698
Program match revenue	-	2,229,580	2,229,580	2,572,217
Miscellaneous	575,788	-	575,788	971,012
Net assets released from restrictions:				
Satisfaction of program restrictions	<u>69,971,129</u>	<u>(69,971,129)</u>	<u>-</u>	<u>-</u>
Total revenues	<u>70,652,953</u>	<u>-</u>	<u>70,652,953</u>	<u>70,915,195</u>
EXPENSES				
Programs:				
One-stop activities	8,285,431	-	8,285,431	8,661,638
Youth activities	2,490,925	-	2,490,925	2,628,120
Child care activities	52,389,104	-	52,389,104	49,241,974
WERC activities	-	-	-	1,549,203
Special projects	1,294,054	-	1,294,054	1,881,409
Management and general	<u>6,299,116</u>	<u>-</u>	<u>6,299,116</u>	<u>6,821,481</u>
Total expenses	<u>70,758,630</u>	<u>-</u>	<u>70,758,630</u>	<u>70,783,825</u>
Change in net assets	(105,677)	-	(105,677)	131,370
Acquisition/disposition of fixed assets	99,525	-	99,525	152,901
NET ASSETS AT BEGINNING OF YEAR	<u>545,206</u>	<u>48,563</u>	<u>593,769</u>	<u>309,498</u>
NET ASSETS AT END OF YEAR	<u>\$ 539,054</u>	<u>48,563</u>	<u>\$ 587,617</u>	<u>\$ 593,769</u>

The accompanying notes are an integral part of these financial statements.



**WORKFORCE SOLUTIONS
CAPITAL AREA WORKFORCE BOARD**

STATEMENTS OF FUNCTIONAL EXPENSES

For the year ended September 30, 2025 and 2024

	ONE-STOP ACTIVITIES	YOUTH ACTIVITIES	CHILD CARE ACTIVITIES
EXPENSES			
Salaries	\$ 3,496,926	\$ 1,152,629	\$ 4,226,014
Fringe benefits	892,144	268,526	779,509
Contractual	840,693	181,180	1,108,528
Supplies	716,883	-	147,228
Printing	-	-	561
Postage/freight	4,153	33	3,760
Dues/memberships	-	-	45
Travel/training	502	24,793	35,033
Advertising	-	-	593
Professional services	-	-	-
Equipment lease/rental	22,175	-	6,032
Repairs/maintenance	9,975	-	2,142
Telephone	132,866	13,201	31,055
Insurance	45,507	-	11,317
Rent/occupancy	268,851	745	40,877
Equipment	69,706	-	-
Other	6,866	968	62,715
Outreach	-	-	-
Child care	-	-	39,922,571
Client support services	499,693	122,198	-
Client expenses	1,278,491	726,652	3,781,544
Program match expenses	-	-	2,229,580
Depreciation/amortization	-	-	-
	<u>\$ 8,285,431</u>	<u>\$ 2,490,925</u>	<u>\$ 52,389,104</u>

The accompanying notes are an integral part of these financial statements.

SPECIAL PROJECTS	MANAGEMENT AND GENERAL	2025 TOTAL	2024 TOTAL
\$ -	\$ 3,087,816	\$ 11,963,385	\$ 12,596,715
-	716,655	2,656,834	2,886,631
546,576	353,110	3,030,087	3,120,407
264,245	55,362	1,183,718	1,044,452
-	-	561	15,818
12	1,501	9,459	13,138
-	41,960	42,005	33,588
-	76,563	136,891	197,034
6,200	-	6,793	21,586
-	76,089	76,089	59,721
-	7,935	36,142	38,953
793	5,527	18,437	4,101
1,576	26,796	205,494	226,123
-	76,059	132,883	152,405
-	37,391	347,864	536,191
7,745	-	77,451	39,556
34,317	41,916	146,782	379,978
74,488	27,213	101,701	52,341
-	-	39,922,571	37,888,501
1,851	-	623,742	594,207
356,251	-	6,142,938	6,540,460
-	-	2,229,580	2,572,217
-	1,667,223	1,667,223	1,769,702
<u>\$ 1,294,054</u>	<u>\$ 6,299,116</u>	<u>\$ 70,758,630</u>	<u>\$ 70,783,825</u>

