

1. Agenda - March 10, 2015

Documents: [AGENDA - MARCH 10, 2015.PDF](#)

2. Board Minutes February 10, 2015 - Draft

Documents: [BOARD MINUTES FEBRUARY 10, 2015 - DRAFT.PDF](#)

3. Finance Committee Memo To Board

Documents: [FINANCE COMMITTEE MEMO TO BOARD.PDF](#)

4. Finance Report January 2015

Documents: [FINANCE REPORT JANUARY 2015.PDF](#)

5. Board Committees And Tasks March 2015

Documents: [BOARD COMMITTEES AND TASKS MARCH 2015.PDF](#)

6. South Central Workforce Development Council Final Audit Report

Documents: [SOUTH CENTRAL WORKFORCE DEVELOPMENT COUNCIL FINAL
AUDIT REPORT.PDF](#)

7. Program Year 2013 Internal Revenue Service Form 990

Documents: [PROGRAM YEAR 2013 INTERNAL REVENUE SERVICE FORM 990.PDF](#)

8. Program Year 2014 Revised Budget

Documents: [PROGRAM YEAR 2014 REVISED BUDGET.PDF](#)



SCWDC Executive Committee Meeting
March 10, 2015
4:00 p.m.
SCWDC Large Conference Room/WebEx

Agenda

Call to Order

Introductions

Dennis Flabetich

Approval of Minutes, February 10, 2015
Action/Approval

Dennis Flabetich

Consent Agenda Items:

Action/Approval

15-03-01 Finance Report

To adopt the SCWDC Finance Reports as submitted for period ending January 31, 2015

SCWDC Committees

Patrick Baldoz

Board Retreat

Patrick Baldoz

Final Audit Report

Chuck Padorr

990 Report

Chuck Padorr

Action/Approval

PY14 Revised Budget

Chuck Padorr

Action/Approval

Director Report

Patrick Baldoz

Other Business

Adjourn

Additional Attachments:



**Full Board Meeting
February 10, 2015
4:00 p.m.
Yakima Valley Technical Skills Center**

Minutes:

Board Members Present:

Dennis Flabetich, Chair
Marcia Henkle
Jill Falk
Carolyn Dresker
Debbie Byrd
Christine Cote

Tony Edwards
Francisco Guerrero
Travis Piatz
Brian Lenz
Steve Hart
Gregg Broyles

Adam Valdez
Leonard Crouch
Kathy Rheaume
Tammara Tippel
Peter Finch

Staff Present:

Patrick Baldoz
David Gonzales
Amy Martinez

Becky Smith, Minutes
Tim Hoerner

Chuck Padorr
Tamara Bosler

Guests:

Marcelino Osorio
Kim Pualani

Cindy Maib-Robinson

Haydee Barbosa

Call to Order: Dennis Flabetich

Dennis called the meeting to order at 4:03 and welcomed everyone. Introductions were made. Dennis welcomed and introduced our newest board member, Leonard Crouch.

Approval of Minutes: Dennis Flabetich

Dennis called for a motion to approve the December 9, 2014 meeting minutes:

Carolyn Dresker moved to approve the December 9, 2014 Executive Committee Meeting minutes as printed, seconded by Tony Edwards. Motion carried.

Consent Agenda

15-02-01 Finance Report

To adopt the SCWDC Finance Reports as submitted for period ending November 30, 2014 and December 31, 2014.

15-02-02 WorkFirst Amendment

To authorize staff to enter into an amendment with Department of Commerce for the PY14 WorkFirst Contract; and to modify PY14 WorkFirst subcontracts as described in the provided narrative and chart.

15-02-01 WIF Housing Referral Mod 3

To authorize staff to enter into a contract modification with Triumph Treatment Services

as described.

Kathy Rheaume moved to approve the items on the Consent Agenda as presented, seconded by Tony Edwards. Motion carried.

Lee Murdock Presentation

Patrick introduced Lee Murdock. Lee works with data at Yakima County. She presented some of the new data trends in Yakima County.

Facilities Update: Patrick Baldoz

Patrick reminded everyone that the WDC is pursuing a new facility. With the help of Steve Liddicoat an RFP was sent out and seventeen proposals were received. The top three choices are being considered at this time. There have been varying opinions on whether we should lease or purchase. On Monday, February 2, the committee met with the county commissioners. Patrick provided a document summarizing the amount it would cost if we were to stay where we are now paying a lease compared with the purchase of a new office. The commissioners authorized the council to move forward to negotiate the best deal whether it be a lease, lease/purchase or purchase. Before a final decision is made, it must be brought back to the commissioners for review and approval.

Dennis shared that the process will take time. The commissioners want to come and look at any property considered. Eventually we hope to have a facility that is in a good location that will accommodate staff comfortably and is stable in the future.

Peter pointed out the investment value of purchasing a building. All of the savings can be used for services in our communities. It would allow money to leverage for programs.

Adam asked about the decrease of square footage presented on the summary. Patrick answered that this facility was chosen for comparison purposes. Through negotiations we will explore the possibility of added square feet.

WIOA Transition: Patrick Baldoz

Patrick presented a PowerPoint outlining the 13 Roles of the Board under the Workforce Investment and Opportunities Act. Seven of these roles are new. In the near future these duties will be analyzed for decisions required and then assigned to sub-committees.

Patrick spoke to the importance of the role the board and citing requirements for partner contributions to support the one-stop system. This is an example of how we want to work within our committee to make decisions on how this will be done.

When this legislation passed, the intent was to put more power in the local boards to oversee the local workforce system. Everyone needs to work together under a plan that the board will create.

Two important matters already addressed are local area designation and the board's alternative entity status. A copy of the letter sent to the governor from the commissioners was provided.

Board Retreat: Patrick Baldoz

Becky presented the results of the board retreat survey. She will be sending out a Meeting Wizard to find the best day for everyone to attend.

Patrick shared that funds have been set aside for training. We are hoping to secure a facilitator/consultant like John Chamberlin to explain the new legislation and how it translates board work.

Board Committees: Patrick Baldoz

Patrick reviewed the results of the committee survey that was sent out. The next step is to have those that have volunteered for multiple committees rank their choices. He would suggest only one or two committees per person. We would like a minimum of four people on each committee. The committees will be active over the next months working on WIOA requirements.

Director Report: Patrick Baldoz

At the same time that we are working on WIOA locally, the state workforce board is working on the state level. Our staff is monitoring these meetings to make sure that we stay on top decisions being made.

Other Business:

- Dennis pointed out the performance report provided in the packet. All sub-contracts are monitored very closely each month.
- Tamara shared that we have been awarded the YouthWorks grant. This will be a partnership with 100 Jobs for 100 Kids. The plan is to expand the program from Yakima to the mid valley. It is off and running and should be in full swing from July to September. This will give kids summer work experience.
- There are a number of board members attending the NAWB Conference in Washington DC at the end of March. There should be a lot of dialog on the new legislation.

The meeting was adjourned at 5:20 p.m.



MEMORANDUM

TO: SCWDC Board of Directors

FROM: SCWDC Finance Committee

DATE: March 10, 2015

RE: Financial Report for the month of January 2015

On March 10, 2015, the Finance Committee held a regular meeting to review and discuss the Council's financial report for the month of January 2015, which included financial statements and other financial and investment information prepared by staff.

The Committee found that the financial report adequately reflects the current financial status of the organization and presents no significant financial issues for the Council.

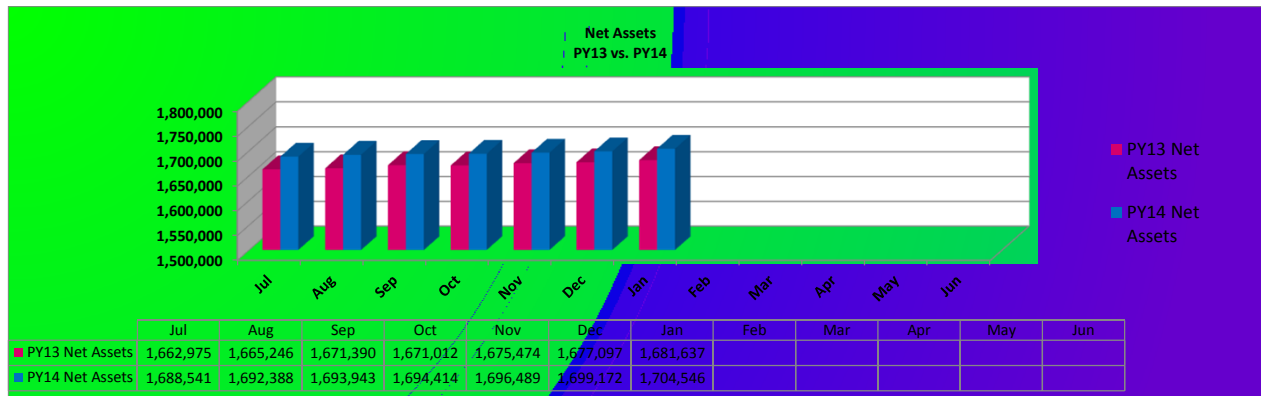
Additionally, the Committee found that the financial report brought attention to one or more issues that were adequately explained by staff and that, if needed, will be re-examined by the Finance Committee in the future.

Based on this review and discussion, the Finance Committee recommends that the foregoing financial report be placed on the next consent agenda and approved by the Board.

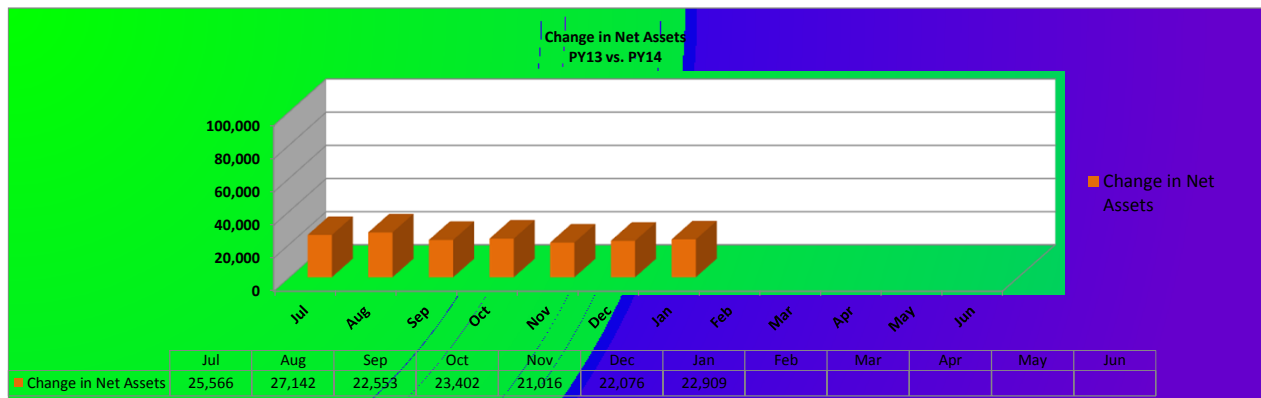
South Central Workforce Development Council
Financial Information Summary
As of: 1/31/2015

	A Current Month (PY14) 1/1/2015 - 1/31/2015		B Current YTD (PY14) 7/1/2014 - 1/31/2015		C Prior YTD (PY13) 7/1/2013 - 1/31/2014	
	Actual	Budget	Actual	Budget	Actual	Budget
1 Beginning Net Assets	1,699,172		1,688,967		1,661,791	
2 Revenue	481,908	584,836	2,934,331	4,176,692	3,137,731	4,010,077
3 Less Expenses	(476,534)	(617,861)	(2,918,751)	(3,973,742)	(3,117,885)	(3,782,077)
4 Ending Net Assets	<u>1,704,546</u>		<u>1,704,546</u>		<u>1,681,637</u>	
5 Cash	446,549		446,549		560,318	
6 Investments	1,233,627		1,233,627		1,227,177	
7 Receivables and Other Assets	860,134		860,134		667,663	
8 Less Accounts Payable	(717,744)		(717,744)		(660,134)	
9 Less Salary and Taxes Payable	(118,021)		(118,021)		(113,387)	
10 Less Other Payables and Deferred Revenue	<u>0</u>		<u>0</u>		<u>0</u>	
11 Ending Net Assets	<u>1,704,546</u>		<u>1,704,546</u>		<u>1,681,637</u>	

NET ASSETS
PY13 vs. PY14



CHANGE IN NET ASSETS
PY13 vs. PY14



BOARD DEVELOPMENT COMMITTEE

Barbara Cosner	Dennis Flabetich
Linda Kaminski	Travis Piatz
Tammara Toppel	Mark Todd

Tasks

Establish Youth Committee

FINANCE COMMITTEE

Barbara Cosner	Dennis Flabetich
Francisco Guerrero	Tony Edwards

Tasks

Monthly Financials

Review Monthly Reports

Review Annual Audit

Review Annual Budget

OUTREACH & ADVOCACY COMMITTEE

Brian Lenz	David McFadden
Leanne Liddicoat, Chair	Marcia Henkle
Mark Todd	Tammara Toppel

Tasks

2015 WIOA Transition Communication Plan

PERSONNEL COMMITTEE

Carolyn Dresker	Debbie Byrd
Dennis Flabetich, Chair	Travis Piatz
Leonard Crouch	

Tasks

Succession Planning

PLANNING COMMITTEE

Christine Cote, Chair	Gregg Broyles
Carolyn Dresker	Denny Newell

Tasks

Adult & Dislocated Worker Program Procurement

One-Stop Operator Selection

Negotiate Local Performance

Adult & Dislocated Worker Policies

Technology Planning

Develop Local/Regional Plans

BUSINESS, INDUSTRY & EDUCATION COMMITTEE

David McFadden

Dennis Flabetich

Denny Newell

Peter Finch

Steve Hart

Ric Pilgrim

Tasks

Incumbent Worker Plan

Develop Employer Engagement Plan

Convene Stake Holders

WORKSOURCE OVERSIGHT COMMITTEE

Dennis Flabetich

Gregg Broyles

Adam Valdez

Marcia Henkle

Jill Falk

Tasks

WorkSource Redesign

One-Stop MOU

Set Parameters for One-Stop Infrastructure Funding

WORKSOURCE CERTIFICATION

Steve Hart

Tony Edwards

Tasks

Certify WorkSource Centers

EXECUTIVE COMMITTEE

Barbara Cosner

Brian Lenz

Carolyn Dresker

Dennis Flabetich, Chair

Denny Newell

Kathy Rheäume

Leanne Liddicoat

Linda Kaminski

Mark Todd

Tasks

YOUTH COUNCIL/COMMITTEE

*Eileen Fielding, DVR

*John Pascua, Law Enforcement

*Bryce Humphreys, YVCC

*Dennis Graham, Job Corps.

