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August 29, 2016

Board of Directors
River Valley Resources, Inc.
100 E. Second Street
Madison, IN 47250

We have reviewed the audit report prepared by Mountjoy Chilton Medley LLP, for the period July 1, 2014 to June 30, 2015. 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 River Valley Resources, Inc., as of June 30, 2015, 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

River Valley Resources, Inc.

Financial Statements

**Year Ended
June 30, 2015**

River Valley Resources, Inc.

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June 30, 2015

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Independent Auditor's Report

Board of Directors
River Valley Resources, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of River Valley Resources, Inc. ("RVR") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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.

Kentucky
Indiana
Ohio

Mountjoy Chilton Medley LLP

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Independent Auditor's Report (Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of RVR as of January 29, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

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, 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. The schedule of functional expenses is also 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 January 29, 2016, on our consideration of RVR'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 RVR's internal control over financial reporting and compliance.



Jeffersonville, Indiana
January 29, 2016

River Valley Resources, Inc.
Statement of Financial Position
June 30, 2015

Assets

Current Assets	
Cash	\$ 480,377
Certificate of deposit	16,819
Pledges receivable, current portion, net	18,501
Grants receivable	316,118
Other receivables	<u>73,209</u>
Total Current Assets	<u>905,024</u>
Property, Plant and Equipment	
Land	23,051
Building	1,320,121
Capital lease equipment	<u>25,473</u>
Total Property, Plant and Equipment	1,368,645
Less accumulated depreciation	<u>(56,026)</u>
Property, Plant and Equipment, Net	<u>1,312,619</u>
Pledges receivable, non-current, net	<u>13,335</u>
Total Assets	<u>\$ 2,230,978</u>

Liabilities and Net Assets

Current Liabilities	
Line-of-credit	\$ 391,940
Current portion of long-term capital lease obligation	5,306
Accounts payable	44,134
Accrued payroll and related expenses	<u>187,022</u>
Total Current Liabilities	<u>628,402</u>
Long-term capital lease obligation, less current portion	<u>5,536</u>
Total Liabilities	<u>633,938</u>
Net Assets	
Unrestricted	1,547,403
Temporarily restricted	<u>49,637</u>
Total Net Assets	<u>1,597,040</u>
Total Liabilities and Net Assets	<u>\$ 2,230,978</u>

See accompanying notes.

River Valley Resources, Inc.
Statement of Activities
Year Ended June 30, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue			
Grants:			
Federal	\$ 1,863,854	\$ -	\$ 1,863,854
Other	1,127,399	107,102	1,234,501
Other revenue	125,837	-	125,837
Interest	360	-	360
Net assets released from restrictions through satisfaction of program restrictions	100,490	(100,490)	-
Total Revenue	<u>3,217,940</u>	<u>6,612</u>	<u>3,224,552</u>
Expenses			
Program services:			
Workforce development	970,697	-	970,697
Youth employment	1,128,156	-	1,128,156
Adult Education	315,390	-	315,390
Clearinghouse venture	112,114	-	112,114
Child care	251,501	-	251,501
Disability services	143,722	-	143,722
Volunteer services	29,583	-	29,583
Literacy Services	11,221	-	11,221
Total Program Activities	2,962,384	-	2,962,384
Supportive Services:			
Management and general	178,550	-	178,550
Total Expenses	<u>3,140,934</u>	<u>-</u>	<u>3,140,934</u>
Changes in Net Assets	77,006	6,612	83,618
Net Assets, Beginning of Year	<u>1,470,397</u>	<u>43,025</u>	<u>1,513,422</u>
Net Assets, End of Year	<u>\$ 1,547,403</u>	<u>\$ 49,637</u>	<u>\$ 1,597,040</u>

See accompanying notes.

River Valley Resources, Inc.
Statement of Cash Flows
Year Ended June 30, 2015

Operating Activities	
Changes in Net Assets	\$ 83,618
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
Depreciation	40,017
(Increase) decrease in:	
Pledges receivable, net	125,650
Grants receivable	(61,582)
Other receivables	(671)
Increase (decrease) in:	
Accounts payable	(70,071)
Accrued payroll and related expenses	<u>37,880</u>
Net Cash Provided by Operating Activities	<u>154,841</u>
Investing Activities	
Increase in certificates of deposit	<u>(20)</u>
Net Cash Used by Investing Activities	<u>(20)</u>
Financing Activities	
Proceeds from line-of-credit	3,235
Payments made on capital lease obligations	<u>(5,086)</u>
Net Cash Used by Financing Activities	(1,851)
Net Increase in Cash	152,970
Cash	
Beginning of Year	<u>327,407</u>
End of Year	<u>\$ 480,377</u>

See accompanying notes.