**WORKFORCE SOLUTIONS
CAPITAL AREA WORKFORCE BOARD**

STATEMENTS OF CASH FLOWS

For the year ended September 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (105,677)	\$ 131,370
Adjustments to reconcile change in net assets to cash provided by operating activities		
Capitalized equipment	99,525	152,901
Depreciation	116,438	124,683
Amortization expense	1,550,785	1,645,019
(Increase) decrease in receivables	2,893,643	(1,097,828)
(Increase) decrease in prepaid expenses	211,885	(347,262)
(Increase) decrease in deposits	7,939	6,750
Increase (decrease) in payables	(2,320,954)	246,405
Increase (decrease) in accrued leave	(86,593)	16,942
Increase (decrease) in deferred revenue	<u>587,342</u>	<u>353,279</u>
Total adjustments	<u>3,060,010</u>	<u>1,100,889</u>
Net cash provided by (used in) operating activities	<u>2,954,333</u>	<u>1,232,259</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of fixed assets	<u>(99,525)</u>	<u>(152,901)</u>
Net cash provided by (used in) investing activities	<u>(99,525)</u>	<u>(152,901)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of principal on right of use lease liability	(1,567,805)	(1,623,728)
Payment of principal on long-term debt	<u>-</u>	<u>(150,000)</u>
Net cash provided by (used in) financing activities	<u>(1,567,805)</u>	<u>(1,773,728)</u>
Net increase (decrease) in cash and cash equivalents	1,287,003	(694,370)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,698,530</u>	<u>2,392,900</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 2,985,533</u></u>	<u><u>\$ 1,698,530</u></u>

The accompanying notes are an integral part of these financial statements.

**WORKFORCE SOLUTIONS
CAPITAL AREA WORKFORCE BOARD**

NOTES TO FINANCIAL STATEMENTS

September 30, 2025

(1) Organization and summary of significant accounting policies

Organization – Workforce Solutions – Capital Area Workforce Board (the “Organization”), a nonprofit corporation, was incorporated under the laws of the State of Texas to provide policy and program guidance and to administer workforce development programs for the Austin/Travis County service delivery area. By agreement, the City of Austin and the County of Travis have designated the Organization as the “administrative entity” for the service delivery area. Under this agreement, the Organization assumes full responsibility for program and fiscal affairs.

The Organization operates as an organization described in Section 510(c)(3) of the Internal Revenue Code and is exempt from income taxes.

Basis of accounting – The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as defined by the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”). Under the accrual basis of accounting, grant and contract funds are recognized as revenues when expenses are incurred, and a receivable represents that portion of the grant, which the Organization has earned and/or requested, but not received. Expenses are recorded when the liability is incurred. Grant funds received, but not yet earned, are recognized as deferred revenue on the statement of financial position. Net assets without donor restrictions represents the cumulative excess of revenue recognized over expenses incurred for each grant or program fund. These amounts may be subject to recall or re-obligation at the discretion of the granting agencies or may be carried over to the next program year.

Fund accounting – In order to ensure observance of limitations and restrictions placed on the use of the resources available to the Organization, the accounts of the Organization are maintained in accordance with the principles of “fund accounting”. This is the procedure by which resources for various purposes are classified, for accounting and reporting purposes, into self-balancing funds that are in accordance with activities or objectives specified. Separate accounts are maintained for each fund.

Financial statement presentation – The Organization is required to report information regarding its financial position and activities according to two classes of net assets; net assets with donor restrictions and net assets without donor restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net assets with donor restrictions – Net assets subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants).

Net assets without donor restrictions – Net assets not subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants).

**WORKFORCE SOLUTIONS
CAPITAL AREA WORKFORCE BOARD**

NOTES TO FINANCIAL STATEMENTS

September 30, 2025

(1) Organization and summary of significant accounting policies (continued)

Classification of net assets – Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Without donor restrictions – These net assets are not subject to donor-imposed stipulations. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions, unless their use is restricted by explicit donor stipulation or by law. Net assets without donor restrictions are those currently available for use by the Organization, or at the discretion of the Board of Directors (the “Board”) for the Organization’s use.

With donor restrictions – These net assets are subject to donor-imposed stipulations, which limit their use by the Organization to a specific purpose and/or the passage of time, or which require them to be maintained permanently. Net assets which are required to be maintained permanently are not available for use in operations and limitations neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

Estimates – The presentation 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income taxes – The Organization qualifies as an organization exempt from federal income taxes under Section 501(c)(3) of the *Internal Revenue Code*. It has been classified as an organization that is not a private foundation under Section 509(a)(1) of the *Internal Revenue Code*. The Organization is subject to a tax on income from any unrelated business, as defined by Section 509(a)(2) of the code. The Organization currently has no unrelated business income. Accordingly, no provision for income taxes has been recorded.