*Craig Dwight, YV Tech

**Current Youth Council Serving under WIA*

Tasks

Youth Policies

Youth Program Procurement

Ad-Hoc FACILITIES COMMITTEE	
Dennis Flabetich	Leanne Liddicoat
Denny Newell	Bryan Lenz
Peter Finch	
Tasks	
Secure WDC Facility	



Washington State Auditor's Office

Troy Kelley

Integrity • Respect • Independence

**Financial Statements and Federal Single Audit
Report**

**South Central Workforce Development
Council**

Yakima County

For the period July 1, 2013 through June 30, 2014

Published February 26, 2015

Report No. 1013685





Washington State Auditor Troy Kelley

February 26, 2015

Board of Directors
South Central Workforce Development Council
Yakima, Washington

Report on Financial Statements and Federal Single Audit

Please find attached our report on the South Central Workforce Development Council's financial statements and compliance with federal laws and regulations.

We are issuing this report in order to provide information on the District's financial condition.

Sincerely,

TROY KELLEY
STATE AUDITOR
OLYMPIA, WA

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FEDERAL SUMMARY

South Central Workforce Development Council Yakima County July 1, 2013 through June 30, 2014

The results of our audit of the South Central Workforce Development Council are summarized below in accordance with U.S. Office of Management and Budget Circular A-133.

Financial Statements

An unmodified opinion was issued on the basic financial statements of the governmental activities and each major fund.

Internal Control Over Financial Reporting:

- *Significant Deficiencies:* We reported no deficiencies in the design or operation of internal control over financial reporting that we consider to be significant deficiencies.
- *Material Weaknesses:* We identified no deficiencies that we consider to be material weaknesses.

We noted no instances of noncompliance that were material to the financial statements of the District.

Federal Awards

Internal Control Over Major Programs:

- *Significant Deficiencies:* We reported no deficiencies in the design or operation of internal control over major federal programs that we consider to be significant deficiencies.
- *Material Weaknesses:* We identified no deficiencies that we consider to be material weaknesses.

We issued an unmodified opinion on the District's compliance with requirements applicable to each of its major federal programs.

We reported no findings that are required to be disclosed under section 510(a) of OMB Circular A-133.

Identification of Major Programs:

The following were major programs during the period under audit:

<u>CFDA No.</u>	<u>Program Title</u>
17.258	WIA Cluster - WIA Adult Program
17.259	WIA Cluster - WIA Youth Activities
17.278	WIA Cluster - WIA Dislocated Formula Grants

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by OMB Circular A-133, was \$300,000.

The District qualified as a low-risk auditee under OMB Circular A-133.

**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**

**South Central Workforce Development Council
Yakima County
July 1, 2013 through June 30, 2014**

Board of Directors
South Central Workforce Development Council
Yakima, Washington

We have audited, 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, the financial statements of the governmental activities and each major fund of the South Central Workforce Development Council, Yakima County, Washington, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 19, 2015. As discussed in Note 10 to the financial statements, during the year ended June 30, 2014, the District implemented Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

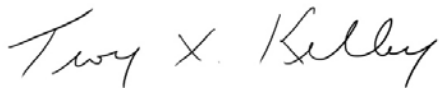
COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of the District's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.



TROY KELLEY
STATE AUDITOR
OLYMPIA, WA

February 19, 2015

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB
CIRCULAR A-133**

**South Central Workforce Development Council
Yakima County
July 1, 2013 through June 30, 2014**

Board of Directors
South Central Workforce Development Council
Yakima, Washington

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM**

We have audited the compliance of the South Central Workforce Development Council, Yakima County, Washington, with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014. The District's major federal programs are identified in the accompanying Federal Summary.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance

with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination on the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District 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, 2014.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program in order 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 OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

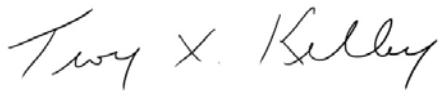
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. We did not identify any

deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

PURPOSE OF THIS REPORT

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

A handwritten signature in cursive script that reads "Troy X. Kelley".

TROY KELLEY
STATE AUDITOR
OLYMPIA, WA

February 19, 2015

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

South Central Workforce Development Council Yakima County July 1, 2013 through June 30, 2014

Board of Directors
South Central Workforce Development Council
Yakima, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities and each major fund of the South Central Workforce Development Council, Yakima County, Washington, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed on page 14.

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

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 District'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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of the South Central Workforce Development Council, as of June 30, 2014, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Matters of Emphasis

As discussed in Note 10 to the financial statements, in 2014, the District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

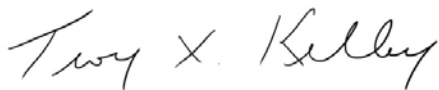
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 15 through 20 and budgetary comparison information on pages 38 through 39 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. This schedule is not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated February 19, 2015 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



TROY KELLEY
STATE AUDITOR
OLYMPIA, WA

February 19, 2015

FINANCIAL SECTION

South Central Workforce Development Council Yakima County July 1, 2013 through June 30, 2014

REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis – 2014

BASIC FINANCIAL STATEMENTS

Statement of Net Position – 2014

Statement of Activities – 2014

Balance Sheet – Governmental Funds - 2014

Statement of Revenues, Expenses and Changes in Fund Balances – Governmental Funds
– 2014

Notes to Financial Statements – 2014

REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule – 2014

Note to Budgetary Comparison Schedule – 2014

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Expenditures of Federal Awards – 2014

Notes to the Schedule of Expenditures of Federal Awards – 2014

SOUTH CENTRAL WORKFORCE DEVELOPMENT COUNCIL
Management's Discussion and Analysis
Year Ended June 30, 2014

As management of the South Central Workforce Development Council, we offer readers of the financial statements a narrative overview of the Council's financial activities for the year ended June 30, 2013. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our financial statements and notes to the financial statements which immediately follow this discussion.

DISCUSSION OF THE BASIC FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Council's basic financial statements. The basic financial statements are comprised of the following components:

1. Government-wide Financial Statements
2. Fund Financial Statements
3. Notes to the Financial Statements

Government-wide Financial Statements

Government-wide financial statements are designed to provide readers with a broad overview of the Council's finances in a manner similar to a private-sector business. The Statement of Net Position presents information on all of the Council's assets and liabilities, with the difference between the two reported as net position. This statement serves the purpose similar to that of a balance sheet of a private-sector business. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Council is improving or deteriorating. However, this is just one indicator of financial health of the Council. Other indicators include the level of change in federal, state and local governmental support for the services that the Council provides to its constituents, as well as the general economic conditions within Kittitas, Klickitat, Skamania, and Yakima Counties.

The Statement of Activities presents information showing how the Council's net position changed for the year ended June 30, 2014. It separates program revenue generated by its functions and programs: grants, contracts, and miscellaneous sources. All changes in net position are reported as soon as the underlying event gives rise to the change to occur, regardless of the timing of related cash flows. Items such as unpaid invoices and earned but unused vacation are included in the statement as income and expenses, even though the cash associated with these items will not be received or distributed until sometime in the future.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Council uses a single fund accounting system to ensure and demonstrate compliance with finance-related requirements and to provide management with information for controlling spending activities.

SOUTH CENTRAL WORKFORCE DEVELOPMENT COUNCIL
Management's Discussion and Analysis
Year Ended June 30, 2014

The Balance Sheet Governmental Funds and the Statement of Revenues, Expenditures and Changes in Fund Balance Governmental Funds present a single column of financial data for the General Fund. This fund is considered to be a major fund based on criteria established by the Governmental Accounting Standards Board (GASB) Statement #34.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the Government-Wide financial statements. However, unlike Government-Wide financial statements' use of accrual accounting, Governmental Fund financial statements focus on near-term inflows and outflows of spendable resources available at the end of the fiscal year. This information is useful in evaluating a government's near-term financing requirements in comparison to near-term resources available.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and Fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements in this report.

Budgetary Comparison Schedule and Related Note

The Council maintains budgetary controls over its fund. The objective of budgetary controls is to ensure compliance with legal requirements embodied in state law, and the agreement providing for creation and operation of the Council.

A Budgetary Comparison Schedule is presented at the Government-Wide level.

The Budgetary Comparison Schedule provides the following types of information:

1. The original budget – the first complete legally appropriated budget adjusted for changes occurring before the beginning of the fiscal year. The original budget also includes initial appropriation amounts automatically carried over from prior years.
2. The final budget – including all legally authorized changes including those occurring during and after the end of the fiscal year.
3. Actual inflows, outflows, and balances.

A Note to the Budgetary Comparison Schedule is also provided.

SOUTH CENTRAL WORKFORCE DEVELOPMENT COUNCIL
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CONDENSED COMPARATIVE FINANCIAL DATA

Government-Wide Financial Analysis

Statement of Net Position

As noted earlier, net position may serve over time as a useful indicator of the Council's financial position. The Council's assets exceeded liabilities by \$1,688,967 at June 30, 2014.

The balance of net position can be used to finance normal Council operations without constraints established by enabling legislation or other legal requirements. The following table reflects the condensed Government-Wide Statement of Net Position of the Council:

Governmental Activities	Year Ended	
	June 30, 2014	June 30, 2013
		<u>Audited</u>
Current and Total Assets	2,563,037	2,766,470
Current and Total Liabilities	<u>874,070</u>	<u>1,104,679</u>
Total Net Position	1,688,967	1,661,791

Statement of Activities

The following table summarizes the Council's overall operating results for the year ending June 30, 2013:

	Year Ended	
	June 30, 2014	June 30, 2013
		<u>Audited</u>
Governmental Activities		
Program Revenues	5,508,517	6,429,936
Program Expenses	<u>5,489,582</u>	<u>6,342,484</u>
Changes in Governmental Activities	18,935	87,452
Unrestricted Investment Earnings	8,240	8,448
Miscellaneous Revenue	0	0
Transfers	<u>0</u>	<u>0</u>
Change in Net Position	27,175	95,899
Net Position – Beginning	<u>1,661,791</u>	<u>1,565,891</u>
Net Position – Ending	<u>1,688,967</u>	<u>1,661,791</u>

OVERALL ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

As the preceding analysis indicates, Program Revenues decreased between the years ended June 30, 2014 and June 30, 2013, by \$921,419. An explanation of changes in the amounts received from different funding sources is described in the "Funding Factors" section below.

SOUTH CENTRAL WORKFORCE DEVELOPMENT COUNCIL
Management's Discussion and Analysis
Year Ended June 30, 2014

FUND ANALYSIS

As noted earlier, the Council uses fund accounting to ensure and demonstrate compliance with finance-related legal documents. The Council has only one fund type, namely governmental and only one fund within that fund type, the general fund.

The following represents general fund revenues for the years ended June 30, 2014 and June 30, 2013:

	Year Ended	
	June 30, 2014	June 30, 2013
		<u>Audited</u>
Grant and Contract Revenue	5,508,517	6,429,936
Investment and Other Income	<u>8,240</u>	<u>8,448</u>
Totals	<u>5,516,758</u>	<u>6,438,384</u>

The following represents general fund expenditures for the years ended June 30, 2014 and June 30, 2013:

	Year Ended	
	June 30, 2014	June 30, 2013
		<u>Audited</u>
Manpower Training	5,024,607	5,805,337
Training	5,610	3,283
Facilities	133,800	129,940
Participant Payments	<u>315,925</u>	<u>409,613</u>
Totals	<u>5,479,942</u>	<u>6,348,173</u>

BUDGET VARIANCES

At the end of the year, the actual appropriations received were \$1,384,301 less than budgeted and charges to appropriations were \$1,228,106 less than budgeted. These decreases were chiefly due to reduced expenditures by subcontractors.

In comparison to the PY13 Preliminary Budget, the PY13 Final Budget increased the amount available for appropriation by \$673,488, due mainly to additional funds received from the Department of Commerce for WorkFirst programs. Charges to appropriations were also increased by \$1,125,057 through the receipt of these additional funds received by the Council in PY13 and through the allocation of unspent ("carry-in") funds from PY12. Of these charges to appropriations, \$1,075,684, or more than 95%, were related to increases for the delivery of program services to participants.

SOUTH CENTRAL WORKFORCE DEVELOPMENT COUNCIL
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CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

Capital assets with a unit cost of \$5,000.00 or greater and an estimated useful life in excess of one (1) year are capitalized and reported in the accompanying financial statements. All capital assets are generally valued and recorded at historical cost. Depreciation is calculated using the straight-line method.

At the end of the year, there was no change to the Council's capital assets, as the only capital asset that is continued to own was a copier, whose original six (6) year useful life had diminished to five (5) years. Net of depreciation, the value of this capital asset was \$4,953 as of June 30, 2014. The Council has no other capital assets and no long-term debt.

OTHER POTENTIALLY SIGNIFICANT MATTERS

Workforce Investment Act Reauthorization

The SCWDC operates primarily under the authorization of Title 1B of the Workforce Investment Act of 1998 (Public Law 105-220, 112 Stat. 936, 29 U.S.C. § 2801). This law has not been significantly amended or reauthorized since passage. Subsequent legislation could significantly change this legislation.

Funding Factors

The total amount of funds allocated for WIA Formula programs in PY12 as compared to PY13 decreased 10.51% from \$3,262,478 for the year ended June 30, 2013 (PY12), to \$2,919,701 for the year ending June 30, 2014 (PY13). The total amount of funds allocated for WorkFirst programs increased 15.61% from \$2,497,752 to \$2,887,689, in these same periods. Allocations for WIA Formula and WorkFirst programs are the two largest sources of funds for SCWDC.

With regard to smaller allocations, in PY13 SCWDC received a 3-month \$50,000 Sequestration Mitigation grant, and multi-year grants for Dislocated Worker Training and Incentive Award for Performance that totaled \$118,587. An additional multi-year grant relating to Rapid Response funds for the long-term unemployed was also received just prior to the last month of PY13 in the amount of 227,845. Funding for the WIF grant continued, and SCWDC received another Opportunities contract. The multi-year Community Partnership State/Local grant and a multi-year OJT grant ended in PY13.

