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October 2, 2014

Board of Directors  
Northeast Indiana Regional Workforce Investment Board, Inc.  
200 East Main Street  
Fort Wayne, IN 46802

We have reviewed the audit report prepared by Dunton & Co., P.C., for the period July 1, 2012 to June 30, 2013. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountants' opinion, the financial statements included in the report present fairly the financial condition of Northeast Indiana Regional Workforce Investment Board, Inc., as of June 30, 2013, and the results of its operations for the period then ended, on the basis of accounting described in the report.

The Independent Public Accountants' report is filed with this letter in our office as a matter of public record.

*Paul D. Joyce*  
Paul D. Joyce, CPA  
State Examiner

**Northeast Indiana Regional  
Workforce Investment Board, Inc.**

Fort Wayne, Indiana

Audited Financial Statements and Additional Information

June 30, 2013 and 2012

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**Northeast Indiana Regional  
Workforce Investment Board, Inc.**  
Audited Financial Statements and Additional Information  
June 30, 2013 and 2012

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Northeast Indiana Regional  
Workforce Investment Board, Inc.  
Fort Wayne, Indiana

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

We have audited the accompanying financial statements of Northeast Indiana Regional Workforce Investment Board, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2013 and 2012, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements.

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

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, 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 opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Northeast Indiana Regional Workforce Investment Board, Inc. as of June 30, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### **Other Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and other assistance, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2014, on our consideration of Northeast Indiana Regional Workforce Investment Board, Inc.'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 Northeast Indiana Regional Workforce Investment Board, Inc.'s internal control over financial reporting and compliance.

*Danton & Co., P.C.*

March 28, 2014

**Northeast Indiana Regional Workforce Investment Board, Inc.**

**Statements of Financial Position**

**June 30, 2013 and 2012**

**ASSETS**

	<u>2013</u>	<u>2012</u>
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 1,052,835	\$ 659,110
Grants receivable	734,612	2,123,924
Other receivables	563,810	34,392
Prepaid expenses	<u>135,199</u>	<u>118,889</u>
Total current assets	<u>2,486,456</u>	<u>2,936,315</u>
Total assets	<u>\$ 2,486,456</u>	<u>\$ 2,936,315</u>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 732,218	\$ 1,017,109
Accrued payroll and related expenses	177,668	193,694
Deferred revenue	<u>1,575,342</u>	<u>1,725,267</u>
Total current liabilities	<u>2,485,228</u>	<u>2,936,070</u>

**NET ASSETS**

Unrestricted	<u>1,228</u>	<u>245</u>
Total net assets	<u>1,228</u>	<u>245</u>
Total liabilities and net assets	<u>\$ 2,486,456</u>	<u>\$ 2,936,315</u>

See Independent Auditor's Report.

See accompanying notes to financial statements.

**Northeast Indiana Regional Workforce Investment Board, Inc.**

Statements of Activities  
For the years ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
	<u>Unrestricted</u>	<u>Unrestricted</u>
REVENUE		
Federal and state grants	\$ 9,891,830	\$ 10,562,002
Contributions	1,015	486
Other Income	<u>-</u>	<u>1,047,866</u>
Total revenue	<u>9,892,845</u>	<u>11,610,354</u>
EXPENSES		
Program Activities		
Customer Related Expenses		
Classroom Training	1,420,157	3,149,139
On-The-Job Training	490,592	768,282
Internships	-	45,149
Supportive Services	128,221	88,720
Service Provider Expenses	2,878,012	2,622,790
WorkOne Operations	<u>4,337,810</u>	<u>4,372,168</u>
Total Program Activities	<u>9,254,792</u>	<u>11,046,248</u>
Administration	<u>637,070</u>	<u>563,861</u>
Total expenses	<u>9,891,862</u>	<u>11,610,109</u>
Increase in net assets	983	245
Unrestricted net assets at beginning of year	<u>245</u>	<u>-</u>
UNRESTRICTED NET ASSETS AT END OF YEAR	<u><u>\$ 1,228</u></u>	<u><u>\$ 245</u></u>

See Independent Auditor's Report.