The Organization has adopted the recognition requirements for uncertain income tax positions required by generally accepted accounting principles. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return only when it is determined that the income tax position will more-likely-than-not be sustained upon examinations by taxing authorities. The Organization has analyzed tax positions taken for filing with the Internal Revenue Service. The Organization believes that income filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Organization’s financial position, results of operations, or cash flows. Accordingly, the Organization has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at September 30, 2025.

The Organization files Form 990 in the U.S. Federal jurisdiction. Federal income statutes that tax returns filed in any of previous three reporting periods remain open to examination. Currently, the Organization has no open examinations with the Internal Revenue Service.

**WORKFORCE SOLUTIONS
CAPITAL AREA WORKFORCE BOARD**

NOTES TO FINANCIAL STATEMENTS

September 30, 2025

(1) Organization and summary of significant accounting policies (continued)

Receivables – The allowance for doubtful accounts is established as losses are estimated to have occurred through a provision of bad debts charged to earnings. Losses are charged against the allowance when management believes the uncollectability of a receivable is confirmed. Subsequent recoveries, if any, are credited to the allowance. The allowance for doubtful accounts is evaluated on a regular basis by management and is based on historical experience and specifically identified questionable receivables. The evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available. At September 30, 2025, a parents receivable allowance of \$113,189 has been established for other receivables.

Grants receivable primarily represent balances due from grantees for funds billed under the terms of the contract. The Organization does not record an allowance for uncollectibles against the grant receivable because management believes the receivables are considered to be 100% collectible.

Revenue recognition and deferred revenue – Contracts that are entered into by the Organization are recognized as grant revenue when expenditures are incurred in accordance with the terms of the contract. Amounts received but not yet earned on continuing contracts are recorded as deferred revenue.

In-kind contributions and donated services – Donated services are valued at their estimated fair market value at the time of donation and are included in the statement of activities. During the year ended September 30, 2025, there were none noted to be significant to the financial statements.

Program match revenue – The Organization receives documentation from various local entities for the local entities expenditures available for Workforce Solutions – Capital Area Workforce Board’s use as state matching funds to draw available federal matching funds as authorized in the child care and development funds (CCDF) regulations.

Property and equipment – Fixed assets are recorded as expenditures at the time of acquisition in accordance with the terms of the various grantees. Those fixed assets with a useful life of more than one year, and an acquisition cost of more than \$5,000 are capitalized and carried on the statement of financial position. The capitalization threshold was increased from \$400 to \$5,000 at the beginning of fiscal year 2006. The assets acquired under the prior threshold will be maintained on the statement of financial position until their disposal. A detailed record of equipment is maintained and a physical inventory is taken yearly. A contra-account, “*Investment in Fixed Assets*” is maintained and reflects the net difference between the value of the fixed and right of use assets and related depreciation and amortization.

Fixed assets are valued at historical cost or estimated cost if historical cost is not available. Contributed fixed assets are valued at their estimated fair market value at the time of donation. Depreciation of property and equipment is provided over the estimated useful lives of the respective assets using the straight-line method. Expenses for betterments that materially extend the useful life of an asset are capitalized at cost.

**WORKFORCE SOLUTIONS
CAPITAL AREA WORKFORCE BOARD**

NOTES TO FINANCIAL STATEMENTS

September 30, 2025

(1) Organization and summary of significant accounting policies (continued)

Functional expense allocation – Costs incurred by the Board in providing management and oversight of various programs have been summarized on a functional basis. Accordingly, these costs are recognized among the programs either as administrative or program and are distributed to the various funding sources based upon an established cost allocation plan on a monthly basis. Unassignable administrative and program costs are allocated to each grant based on each grant's proportional share of total expenses.

Comparative financial statements – The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient data detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended September 30, 2024, from which the summarized information was derived.

(2) Cash and cash equivalents

The Organization's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposit for safekeeping and trust with the Organization's agent bank approved pledged securities in an amount sufficient to protect the Organization's funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) Insurance.

The Organization's cash deposits at September 30, 2025, were entirely covered by FDIC insurance or by pledged collateral held by the Organization's agent bank. The deposits were collateralized in accordance with Texas law.

For purposes of the statement of cash flows, all highly liquid instruments with a maturity of approximately 90 days or less are considered to be cash equivalents.