For comparison purposes, smaller allocations that did not continue or were not renewed, and ended in PY12, included allocations for Rapid Response funds-not related to the long-term unemployed (107,979), an expiring OJT/ARRA grant (19,955), a State Energy Sector Partnership contract (\$55,000), and discretionary grants for GE Aviation (\$100,000), Aerospace (\$2,000), OJT Veterans (\$11,983), CubCrafters (\$45,000), and Unmanned Aerospace Vehicles (\$70,000). Amounts in parentheses were the portion of such grants/contracts that were available for allocation in PY12.

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It should be noted that allocations relating to the grants and contracts received by SCWDC serve only as an indication of potential funding. Whether revenue is actually received is dependent on the degree to which services are or can be provided, either directly by SCWDC or indirectly by its sub-recipients.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the SCWDC's finances for all those with an interest in the SCWDC finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Patrick Baldoz, Director, Attention Chuck Padorr, Finance Manager, South Central Workforce Development Council, 120 South 3rd Street, Suite 200A, Yakima WA 98901.

SOUTH CENTRAL WORKFORCE DEVELOPMENT COUNCIL
Statement of Net Position
June 30, 2014

	Governmental Activities
ASSETS	
Cash and Cash Equivalents	561,500
Investments	1,230,444
Receivables	749,646
Prepays	16,493
Capital assets (net of accumulated depreciation)	<u>4,953</u>
TOTAL ASSETS	<u>2,563,037</u>
 DEFERRED OUTFLOWS	 <u>0</u>
 TOTAL ASSETS AND DEFERRED	 <u>2,563,037</u>
 LIABILITIES	
Accounts Payable	752,325
Other Liabilities	<u>121,745</u>
TOTAL LIABILITIES	<u>874,070</u>
 DEFERRED INFLOWS	 <u>0</u>
 TOTAL LIABILITIES AND DEFERRED	 <u>874,070</u>
 NET POSITION	
Investment in Capital Assets	<u>4,953</u>
Unrestricted	<u>1,684,013</u>
TOTAL NET POSITION	<u>1,688,967</u>

The notes to financial statements are an integral part of this statement.

SOUTH CENTRAL WORKFORCE DEVELOPMENT COUNCIL

**Statement of Activities
Year Ended June 30, 2014**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues Operating Grants and Contracts</u>	<u>Net (Expense) Revenue and Changes in Net Position Governmental Activities</u>
GOVERNMENTAL ACTIVITIES:			
Employment Opportunity and Development	<u>5,489,582</u>	<u>5,508,517</u>	18,935
TOTAL GOVERNMENTAL ACTIVITIES	5,489,582	5,508,517	18,935
General Revenues			
Unrestricted Investment Earnings			<u>8,240</u>
Total General Revenues			<u>8,240</u>
Change in Net Position			<u>27,175</u>
Net Position - Beginning			<u>1,661,791</u>
Net Position - Ending			<u>1,688,967</u>

The notes to financial statements are an integral part of this statement.

SOUTH CENTRAL WORKFORCE DEVELOPMENT COUNCIL

**Balance Sheet
Governmental Funds
June 30, 2014**

	<u>General Fund</u>
ASSETS	
Cash and Cash Equivalents	561,500
Receivables	749,646
Investments	<u>1,230,444</u>
TOTAL ASSETS	<u>2,541,590</u>
 DEFERRED OUTFLOWS	 <u>0</u>
 TOTAL ASSETS AND DEFERRED OUTFLOWS	 <u><u>2,541,590</u></u>
 LIABILITIES	
Accounts Payable	752,325
Other Liabilities	<u>76,011</u>
TOTAL LIABILITIES	<u>828,336</u>
 DEFERRED INFLOWS	 <u>0</u>
 FUND BALANCE (Unassigned)	 <u>1,713,254</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES	 <u><u>2,541,590</u></u>

Amounts reported for governmental activities in the Government-Wide Statement of Net Position are different because:

Balance in Governmental Funds	1,713,254
Prepaid accounts used in governmental activities are not financial resources and therefore are not reported in the Governmental Funds	16,493
Compensated absences used in governmental activities are not financial resources and therefore are not reported in the Governmental Funds	(45,734)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the Governmental Funds.	<u>4,953</u>
Net Position of governmental activities	<u><u>1,688,967</u></u>

The notes to financial statements are an integral part of this statement.

SOUTH CENTRAL WORKFORCE DEVELOPMENT COUNCIL
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2014

	<u>General Fund</u>
REVENUES	
Grant and Contract Revenue	5,508,517
Investment and Other Income	<u>8,240</u>
TOTAL REVENUES	<u>5,516,758</u>
EXPENDITURES	
Manpower Training	5,024,607
Training	5,610
Facilities	133,800
Participant Payments	<u>315,925</u>
TOTAL EXPENDITURES	<u>5,479,942</u>
 Excess (Deficiency) of Revenues over Expenditures	 <u>36,816</u>
 Net Change in Fund Balance	 36,816
 FUND BALANCES - BEGINNING	 <u>1,676,437</u>
 FUND BALANCES - ENDING	 <u>1,713,254</u>

Amounts reported for governmental activities in the Government-Wide Statement of Activities are different because:

Net change in fund balances	36,816
Prepaid accounts used in governmental activities are not financial resources and therefore are not reported in the Governmental Funds	(4,986)
Compensated absences used in governmental activities are not financial resources and therefore are not reported in the Governmental Funds	(3,573)
Governmental assets reported separately as depreciation expense in the Government-Wide Statement of Activities the cost of those assets is allocated over their estimated useful life and reported as depreciation expense. There were no new capital outlays during the year; however, depreciation expenses of \$1,081 for the year relating to existing assets has been subtracted.	<u>(1,081)</u>
Change in Net Position	<u>27,175</u>

The notes to financial statements are an integral part of this statement.

SOUTH CENTRAL WORKFORCE DEVELOPMENT COUNCIL

Notes to Financial Statements

Year Ended June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the South Central Workforce Development Council (SCWDC) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The significant policies are described below.

A. Reporting Entity

The South Central Consortium is comprised of the Board of County Commissioners of Kittitas, Klickitat, Skamania and Yakima Counties, Washington in Workforce Development Area 9, pursuant to the Governor's approval dated July 1, 2006, to provide workforce investment activities. The Consortium is organized under the Interlocal Cooperation Act of 1967, Chapter 39.34, RCW, which permits local governmental units to cooperate and to provide services and facilities in a manner which will best deal with the geographic, economic, demographic, and other factors influencing the development of local communities. The SCWDC was organized as a nonprofit corporation by the Consortium; as provided for in Section 117 of Public Law 105-220--Aug. 7, 1998 Workforce Investment Act (WIA), to implement the WIA in the Workforce Development Area. In accordance with Section 117(d) (3) (B) of the Workforce Investment Act (WIA), and in accordance with the Interlocal Cooperation Act of 1967 (Chapter 39.34, Revised Code of Washington), the Consortium has designated the SCWDC as the local grant sub-recipient and local fiscal agent. The four counties acting through the South Central Consortium appoint the 27 members of the board of directors of the SCWDC pursuant to the nomination and appointment process established under WIA and in accordance with the nomination process prescribed by the Bylaws, approve the Strategic and Operation plans for Workforce Development Area 9; and make recommendations on and approve the selection of workforce service providers.

The SCWDC is organized exclusively for educational, charitable, religious, scientific, and/or literary purposes, within the meaning of Section 501(c) (3) of the Internal Revenue Code of 1986, as amended from time to time. The SCWDC was incorporated on October 17, 2006 and assumed all administrative and fiscal functions beginning July 1, 2007. The SCWDC financial statements include the financial position and results of operations for all programs that are controlled by or dependent on the SCWDC.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the SCWDC.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Our policy is to allocate indirect costs to a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or

SOUTH CENTRAL WORKFORCE DEVELOPMENT COUNCIL

Notes to Financial Statements

Year Ended June 30, 2014

segment and 2) grants and contributions that are restricted to meeting the operational requirements of a particular function or segment.

The SCWDC is a single purpose organization with a single fund, and therefore, there is no interfund activity, nor separate statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the time of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay the liabilities of the current period. For this purpose, the SCWDC considers revenues to be available if they are collected within 90 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting.

The SCWDC reports the general fund as its major governmental fund. The general fund is the SCWDC's operating fund. It accounts for all the financial resources, except for those required to be accounted for in another fund.

When both restricted and unrestricted revenues are available for use, it is the SCWDC's policy to use restricted resources first, then unrestricted resources as needed.

D. Budgetary Information

1. Scope of Budget

The annual appropriated budget was adopted at the Government-Wide level on the accrual basis of accounting. The reason the budget amounts do not tie to the General Fund Financial Statements is that prepaids, compensating absences, and depreciation are financial resources and therefore not included at the Government Fund level. These items are used to reconcile the Government-Wide Financial Statements to the General Fund Financial Statements.

Appropriations lapse at year-end. Grant and contract revenues are carried forward from year to year until fully expended, until the purpose of the appropriation has been accomplished or abandoned, or until the grant or contract period expires.

SOUTH CENTRAL WORKFORCE DEVELOPMENT COUNCIL

Notes to Financial Statements

Year Ended June 30, 2014

2. Amending the Budget

Any revisions that substantially alter the total expenditures or revenues or that substantially affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the Board of Directors.

When the Board of Directors determines that is in the best interest of the SCWDC to increase or decrease appropriations, it may do so by a motion approved by the majority during a regularly scheduled meeting.

The financial statements contain the original and final budget information. The original budget is the first complete appropriated budget. The final budget is the original budget adjusted by all reserves, transfers, allocations, expenditures, supplemental appropriations, and other legally authorized changes applicable for the fiscal year.

3. Excess of Expenditures Over Appropriations

Any excess or non-reimbursable expenditures are expensed to non-grant related funds.

E. Assets, Liabilities and Equities

1. Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, demand deposits, and investments with a maturity of less than three months when purchased. At June 30, 2014, the SCWDC was holding \$561,500 in cash and cash equivalents.

2. Investments

Acting as fiscal agent for the Consortium, SCWDC may place certificates of deposit only with institutions that are guaranteed by The Federal Deposit Insurance Corporation (FDIC) or The Federal Savings and Loan Deposit Insurance Corporation (FSLIC). These certificates are valued at purchase price plus accrued interest through year-end, based on the interest rate of the certificate.

3. Receivables

Receivables consist of amounts owed from government agencies or private organizations or organizations for goods and services, including amounts owed for which billings have not been prepared.

4. Compensated Absences

Compensated absences are absences for which employees will be paid, such as vacation leave. All vacation pay is accrued when incurred in the government-wide financial statements.

SOUTH CENTRAL WORKFORCE DEVELOPMENT COUNCIL

Notes to Financial Statements

Year Ended June 30, 2014

Vacation pay, which may be accumulated up to a maximum of 240 hours, is payable upon resignation, retirement, or death.

5. Other Liabilities

These accounts consist of accrued wages and accrued employee benefits.

6. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets are reported in the applicable governmental or business-type columns in the government-wide financial statements. Capital assets are defined by the SCWDC as assets with an initial, individual cost of more than \$5,000.00 and an estimated useful life in excess of one (1) year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed.

Costs for additions or improvements to capital assets are capitalized when they increase the effectiveness or efficiency of the asset. The costs for normal maintenance and repairs are not capitalized.

Property, plant, and equipment of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Asset	Years
OCE Copier	6

Capital Asset activity for the year ended June 30, 2014 was as follows:

Asset	Beginning Balance 7/1/2013	Increases	Decreases	Ending Balance 6/30/2014
Capital assets, not being depreciated:	0	0	0	0
<u>Total capital assets, not being depreciated</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Capital assets, being depreciated:				
Equipment	6,484	0	0	6,484
<u>Total capital assets, being depreciated</u>	<u>6,484</u>	<u>0</u>	<u>0</u>	<u>6,484</u>
Less accumulated depreciation for:				
Equipment	450	1,081	0	1,531
<u>Total accumulated depreciation</u>	<u>450</u>	<u>1,081</u>	<u>0</u>	<u>1,531</u>
<u>Total capital assets, being depreciated, net</u>	<u>6,034</u>	<u>1,081</u>	<u>0</u>	<u>4,953</u>
Governmental activities capital assets, net	6,034	1,081	0	4,953

SOUTH CENTRAL WORKFORCE DEVELOPMENT COUNCIL
Notes to Financial Statements
Year Ended June 30, 2014

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental funds Balance sheet and the Government-Wide Statement of Net Position

The governmental funds' balance sheet includes a reconciliation between fund balance (total governmental fund) and net position (governmental activities reported in the government-wide statement of net position).

B. Explanation of Certain Differences Between the Governmental Funds Statement of Revenues, Expenditures and Changes in fund Balances and the Government-Wide Statement of Activities

The governmental funds' statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balance (total governmental funds) and changes in net position (governmental activities as reported in the government-wide statement of activities).

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

There have been no material violations of finance-related legal or contractual provisions.

NOTE 4 – DEPOSITS AND INVESTMENTS

DEPOSITS

The SCWDC's deposits and certificates of deposit are entirely covered by federal depository insurance (FDIC) or federal savings and loan insurance (FSLIC).

INVESTMENTS

As of June 30, 2014, SCWDC had the following investments:

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value of SCWDC Owned Investment</u>
Certificates of Deposit	07/25/2014 – 03/16/2016	\$1,230,444

NOTE 5 – PENSION PLANS

Substantially all SCWDC full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing multiple-employer public employee defined benefit retirement plans. The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes

SOUTH CENTRAL WORKFORCE DEVELOPMENT COUNCIL

Notes to Financial Statements

Year Ended June 30, 2014

financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to: Department of Retirement Systems, Communications Unit, P.O. Box 48380, Olympia, WA 98504-8380; or it may be downloaded from the DRS website at www.drs.wa.gov. The following disclosures are made pursuant to GASB Statements 27, *Accounting for Pensions by State and Local Government Employers* and 50, *Pension Disclosures, an Amendment of GASB Statements 25 and 27*.

Public Employees' Retirement System (PERS) Plans 1, 2, and 3

Plan Description

The Legislature established PERS in 1947. Membership in the system includes: elected officials; state employees; employees of the Supreme, Appeals, and Superior courts; employees of legislative committees; employees of district and municipal courts; and employees of local governments. Membership also includes higher education employees not participating in higher education retirement programs. Approximately 49 percent of PERS salaries are accounted for by state employment. PERS retirement benefit provisions are established in Chapters 41.34 and 41.40 RCW and may be amended only by the State Legislature.

