

Board of Directors  
Workforce Development Council of Seattle - King County  
Seattle, Washington

We have audited the financial statements of Workforce Development Council of Seattle - King County as of and for the year ended June 30, 2023, and have issued our report thereon dated REPORT DATE. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as well as certain information related to the planned scope and timing of our audit in our statement of work dated September 30, 2023. Professional standards also require that we communicate to you the following information related to our audit.

### **Significant audit findings or issues**

#### ***Qualitative aspects of accounting practices***

##### *Accounting policies*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Workforce Development Council of Seattle - King County are described in Note 2 to the financial statements.

As described in Note 2, the entity changed accounting policies related to leases by adopting Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic 842, *Leases*, in 2023. Accordingly, Workforce Development Council of Seattle – King County has elected to adopt the package of practical expedients to use hindsight in determining the lease term and in assessing impairment of the ROU assets. The provisions of this standard were applied to the beginning of fiscal year 2023 with the former standard, ASC 840, applying to previous fiscal year, 2022.

We noted no transactions entered into by the entity during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

##### *Accounting estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no accounting estimates affecting the financial statements which were particularly sensitive or required substantial judgments by management.

##### *Financial statement disclosures*

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures. The financial statement disclosures are neutral, consistent, and clear.

***Significant unusual transactions***

We identified no significant unusual transactions.

***Difficulties encountered in performing the audit***

We encountered no significant difficulties in dealing with management in performing and completing our audit.

***Uncorrected misstatements***

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management did not identify and we did not notify them of any uncorrected financial statement misstatements.

***Corrected misstatements***

Management did not identify and we did not notify them of any financial statement misstatements detected as a result of audit procedures.

***Disagreements with management***

For purposes of this communication, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

***Management representations***

We have requested certain representations from management that are included in the attached management representation letter dated REPORT DATE.

***Management consultations with other independent accountants***

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the entity's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

***Significant issues discussed with management prior to engagement***

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to engagement as the entity's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our engagement.

**Supplementary information in relation to the financial statements as a whole**

With respect to the schedule of expenditures of federal awards (SEFA) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the SEFA to determine that the SEFA complies with the requirements of the Uniform Guidance, the method of preparing it has not changed from the prior period or the reasons for such changes, and the SEFA is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the SEFA to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated REPORT DATE.

Our auditors' opinion, the audited financial statements, and the notes to financial statements should only be used in their entirety. Inclusion of the audited financial statements in a document you prepare, such as an annual report, should be done only with our prior approval and review of the document. You are responsible to provide us the opportunity to review such documents before issuance.

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This communication is intended solely for the information and use of the board of directors and management of Workforce Development Council of Seattle - King County and is not intended to be, and should not be, used by anyone other than these specified parties.

**CliftonLarsonAllen LLP**

Bellevue, Washington  
REPORT DATE

Client: **A127294 - Workforce Development Council of Seattle - King County**  
 Engagement: **AUD0623 - Workforce Development Council of Seattle - King County**  
 Period Ending: **6/30/2023**  
 Trial Balance: **0900,00 - TB- NFP**  
 Workpaper: **0920.10 - Adjusting Journal Entries Report**

| Account   | Description                       | W/P Ref        | Debit                    | Credit                   |
|---|-----------------------------------|----------------|--------------------------|--------------------------|
| <b>Adjusting Journal Entries JE # 3</b>   |                                   | <b>1800.01</b> |                          |                          |
| Eliminate deferred rent liability under ASC 842 and adjust balances to lease calculator |                                   |                |                          |                          |
| 1860  | Right-of-Use Asset - Finance      |                | 66,483.00                |                          |
| 2500  | Deferred Rent                     |                | 34,744.00                |                          |
| 2600  | Lease Liability                   |                | 62,089.00                |                          |
| 7550  | ROU Amortization-Operating leases |                | 198,527.00               |                          |
| 7560  | ROU Amortization-Financing leases |                | 17,343.00                |                          |
| 8000  | Interest Expense                  |                | 1,911.00                 |                          |
| 1850  | Right-of-Use Asset                |                |                          | 96,834.00                |
| 2650  | Lease liability - Finance         |                |                          | 67,441.00                |
| 7140  | Equipment Maintenance & Rentals   |                |                          | 18,468.00                |
| 7500  | Building Rental                   |                |                          | 198,354.00               |
| <b>Total</b>  |                                   |                | <b><u>381,097.00</u></b> | <b><u>381,097.00</u></b> |