(3) Liquidity and availability of financial assets

The following reflects the Organization's financial assets as the statement of financial position dated September 30, 2025, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date. Donor-restricted resources are available to support general expenditures to the extent that restrictions on those resources will be met by conducting the normal activities of the Organization's programs in the coming year. The Organization's cash management policies adhere to federal regulations prohibiting accumulation of unobligated excess cash.

Financial assets at year end	\$ 9,782,401
Less those unavailable for general expenditures within one year, due to:	
Contractual of donor-imposed restrictions:	
Restricted for program services	<u>(8,894,828)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 887,573</u>

**WORKFORCE SOLUTIONS
CAPITAL AREA WORKFORCE BOARD
NOTES TO FINANCIAL STATEMENTS**

September 30, 2025

(3) Liquidity and availability of financial assets (continued)

The Board ensures the Organization's financial stability by approving an annual budget prior to the start of each fiscal year. The Organization maintains financial policies to ensure funds are allocated in a manner consistent with the mission of the Organization.

(4) Grants receivable

Grants and contracts receivable at September 30, 2025 consists of the following:

Texas Workforce Commission	\$ 5,919,249
Travis County	338,593
City of Austin	361,359
Other	119,359
University of Texas	48,877
	<u>\$ 6,787,437</u>

(5) Property and equipment

	Balance October 1, 2024	Additions	Deletions	Balance September 30, 2025
Depreciable assets				
Furniture and fixtures	\$ 234,781	\$ -	\$ (2,444)	\$ 232,337
Equipment	1,015,872	99,525	(22,705)	1,092,692
Computer software	62,267	-	-	62,267
Right to use asset - office space	13,182,693	-	-	13,182,693
Right to use asset - office equipment	436,947	-	-	436,947
Total depreciable assets	14,932,560	99,525	(25,149)	15,006,936
Less accumulated depreciation and amortization				
Accumulated depreciation	(973,764)	(116,438)	25,149	(1,065,053)
Accumulated amortization	(6,044,344)	(1,550,785)	-	(7,595,129)
Total depreciation and amortization	(7,018,108)	(1,667,223)	25,149	(8,660,182)
Total capital assets, net	<u>\$ 7,914,452</u>	<u>\$ (1,567,698)</u>	<u>\$ -</u>	<u>\$ 6,346,754</u>

**WORKFORCE SOLUTIONS
CAPITAL AREA WORKFORCE BOARD**

NOTES TO FINANCIAL STATEMENTS

September 30, 2025

(6) Leases

In October 2022, the Board adopted FASB ASU No. 2016-02, *Leases*. The following leases meet the definition of a lease as defined in FASB ASU No. 2016-02, *Leases*:

The Board entered into a 10 year lease agreement, effective February 2019, with TPP 204 Northview, LLC to lease office space. The lease was amended in October 2019 to add additional lease space with the lease ending in July of 2029. The lease agreement does not transfer ownership to the Board, and there is no option to purchase the office space. Payments on the lease for the year ended September 30, 2025 were \$1,592,306. The discount rate used of 4.69% is based on the 10 year treasury rate in February 2019, as the Board does not have any debt to base the discount rate on.

The Board entered into a 5 year lease agreement, effective March 2023, with Austin Community College to lease office space. The lease agreement does not transfer ownership to the Board, and there is no option to purchase the office space. Payments on the lease for the year ended September 30, 2025 were \$209,530. The discount rate used of 3.27% is based on the 5 year treasury rate at the commencement date of the lease.

Workforce Solutions – Capital Area Workforce Board is obligated to 4 lease agreements for various office equipment. The lease agreements do not transfer ownership to the Board, and there is no option to purchase the office equipment. Payments on the leases for the year ended September 30, 2025 were \$88,691. The discount rate used for each lease is based on the 10 year treasury rate at the commencement date of the lease.

Annual requirements to amortize lease obligations are as follows:

<u>Year End</u>	<u>Principal</u>
September 30, 2026	\$ 1,838,793
September 30, 2027	1,872,344
September 30, 2028	1,785,372
September 30, 2028	<u>1,440,716</u>
Total	6,937,225
Less imputed interest	<u>(557,829)</u>
	<u><u>\$ 6,379,396</u></u>

**WORKFORCE SOLUTIONS
CAPITAL AREA WORKFORCE BOARD**

NOTES TO FINANCIAL STATEMENTS

September 30, 2025

(7) Compensated absences

The Organization provides annual leave benefits to all its employees. Annual leave, within limits set by the Organization's policy, which is unused and vested to the employee is payable upon termination. The liability for accrued leave at September 30, 2025, as reflected in the financial statements, is \$243,992.