PERS is a cost-sharing multiple-employer retirement system comprised of three separate plans for membership purposes: Plans 1 and 2 are defined benefit plans and Plan 3 is a defined benefit plan with a defined contribution component.

PERS members who joined the system by September 30, 1977 are Plan 1 members. Those who joined on or after October 1, 1977 and by either, February 28, 2002 for state and higher education employees, or August 31, 2002 for local government employees, are Plan 2 members unless they exercised an option to transfer their membership to Plan 3. PERS members joining the system on or after March 1, 2002 for state and higher education employees, or September 1, 2002 for local government employees have the irrevocable option of choosing membership in either PERS Plan 2 or Plan 3. The option must be exercised within 90 days of employment. Employees who fail to choose within 90 days default to Plan 3.

PERS is comprised of and reported as three separate plans for accounting purposes: Plan 1, Plan 2/3, and Plan 3. Plan 1 accounts for the defined benefits of Plan 1 members. Plan 2/3 accounts for the defined benefits of Plan 2 members, and the defined benefit portion of benefits for Plan 3 members. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members. Although members can only be a member of either Plan 2 or Plan 3, the defined benefit portions of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of this Plan 2/3 may legally be used to pay the defined benefits of any of the Plan 2 or Plan 3 members or beneficiaries, as defined by the terms of the plan. Therefore, Plan 2/3 is considered to be a single plan for accounting purposes.

PERS Plan 1 and Plan 2 retirement benefits are financed from a combination of investment earnings and employer and employee contributions. Employee contributions to the PERS Plan 1 and Plan 2 defined benefit plans accrue interest at a rate specified by the Director of DRS. During DRS' Fiscal Year 2013, the rate was five and one-half percent compounded quarterly. Members in PERS Plan 1 and Plan 2 can elect to withdraw total employee contributions and interest thereon, in lieu of any retirement benefit, upon separation from PERS-covered employment.

SOUTH CENTRAL WORKFORCE DEVELOPMENT COUNCIL
Notes to Financial Statements
Year Ended June 30, 2014

PERS Plan 1 members are vested after the completion of five years of eligible service.

PERS Plan 1 members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with 25 years of service, or at age 60 with at least 5 years of service. Plan 1 members retiring from inactive status prior to the age of 65 may receive actuarially reduced benefits.

The monthly benefit is 2 percent of the average final compensation (AFC) per year of service, but the benefit may not exceed 60 percent of the AFC. The AFC is the monthly average of the 24 consecutive highest-paid service credit months.

PERS Plan 1 retirement benefits are actuarially reduced to reflect the choice, if made, of a survivor option.

Plan 1 members may elect to receive an optional COLA that provides an automatic annual adjustment based on the Consumer Price Index. The adjustment is capped at 3 percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan 1 provides duty and non-duty disability benefits. Duty disability retirement benefits for disablement prior to the age of 60 consist of a temporary life annuity. The benefit amount is \$350 a month, or two-thirds of the monthly AFC, whichever is less. The benefit is reduced by any workers' compensation benefit and is payable as long as the member remains disabled or until the member attains the age of 60, at which time the benefit is converted to the member's service retirement amount.

A member with five years of covered employment is eligible for non-duty disability retirement. Prior to the age of 55, the benefit amount is 2 percent of the AFC for each year of service reduced by 2 percent for each year that the member's age is less than 55. The total benefit is limited to 60 percent of the AFC and is actuarially reduced to reflect the choice of a survivor option. Plan 1 members may elect to receive an optional COLA amount (based on the Consumer Price Index), capped at 3 percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan 2 members are vested after the completion of five years of eligible service. Plan 2 members are eligible for normal retirement at the age of 65 with five years of service. The monthly benefit is 2 percent of the AFC per year of service. The AFC is the monthly average of the 60 consecutive highest-paid service months. There is no cap on years of service credit; and a cost-of-living allowance is granted (based on the Consumer Price Index), capped at 3 percent annually.

PERS Plan 2 members who have at least 20 years of service credit, and are 55 years of age or older, are eligible for early retirement with a reduced benefit. The benefit is reduced by an early retirement factor (ERF) that varies according to age, for each year before age 65.

PERS Plan 2 members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions, if hired prior to May 1, 2013:

- With a benefit that is reduced by 3 percent for each year before age 65; or

SOUTH CENTRAL WORKFORCE DEVELOPMENT COUNCIL

Notes to Financial Statements

Year Ended June 30, 2014

- With a benefit that has a smaller (or no) reduction (depending on age) that imposes stricter return-to-work rules.

PERS Plan 2 members hired on or after May 1, 2013 have the option to retire early by accepting a reduction of 5 percent for each year of retirement before age 65. This option is available only to those who are age 55 or older and have at least 30 years of service.

PERS Plan 2 retirement benefits are actuarially reduced to reflect the choice, if made, of a survivor option.

PERS Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component and member contributions finance a defined contribution component. As established by Chapter 41.34 RCW, employee contribution rates to the defined contribution component range from 5 percent to 15 percent of salaries, based on member choice. Members who do not choose a contribution rate default to a 5 percent rate. There are currently no requirements for employer contributions to the defined contribution component of PERS Plan 3.

PERS Plan 3 defined contribution retirement benefits are dependent upon the results of investment activities. Members may elect to self-direct the investment of their contributions. Any expenses incurred in conjunction with self-directed investments are paid by members. Absent a member's self-direction, PERS Plan 3 contributions are invested in the Retirement Strategy Fund that assumes the member will retire at age 65.

For DRS' Fiscal Year 2013, PERS Plan 3 employee contributions were \$99.0 million, and plan refunds paid out were \$69.4 million.

The defined benefit portion of PERS Plan 3 provides members a monthly benefit that is 1 percent of the AFC per year of service. The AFC is the monthly average of the 60 consecutive highest-paid service months. There is no cap on years of service credit, and Plan 3 provides the same cost-of-living allowance as Plan 2.

Effective June 7, 2006, PERS Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service, if twelve months of that service are earned after age 44; or after five service credit years earned in PERS Plan 2 by June 1, 2003. Plan 3 members are immediately vested in the defined contribution portion of their plan.

Vested Plan 3 members are eligible for normal retirement at age 65, or they may retire early with the following conditions and benefits:

- If they have at least ten service credit years and are 55 years old, the benefit is reduced by an ERF that varies with age, for each year before age 65.
- If they have 30 service credit years and are at least 55 years old, and were hired before May 1, 2013, they have the choice of a benefit that is reduced by 3 percent for each year before age 65; or a benefit with a smaller (or no) reduction factor (depending on age) that imposes stricter return-to-work rules.

SOUTH CENTRAL WORKFORCE DEVELOPMENT COUNCIL
Notes to Financial Statements
Year Ended June 30, 2014

- If they have 30 service credit years, are at least 55 years old, and were hired after May 1, 2013, they have the option to retire early by accepting a reduction of 5 percent for each year before age 65.

PERS Plan 3 benefits are actuarially reduced to reflect the choice, if made, of a survivor option.

PERS Plan 2 and Plan 3 provide disability benefits. There is no minimum amount of service credit required for eligibility. The Plan 2 monthly benefit amount is 2 percent of the AFC per year of service. For Plan 3, the monthly benefit amount is 1 percent of the AFC per year of service. These disability benefit amounts are actuarially reduced for each year that the member's age is less than 65, and to reflect the choice of a survivor option. There is no cap on years of service credit, and a cost-of-living allowance is granted (based on the Consumer Price Index) capped at 3 percent annually.

PERS members meeting specific eligibility requirements have options available to enhance their retirement benefits. Some of these options are available to their survivors.

A one-time duty-related death benefit is provided to the beneficiary or the estate of a PERS member who dies as a result of injuries sustained in the course of employment, or if the death resulted from an occupational disease or infection that arose naturally and proximately out of the member's covered employment, if found eligible by the Department of Labor and Industries.

From January 1, 2007 through December 31, 2007, judicial members of PERS were given the choice to elect participation in the Judicial Benefit Multiplier (JBM) Program enacted in 2006. Justices and judges in PERS Plan 1 and Plan 2 were able to make an irrevocable election to pay increased contributions that would fund a retirement benefit with a 3.5 percent multiplier. The benefit would be capped at 75 percent of AFC. Judges in PERS Plan 3 could elect a 1.6 percent of pay per year of service benefit, capped at 37.5 percent of AFC.

Newly elected or appointed justices and judges who chose to become PERS members on or after January 1, 2007, or who had not previously opted into PERS membership, were required to participate in the JBM Program.

There are 1,176 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2012:

Retirees and Beneficiaries Receiving Benefits	82,242
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	30,515
Active Plan Members Vested	106,317
Active Plan Members Nonvested	44,273
Total	263,347

SOUTH CENTRAL WORKFORCE DEVELOPMENT COUNCIL

Notes to Financial Statements

Year Ended June 30, 2014

Funding Policy

Each biennium, the state Pension Funding Council adopts PERS Plan 1 employer contribution rates, PERS Plan 2 employer and employee contribution rates, and PERS Plan 3 employer contribution rates. Employee contribution rates for Plan 1 are established by statute at 6 percent for state agencies and local government unit employees, and at 7.5 percent for state government elected officials. The employer and employee contribution rates for Plan 2 and the employer contribution rate for Plan 3 are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. Under PERS Plan 3, employer contributions finance the defined benefit portion of the plan and member contributions finance the defined contribution portion. The Plan 3 employee contribution rates range from 5 percent to 15 percent.

As a result of the implementation of the Judicial Benefit Multiplier Program in January 2007, a second tier of employer and employee rates was developed to fund, along with investment earnings, the increased retirement benefits of those justices and judges that participate in the program

The methods used to determine the contribution requirements are established under state statute in accordance with Chapters 41.40 and 41.45 RCW.

The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2013, are as follows:

Members Not Participating in JBM:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
Employer*	9.21%**	9.21%**	9.21%***
Employee	6.00%****	4.92%****	*****

* The employer rates include the employer administrative expense fee currently set at 0.18%.

** The employer rate for state elected officials is 13.73% for Plan 1 and 9.21% for Plan 2 and Plan 3.

*** Plan 3 defined benefit portion only.

**** The employee rate for state elected officials is 7.50% for Plan 1 and 4.92% for Plan 2.

***** Variable from 5.0% minimum to 15.0% maximum based on rate selected by the PERS 3 member.

Both the SCWDC and the employees made the required contributions. The SCWDC's required contributions for the period ended June 30, 2014 were as follows:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
2014	\$15,613	\$24,880	\$29,835
2013	\$11,825	\$19,792	\$23,151
2012	\$11,274	\$24,389	\$20,029

SOUTH CENTRAL WORKFORCE DEVELOPMENT COUNCIL

Notes to Financial Statements

Year Ended June 30, 2014

NOTE 6 – RISK MANAGEMENT

The SCWDC has obtained insurance through Wells Fargo Insurance Services Northwest, Inc. and the Non Profit Insurance Program. The insurance policies cover the SCWDC for property (at replacement cost), equipment, general liability, automobile liability and damage, Directors and Officers liability, miscellaneous professional liability, crime and excess crime for employee theft. The SCWDC enforces several human resource policies designed to limit exposure to litigation in employment practices. The Worker's Compensation Fund covers injuries to employees.

NOTE 7 – LEASES

In the year ended June 30, 2014, the SCWDC leased office space under a non-cancelable operating lease. Total cost for the lease was \$72,000 for the year ended June 30, 2014. The future minimum lease payments for this lease are as follows:

The Lease expired August 31, 2012, during which time the SCWDC made lease payment of \$6,000 per month. Currently, SCWDC leases office space on a month-to-month basis at the rate of \$6,000/month.

NOTE 8 – CONTINGENCIES AND LITIGATIONS

The SCWDC's financial statements include all material liabilities and there are no contingent liabilities to record. The SCWDC is not currently involved in any lawsuits or other legal action nor is it aware of any pending litigation.

The SCWDC participates in a number of federal, state and other programs. These grants are subject to audit by the grantors or their representatives. Such audits could result in requests for reimbursement to grantor agencies for expenditures disallowed under the terms of the grants. The SCWDC's management believes that such disallowances, if any, will be immaterial.

NOTE 9 – CHANGES IN LONG-TERM LIABILITIES

A. During the year ended June 30, 2014, the following changes occurred in long-term liabilities:

	Beginning Balance 07/01/2013	Additions	Reductions	Ending Balance 6/30/2014	Due Within One Year
Governmental Activities:					
Compensated Absences	42,161	130,370	126,796	45,734	-730
Governmental activity long-term liabilities:	<u>42,161</u>	<u>130,370</u>	<u>126,796</u>	<u>45,734</u>	<u>-730</u>

The amount noted as "Due Within One Year" for Compensated Absences is an estimate based on average utilization [Additions (vacation accrued) minus Reductions (vacation taken)] in the last three years.

SOUTH CENTRAL WORKFORCE DEVELOPMENT COUNCIL
Notes to Financial Statements
Year Ended June 30, 2014

NOTE 10 – OTHER DISCLOSURES

A. Related party Transactions

The SCWDC Board of Directors and staff members have professional and personal associations throughout the community. Where a direct or indirect conflict of interest exists as a result of these associations, the board or staff member must abstain from any discuss and voting concerning the matter. Board and staff members must publically disclose all such associations for inclusion in the meeting minutes. Staff and board members adhere to internal administrative policies regarding the code of ethics and conflicts of interest.

B. Intergovernmental Grants and Entitlements

The accompanying Schedule of Expenditures of Federal Awards provides a summary of the federal assistance programs in which the SCWDC participates.

C. Accounting and Reporting Changes

1. Effective June 15, 2010, the SCWDC, in accordance with Governmental Accounting Standards Board Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions, classifies governmental fund balances as Non-Spendable, Restricted, Committed, Assigned or Unassigned.
2. The SCWDC operates only a general fund and fund balances are classified as unassigned. All fund balances are available for any purpose and have not been classified to other funds that are non-spendable, restricted, committed or assigned in nature. Unassigned fund balance for year ending June 30, 2014 was \$1,713,254.
3. Statement GASB 63 – Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.