River Valley Resources, Inc.
Notes to Financial Statements
June 30, 2015

Note A - Nature of Organization and Operations

River Valley Resources, Inc. ("RVR") was organized as a nonprofit corporation in 1990. RVR was formed to prepare youth and unskilled adults for entry into the workforce and to provide economically disadvantaged individuals and others facing barriers to employment with job training in Bartholomew, Dearborn, Decatur, Franklin, Harrison, Jackson, Jefferson, Jennings, Marion, Ohio, Ripley, Switzerland and Washington counties in Indiana. RVR is primarily supported through federal, state and local grants.

Note B - Summary of Significant Accounting Policies

1. Basis of Accounting: The financial statements are prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The Accounting Standards Codification ("ASC") as provided by the Financial Accounting Standards Board ("FASB") is the sole source of authoritative GAAP.
2. Classification of Net Assets: Net assets and revenue, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of RVR and changes therein are classified and reported as follows:
 - *Unrestricted net assets* are not subject to donor-imposed stipulations or are subject to donor-imposed stipulations that are met in the same year the contribution is received.
 - *Temporarily restricted net assets* are subject to donor-imposed stipulations that may or may not be met, either by actions of RVR and/or the passage of time. When a restriction expires, temporarily restricted net assets are transferred to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.
 - *Permanently restricted net assets* are subject to donor-imposed stipulations that they be maintained permanently by RVR. Generally, the donors of these assets permit RVR to use all or part of the income earned on any related investments for general or specific purposes. Currently, RVR does not have any permanently restricted net assets.
3. Use of Estimates: The preparation of financial statements in conformity with GAAP in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities (and disclosure of contingent assets and liabilities, if any) 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.
4. Revenue Recognition: Contributions are recognized when the donor makes a promise to give to RVR, 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. When a restriction expires, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as released from 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.

River Valley Resources, Inc.
Notes to Financial Statements (Continued)
June 30, 2015

Note B - Summary of Significant Accounting Policies (Continued)

4. Revenue Recognition (Continued):

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 contributions or exchange transactions based on criteria contained in the grant award. Grants that qualify as contributions are recorded as invoiced to the funding sources. Revenue is recognized in the accounting period when the related allowable expenses are incurred. Exchange transactions are reimbursed based on a predetermined rate for services performed. The revenue is recognized in the period the service is performed.

5. Income Taxes: RVR is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code.

RVR evaluates all local, state, and federal income tax returns for potential uncertain tax positions taken. Management has concluded there are no tax positions attributed to the reporting entity which meet the more-likely-than-not criterion in the ASC. Accordingly, the accompanying financial statements do not include a provision for uncertain tax positions, and no related interest or penalties have been recorded in the statements of activities or accrued in the statements of financial position. RVR does not have any ongoing tax examinations and is not aware of any pending examinations by tax authorities. RVR is no longer subject to federal and state examinations by tax authorities for the closed tax years before June 30, 2012.

6. Cash and Cash Equivalents: RVR considers all short-term investments with an original maturity of three months or less to be cash equivalents. RVR had no cash equivalents as of June 30, 2015.

7. Receivables: Grants and other receivables represent reimbursable grants and contracts outstanding at year end. RVR uses the allowance for bad debts method of valuing doubtful receivables which is based on historical experience, coupled with a review of the current status of existing receivables. No allowance was considered necessary as of June 30, 2015. See Note C regarding pledge receivables.

8. Property, plant and equipment: Property, plant and equipment with a cost of \$5,000 or more is capitalized at cost and depreciated over its useful life using the straight-line method. Capital lease equipment is being depreciated over a 5 year period using the straight-line method. Depreciation expense for the year ended June 30, 2015 was \$40,017.

9. 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 benefit of all agency programs, which cannot be readily identified with a final cost objective.