(8) Employee benefit plan

A 401(k) plan is made available to the Organization's employees. Employees hired after May 2, 2007, age 18 or older, are eligible the first full month after they have completed 90 days of service. Employees hired between June 1, 2006, and May 2, 2007, age 18 or older, were eligible after they completed a year of service, which was defined as having been credited with 1,000 hours of service during a 12-month consecutive period. These employees were brought under the new eligibility rules as of May 2, 2007. Employees hired before June 1, 2006, age 18 or older, were eligible the first full month after their date of hire, with employer contributions beginning immediately. For the plan year ended December 31, 2006, the plan was modified to include safe harbor provisions. For the year ended September 30, 2025, Workforce Solutions – Capital Area Workforce Board contributed \$117,359 to the plan on behalf of their employees.

(9) Economic dependency

The Organization receives the principal portion of its revenue from funds provided through federal and state grants. Additional significant revenue is generated through contracts with the City of Austin, Texas for child care quality initiatives and the Workforce and Education Readiness Continuum; Travis County, Texas for child care quality initiatives and the Workforce and Education Readiness Continuum; the University of Texas Health Science Center at Houston for Texas School Ready; Aspen Institute for Opportunity Youth Initiative; Michael and Susan Dell Foundation for support of the Workforce Master Plan, including others.

(10) Concentration of credit risk

Management believes concentrations of credit risk in grants receivable are limited due to contracts with state governmental agencies which management believes are credit-quality. Also, management believes the receivables from these contracts are collectible.

(11) Contingent liabilities

Workforce Solutions – Capital Area Workforce Board participates in a number of federally assisted programs. These programs are audited in accordance with *Government Auditing Standards* and Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State of Texas Uniform Grant Management Standards, if applicable, in accordance with the required levels of Federal Financial Assistance. Audits of prior years have not resulted in any significant disallowed costs; however, grantor agencies may provide for further examinations. Based on prior experience, management believes that further examinations would not result in any significant disallowed costs.

**WORKFORCE SOLUTIONS
CAPITAL AREA WORKFORCE BOARD**

NOTES TO FINANCIAL STATEMENTS

September 30, 2025

(11) Contingent liabilities (continued)

For a portion of the expenditures in the federal programs, Workforce Solutions – Capital Area Workforce Board contracts with local contractors to perform specific services set forth in the grant agreement. The Organization disburses grant funds to the contractors based on invoices and reports received from each contractor. These contractors are required to submit an annual independent audit report to the Organization. The Organization also performs financial and program monitoring of the contractors. If such audits or monitoring reviews disclose expenditures not in accordance with terms of the local contractor's agreement, the Organization's grantor agency could disallow the costs and require reimbursement from the Organization's nonfederal funds. The Organization generally has the right of recovery from the contractors. Based on prior experience, management believes that the Organization will not incur significant losses from possible grant disallowance.

(12) Evaluation of subsequent events

Subsequent events were evaluated by Workforce Solution's management through June 25, 2026, which is the date the financial statements were issued. No significant subsequent events occurred.

SINGLE AUDIT SECTION



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
Workforce Solutions – Capital Area Workforce Board
Austin, Texas

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 financial statements of Workforce Solutions – Capital Area Workforce Board (a nonprofit organization), which comprise the statement of financial position as of September 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 25, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Workforce Solutions – Capital Area Workforce Board'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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of Workforce Solutions – Capital Area Workforce Board's internal control. Accordingly, we do not express an opinion on the effectiveness of Workforce Solutions – Capital Area Workforce Board'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 may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Workforce Solutions – Capital Area Workforce Board’s 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 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 Workforce Solutions – Capital Area Workforce Board’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.

ABIP, PC

San Antonio, Texas
June 25, 2026

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL AND STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE AND TEXAS GRANT MANAGEMENT STANDARDS

To the Board of Directors
Workforce Solutions – Capital Area Workforce Board
Austin, Texas

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited Workforce Solutions – Capital Area Workforce Board's (a non-profit organization) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the State of Texas Uniform Grant Management Standards (TxGMS) that could have a direct and material effect on each of Workforce Solutions – Capital Area Workforce Board's major federal and state programs for the year ended September 30, 2025. Workforce Solutions – Capital Area Workforce Board's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Workforce Solutions – Capital Area Workforce Board 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 and state programs for the year ended September 30, 2025.