This statement is effective for financial statements for the period beginning after July 1, 2012. The objective of this Statement is to provide guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The Government-Wide presented statements have reflected the following changes: Statement of Net Assets has changed to Statement of Net Position, and Balance Sheets has changed to Statement of Financial Position. The Council does not have any items that are considered Outflows of Resources or Deferred Inflows of Resources.

4. Statement GASB 65 – Items Previously Reported as Assets and Liabilities.

This statement is effective for financial statements for the period beginning after July 1, 2013. The objective of this Statement is to properly classify certain items previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or recognize certain items previously reported as assets or liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues). The requirements of GASB 65 have been reviewed; however, there have been no changes to the classification of items previously

SOUTH CENTRAL WORKFORCE DEVELOPMENT COUNCIL

Notes to Financial Statements

Year Ended June 30, 2014

reported as assets and liabilities that are presented or reported in the current SCWDC financial statements, since no transactions were affected by the standards of GASB 65.

5. Statement GASB 67 – FINANCIAL REPORTING FOR PENSION PLANS-AN AMENDMENT OF GASB STATEMENT NO. 25

This statement is effective for financial statements for the period beginning after July 1, 2013. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. The requirements of GASB 67 have been reviewed; however, since SCWDC does not sponsor its own pension plan, SCWDC's financial statements do not present or report any information that was affected by the standards of GASB 67.

SOUTH CENTRAL WORKFORCE DEVELOPMENT COUNCIL
Budgetary Comparison Schedule
Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	Final Budget Positive <u>(Negative)</u>
Budgetary Fund Balance, July 1	1,661,791	1,661,791	1,661,791	0
Resources (Inflows)				
Grant and Contract Revenue	6,219,571	6,893,059	5,508,517	1,384,542
Investment and Other Income	<u>8,000</u>	<u>8,000</u>	<u>8,240</u>	<u>(240)</u>
Amounts Available for Appropriation:	<u>7,889,362</u>	<u>8,562,850</u>	<u>7,178,549</u>	<u>1,384,301</u>
Charges to Appropriations (Outflows)				
Manpower Training	4,857,305	6,171,981	5,034,247	1,137,733
Training	3,000	3,000	5,610	(2,610)
Facilities	141,400	135,140	133,800	1,340
Participant Payments	<u>590,927</u>	<u>407,568</u>	<u>315,925</u>	<u>91,643</u>
Total Charges to Appropriations	<u>5,592,632</u>	<u>6,717,689</u>	<u>5,489,582</u>	<u>1,228,106</u>
Budgetary Fund Balance, June 30	<u>2,296,730</u>	<u>1,845,162</u>	<u>1,688,967</u>	<u>156,195</u>

SOUTH CENTRAL WORKFORCE DEVELOPMENT COUNCIL
Note to Budgetary Comparison Schedule
Year Ended June 30, 2014

NOTE 1 – BUDGET AMOUNTS AND VARIANCES

The Budgetary Comparison Schedule is prepared at the Government-Wide level using the accrual basis of accounting. The reason the budget amounts do not tie to the General Fund Financial Statements is that prepaids, compensating absences, and depreciation are financial resources and therefore not included at the Government Fund level. These items are used to reconcile the Government-Wide Financial Statements to the General Fund Financial Statements.

**South Central Workforce Development Council
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014**

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Note
				From Pass- Through Awards	From Direct Awards	Total	
Other Programs							
Employment Training Administration, Department Of Labor (via WA Employment Security Department)	Workforce Investment Act (WIA) National Emergency Grants	17.277	OJT/NEG - PY12 6109- 6982-02	120,770	-	120,770	2,3,4
Employment Training Administration, Department Of Labor (via WA Employment Security Department)	Workforce Investment Act (WIA) National Emergency Grants	17.277	PY12 Community Partnership NEG - State 6109-6992-02	8,454	-	8,454	2,3,4
Employment Training Administration, Department Of Labor (via WA Employment Security Department)	Workforce Investment Act (WIA) National Emergency Grants	17.277	PY12 Community Partnership NEG - Local 6109-6992-02	12,426	-	12,426	2,3,4
Employment Training Administration, Department Of Labor (via WA Employment Security Department)	Workforce Investment Act (WIA) National Emergency Grants	17.277	PY13 Dislocated Worker Training NEG - 6109- 7533-02	21,460	-	21,460	2,3,4
Total CFDA 17.277:				163,109	-	163,109	
Employment Training Administration, Department Of Labor (via Workforce Central (Pierce County, WA Workforce Development Council))	Workforce Innovation Fund	17.283	WFC-WIA-A-IF- 23252-12-60-A- 53-SC	255,459	-	255,459	2,3,4
TANF Cluster							
Administration For Children And Families, Department Of Health And Human Services (via WA Department of Commerce)	Temporary Assistance for Needy Families	93.558	Community Jobs PY13 S14- 32710-014	2,041,369	-	2,041,369	2,3,4
WIA Cluster							
Employment Training Administration, Department Of Labor (via WA Employment Security Department)	WIA Adult Program	17.258	ACP - WIA FY13 6109- 1303	22,286	-	22,286	2,3,4
Employment Training Administration, Department Of Labor (via WA Employment Security Department)	WIA Adult Program	17.258	ACP - WIA PY13 6109- 7303	2,473	-	2,473	2,3,4
Employment Training Administration, Department Of Labor (via WA Employment Security Department)	WIA Adult Program	17.258	ACP - WIA FY14 6109- 1304	75,831	-	75,831	2,3,4
Employment Training Administration, Department Of Labor (via WA Employment Security Department)	WIA Adult Program	17.258	Adult - WIA FY13 6109- 1103	154,461	-	154,461	2,3,4
Employment Training Administration, Department Of Labor (via WA Employment Security Department)	WIA Adult Program	17.258	Adult - WIA PY13 6109- 7103	22,259	-	22,259	2,3,4
Employment Training Administration, Department Of Labor (via WA Employment Security Department)	WIA Adult Program	17.258	Adult - WIA FY14 6109- 1104	581,880	-	581,880	2,3,4

The accompanying notes are an integral part of this statement.

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Note
				From Pass- Through Awards	From Direct Awards	Total	
Employment Training Administration, Department Of Labor (via WA Employment Security Department)	WIA Adult Program	17.258	WIA PY12 Sequestration Mitigation - 6109-7402-05	50,000	-	50,000	2,3,4
Employment Training Administration, Department Of Labor (via WA Employment Security Department)	WIA Youth Activities	17.259	ACP - WIA PY13 6109- 7303	103,786	-	103,786	2,3,4
Employment Training Administration, Department Of Labor (via WA Employment Security Department)	WIA Youth Activities	17.259	Youth - WIA PY12 6109- 7002	45,855	-	45,855	2,3,4
Employment Training Administration, Department Of Labor (via WA Employment Security Department)	WIA Youth Activities	17.259	Youth - WIA PY13 6109- 7003	908,065	-	908,065	2,3,4
Employment Training Administration, Department Of Labor (via WA Employment Security Department)	WIA Dislocated Worker Formula Grants	17.278	ACP - WIA FY13 6109- 1303	22,378	-	22,378	2,3,4
Employment Training Administration, Department Of Labor (via WA Employment Security Department)	WIA Dislocated Worker Formula Grants	17.278	ACP - WIA PY13 6109- 7303	11,614	-	11,614	2,3,4
Employment Training Administration, Department Of Labor (via WA Employment Security Department)	WIA Dislocated Worker Formula Grants	17.278	ACP - WIA FY14 6109- 1304	65,103	-	65,103	2,3,4
Employment Training Administration, Department Of Labor (via WA Employment Security Department)	WIA Dislocated Worker Formula Grants	17.278	DW - WIA FY13 6109-1203	233,850	-	233,850	2,3,4
Employment Training Administration, Department Of Labor (via WA Employment Security Department)	WIA Dislocated Worker Formula Grants	17.278	DW - WIA PY13 6109- 7203	104,521	-	104,521	2,3,4
Employment Training Administration, Department Of Labor (via WA Employment Security Department)	WIA Dislocated Worker Formula Grants	17.278	DW - WIA FY14 6109-1204	596,546	-	596,546	2,3,4
Employment Training Administration, Department Of Labor (via WA Employment Security Department)	WIA Dislocated Worker Formula Grants	17.278	WIA PY13 Rapid Response LTU - 6109-7503-11	2,808	-	2,808	2,3,4
Total WIA Cluster:				3,003,716	-	3,003,716	
Total Federal Awards Expended:				5,463,654	-	5,463,654	

The accompanying notes are an integral part of this statement.

SOUTH CENTRAL WORKFORCE DEVELOPMENT COUNCIL
Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2014

Note 1 – Basis of Accounting:

This schedule is prepared on the same basis of accounting as the financial statements of the South Central Workforce Development Council (SCWDC).

Note 2 – Program Costs:

Certain grants designated as ACP-WIA FY13 6109-1303, ACP-WIA PY13 6109-7303, and ACP-FY14 6109-1304 are included in two or more of the following CFDA programs: 17.258 (Adult), 17.259 (Youth) and 17.278 (Dislocated Worker). The amount of such grants that have been included in each of these programs is based on the percentage of the grant expended in the year ended June 30, 2014, multiplied by the amount allocated to each CFDA program as indicated in each grant.

For that grant designated as WIA PY12 Sequestration Mitigation 6109-7402-05, the total amount of the grant expended in the year June 30, 2014 has been included in the CFDA Adult program, CFDA #17.258. Although this grant allowed such funds to be expended in other CFDA programs (17.259 – Youth, and 17.278 – Dislocated Worker), internally all such funds were allocated to, and spent, solely in connection with the Adult program, CFDA #17.258.

Note 3 – Indirect Costs:

SCWDC allocates indirect costs to programs each month based on the direct labor hours incurred by that program that month. During the year ended June 30, 2014, \$304,260.92 was allocated to U.S. Department of Labor programs based on 12,395.72 direct labor hours, and \$36,128.26 was allocated to the U.S. Department of Health and Human Services program based on 1,440.31 direct labor hours.

Note 4 – Amounts Awarded to Subrecipients:

Included in the total amounts expended for federal programs were the following amounts that were passed through to subrecipients that administered their own projects:

Program	Amount
WIA Adult (CFDA 17.258)	\$739,102.42
WIA Youth (CFDA 17.259)	\$814,683.62
WIA OJT/NEG (CFDA 17.277)	\$29,677.40
WIA DW Training (CFDA 17.277)	\$960.74
WIA Dislocated Workers (CFDA 17.278)	\$175,981.34
WIA WIF (CFDA 17.283)	\$183,646.78
Subtotal WIA	\$1,944,052.30
Temporary Assistance for Needy Families (CFDA 93.558)	\$1,894,896.58
Subtotal TANF	\$1,894,896.58
Total WIA and TANF	<u>\$3,838,948.88</u>

ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the state's Constitution and is part of the executive branch of state government. The State Auditor is elected by the citizens of Washington and serves four-year terms.

We work with our audit clients and citizens to achieve our vision of government that works for citizens, by helping governments work better, cost less, deliver higher value, and earn greater public trust.

In fulfilling our mission to hold state and local governments accountable for the use of public resources, we also hold ourselves accountable by continually improving our audit quality and operational efficiency and developing highly engaged and committed employees.

As an elected agency, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

Our audits look at financial information and compliance with state, federal and local laws on the part of all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits of state agencies and local governments as well as [fraud](#), state [whistleblower](#) and [citizen hotline](#) investigations.

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We take our role as partners in accountability seriously, and provide training and technical assistance to governments, and have an extensive quality assurance program.

Contact information for the State Auditor's Office	
Deputy Director for Communications	Thomas Shapley Thomas.Shapley@sao.wa.gov (360) 902-0367
Public Records requests	(360) 725-5617
Main telephone	(360) 902-0370
Toll-free Citizen Hotline	(866) 902-3900
Website	www.sao.wa.gov

Return of Organization Exempt From Income Tax

OMB No. 1545-0047

2013Department of the Treasury
Internal Revenue Service

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

▶ Do not enter Social Security numbers on this form as it may be made public.

▶ Information about Form 990 and its instructions is at www.irs.gov/form990.**Open to Public Inspection**

A For the 2013 calendar year, or tax year beginning <u>July 1</u> , 2013, and ending <u>June 30</u> , 20 <u>14</u>	
B Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	C Name of organization <u>South Central Workforce Development Council</u> Doing Business As _____ Number and street (or P.O. box if mail is not delivered to street address) Room/suite <u>120 S. 3rd Street</u> <u>200A</u> City or town, state or province, country, and ZIP or foreign postal code <u>Yakima, WA 98901</u> D Employer identification number <u>20-5770412</u> E Telephone number <u>(509) 574-1950</u> G Gross receipts \$ <u>5,516,758</u> H(a) Is this a group return for subordinates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No H(b) Are all subordinates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list. (see instructions) H(c) Group exemption number ▶ _____
F Name and address of principal officer: <u>Patrick Baldoz</u> <u>120 S. 3rd Street, Suite 200A, Yakima, WA 98901</u>	
I Tax-exempt status: <input type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) () ◀ (insert no.) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527	
J Website: ▶ <u>http://www.yakimacounty.us/WDC</u>	
K Form of organization: <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶ _____	
L Year of formation: <u>2007</u> M State of legal domicile: <u>WA</u>	

Part I Summary

Activities & Governance	1	Briefly describe the organization's mission or most significant activities: <u>Establish, maintain, and improve a customer-driven workforce system to increase skills, employment, job retention and earnings resulting in a quality workforce, enhanced productivity, and profitability of workforce area businesses.</u>		
	2	Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.		
	3	Number of voting members of the governing body (Part VI, line 1a)	3	27
	4	Number of independent voting members of the governing body (Part VI, line 1b)	4	27
	5	Total number of individuals employed in calendar year 2013 (Part V, line 2a)	5	18
	6	Total number of volunteers (estimate if necessary)	6	0
	7a	Total unrelated business revenue from Part VIII, column (C), line 12	7a	0
b	Net unrelated business taxable income from Form 990-T, line 34	7b	0	
Revenue	8	Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
	9	Program service revenue (Part VIII, line 2g)	6,428,986	5,508,517
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	950	0
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	8,448	8,240
	12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	0	0
Expenses	13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	6,438,384	5,516,758
	14	Benefits paid to or for members (Part IX, column (A), line 4)	5,003,837	4,154,874
	15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	0	0
	16a	Professional fundraising fees (Part IX, column (A), line 11e)	1,021,547	1,036,124
	b	Total fundraising expenses (Part IX, column (D), line 25) ▶	0	0
	17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	317,100	298,584
	18	Total expenses. Add lines 13–17 (must equal Part IX, column (A), line 25)	6,342,484	5,489,582
Net Assets or Fund Balances	19	Revenue less expenses. Subtract line 18 from line 12	95,990	27,176
	20	Total assets (Part X, line 16)	Beginning of Current Year	End of Year
	21	Total liabilities (Part X, line 26)	2,766,470	2,563,037
22	Net assets or fund balances. Subtract line 21 from line 20	1,104,679	874,070	
			1,661,791	1,688,967

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here	Signature of officer _____	Date _____		
	Type or print name and title _____			
Paid Preparer Use Only	Print/Type preparer's name _____	Preparer's signature _____	Date _____	Check <input type="checkbox"/> if self-employed PTIN _____
	Firm's name ▶ _____	Firm's EIN ▶ _____		
	Firm's address ▶ _____	Phone no. _____		

May the IRS discuss this return with the preparer shown above? (see instructions) ☐ Yes ☐ No

For Paperwork Reduction Act Notice, see the separate instructions.