See accompanying notes to financial statements. 4

**Northeast Indiana Regional Workforce Investment Board, Inc.**

**Statements of Cash Flows**

For the years ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Increase in net assets	\$ 983	\$ 245
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
(Increase) decrease in cash from changes in:		
Grants receivable	1,389,312	(2,123,924)
Other receivables	(529,418)	(34,392)
Prepaid expense	(16,310)	(118,889)
Increase (decrease) in cash from changes in:		
Accounts payable	(285,986)	1,017,109
Accrued payroll and related expenses	(14,931)	193,694
Deferred revenue	<u>(149,925)</u>	<u>1,725,267</u>
Net cash provided by operating activities	393,725	659,110
Cash and cash equivalents, beginning of year	<u>659,110</u>	<u>-</u>
 CASH AND CASH EQUIVALENTS, END OF YEAR	 <u>\$ 1,052,835</u>	 <u>\$ 659,110</u>

See Independent Auditor's Report.

See accompanying notes to financial statements.



**Northeast Indiana Regional  
Workforce Investment Board, Inc.**

Notes to Financial Statements  
June 30, 2013 and 2012

**Note 1 Summary of Significant Accounting Policies**

**Nature of Operations**

Northeast Indiana Regional Workforce Investment Board, Inc., (NEIRWIB) was organized as a not-for-profit corporation in 2011. The corporation was formed to receive and administer funds for educational, charitable, job training and workforce development purposes. Currently the corporation oversees Workforce Development Services provided in eleven (11) counties in Northeast Indiana. For the fiscal year ending June 30, 2013, 100% of the total revenue is federal pass-through funding or state funding received on behalf of the Region 3 Workforce Board from the State of Indiana, Department of Workforce Development.

**Basis of Accounting**

The financial statements of NEIRWIB have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), and accordingly reflect all significant receivables, payables, and other liabilities.

**Financial Statement Presentation**

Financial Statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) 958-210-45, *Financial Statements of Not-for-Profit Organizations*. Under ASC, not-for-profit organizations are required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. At June 30, 2013 and 2012, NEIRWIB only has unrestricted net assets.

**Grants and Accounts Receivable**

Grants and accounts receivable are evaluated as to their collectability annually, if not more frequently, and any anticipated uncollectible accounts are written off when deemed uncollectible. All accounts were deemed collectible as of June 30, 2013 and 2012.

**Property and Equipment**

Property and equipment purchased with grant funds is overseen by the Workforce Board and the State of Indiana while used in the programs overseen by NEIRWIB. The value of this property is not presented in NEIRWIB's financial statements since this property is owned by the State of Indiana or the Federal government.

**Northeast Indiana Regional  
Workforce Investment Board, Inc.**

Notes to Financial Statements  
June 30, 2013 and 2012

**Use of Estimates**

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

**Revenue Recognition**

Contributions are recognized when the donor makes a promise to give a donation to NEIRWIB that is, in substance, unconditional. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and nature of any donor restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized.

Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Grants are either recorded as grant revenue or exchange transactions based on criteria contained in the grant award. NEIRWIB only recorded grants as grant revenue for the years ending June 30, 2013 and 2012.

**Grant Awards that are reflected as Grant Revenue**

Grant awards that are reimbursement arrangements are recorded as revenue based on revenues earned. Revenue is recognized in the accounting period when the related expenses are incurred. Amounts received in excess of expenses are reflected as grant funds received in advance and are recorded as deferred revenue.

**Income Taxes**

NEIRWIB is a not-for-profit organization under Section 501 (c) (3) of the Internal Revenue Code and is exempt from federal and Indiana income taxes. NEIRWIB believes that it has appropriate support for any tax provisions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

NEIRWIB's exempt organization income tax returns (Form 990), for the years ended June 30, 2013 and 2012 are subject to examination by the IRS, generally for three years after the returns have been filed.