Basis for Opinion on Each Major Federal and State 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, 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), and the TxGMS. Our responsibilities under those standards, the Uniform Guidance, and the TxGMS are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Workforce Solutions – Capital Area Workforce Board 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 and state program. Our audit does not provide a legal determination of Workforce Solutions – Capital Area Workforce Board'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 Workforce Solutions – Capital Area Workforce Board's federal and state 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 Workforce Solutions – Capital Area Workforce Board'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*, the Uniform Guidance, and TxGMS, 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 Workforce Solutions – Capital Area Workforce Board's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and TxGMS, 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 Workforce Solutions – Capital Area Workforce Board'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 Workforce Solutions – Capital Area Workforce Board'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 and TxGMS, but not for the purpose of expressing an opinion on the effectiveness of Workforce Solutions – Capital Area Workforce Board'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 or state 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 or state 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 or state 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 and TxGMS. Accordingly, this report is not suitable for any other purpose.

ABIP, PC

San Antonio, Texas
June 25, 2026



WORKFORCE SOLUTIONS CAPITAL AREA WORKFORCE BOARD

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

For the year ended September 30, 2025

GRANTOR/PASS-THROUGH GRANTOR PROGRAM TITLE	ASSISTANCE LISTING NUMBER	PASS-THROUGH GRANTOR'S NUMBER	CURRENT FISCAL YEAR EXPENDITURES	PASS-THROUGH TO SUBRECIPIENTS
<u>FEDERAL FUNDS</u>				
<u>U.S. Department of Labor</u>				
Passed Through Texas Workforce Commission				
Workforce Innovation and Opportunity Act (WIOA) Cluster				
WIOA Adult Program	17.258	1424WOA001	\$ 70,161	\$ 62,513
WIOA Adult Program	17.258	1424WOA001	1,632,058	1,072,584
Texas Industry Partnership	17.258	1425TIP001	106,625	-
WIOA Adult Program	17.258	1425WOA001	272,086	264,485
WIOA Adult Program	17.258	1423WOA001	15,878	-
WIOA Adult Program	17.258	1423WOA001	34,097	-
Externships for Teachers	17.258	1424EXT001	2,333	-
WIOA - UPSKILLING and Training to Address Skills Gaps	17.258	1424WOZ001	(2,548)	(2,548)
WIOA Youth Program	17.259	1424WOY001	2,180,498	2,011,732
WIOA Youth Program	17.259	1425WOY001	290,763	274,763
WIOA Youth Program	17.259	1423WOY001	94,273	41,418
Employment Recovery DWG Tesla	17.277	1424NDW001	480,442	458,102
WIOA Dislocated Worker Program	17.278	1424WOD001	615,078	322,723
WIOA Dislocated Worker Program	17.278	1424WOD001	1,536,147	962,520
WIOA Rapid Response	17.278	1424WOR001	1,668	-
Externships for Teachers	17.278	1425EXT001	120,483	-
WIOA Rapid Response	17.278	1425WOR001	179	160
WIOA Dislocated Worker Program	17.278	1423WOD001	446,562	445,137
WIOA Dislocated Worker Program	17.278	1423WOD001	364,628	161,525
Total WIOA Cluster			8,261,411	6,075,114
Employment Service Cluster				
Workforce Commission Initiatives	17.207	1425WCI001	19,920	-
Wagner-Peyser Employment Services	17.207	1425WPA001	291,915	3,581
Wagner-Peyser Employment Services	17.207	1424WPA001	191,304	1,341
Total Employment Service Cluster			503,139	4,922
Reemployment Services and Eligibility Assessment	17.225	1424REA001	285,561	234,321
Trade Act Services for Dislocated Workers	17.245	1425TRA001	15,783	15,783
Reemployment Services and Eligibility Assessment	17.225	1425REA001	676,513	557,890
Texas Veterans Comm - Resource Admin Grant	17.801	1425TVC001	116,119	-
Total U.S. Department of Labor			9,858,526	6,888,030
<u>U.S. Department of Health and Human Services</u>				
Passed Through Texas Workforce Commission:				
Noncustodial Parent Choices Program	93.558	1425NCP001	178,581	94,276
Temporary Assistance for Needy Families/Choice	93.558	1425TAF001	1,713,792	933,285
Texas Internship Initiative	93.558	1425TAN002	2,758	-
Workforce Commission Initiatives	93.558	1425WCI001	30,518	-
Wagner-Peyser Employment Services	93.558	1425WPA001	15,364	-
Wagner-Peyser Employment Services	93.558	1424WPA001	17,530	-
Temporary Assistance for Needy Families/Choice	93.558	1424TAF001	110,167	62,201
Total TANF Cluster			2,068,710	1,089,762