Cat. No. 11282Y

Form **990** (2013)

Part III Statement of Program Service AccomplishmentsCheck if Schedule O contains a response or note to any line in this Part III ☐

- 1** Briefly describe the organization's mission:
Establish, maintain, and improve a customer-driven workforce system to increase skills, employment, job retention and earnings resulting in a quality workforce, enhanced productivity, and profitability of workforce area businesses.
- 2** Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? ☐ Yes ☒ No
 If "Yes," describe these new services on Schedule O.
- 3** Did the organization cease conducting, or make significant changes in how it conducts, any program services? ☐ Yes ☒ No
 If "Yes," describe these changes on Schedule O.
- 4** Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.
- 4a** (Code:) (Expenses \$ 2,849,196 including grants of \$ 2,479,979) (Revenue \$)
Served 508 participants in Kittitas, Klickitat, Skamania, and Yakima Counties of Washington, in employment and training programs and activities for adults, dislocated workers, and youth, funded through the U.S. Department of Labor.
- 4b** (Code:) (Expenses \$ 1,830,856 including grants of \$ 1,894,897) (Revenue \$)
Served 421 participants in Kittitas, Klickitat, Skamania, and Yakima Counties of Washington, in employment and training programs and activities under the WorkFirst provisions of the Temporary Assistance to Needy Families Act, funded through the U.S. Department of Health and Human Services.
- 4c** (Code:) (Expenses \$ 231,362 including grants of \$ 183,647) (Revenue \$)
Served 38 participants in Yakima County, Washington in a Homeless Navigator program funded through the U.S. Department of Labor
- 4d** Other program services (Describe in Schedule O.)
 (Expenses \$ 59,543 including grants of \$ 17,814) (Revenue \$)
- 4e** Total program service expenses **▶** 4,970,957

Part IV Checklist of Required Schedules

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A	1 ✓	
2 Is the organization required to complete Schedule B, Schedule of Contributors (see instructions)?	2	✓
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I	3	✓
4 Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II	4	✓
5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III	5	✓
6 Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I	6	✓
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? If "Yes," complete Schedule D, Part II	7	✓
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III	8	✓
9 Did the organization report an amount in Part X, line 21, for escrow or custodial account liability; serve as a custodian for amounts not listed in Part X; or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV	9	✓
10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? If "Yes," complete Schedule D, Part V	10	✓
11 If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable.		
a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI	11a	✓
b Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII	11b	✓
c Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII	11c	✓
d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX	11d	✓
e Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X	11e	✓
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X	11f	✓
12 a Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI and XII	12a ✓	
b Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional	12b	✓
13 Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E	13	✓
14 a Did the organization maintain an office, employees, or agents outside of the United States?	14a	✓
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? If "Yes," complete Schedule F, Parts I and IV.	14b	✓
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or other assistance to or for any foreign organization? If "Yes," complete Schedule F, Parts II and IV	15	✓
16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or other assistance to or for foreign individuals? If "Yes," complete Schedule F, Parts III and IV.	16	✓
17 Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If "Yes," complete Schedule G, Part I (see instructions)	17	✓
18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II	18	✓
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III	19	✓
20 a Did the organization operate one or more hospital facilities? If "Yes," complete Schedule H	20a	✓
b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	20b	✓

Part IV Checklist of Required Schedules (continued)

	Yes	No
21 Did the organization report more than \$5,000 of grants or other assistance to any domestic organization or government on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i>	21 ✓	
22 Did the organization report more than \$5,000 of grants or other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i>	22 ✓	
23 Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i>	23	✓
24a Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a</i>	24a	✓
b Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b	✓
c Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c	✓
d Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d	✓
25a Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i>	25a	✓
b Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i>	25b	✓
26 Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? <i>If so, complete Schedule L, Part II</i>	26	✓
27 Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? <i>If "Yes," complete Schedule L, Part III</i>	27	✓
28 Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions):		
a A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28a	✓
b A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28b	✓
c An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i>	28c	✓
29 Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	29	✓
30 Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>	30	✓
31 Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>	31	✓
32 Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>	32	✓
33 Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i>	33	✓
34 Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1</i>	34 ✓	
35a Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a	✓
b If "Yes" to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i>	35b	✓
36 Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>	36	✓
37 Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i>	37	✓
38 Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? Note. All Form 990 filers are required to complete Schedule O	38 ✓	

Part V Statements Regarding Other IRS Filings and Tax ComplianceCheck if Schedule O contains a response or note to any line in this Part V ☐

		Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable	1a	11
b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable	1b	0
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c	✓
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a	
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)	2b	✓
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	3a	✓
b	If "Yes," has it filed a Form 990-T for this year? If "No" to line 3b, provide an explanation in Schedule O	3b	✓
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a	✓
b	If "Yes," enter the name of the foreign country: See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.		
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	5a	✓
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b	✓
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?	5c	✓
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?	6a	✓
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b	✓
7	Organizations that may receive deductible contributions under section 170(c).		
a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?	7a	✓
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b	✓
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c	✓
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d	
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e	✓
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7f	✓
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g	✓
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h	✓
8	Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8	
9	Sponsoring organizations maintaining donor advised funds.		
a	Did the organization make any taxable distributions under section 4966?	9a	
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b	
10	Section 501(c)(7) organizations. Enter:		
a	Initiation fees and capital contributions included on Part VIII, line 12	10a	
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b	
11	Section 501(c)(12) organizations. Enter:		
a	Gross income from members or shareholders	11a	
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.)	11b	
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?	12a	
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b	
13	Section 501(c)(29) qualified nonprofit health insurance issuers.		
a	Is the organization licensed to issue qualified health plans in more than one state? Note. See the instructions for additional information the organization must report on Schedule O.	13a	
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b	
c	Enter the amount of reserves on hand	13c	
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a	
b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O	14b	

Part VI Governance, Management, and Disclosure For each "Yes" response to lines 2 through 7b below, and for a "No" response to line 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions. Check if Schedule O contains a response or note to any line in this Part VI ☐

Section A. Governing Body and Management

		Yes	No
1a Enter the number of voting members of the governing body at the end of the tax year	1a 27		
If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O.			
b Enter the number of voting members included in line 1a, above, who are independent	1b 27		
2 Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2	✓	
3 Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors, or trustees, or key employees to a management company or other person?	3		✓
4 Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4		✓
5 Did the organization become aware during the year of a significant diversion of the organization's assets?	5		✓
6 Did the organization have members or stockholders?	6		✓
7a Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a	✓	
b Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b	✓	
8 Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:			
a The governing body?	8a	✓	
b Each committee with authority to act on behalf of the governing body?	8b	✓	
9 Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9		✓

Section B. Policies (This Section B requests information about policies not required by the Internal Revenue Code.)

	Yes	No
10a Did the organization have local chapters, branches, or affiliates?	10a	✓
b If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?	10b	
11a Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	11a	✓
b Describe in Schedule O the process, if any, used by the organization to review this Form 990.		
12a Did the organization have a written conflict of interest policy? If "No," go to line 13	12a	✓
b Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b	✓
c Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done	12c	✓
13 Did the organization have a written whistleblower policy?	13	✓
14 Did the organization have a written document retention and destruction policy?	14	✓
15 Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?		
a The organization's CEO, Executive Director, or top management official	15a	✓
b Other officers or key employees of the organization	15b	✓
If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions).		
16a Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	16a	✓
b If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?	16b	

Section C. Disclosure

17 List the states with which a copy of this Form 990 is required to be filed ► WA

18 Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (Section 501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply.
☒ Own website ☒ Another's website ☒ Upon request ☐ Other (explain in Schedule O)

19 Describe in Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year.

20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization: ► The Organization; 120 S. 3rd Street, Suite 200A, Yakima, WA 98901; (509) 574-1950

Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent ContractorsCheck if Schedule O contains a response or note to any line in this Part VII ☐**Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees****1a** Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year.

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid.

- List all of the organization's **current** key employees, if any. See instructions for definition of "key employee."

- List the organization's five **current** highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations.

- List all of the organization's **former** officers, key employees, and highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations.

- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations.

List persons in the following order: individual trustees or directors; institutional trustees; officers; key employees; highest compensated employees; and former such persons.

☐ Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee.

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(1) Dennis Flabetich Board Member - Vice Chair/Chair	1.00			✓						
(2) Jesse Rodriguez Board Member - Chair	1.00			✓						
(3) Barbara Cosner Board Member - Treasurer	1.00			✓						
(4) Adam Valdez Board Member	1.00	✓								
(5) Brian Lenz Board Member	1.00	✓								
(6) Carolyn Dresker Board Member	1.00	✓								
(7) Christine Cote Board Member	1.00	✓								
(8) David McFadden Board Member	1.0	✓								
(9) Debbie Byrd Board Member	1.00	✓								
(10) Denny Newell Board Member	1.00	✓								
(11) Francisco Guerrero Board Member	1.00	✓								
(12) Gregg Broyles Board Member	1.00	✓								
(13) Gwin Boden Board Member	1.00	✓								
(14) Ian Grabenhorst Board Member	1.00	✓								

Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent ContractorsCheck if Schedule O contains a response or note to any line in this Part VII ☐**Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees****1a** Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year.

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid.
- List all of the organization's **current** key employees, if any. See instructions for definition of "key employee."
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations.
- List all of the organization's **former** officers, key employees, and highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations.
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations.

List persons in the following order: individual trustees or directors; institutional trustees; officers; key employees; highest compensated employees; and former such persons.

☐ Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee.

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(1) (15) Jill Falk Board Member	1.00	✓								
(2) (16) Kathy Rheaume Board Member	1.00	✓								
(3) (17) Kevan Montoya Board Member	1.00	✓								
(4) (18) Leanne Liddicoat Board Member	1.00	✓								
(5) (19) Linda Kaminski Board Member	1.00	✓								
(6) (20) Marcia Henkle Board Member	1.00	✓								
(7) (21) Mark Todd Board Member	1.00	✓								
(8) (22) Peter Finch Board Member	1.00	✓								
(9) (23) Rocky Marshall Board Member	1.00	✓								
(10) (24) Sergio Gallegos Board Member	1.00	✓								
(11) (25) Steve Hart Board Member	1.00	✓								
(12) (26) Tammara Toppel Board Member	1.00	✓								
(13) (27) Tony Edwards Board Member	1.00	✓								
(14) (28) Travis Platz Board Member	1.00	✓								

Part VII Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees (continued)

(A) Name and title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(15) (29) Andrew Bommersbach Board Member	1.00	<input checked="" type="checkbox"/>								
(16) (30) Becky Gellerson Board Member	1.00	<input checked="" type="checkbox"/>								
(17) (31) Eileen Fielding Board Member	1.00	<input checked="" type="checkbox"/>								
(18) (32) Mike Rogel Board Member	1.00	<input checked="" type="checkbox"/>								
(19) (33) Patrick Baldoz Executive Director	40			<input checked="" type="checkbox"/>				87,779	0	17,543
(20) (34) Chuck Padorr Finance Manager	40			<input checked="" type="checkbox"/>				50,645	0	13,088
(21)										
(22)										
(23)										
(24)										
(25)										
1b Sub-total								138,424	0	30,631
c Total from continuation sheets to Part VII, Section A								0	0	0
d Total (add lines 1b and 1c)								138,424	0	30,631

2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization **0**

	Yes	No
3 Did the organization list any former officer, director, or trustee, key employee, or highest compensated employee on line 1a? If "Yes," complete Schedule J for such individual	<input type="checkbox"/>	<input checked="" type="checkbox"/>
4 For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? If "Yes," complete Schedule J for such individual	<input type="checkbox"/>	<input checked="" type="checkbox"/>
5 Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? If "Yes," complete Schedule J for such person	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization. Report compensation for the calendar year ending with or within the organization's tax year.

(A) Name and business address	(B) Description of services	(C) Compensation
2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization		

Part VIII Statement of RevenueCheck if Schedule O contains a response or note to any line in this Part VIII. ☐

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512-514
Contributions, Gifts, Grants and Other Similar Amounts	1a	Federated campaigns	1a				
	b	Membership dues	1b				
	c	Fundraising events	1c				
	d	Related organizations	1d				
	e	Government grants (contributions)	1e	5,508,517			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f				
	g	Noncash contributions included in lines 1a-1f: \$					
	h	Total. Add lines 1a-1f ▶		5,508,517			
Program Service Revenue				Business Code			
	2a						
	b						
	c						
	d						
	e						
	f	All other program service revenue					
g	Total. Add lines 2a-2f ▶						
Other Revenue	3	Investment income (including dividends, interest, and other similar amounts) ▶		8,240			8,240
	4	Income from investment of tax-exempt bond proceeds ▶					
	5	Royalties ▶					
		(i) Real	(ii) Personal				
	6a	Gross rents					
	b	Less: rental expenses					
	c	Rental income or (loss)					
	d	Net rental income or (loss) ▶					
	7a	(i) Securities	(ii) Other				
		Gross amount from sales of assets other than inventory					
	b	Less: cost or other basis and sales expenses					
	c	Gain or (loss)					
	d	Net gain or (loss) ▶					
	8a	Gross income from fundraising events (not including \$ of contributions reported on line 1c). See Part IV, line 18 a					
	b	Less: direct expenses b					
	c	Net income or (loss) from fundraising events . . ▶					
	9a	Gross income from gaming activities. See Part IV, line 19 a					
	b	Less: direct expenses b					
	c	Net income or (loss) from gaming activities . . ▶					
	10a	Gross sales of inventory, less returns and allowances a					
	b	Less: cost of goods sold b					
c	Net income or (loss) from sales of inventory . . ▶						
Miscellaneous Revenue			Business Code				
11a							
b							
c							
d	All other revenue						
e	Total. Add lines 11a-11d ▶						
12	Total revenue. See instructions. ▶			5,516,758			8,240

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns. All other organizations must complete column (A).