10. Advertising: RVR expenses advertising costs as incurred. The total amount of advertising expense charged to operations was \$678 for the year ended June 30, 2015.

11. Subsequent Events: RVR has evaluated events and transactions for potential recognition or disclosure through the date of the Independent Auditor's Report, the date the accompanying financial statements were available to be issued. (See Note G.)

River Valley Resources, Inc.
Notes to Financial Statements (Continued)
June 30, 2015

Note C - Pledges Receivable

Unconditional promises to give at June 30, 2015 are as follows:

Pledges receivable (Clearinghouse capital campaign):

Receivable in less than one year	\$ 41,265
Receivable in one to three years	<u>16,735</u>
Total Pledges Receivable	58,000
Less discount for present value	(3,400)
Less allowance for uncollectible pledges receivable	<u>(22,764)</u>
Net Pledges Receivable	<u><u>\$ 31,836</u></u>

The following is a schedule of the estimated collection period of pledges receivable:

<u>Year Ending June 30</u>	<u>Amount</u>
2016	\$ 41,265
2017	<u>16,735</u>
Total	<u><u>\$ 58,000</u></u>

Pledges receivable of more than one year are discounted at approximately 4%.

Note D - Grants Receivable

Grants receivable at June 30, 2015, were due from the following funding sources:

Region 9 Regional Workforce Board	\$ 80,983
Family & Social Services Administration	60,793
Department of Education	<u>174,342</u>
Total	<u><u>\$ 316,118</u></u>

River Valley Resources, Inc.
Notes to Financial Statements (Continued)
June 30, 2015

Note E - Operating Leases

RVR leases various facilities and equipment for operation of its programs. RVR leases office space for its Clearinghouse operations on a month-to-month basis. In October 2013, RVR entered into a lease for office space that expires in November 2016. Monthly rent expense for this office space is approximately \$1,877. In June 2013, RVR entered into a lease for office space that originally expired in June 2016. Monthly rent expense for this office space was approximately \$3,300. In September 2015, RVR terminated the operating lease without recourse.

Total rent expense related to the above operating leases for the year ended June 30, 2015, was \$89,566.

Minimum future lease payments under operating leases as of June 30, 2015 are as follows:

2016	\$ 22,523
2017	<u>7,508</u>
Total Minimum Lease Payments	<u>\$ 30,031</u>

Note F - Capital Lease Obligation

In June 2012, RVR entered into a capital lease for equipment that expires in June 2017. The assets and liabilities under capital leases are recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. The asset with a cost of \$25,473 is included in property, plant and equipment and is being amortized over its useful life. Accumulated amortization for capital lease obligations is included in accumulated depreciation on the statement of financial position. Accumulated amortization was \$15,284 at June 30, 2015.

Minimum future lease payments under capital leases as of June 30, 2015 are as follows:

2016	\$ 5,664
2017	<u>5,664</u>
Total Minimum Lease Payments	11,328
Less: amount representing interest	<u>(486)</u>
Present Value of Minimum Lease Payments	10,842
Current portion of long-term capital lease obligations	<u>(5,306)</u>
Long-term Capital Lease Obligation, Less Current Portion	<u>\$ 5,536</u>

Note G - Line-of-Credit

RVR has an available line-of-credit of \$392,000 with River Valley Financial Bank that bears interest at a rate equal to 0%. As of June 30, 2015, the outstanding balance was \$391,940. The line-of-credit is a closed end agreement which expired on September 21, 2015 and is secured by a real estate mortgage. The principle balance was due in full at the date of expiration.

Subsequent to the statement of financial position date, RVR obtained a promissory note with another financial institution to pay off the line-of-credit with River Valley Financial Bank. The new promissory note in the amount of \$383,000 bears interest at the greater of 3.75% or 0.5% plus the then the Prime Rate and is secured by assignments of deposit accounts. The principle balance and any unpaid interest is due in March 2016.

River Valley Resources, Inc.
Notes to Financial Statements (Continued)
June 30, 2015

Note H - Retirement Plan

RVR has a retirement plan that covers all employees who have completed one year of service or 1,000 service hours and are at least 18 years old. RVR contributed 3% of the annual compensation of the participating employees during the year ended June 30, 2015. The contribution for the year ended June 30, 2015 was \$45,007. Employer contributions vest over a three-year period.