**Northeast Indiana Regional  
Workforce Investment Board, Inc.**

Notes to Financial Statements

June 30, 2013 and 2012

**Cost Allocation**

Joint costs are allocated to benefiting programs using various allocation methods depending on the type of joint cost being allocated. Joint costs are those costs incurred for the common benefits of the organization's purposes and programs, which cannot be readily identified with the final cost objective.

**Cash Equivalents**

The NEIRWIB considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

**Concentration of Credit Risk**

NEIRWIB maintains cash balances at one commercial bank. The bank where the organization's accounts are maintained participates in the Transaction Account Guarantee (TAG) program. All balances over \$250,000 were insured by this program as of June 30, 2013 and 2012. NEIRWIB has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Grants receivable and accounts receivable, as discussed in Note 2, are receivable from Indiana Department of Workforce Development. These receivables are related to Federal grants from or through the U.S. Department of labor or grants from the state of Indiana. NEIRWIB considers these receivables fully collectible and has not experienced any previous losses.

**Note 2 Grant and Accounts Receivable**

Grants receivable consists of the following for June 30, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Indiana Department of Workforce Development	<u>\$ 734,612</u>	<u>\$ 2,123,924</u>

**Note 3 Employee Retirement Plan**

NEIRWIB has a 401k plan open to all regular, full-time employees. NEIRWIB contributes 3% of the employee's base salary; if the employee contributes 3%, then NEIRWIB will match that 3% contribution. NEIRWIB contributions for the years ended June 30, 2013 and 2012 were \$122,153 and \$111,321, respectively.

**Northeast Indiana Regional  
Workforce Investment Board, Inc.**

Notes to Financial Statements  
June 30, 2013 and 2012

**Note 4 Operating Leases**

NEIRWIB leases space for the operation of its programs under twelve operating leases. The current leases have varying expiration dates through February 2018. All leases contain a funding out clause. Lease expense for the years ended June 30, 2013 and 2012 was \$768,474 and \$731,482, respectively. Future minimum lease payments under the operating leases beyond June 30, 2013 are as follows:

June 30, 2014	\$577,614
June 30, 2015	\$435,221
June 30, 2016	\$386,515
June 30, 2017	\$305,528
June 30, 2018	\$203,685

**Note 5 Related Party Transactions**

Members of NEIRWIB Board of Directors are defined by United States Department of Labor statutes and implementing regulations for the Workforce Investment Act. The state of Indiana also as defined membership requirements by state statute and policies. One member of the Board of Directors is employed by Indiana Department of Workforce Development, the Indiana administering agency, which provided 100% of NEIRWIB's funding for the year ended June 30, 2013 and substantially all of the funding for the previous year. Two other members of the Board of Directors are employed by governmental educational institutions that provide training services to participants for programs NEIRWIB is administering. For the current fiscal year, three board members' companies hired participants and obtained short-term on-the-job training contracts for those participants, where the participants' wages were reimbursed up to fifty-percent of the direct wages paid. Those on-the-job training contracts were negotiated by WorkOne business service staff based on the participants' existing skills and the skills required for positions being trained. On-the-job training contracts are only offered in designated industries for the region. NEIRWIB also subleases its office space from a company that an employee is also a member of the Board of Directors. The lease agreement was procured prior to the individual becoming a member of the Board of Directors.

**Note 6 Evaluation of Subsequent Events**

NEIRWIB has evaluated subsequent events through March 28, 2014 the date, which the financial statements were available to be issued. There were no material subsequent events that required recognition or disclosure in these financial statements.