Check if Schedule O contains a response or note to any line in this Part IX ☐**Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.**

	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the United States. See Part IV, line 21	3,838,949	3,838,949		
2 Grants and other assistance to individuals in the United States. See Part IV, line 22	315,925	315,925		
3 Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees	151,659	20,428	131,231	
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages	616,367	512,571	103,796	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	70,327	48,902	21,425	
9 Other employee benefits	120,162	88,660	31,501	
10 Payroll taxes	77,610	55,154	22,456	
11 Fees for services (non-employees):				
a Management				
b Legal				
c Accounting	21,425	2,000	19,425	
d Lobbying				
e Professional fundraising services. See Part IV, line 17				
f Investment management fees				
g Other. (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O.)	23,564	8,951	14,613	
12 Advertising and promotion	970	81	889	
13 Office expenses	10,387	1,560	8,827	
14 Information technology	38,515	4,138	34,377	
15 Royalties				
16 Occupancy	127,149	55,149	72,000	
17 Travel	37,200	14,353	22,848	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	5,610	2,948	2,662	
20 Interest				
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	1,081	0	1,081	
23 Insurance	20,449	500	19,949	
24 Other expenses. Itemize expenses not covered above (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O.)				
a Miscellaneous	12,234	688	11,546	
b				
c				
d				
e All other expenses				
25 Total functional expenses. Add lines 1 through 24e	5,489,582	4,970,957	518,626	
26 Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720)				

Part X Balance SheetCheck if Schedule O contains a response or note to any line in this Part X ☐

		(A) Beginning of year		(B) End of year
Assets	1 Cash—non-interest-bearing	318,484	1	561,500
	2 Savings and temporary cash investments	1,267,961	2	1,230,444
	3 Pledges and grants receivable, net	1,152,512	3	749,646
	4 Accounts receivable, net		4	
	5 Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L		5	
	6 Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions). Complete Part II of Schedule L		6	
	7 Notes and loans receivable, net		7	
	8 Inventories for sale or use		8	
	9 Prepaid expenses and deferred charges	21,479	9	16,493
	10a Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a 6,484		
	b Less: accumulated depreciation	10b 1,531	6,034	10c 4,953
	11 Investments—publicly traded securities		11	
	12 Investments—other securities. See Part IV, line 11		12	
	13 Investments—program-related. See Part IV, line 11		13	
	14 Intangible assets		14	
	15 Other assets. See Part IV, line 11		15	
16 Total assets. Add lines 1 through 15 (must equal line 34)	2,766,470	16	2,563,037	
Liabilities	17 Accounts payable and accrued expenses	1,104,679	17	874,070
	18 Grants payable		18	
	19 Deferred revenue		19	
	20 Tax-exempt bond liabilities		20	
	21 Escrow or custodial account liability. Complete Part IV of Schedule D		21	
	22 Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L		22	
	23 Secured mortgages and notes payable to unrelated third parties		23	
	24 Unsecured notes and loans payable to unrelated third parties		24	
	25 Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D		25	
	26 Total liabilities. Add lines 17 through 25	1,104,679	26	874,070
Net Assets or Fund Balances	Organizations that follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.			
	27 Unrestricted net assets	1,661,791	27	1,688,967
	28 Temporarily restricted net assets		28	
	29 Permanently restricted net assets		29	
	Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.			
	30 Capital stock or trust principal, or current funds		30	
	31 Paid-in or capital surplus, or land, building, or equipment fund		31	
	32 Retained earnings, endowment, accumulated income, or other funds		32	
	33 Total net assets or fund balances.	1,667,791	33	1,688,967
	34 Total liabilities and net assets/fund balances.	2,766,470	34	2,563,037

Part XI Reconciliation of Net AssetsCheck if Schedule O contains a response or note to any line in this Part XI ☐

1	Total revenue (must equal Part VIII, column (A), line 12)	1	5,516,758
2	Total expenses (must equal Part IX, column (A), line 25)	2	5,489,582
3	Revenue less expenses. Subtract line 2 from line 1	3	27,176
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	1,661,791
5	Net unrealized gains (losses) on investments	5	
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	
10	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	1,688,967

Part XII Financial Statements and ReportingCheck if Schedule O contains a response or note to any line in this Part XII ☐

- 1** Accounting method used to prepare the Form 990: ☐ Cash ☒ Accrual ☐ Other _____
If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O.
- 2a** Were the organization's financial statements compiled or reviewed by an independent accountant? . . .
If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both:
☐ Separate basis ☐ Consolidated basis ☐ Both consolidated and separate basis
- b** Were the organization's financial statements audited by an independent accountant? . . .
If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both:
☒ Separate basis ☐ Consolidated basis ☐ Both consolidated and separate basis
- c** If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? . . .
If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O.
- 3a** As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133? . . .
- b** If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits.

	Yes	No
2a		✓
2b	✓	
2c	✓	
3a	✓	
3b	✓	

SCHEDULE A
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.

▶ Attach to Form 990 or Form 990-EZ.

▶ Information about Schedule A (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

OMB No. 1545-0047

2013

**Open to Public
Inspection**

Name of the organization

Employer identification number

South Central Workforce Development Council

20-5770412

Part I Reason for Public Charity Status (All organizations must complete this part.) See instructions.

The organization is not a private foundation because it is: (For lines 1 through 11, check only one box.)

- 1 ☐ A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i).**
- 2 ☐ A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E.)
- 3 ☐ A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**
- 4 ☐ A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state: _____
- 5 ☐ An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II.)
- 6 ☐ A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**
- 7 ☒ An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi).** (Complete Part II.)
- 8 ☐ A community trust described in **section 170(b)(1)(A)(vi).** (Complete Part II.)
- 9 ☐ An organization that normally receives: (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See **section 509(a)(2).** (Complete Part III.)
- 10 ☐ An organization organized and operated exclusively to test for public safety. See **section 509(a)(4).**
- 11 ☐ An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2). See **section 509(a)(3).** Check the box that describes the type of supporting organization and complete lines 11e through 11h.
- a ☐ Type I b ☐ Type II c ☐ Type III—Functionally integrated d ☐ Type III—Non-functionally integrated
- e ☐ By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2).
- f If the organization received a written determination from the IRS that it is a Type I, Type II, or Type III supporting organization, check this box ☐
- g Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?
- (i) A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization?

	Yes	No
11g(i)		
11g(ii)		
11g(iii)		
- (ii) A family member of a person described in (i) above?

	Yes	No
11g(ii)		
11g(iii)		
- (iii) A 35% controlled entity of a person described in (i) or (ii) above?

	Yes	No
11g(ii)		
11g(iii)		
- h Provide the following information about the supported organization(s).

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1–9 above or IRC section (see instructions))	(iv) Is the organization in col. (i) listed in your governing document?		(v) Did you notify the organization in col. (i) of your support?		(vi) Is the organization in col. (i) organized in the U.S.?		(vii) Amount of monetary support
			Yes	No	Yes	No	Yes	No	
(A)									
(B)									
(C)									
(D)									
(E)									
Total									

Part II Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)

(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ►	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")	10,325,414	7,556,643	6,187,923	6,428,986	5,508,517	36,007,483
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 Total. Add lines 1 through 3	10,325,414	7,556,643	6,187,923	6,428,986	5,508,517	36,007,483
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 Public support. Subtract line 5 from line 4.						36,007,483

Section B. Total Support

Calendar year (or fiscal year beginning in) ►	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
7 Amounts from line 4	10,325,434	7,556,643	6,187,923	6,428,986	5,508,517	36,007,483
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources	23,389	14,772	13,011	8,448	8,240	67,860
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)	13,723	10,732	15,464	950	0	40,869
11 Total support. Add lines 7 through 10						36,116,212
12 Gross receipts from related activities, etc. (see instructions)					12	
13 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here						<input type="checkbox"/>

Section C. Computation of Public Support Percentage

14 Public support percentage for 2013 (line 6, column (f) divided by line 11, column (f))	14	99.70 %
15 Public support percentage from 2012 Schedule A, Part II, line 14	15	99.66 %
16a 33¹/₃% support test—2013. If the organization did not check the box on line 13, and line 14 is 33 ¹ / ₃ % or more, check this box and stop here. The organization qualifies as a publicly supported organization		<input checked="" type="checkbox"/>
b 33¹/₃% support test—2012. If the organization did not check a box on line 13 or 16a, and line 15 is 33 ¹ / ₃ % or more, check this box and stop here. The organization qualifies as a publicly supported organization		<input type="checkbox"/>
17a 10%-facts-and-circumstances test—2013. If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization		<input type="checkbox"/>
b 10%-facts-and-circumstances test—2012. If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization		<input type="checkbox"/>
18 Private foundation. If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions		<input type="checkbox"/>

Part III Support Schedule for Organizations Described in Section 509(a)(2)

(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II.
If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ►	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 Total. Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 Public support (Subtract line 7c from line 6.)						

Section B. Total Support

Calendar year (or fiscal year beginning in) ►	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
13 Total support. (Add lines 9, 10c, 11, and 12.)						
14 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here <input type="checkbox"/>						

Section C. Computation of Public Support Percentage

15 Public support percentage for 2013 (line 8, column (f) divided by line 13, column (f))	15	%
16 Public support percentage from 2012 Schedule A, Part III, line 15	16	%

Section D. Computation of Investment Income Percentage

17 Investment income percentage for 2013 (line 10c, column (f) divided by line 13, column (f))	17	%
18 Investment income percentage from 2012 Schedule A, Part III, line 17	18	%
19a 33 1/3% support tests—2013. If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and stop here . The organization qualifies as a publicly supported organization <input type="checkbox"/>		
b 33 1/3% support tests—2012. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3%, and line 18 is not more than 33 1/3%, check this box and stop here . The organization qualifies as a publicly supported organization <input type="checkbox"/>		
20 Private foundation. If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions <input type="checkbox"/>		

Part IV **Supplemental Information.** Provide the explanations required by Part II, line 10; Part II, line 17a or 17b; and Part III, line 12. Also complete this part for any additional information. (See instructions).

Schedule A, Part II, Line 10, Explanation for Other Income:

(2009, 2010, 2011 & 2012) Job Fair

(2011) Intergovernmental assistance for another Workforce Development Council in Benton County, WA

**SCHEDULE D
(Form 990)**

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

► Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b.
► Attach to Form 990.

► Information about Schedule D (Form 990) and its instructions is at www.irs.gov/form990.

OMB No. 1545-0047

2013

**Open to Public
Inspection**

Name of the organization

Employer identification number

South Central Workforce Development Council

20-5770412

Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts.

Complete if the organization answered "Yes" to Form 990, Part IV, line 6.

	(a) Donor advised funds	(b) Funds and other accounts
1 Total number at end of year		
2 Aggregate contributions to (during year)		
3 Aggregate grants from (during year)		
4 Aggregate value at end of year		
5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control?		<input type="checkbox"/> Yes <input type="checkbox"/> No
6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit?		<input type="checkbox"/> Yes <input type="checkbox"/> No

Part II Conservation Easements.

Complete if the organization answered "Yes" to Form 990, Part IV, line 7.

1 Purpose(s) of conservation easements held by the organization (check all that apply). <input type="checkbox"/> Preservation of land for public use (e.g., recreation or education) <input type="checkbox"/> Preservation of an historically important land area <input type="checkbox"/> Protection of natural habitat <input type="checkbox"/> Preservation of a certified historic structure <input type="checkbox"/> Preservation of open space	
2 Complete lines 2a through 2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year.	Held at the End of the Tax Year
a Total number of conservation easements	2a
b Total acreage restricted by conservation easements	2b
c Number of conservation easements on a certified historic structure included in (a)	2c
d Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register	2d
3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year ►	
4 Number of states where property subject to conservation easement is located ►	
5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds?	<input type="checkbox"/> Yes <input type="checkbox"/> No
6 Staff and volunteer hours devoted to monitoring, inspecting, and enforcing conservation easements during the year ►	
7 Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year ► \$	
8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)?	<input type="checkbox"/> Yes <input type="checkbox"/> No
9 In Part XIII, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements.	

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets.

Complete if the organization answered "Yes" to Form 990, Part IV, line 8.

1a If the organization elected, as permitted under SFAS 116 (ASC 958), not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIII, the text of the footnote to its financial statements that describes these items.	
b If the organization elected, as permitted under SFAS 116 (ASC 958), to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items:	
(i) Revenues included in Form 990, Part VIII, line 1	► \$
(ii) Assets included in Form 990, Part X	► \$
2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 (ASC 958) relating to these items:	
a Revenues included in Form 990, Part VIII, line 1	► \$
b Assets included in Form 990, Part X	► \$

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets (continued)

- 3** Using the organization's acquisition, accession, and other records, check any of the following that are a significant use of its collection items (check all that apply):
- a** ☐ Public exhibition **d** ☐ Loan or exchange programs
- b** ☐ Scholarly research **e** ☐ Other _____
- c** ☐ Preservation for future generations
- 4** Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIII.
- 5** During the year, did the organization solicit or receive donations of art, historical treasures, or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection? ☐ Yes ☐ No

Part IV Escrow and Custodial Arrangements.

Complete if the organization answered "Yes" to Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

- 1a** Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X? ☐ Yes ☐ No
- b** If "Yes," explain the arrangement in Part XIII and complete the following table:
- | | Amount |
|---|--------|
| 1c Beginning balance | |
| 1d Additions during the year | |
| 1e Distributions during the year | |
| 1f Ending balance | |
- 2a** Did the organization include an amount on Form 990, Part X, line 21? ☐ Yes ☐ No
- b** If "Yes," explain the arrangement in Part XIII. Check here if the explanation has been provided in Part XIII ☐

Part V Endowment Funds.

Complete if the organization answered "Yes" to Form 990, Part IV, line 10.