Note I - Significant Concentrations and Contingencies

Cash Concentration Risk

RVR's cash and certificates of deposit are maintained with one financial institution which, at times, may exceed the federally insured limit of \$250,000 coverage by the Federal Deposit Insurance Corporation (FDIC). RVR has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and certificates of deposit.

Revenue Concentration Risk

A majority of all programs administered by RVR are funded by federal, state and local governments. A significant reduction in the level of this support could have a material effect on RVR's future operations.

Note J - Temporarily Restricted Net Assets

At June 30, 2015, RVR had temporarily restricted net assets of \$49,637. This restriction primarily includes cash and receivables and are from the following sources:

Indianapolis Crime Prevention	\$	281
GED Program		3,318
Literacy Grant		20,222
Decatur Co.		2,673
ABE Literacy Jefferson Co.		510
Jackson County Hands Up		1,106
Summer Scholarships		9,392
WIA Youth		12,135
		<hr/>
Total	\$	<u>49,637</u>

Supplementary Information

River Valley Resources, Inc.
Schedule of Functional Expenses
Year Ended June 30, 2015

	Program Activities									Totals
	Workforce Development	Youth Employment	Adult Education	Clearinghouse Venture	Child Care	Disability Services	Volunteer Services	Literacy Services	Management and General	
Salaries and Related Expenses										
Salaries and wages	\$ 720,661	\$ 786,706	\$ 229,434	\$ 3,643	\$ 161,611	\$ 104,426	\$ 22,171	\$ 8,407	\$ 79,714	\$ 2,116,773
Payroll taxes	64,509	68,679	22,378	327	15,325	8,752	1,931	706	7,081	189,688
Employee benefits	121,184	108,741	14,139	861	30,748	25,136	4,509	309	6,490	312,117
Total Salaries and Related Expenses	906,354	964,126	265,951	4,831	207,684	138,314	28,611	9,422	93,285	2,618,578
Operating Expenses										
Mileage and travel	16,750	31,257	6,483	176	5,356	2,017	721	606	846	64,212
Membership and registration fees	665	395	55	-	-	-	-	-	1,429	2,544
Staff training	1,517	603	12,332	285	300	90	-	-	435	15,562
Staff expenses	49	209	28	-	29	30	-	-	274	619
Occupancy and leases expenses	-	44,070	4,010	32,573	22,923	-	-	-	23,433	127,009
Repairs and renovations	-	-	-	5,141	-	-	-	-	-	5,141
Liability insurance	-	-	-	2,946	-	-	-	-	10,172	13,118
Communication	3,691	22,527	5,324	16,871	6,259	2,385	238	505	(689)	57,111
Postage	446	253	7	-	4,000	-	6	-	3,063	7,775
Printing and publications	595	118	1,340	336	138	-	-	36	256	2,819
Supplies	18,528	7,953	9,618	3,726	3,191	788	-	152	9,504	53,460
Equipment purchase under \$500	540	-	-	283	120	60	-	-	1,080	2,083
Equipment	6,910	-	6,910	-	-	-	-	-	2,658	16,478
Rental	-	1,888	-	35	1,501	-	-	-	-	3,424
Bank and processing fees	-	-	-	3,235	-	-	-	-	5,519	8,754
Legal fees	-	-	-	500	-	-	-	-	-	500
Audit fees	-	-	-	-	-	-	-	-	18,500	18,500
Professional and service fees	-	795	80	580	-	-	-	-	7,180	8,635
Direct client services	14,652	53,962	3,252	-	-	38	7	500	1,605	74,016
Depreciation	-	-	-	40,017	-	-	-	-	-	40,017
Interest	-	-	-	579	-	-	-	-	-	579
Total Operating Expenses	64,343	164,030	49,439	107,283	43,817	5,408	972	1,799	85,265	522,356
Total Functional Expenses	\$ 970,697	\$ 1,128,156	\$ 315,390	\$ 112,114	\$ 251,501	\$ 143,722	\$ 29,583	\$ 11,221	\$ 178,550	\$ 3,140,934

River Valley Resources, Inc.
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015