# Northeast Indiana Regional Workforce Investment Board, Inc

## Schedule of Expenditures of Federal Awards and Other Financial Assistance

For the year ended June 30, 2013

CFDA Number	Grant Number	Program Name	Grantor Agency	Grant Period	Expenses
<b>Assistance Programs as Identified in the catalog of federal Domestic Assistance</b>					
<b>Department of Labor - Pass Through from Indiana Department of Workforce Development ( IDWD)</b>					
17.207	C1-2-IS-1-03	Integrated Services WP	IDWD	07.01.2011 to 09.30.2012	\$ 74,346
17.207	C1-3-IS-2-03	Integrated Services WP	IDWD	07.01.2011 to 09.30.2012	\$ 157,244
17.207	C1-3-BC-2-03	Business Consultant - WP	IDWD	07.01.2011 to 06.30.2012	10,200
	<b>Subtotal 17.207</b>				<b>241,790</b>
17.225	C1-3-IS-2-03	Integrated Services - REA/UI	IDWD	10.01.2012 TO 09.30.2014	309,819
17.225	C1-2-IS-1-03	integrated Services	IDWD	07.01.2011 to 09.30.2012	49,826
17.225	Adjudication	integrated Services	IDWD	07.01.2011 to 09.30.2012	11,006
17.225	Appellate	integrated Services	IDWD	07.01.2011 to 09.30.2012	12,129
	<b>Subtotal 17.225</b>				<b>382,780</b>
17.245	C1-2-TAA-1a-03	Trade Adjustment Act	IDWD	01.01.2012 to 06.30.2013	180,123
17.245	C1-3-IS-2-03	Integrated Services TAA	IDWD	10.01.2012 to 09.30.2014	3,480
	<b>Subtotal 17.245</b>				<b>183,603</b>
17.258	C1-2-WIB-1-03	WIA Adult	IDWD	07.01.2011 to 06.30.2013	1,284,078
17.258	C1-2-WIB-2-03	WIA Adult	IDWD	07.01.2012 to 06.30.2014	875,789
	<b>Subtotal 17.258</b>				<b>2,159,867</b>
17.259	C1-2-WIB-1-03	WIA Youth	IDWD	07.01.2011 to 06.30.2013	343,565
17.259	C1-2-WIB-2-03	WIA Youth	IDWD	07.01.2012 to 06.30.2014	1,129,987
17.259	C1-2-JAG-1-03	Jobs for Americas Graduates	IDWD	10.01.2012 to 09.30.2013	995
17.259	C1-3-JAG-2-03	Jobs for Americas Graduates	IDWD	10.01.2011 to 09.30.2012	30,053
17.259	C1-2-JAGCD-1-03	JAG Scholarships	IDWD	07.01.2011 to 06.30.2013	3,300
17.259	C1-3-BC-2-03	Business Consultant-WIATY	IDWD	07.01.2012 to 06.30.2013	16,200
	<b>Subtotal 17.259</b>				<b>1,524,100</b>
17.260	C1-2-NEGOITARRA-0a-03	OJT NEG ARRA	IDWD	07.01.2011 to 09.30.2012	32,355
17.260	C1-2-RR-1-03	Rapid Response - Navistar	IDWD	07.01.2011 to 06.30.2014	509,118
	<b>Subtotal 17.260</b>				<b>541,473</b>

See Independent Auditor's Report on page 1.

See Notes to the Schedule of Federal Expenditures and Other Financial Assistance.