**WORKFORCE SOLUTIONS
CAPITAL AREA WORKFORCE BOARD**

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

For the year ended September 30, 2025

GRANTOR/PASS-THROUGH GRANTOR PROGRAM TITLE	ASSISTANCE LISTING NUMBER	PASS-THROUGH GRANTOR'S NUMBER	CURRENT FISCAL YEAR EXPENDITURES	PASS-THROUGH TO SUBRECIPIENTS
<u>FEDERAL FUNDS (CONTINUED)</u>				
<u>U.S. Department of Health and Human Services (continued)</u>				
CCDF Cluster				
Board Service Award - Child Care Employment and Training	93.575	1424BSA001	\$ 70,168	\$ 52,018
Child Care Services Formula Allocation	93.575	1425CCF001	30,593,033	28,441,687
CCDF Quality Improvement Activity	93.575	1425CCQ001	2,034,251	2,034,251
CCDF Quality Improvement Activity	93.575	1425CQF001	2,497,584	2,497,584
CCDF Quality Improvement Activity	93.575	1424CCQ001	17,385	17,385
Child Care Services Formula Allocation	93.596	1425CCF001	6,238,745	5,800,028
Childcare and Development Fund Childcare Local Match	93.596	1425CCM001	1,497,533	1,497,533
Childcare and Development Fund Childcare Local Match	93.596	1424CCM001	1,180,672	1,180,672
Total CCDF Cluster			<u>44,129,371</u>	<u>41,521,158</u>
Child Care Services Formula Allocation	93.667	1425CCF001	62,132	57,763
Child Care Services Formula Allocation	93.667	1424CCF001	64,031	-
Total Non Clustered			<u>126,163</u>	<u>57,763</u>
Total U.S. Department of Health and Human Services			<u>46,324,244</u>	<u>42,668,683</u>
<u>U.S. Department of Agriculture</u>				
Passed Through Texas Workforce Commission:				
SNAP Cluster				
Supplemental Nutrition Assistance Program Employment & Training	10.561	1425SNE001	311,723	153,517
Total U.S. Department of Agriculture			<u>311,723</u>	<u>153,517</u>
<u>U.S. Department of Treasury</u>				
Coronavirus Relief Fund				
Passed Through Travis County:				
American Rescue Plan - State and Local Fiscal Recovery Funds				
Child Care ARAP - TCCARE 2022A	21.027	4400006354	297,567	293,594
RE:WorkNow - TCRWN 2022C	21.027	4400006285	197,703	145,461
Passed Through City of Austin:				
Child Care ARAP - COACARE 2022A	21.027	MA 550 NA220000074	649,442	612,666
RE:WorkNow - COARWN 2022C	21.027	MA 550 NA220000073	68,418	18,375
Total U.S. Department of Treasury			<u>1,213,130</u>	<u>1,070,096</u>
<u>U.S. Department of Housing and Urban Development</u>				
Passed Through City of Austin:				
City of Pflugerville Community CDBG	14.218	COPCDBG2025	11,926	11,926
Total U.S. Department of Housing and Urban Development			<u>11,926</u>	<u>11,926</u>
Total Federal Awards			<u>57,719,549</u>	<u>50,792,252</u>