Federal CFDA Number	Program Name	Grantor Agency or Passthrough Number	Award Period	Federal Expenditures
Department of Labor				
Workforce Investment Act Cluster:				
17.258	WIA Adult	Region 9	7/1/14 - 6/30/15	<u>\$ 388,436</u>
17.259	WIA Youth	Region 9	7/1/14 - 6/30/15	417,271
17.259	WIA Youth	IPIC/Marion Co.	7/1/14 - 6/30/15	421,345
	Subtotal 17.259			<u>838,616</u>
17.278	WIA Dislocated Worker	Region 9	7/1/14 - 6/30/15	<u>470,014</u>
	Total Workforce Investment Act Cluster			<u>1,697,066</u>
17.207	Employment Service/Wagner-Peyser Funded Activities	Region 9	7/1/14 - 6/30/15	<u>30,000</u>
17.267	WIA-Incentive	Region 9	7/1/14 - 6/30/15	<u>6,475</u>
17.274	YouthBuild	IPIC/Marion Co.	7/1/14 - 6/30/15	<u>59,759</u>
	Total from Department of Labor			<u>1,793,300</u>
Department of Education				
84.002A	Adult Basic Education Grant	Indiana DWD	7/1/14 - 6/30/15	<u>70,554</u>
	Total Department of Education			<u>70,554</u>
	Total Expenditures of Federal Awards			<u><u>\$ 1,863,854</u></u>

River Valley Resources, Inc.
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards ("Schedule") includes the grant activity of River Valley Resources, Inc. ("RVR") under programs of the federal government for the year ended June 30, 2015 and is presented on the accrual basis of accounting. The information in this Schedule is presented in accordance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of RVR, it is not intended to and does not present the financial position, changes in net position, or cash flows of RVR.



**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***

Board of Directors
River Valley Resources, Inc.

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 River Valley Resources, Inc. ("RVR") (a nonprofit organization) which comprise the statement of financial position as of June 30, 2015 and the related statements of activities and cash flows for the year ended June 30, 2015, and the related notes to the financial statements, and have issued our report thereon dated January 29, 2016.

Internal Control over Financial Reporting

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

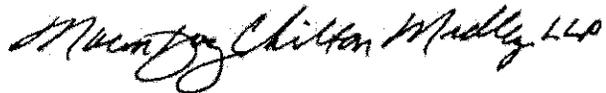
**Independent Auditor's Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed In Accordance with *Government Auditing Standards* (Continued)**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether RVR'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 RVR's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering RVR's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Jeffersonville, Indiana
January 29, 2016



**Independent Auditor's Report on Compliance for Each Major Program and
Report on Internal Control over Compliance Required by OMB Circular A-133**

Board of Directors
River Valley Resources, Inc.

Report on Compliance for Each Major Federal Program

We have audited River Valley Resources, Inc.'s (RVR) 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 RVR's major federal programs for the year ended June 30, 2015. RVR'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 RVR'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 RVR'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 RVR's compliance.

Opinion on Each Major Federal Program

In our opinion, RVR 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, 2015.

**Independent Auditor's Report on Compliance for Each Major Program and
Report on Internal Control over Compliance Required by OMB Circular A-133 (Continued)**

Report on Internal Control over Compliance

Management of RVR 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 RVR'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 RVR'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.



Jeffersonville, Indiana
January 29, 2016

River Valley Resources, Inc.
Schedule of Findings and Questioned Costs
Year Ended June 30, 2015

Type of auditor's report issued: Unmodified

Internal control over financial reporting:
 Material weakness(es) identified? yes X no
 Significant deficiency(ies) identified not considered to be
 material weaknesses? yes X none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:
 Material weakness(es) identified? yes X no
 Significant deficiency(ies) identified not considered to be
 material weaknesses? yes X none reported

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

Any audit findings disclosed that are required to be reported
 in accordance with Section 510(a) of Circular A-133? yes X no

Identification of major programs:

CFDA Number Name of Federal Program or Cluster

WIA Cluster:		
17.258	Workforce Investment Act Adult Program	\$388,436
17.259	Workforce Investment Act Youth Activities	\$838,616
17.278	Workforce Investment Act Dislocated Workers	\$470,014

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

Auditee qualified as a low-risk auditee? X yes no

Section II - Financial Statement Findings

None

Section III - Major Federal Award Programs Audit Findings

None