# Northeast Indiana Regional Workforce Investment Board, Inc

## Schedule of Expenditures of Federal Awards and Other Financial Assistance

For the year ended June 30, 2013

17.271	C1-3-BC-2-03	Business Consultant - WOTC	IDWD	07.01.2011 to 06.30.2012	3,600
17.275	C1-2-SEOJT-0a-03	SEOJT -ARRA	IDWD	07.01.2011 to 06.30.2013	547,174
17.275	C1-2-SEITA-0a-3	SEITA-ARRA	IDWD	07.01.2011 to 01.28.2013	29,996
	<b>Subtotal 17.275</b>				<b>577,170</b>
17.278	PO- RV NEG	RV Funds -DW Expenses	IDWD	07.01.2012 to 06.30.2013	75,000
17.278	C1-3-RR-2-03	Rapid Response - Navistar	IDWD	07.01.2012 to 06.30.2013	106,858
17.278	C1-2-BC-2-03	Business Consultant - W/ADW	IDWD	07.01.2011 to 06.30.2012	90,000
17.278	C1-2-WIB-1-03	WIA Dislocated Worker	IDWD	07.01.2011 to 06.30.2013	636,213
17.278	C1-3-WIB-2-03	WIA Dislocated Worker	IDWD	07.01.2012 to 06.30.2014	1,183,951
	<b>Subtotal 17.278</b>				<b>2,092,022</b>
17801	C1-3-IS-2-03	Integrated Services -DVOP	IDWD	10.01.2012 to 09.30.2014	15,494
17804	C1-3-IS-2-03	Integrated Services - LVER	IDWD	10.01.2014 to 09.30.2014	24,432
	<b>Department of Justice - Pass Through From IDWD</b>				<b>7,746,331</b>
16.738	C1-2-CJI-2-03	Edward Byrne Memorial Justice	IDWD	06.01.2012 to 12.31.2012	24,709
	<b>Department of Education -Pass Through From IDWD</b>				
84.002A	C1-2-AE-1-03	Adult Education	IDWD	07.01.2011 to 09.30.2012	15,002
84.002A	C1-3-AE-2-03	Adult Education	IDWD	07.01.2012 to 06.30.2013	789,653
84.002A	C1-3-AEIN-2-03	AE Innovation	IDWD	07.01.2012 to 06.30.2013	33,522
84.002A	C1-3-AEPD-2-03	AE Professional Development	IDWD	07.01.2012 to 06.30.2013	5,000
84.002A	None	Adult Education Marion	IDWD	07.01.2012 to 06.30.2013	12,720
	<b>Subtotal 84.002A</b>				<b>855,897</b>
	<b>Total Federal Expenditures</b>	<b>Total Federal Expenditures</b>			<b>\$ 8,626,937</b>

See Independent Auditor's Report on page 1.

See Notes to the Schedule of Federal Expenditures and Other Financial Assistance.

# **Northeast Indiana Regional Workforce Investment Board, Inc**

## Schedule of Expenditures of Federal Awards and Other Financial Assistance

For the year ended June 30, 2013

		State Expenditures		
State Funds	CI-3-PIABE-2-03	WorkIndiana	IDWD	07.01.2011 to 11.30.2011 \$ 179,086
State Funds	C1-2-PISY-2-03	YHCC	IDWD	04.18.2012 to 11.30.2012 9,518
State Funds	C1-2-AE-1-03	Adult Education State	IDWD	07.01.2011 to 09.30.2012 20,227
State Funds	C1-3-AE-2-03	Adult Education State	IDWD	07.01.2012 to 06.30.2013 984,465
State Funds	C1-3-AEIN-2-03	Adult Secondary Credit	IDWD	07.01.2011 to 06.30.2012 68,397
State Funds	C1-3-JAGCD-2-03	JAG Scholarships	IDWD	07.01.2012 to 06.3.2014 2,200
State Funds	none	Adult Education State Marion	IDWD	07.01.2012 to 06.30.2013 1,000
<b>Total State Expenditures</b>		<b>Total State Expenditures</b>		<b>\$ 1,264,893</b>
<b>Total Federal and State Program Expenditures</b>				
				<b>9,891,830</b>
Unrestricted expenditures				
				<u>32</u>
<b>Total Expenditures</b>				<b>\$ 9,891,862</b>

See Independent Auditor's Report on page 1.

See Notes to the Schedule of Federal Expenditures and Other Financial Assistance.