**WORKFORCE SOLUTIONS
CAPITAL AREA WORKFORCE BOARD**

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

For the year ended September 30, 2025

GRANTOR/PASS-THROUGH GRANTOR PROGRAM TITLE	ASSISTANCE LISTING NUMBER	PASS-THROUGH GRANTOR'S NUMBER	CURRENT FISCAL YEAR EXPENDITURES	PASS-THROUGH TO SUBRECIPIENTS
<u>STATE FUNDS</u>				
<u>Texas Workforce Commission</u>				
Supplemental Nutrition Assistance Program Employment & Training	N/A	1425SNE001	\$ 39,657	\$ 19,530
Noncustodial Parent Choices Program	N/A	1425NCP001	130,304	68,790
Texas Department of Family and Protective Services (DFPS)	N/A	1425CCP001	2,609,992	2,437,782
Texas Department of Family and Protective Services (DFPS)	N/A	1426CCP001	236,642	236,642
Child Care Services Formula Allocation	N/A	1425CCF001	3,187,730	2,963,564
Temporary Assistance for Needy Families/Choice	N/A	1425TAF001	264,533	144,058
Child Care Services Formula Allocation	N/A	1424CCF001	445,082	257,359
Temporary Assistance for Needy Families/Choice	N/A	1424TAF001	19,586	11,059
Total State Awards			<u>6,933,526</u>	<u>6,138,784</u>
TOTAL FEDERAL AND STATE AWARDS			<u>\$ 64,653,075</u>	<u>\$ 56,931,036</u>

**WORKFORCE SOLUTIONS
CAPITAL AREA WORKFORCE BOARD**

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

September 30, 2025

(1) Basis of presentation

The accompanying schedule of expenditures of federal and state awards include the federal and state grant activity of Workforce Solutions – Capital Area Workforce Board (the “Organization”) and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2, Chapter II, Part 200, et al *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance) and the Texas Grants Management Standards (TxGMS). Because the schedule only presents a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

(2) Summary of significant accounting policies

Expenditures reported on the schedule of expenditures of federal and state awards 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 to reimbursement.

(3) Contingent liabilities

The Organization participates in a number of federally assisted programs. These programs are audited in accordance with *Government Auditing Standards* and the Uniform Guidance, if applicable, in accordance with the required levels of federal financial assistance, and TxGMS. Audits of prior years have not resulted in any significant disallowed costs; however, grantor agencies may provide for further examinations. Based on prior experience, management believes that further examinations would not result in any significant disallowed costs.

For a portion of the expenditures in the federal programs, Workforce Solutions – Capital Area Workforce Board contracts with other entities to perform specific services set forth in the grant agreement. The Organization disburses grant funds to the entities based on invoices and reports received from each contractor. These agencies are required to submit an annual independent audit report to Workforce Solutions – Capital Area Workforce Board. Workforce Solutions – Capital Area Workforce Board also performs financial and program monitoring on the contractors. If such audits or monitoring activities disclose expenditures not in accordance with terms on the local contract agreement, the Organization’s grantor agency could disallow the costs and require reimbursement from the Organization’s nonfederal funds. Workforce Solutions – Capital Area Workforce Board generally has the right of recovery from the contractors. Based on prior experience, management believes that the Organization will not incur significant losses from possible grant disallowance.

(4) Relationship to financial reports

Accounts reported in the accompanying schedules may not agree with the amounts reported in the related financial reports filed with the grantor agencies for the month ended September 30, 2025 because of accruals made in the schedules for financial statement reporting purposes. These accruals were included in future reports filed with the agencies.

(5) Indirect costs

Workforce Solutions – Capital Area Workforce Board has elected not to use the 15 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**WORKFORCE SOLUTIONS
CAPITAL AREA WORKFORCE BOARD**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended September 30, 2025

SECTION I: SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

___ Yes X No

Significant deficiencies identified that are not
considered to be material weakness(es)?

___ Yes X None reported

Noncompliance material to the financial statements noted?

___ Yes X No

Federal and State Awards

Internal control over major programs:

Material weakness(es) identified?

___ Yes X No

Significant deficiencies identified that are not
considered to be material weakness(es)?

___ Yes X None reported

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

Unmodified

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

___ Yes X No

Identification of major programs:

Federal:

ALN NUMBER(S)

NAME OF FEDERAL/STATE PROGRAM OR CLUSTER

93.575/93.596

Child Care Development Fund Cluster

State:

N/A

Child Care Services/Direct

N/A

Child Care Family and Protective Services (DFPS)

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

- Federal - \$1,731,586
- State - \$1,000,000

Auditee qualified as low-risk auditee?

X Yes ___ No

(continued)

**WORKFORCE SOLUTIONS
CAPITAL AREA WORKFORCE BOARD**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended September 30, 2025

SECTION II: FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III: FEDERAL AND STATE AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

**WORKFORCE SOLUTIONS
CAPITAL AREA WORKFORCE BOARD**

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

For the year ended September 30, 2025

<u>FINDINGS/RECOMMENDATION</u>	<u>CURRENT STATUS</u>	<u>MANAGEMENT'S EXPLANATION IF NOT IMPLEMENTED</u>
None	-	No prior year findings