- | | (a) Current year | (b) Prior year | (c) Two years back | (d) Three years back | (e) Four years back |
|---|------------------|----------------|--------------------|----------------------|---------------------|
| 1a Beginning of year balance | | | | | |
| b Contributions | | | | | |
| c Net investment earnings, gains, and losses | | | | | |
| d Grants or scholarships | | | | | |
| e Other expenditures for facilities and programs | | | | | |
| f Administrative expenses | | | | | |
| g End of year balance | | | | | |
- 2** Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as:
- a** Board designated or quasi-endowment %
- b** Permanent endowment %
- c** Temporarily restricted endowment %
- The percentages in lines 2a, 2b, and 2c should equal 100%.
- 3a** Are there endowment funds not in the possession of the organization that are held and administered for the organization by:
- | | Yes | No |
|--|---------------|----|
| (i) unrelated organizations | 3a(i) | |
| (ii) related organizations | 3a(ii) | |
| b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R? | 3b | |
- 4** Describe in Part XIII the intended uses of the organization's endowment funds.

Part VI Land, Buildings, and Equipment.

Complete if the organization answered "Yes" to Form 990, Part IV, line 11a. See Form 990, Part X, line 10.

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land				
b Buildings				
c Leasehold improvements				
d Equipment	6,484		(1,531)	4,953
e Other				
Total. Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				4,953

Part VII Investments—Other Securities.

Complete if the organization answered "Yes" to Form 990, Part IV, line 11b. See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
(3) Other _____		
(A) _____		
(B) _____		
(C) _____		
(D) _____		
(E) _____		
(F) _____		
(G) _____		
(H) _____		
Total. (Column (b) must equal Form 990, Part X, col. (B) line 12.) ►		

Part VIII Investments—Program Related.

Complete if the organization answered "Yes" to Form 990, Part IV, line 11c. See Form 990, Part X, line 13.

(a) Description of investment	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1) _____		
(2) _____		
(3) _____		
(4) _____		
(5) _____		
(6) _____		
(7) _____		
(8) _____		
(9) _____		
Total. (Column (b) must equal Form 990, Part X, col. (B) line 13.) ►		

Part IX Other Assets.

Complete if the organization answered "Yes" to Form 990, Part IV, line 11d. See Form 990, Part X, line 15.

(a) Description	(b) Book value
(1) _____	
(2) _____	
(3) _____	
(4) _____	
(5) _____	
(6) _____	
(7) _____	
(8) _____	
(9) _____	
Total. (Column (b) must equal Form 990, Part X, col. (B) line 15.) ►	

Part X Other Liabilities.

Complete if the organization answered "Yes" to Form 990, Part IV, line 11e or 11f. See Form 990, Part X, line 25.

1. (a) Description of liability	(b) Book value
(1) Federal income taxes	
(2) _____	
(3) _____	
(4) _____	
(5) _____	
(6) _____	
(7) _____	
(8) _____	
(9) _____	
Total. (Column (b) must equal Form 990, Part X, col. (B) line 25.) ►	

2. Liability for uncertain tax positions. In Part XIII, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740). Check here if the text of the footnote has been provided in Part XIII ☐

Part XIII Supplemental Information *(continued)*

Area for supplemental information with horizontal dashed lines.

SCHEDULE I
(Form 990)

Department of the Treasury
Internal Revenue Service

Name of the organization

**Grants and Other Assistance to Organizations,
Governments, and Individuals in the United States**

Complete if the organization answered "Yes" to Form 990, Part IV, line 21 or 22.

▶ Attach to Form 990.

▶ Information about Schedule I (Form 990) and its instructions is at www.irs.gov/form990.

OMB No. 1545-0047

2013

**Open to Public
Inspection**

Employer identification number

20-5770412

South Central Workforce Development Council

Part I General Information on Grants and Assistance

- 1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? ☒ Yes ☐ No
- 2 Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States.

Part II Grants and Other Assistance to Governments and Organizations in the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 21, for any recipient that received more than \$5,000. Part II can be duplicated if additional space is needed.

1 (a) Name and address of organization or government	(b) EIN	(c) IRC section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) People for People 302 S. Lincoln, Yakima, WA 98902	91-0783225	501(c)(3)	2,369,278	0	Book		Employment/Training
(2) Yakima Valley Farm Workers PO Box 190, Toppenish, WA 98948	91-1019392	501(c)(3)	1,025,826	0	Book		Employment/Training
(3) OIC of Washington 815 Fruitvale, Yakima, WA 98902	91-0873024	(501)(c)(3)	441,350	0	Book		Employment/Training
(4)							
(5)							
(6)							
(7)							
(8)							
(9)							
(10)							
(11)							
(12)							

- 2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table ▶ 3
- 3 Enter total number of other organizations listed in the line 1 table ▶ 0

For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Cat. No. 50055P

Schedule I (Form 990) (2013)

Part III **Grants and Other Assistance to Individuals in the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 22.
Part III can be duplicated if additional space is needed.

(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non-cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of non-cash assistance
1 Employment & Training Assistance	199	315,925	0	Book	
2					
3					
4					
5					
6					
7					

Part IV **Supplemental Information.** Provide the information required in Part I, line 2, Part III, column (b), and any other additional information.

Schedule I, Part 1, Line 2: The Council has development monitoring policies and procedures to assure all sub-recipients comply with the grant requirements, as well as with government regulations, applicable to the Workforce Investment Act.

Participants in the Employment and Training programs administered by the SCWDC are screened to ascertain they meet eligibility standards set by Federal and State agencies.

Participant records are maintained on paper at the local level, and digital records are maintained at a local and state level to document eligibility and performance against standards.

Samples of these records are selected for detailed review by federal, state and local monitors.

Expenditures for program participants are approved by case managers, supervisors, and the finance department, before being paid by checks accompanied by the supporting data and signed by the SCWDC Director or another authorized managerial staff person.

SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on
Form 990 or 990-EZ or to provide any additional information.

▶ Attach to Form 990 or 990-EZ.

▶ Information about Schedule O (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

OMB No. 1545-0047

2013

**Open to Public
Inspection**

Name of the organization

South Central Workforce Development Council

Employer identification number

20-5770412

Form 990, Part III, Line 4D, Other Program Services:

Expenses \$211,672 = Balance of program and administrative expenses not associated with the Council's 3 largest programs

Including Grants of \$94,526 = Balance of grants to others not associated with the Council's 3 largest programs.

Revenue \$0

Form 990, Part VI, Section A, Line 2:

There are no family relationships among officers or directors. However, due to the size of the service area and the nature of the community, there are many business relationships present.

Form 990, Part VI, Section A, Line 7A:

Affairs of the Council and appointment of Board members are subject to the approval of the County Commissioners of Kittitas, Klickitat, Skamania, and Yakima Counties, of the State of Washington.

Form 990, Part VI, Section B, Line 11:

Before Form 990 is prepared and delivered to the Council, it is checked for clerical accuracy by the Finance Specialist and for other details by the Executive Director. A copy of the draft Form 990 is then provided to Finance Committee members for their review and questions. At a regular Finance Committee meeting prior to the filing deadline, Form 990 is approved for submission to members of the Board of Directors for their approval. After approval by the Board of Directors, Form 990 is filed with the IRS.

Form 990, Part VI, Section B, Line 12C:

Council staff and Directors are aware of potential conflicts of interest. Directors and staff remind other Directors of the conflict of interest policy should a potential conflict arise. Meeting minutes indicate the Directors' vote on issues and those who abstain.

Name of the organization	Employer identification number
South Central Workforce Development Council	20-5770412

Form 990, Part VI, Section B, Line 15:

On February 11, 2008, the Board of Directors designated the Executive Director and Finance Manager to use the most recent wage study of other Executive Directors and Chief Financial Officers/Finance Managers in other Workforce Development Councils (WDCs) in Washington State to determine that key staff do not receive excess compensation. On March 11, 2008, the Board reviewed the wage study and adopted a salary schedule for each staff position within the South Central Workforce Development Council (SCWDC), which salary schedule was within the range of other WDCs in Washington State. That salary schedule continued through December 31, 2012. On that date the Board of Directors reviewed a new wage study conducted by the Executive Director for purposes of determining a revised salary schedule for staff positions within SCWDC. This wage study included an analysis of the compensation of the Executive Directors and Finance Officers/Finance Managers in other WDCs in Washington State. Based on this wage study, on December 12, 2012, the Board also adopted a revised salary schedule for each staff position within SCWDC, which salary schedule was again within the range of other WDCs within Washington State. This salary schedule was made effective January 1, 2013, and has continued through June 30, 2014.

Form 990, Part VI, Section C, Line 19:

On its website, <http://www.yakimacounty.us/WDC>, the organization has included its governing documents and internal policies regarding conflicts of interest. The organization provides financial statements at Board meetings that are open to the public, but does not publish these statements on its website.

SCHEDULE R
(Form 990)

Department of the Treasury
Internal Revenue Service

Name of the organization

Related Organizations and Unrelated Partnerships

- Complete if the organization answered "Yes" on Form 990, Part IV, line 33, 34, 35b, 36, or 37.
► Attach to Form 990. ► See separate instructions.
► Information about Schedule R (Form 990) and its instructions is at www.irs.gov/form990.

OMB No. 1545-0047

2013

**Open to Public
Inspection**

South Central Workforce Development Council

Employer identification number

20-5770412

Part I Identification of Disregarded Entities Complete if the organization answered "Yes" on Form 990, Part IV, line 33.

(a) Name, address, and EIN (if applicable) of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity
(1)					
(2)					
(3)					
(4)					
(5)					
(6)					

Part II Identification of Related Tax-Exempt Organizations Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No
(1) Yakima County: 91-6001387 128 N. 2nd St., Yakima, WA 98901	Political Subdivisio	Washington	115				✓
(2) Klickitat County: 91-6001350 205 S. Columbia Ave., Goldendale, WA 98620	Political Subdivisio	Washington	115				✓
(3) Kittitas County: 91-6001349 205 S. 5th Ave., Ellensburg, WA 98926	Political Subdivisio	Washington	115				✓
(4) Skamania County: 91-6001363 PO Box 790 Stevenson, WA 98648	Political Subdivisio	Washington	115				✓
(5)							
(6)							
(7)							

Part III Identification of Related Organizations Taxable as a Partnership Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a partnership during the tax year.

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of- year assets	(h) Disproportionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	
(1)												
(2)												
(3)												
(4)												
(5)												
(6)												
(7)												

Part IV Identification of Related Organizations Taxable as a Corporation or Trust Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a corporation or trust during the tax year.

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership	(i) Section 512(b)(13) controlled entity?	
								Yes	No
(1)									
(2)									
(3)									
(4)									
(5)									
(6)									
(7)									

Part V Transactions With Related Organizations Complete if the organization answered "Yes" on Form 990, Part IV, line 34, 35b, or 36.**Note.** Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule.**1** During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II–IV?

	Yes	No
a Receipt of (i) interest (ii) annuities (iii) royalties or (iv) rent from a controlled entity		✓
b Gift, grant, or capital contribution to related organization(s)		✓
c Gift, grant, or capital contribution from related organization(s)		✓
d Loans or loan guarantees to or for related organization(s)		✓
e Loans or loan guarantees by related organization(s)		✓
f Dividends from related organization(s)		✓
g Sale of assets to related organization(s)		✓
h Purchase of assets from related organization(s)		✓
i Exchange of assets with related organization(s)		✓
j Lease of facilities, equipment, or other assets to related organization(s)		✓
k Lease of facilities, equipment, or other assets from related organization(s)		✓
l Performance of services or membership or fundraising solicitations for related organization(s)		✓
m Performance of services or membership or fundraising solicitations by related organization(s)		✓
n Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)		✓
o Sharing of paid employees with related organization(s)		✓
p Reimbursement paid to related organization(s) for expenses		
q Reimbursement paid by related organization(s) for expenses		
r Other transfer of cash or property to related organization(s)		✓
s Other transfer of cash or property from related organization(s)		✓

2 If the answer to any of the above is "Yes," see the instructions for information on who must complete this line, including covered relationships and transaction thresholds.

(a) Name of related organization	(b) Transaction type (a–s)	(c) Amount involved	(d) Method of determining amount involved
(1)			
(2)			
(3)			
(4)			
(5)			
(6)			

Part VI **Unrelated Organizations Taxable as a Partnership** Complete if the organization answered "Yes" on Form 990, Part IV, line 37.

Provide the following information for each entity taxed as a partnership through which the organization conducted more than five percent of its activities (measured by total assets or gross revenue) that was not a related organization. See instructions regarding exclusion for certain investment partnerships.

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(e) Are all partners section 501(c)(3) organizations?		(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
				Yes	No			Yes	No		Yes	No	
(1)													
(2)													
(3)													
(4)													
(5)													
(6)													
(7)													
(8)													
(9)													
(10)													
(11)													
(12)													
(13)													
(14)													
(15)													
(16)													

Part VII **Supplemental Information**

Provide additional information for responses to questions on Schedule R (see instructions).

(This area is for supplemental information. It contains horizontal lines for text entry.)

South Central Workforce Development Council
PY14 Final Budget - Revision1
Year Ending June 30, 2015

Description		PY14 Budget Final - Revision1	PY14 Budget Final	\$ Change	% Change
<u>Line #</u>					
1	Revenues				
2	Grant/Contract Revenue	7,073,592	7,074,482	-890	0%
3	Interest Income	7,200	8,000	-800	-10%
4	Program Income	0	0	0	NM
5	Total Revenues	7,080,792	7,082,482	-1,690	0%
6					
7	In-House Expense				
8	Salary Expense	505,509	495,892	9,617	2%
9	Staff Fringe	161,276	158,084	3,192	2%
10	Board	18,600	18,600	0	0%
11	Communications	31,609	37,350	-5,741	-15%
12	Depreciation	1,081	1,081	0	0%
13	Equipment	14,900	15,200	-300	-2%
14	Facilities	68,400	74,400	-6,000	-8%
15	Insurance	19,000	24,000	-5,000	-21%
16	Memberships	13,500	14,000	-500	-4%
17	Office Supplies	5,050	4,050	1,000	25%
18	Professional Services	34,890	39,070	-4,180	-11%
19	Program Support	0	0	0	NM
20	Publications	210	210	0	0%
21	Training	12,000	11,000	1,000	9%
22	Travel	36,279	35,529	750	2%
23	Miscellaneous	0	0	0	NM
24	SubTotal In-House Expenses	922,304	928,465	-6,161	-1%
25					
26	Subcontractor/Direct Expenses	6,002,801	5,972,143	30,658	1%
27	Total Expenses	6,925,105	6,900,608	24,497	0%
28					
29	Change in Net Assets	155,687	181,874		