## Northeast Indiana Regional Workforce Investment Board, Inc.

### Notes to the Schedule of Expenditures of Federal Awards and Other Financial Assistance For the Year Ended June 30, 2013

#### Basis of Presentation

This schedule includes the federal grant activity of Northeast Indiana Regional Workforce Investment Board, Inc. and is presented on the accrual basis of accounting, which is described in Note 1 to the Northeast Indiana Regional Workforce Investment Board, Inc.'s financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

#### Payments to Subrecipients

Of the federal expenditures presented in the schedule of Expenditures of Federal Awards and Other Financial Assistance, Northeast Indiana Regional Workforce Investment Board, Inc. provided federal awards to six subrecipients and are as follows:

<u>Federal CFDA Number</u>	<u>Program Title</u>	<u>Amount Provided to Subrecipients</u>
17.259	WIA Youth	\$1,162,728
84.002A	AE Instructional & Non Instructional Federal	<u>797,013</u>
Total		<u>\$1,959,741</u>





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

To the Board of Directors of  
Northeast Indiana Regional Workforce Investment Board, Inc.  
Fort Wayne, Indiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Northeast Indiana Regional Workforce Investment Board, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 28, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Northeast Indiana Regional Workforce Investment Board, Inc.'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Northeast Indiana Regional Workforce Investment Board, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Northeast Indiana Regional Workforce Investment Board, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Dunton & Co., P.C.*

March 28, 2014



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Board of Directors of  
Northeast Indiana Regional Workforce Investment Board, Inc.  
Fort Wayne, Indiana

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

We have audited Northeast Indiana Regional Workforce Investment Board, Inc.'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Northeast Indiana Regional Workforce Investment Board, Inc.'s major federal programs for the year ended June 30, 2013. Northeast Indiana Regional Workforce Investment Board, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with 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 Northeast Indiana Regional Workforce Investment Board, Inc.'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 Northeast Indiana Regional Workforce Investment Board, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Northeast Indiana Regional Workforce Investment Board, Inc.'s compliance.

## **Opinion on Each Major Federal Program**

In our opinion, Northeast Indiana Regional Workforce Investment Board, Inc. 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, 2013.

## **Report on Internal Control Over Compliance**

Management of Northeast Indiana Regional Workforce Investment Board, Inc. 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 Northeast Indiana Regional Workforce Investment Board, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 Northeast Indiana Regional Workforce Investment Board, Inc.'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 over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Danton & Co., P.C.*

March 28, 2014

# Northeast Indiana Regional Workforce Investment Board, Inc.

## Schedule of Findings and Questioned Costs

Annual Audit June 30, 2013

### Section I: Summary of Auditor's Results

#### Financial Statements

Type of Auditor's Report Issued: Unmodified Annual Audit June 30, 2013 yearend

Is a "going concern" emphasis-of-matter  
Paragraph included in the audit? No

Is a significant deficiency disclosed? No

Is a material weakness disclosed? No

Is a material noncompliance disclosed? No

#### Federal Programs

Does the auditor's report include a statement that the  
auditee's financials included departments, agencies,  
or other organizational units expending \$500,000 or  
more in Federal awards that have separate A-133  
audits which are not included in this audit? No

Dollar threshold used to distinguish between  
Type A and Type B programs:  
\$300,000

Auditee qualified as a low-risk auditee? Yes

Were Prior Audit Findings related to direct funding  
Shown in the Summary Schedule of Prior Audit Findings? No

Indicate which Federal agency(ies) have current year audit  
Findings related to direct funding or prior audit findings  
Shown in the Summary Schedule of Prior Audit Findings  
related to direct funding. None

# **Northeast Indiana Regional Workforce Investment Board, Inc.**

## **Schedule of Findings and Questioned Costs**

Annual Audit June 30, 2013

Identified major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
17.258, 17.259, 17.260 & 17.278	Department of Labor, Workforce Investment Act – Cluster
17.275	Department of Labor, SEOJT/SEITA

### **Section II: Financial Statement Findings**

None

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### **Section III: Federal Award Findings and Questioned Costs**

**Findings:** None

**Questioned Costs:** None

