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May 8, 2008

Board of Directors
Northern Indiana Workforce Board, Inc.
401 Colfax Ave., Suite 307
South Bend, IN 46617

We have reviewed the audit report prepared by Jurgonski & Fredlake, CPAs, Independent Public Accountants, for the period July 1, 2006 to June 30, 2007. 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 the Northern Indiana Workforce Board, Inc., as of June 30, 2007, 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.

STATE BOARD OF ACCOUNTS

NORTHERN INDIANA WORKFORCE BOARD, INC.

FINANCIAL AND COMPLIANCE REPORT

JUNE 30, 2007

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Greg Jurgonski
John A. Fredlake

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Northern Indiana Workforce Board, Inc.
South Bend, Indiana

We have audited the accompanying statement of financial position of Northern Indiana Workforce Board, Inc. (a not for profit organization) (the Organization) as of June 30, 2007, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Northern Indiana Workforce Board, Inc. as of June 30, 2007, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 2, 2007 on our consideration of Northern Indiana Workforce Board, Inc.'s internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Northern Indiana Workforce Board, Inc. taken as a whole. 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*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Jurgonski & Fredlake CPAs

South Bend, Indiana
November 2, 2007

NORTHERN INDIANA WORKFORCE BOARD, INC.

STATEMENT OF FINANCIAL POSITION

June 30, 2007

ASSETS

CURRENT ASSETS

Cash	\$	5,830
Grants receivable		<u>707,437</u>

Total current assets		<u>713,267</u>
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Total assets	\$	<u><u>713,267</u></u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$	<u>713,267</u>
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Total current liabilities		<u>713,267</u>
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NET ASSETS - Unrestricted		<u>-</u>
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Total liabilities and net assets	\$	<u><u>713,267</u></u>
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NORTHERN INDIANA WORKFORCE BOARD, INC.

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2007

REVENUE	
Grant revenue	\$ 4,149,313
Total revenue	<u>4,149,313</u>
EXPENSES	
Program expenses	3,984,874
Management and general	<u>164,439</u>
Total expenses	<u>4,149,313</u>
Change in net assets	-
Net assets, at beginning of year	<u>-</u>
Net assets, at end of year	<u><u>\$ -</u></u>

NORTHERN INDIANA WORKFORCE BOARD. INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2007

	<u>Program</u>	<u>Management and General</u>	<u>Total</u>
Travel	\$ -	\$ 4,804	\$ 4,804
Meeting expense	-	876	876
Office supplies	-	2,988	2,988
Professional fees	-	155,771	155,771
Subcontract expenses	<u>3,984,874</u>	<u>-</u>	<u>3,984,874</u>
Total functional expenses	<u>\$ 3,984,874</u>	<u>\$ 164,439</u>	<u>\$ 4,149,313</u>

NORTHERN INDIANA WORKFORCE BOARD, INC.

STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2007

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ -
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
CHANGES IN ASSETS (INCREASE):	
Grants receivable	(707,437)
CHANGES IN LIABILITIES INCREASE:	
Accounts payable	<u>713,267</u>
Net cash provided by operating activities	<u>5,830</u>
Net increase in cash	5,830
Cash, beginning of year	<u>-</u>
Cash, end of year	<u><u>\$ 5,830</u></u>

NORTHERN INDIANA WORKFORCE BOARD, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activities and Significant Accounting Policies

Nature of Activities – During the year ended June 30, 2006, the Indiana Department of Workforce Development announced a major restructuring of the workforce development in the State of Indiana. Effective July 1, 2006, the fifteen workforce investment boards were merged into a state workforce investment board and the Marion County Workforce Investment Board. The restructuring resulted in the establishment of regional workforce boards. Each regional board has selected a regional operator to manage the affairs of the boards and to oversee the operations of the regional WorkOne centers.

Effective July 1, 2006, Northern Indiana established a new regional board, the Northern Indiana Workforce Board, Inc. (the Organization). The previous entity, the Northern Indiana Workforce Investment Board, Inc. merged into the regional operator entity, Workforce Development Group, Inc.

The Organization oversees the federal job training programs in St. Joseph, Fulton, Marshall, Elkhart and Kosciusko Counties under the Workforce Investment Act of 1998 (WIA). The Organization contracts with the Workforce Development Group, Inc. to take responsibility for the regional strategic planning for economic and workforce development, financial management and the oversight of the workforce development system in all five counties.

The Organization receives the majority of its financial support from federal and state government grants.

Significant Accounting Policies

Basis of Accounting – The Organization's operations are accounted for on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation – Financial statement presentation follows the recommendation of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations". Under SFAS No. 117, the Organization is 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.

Income Tax Status - The Organization operates as a not for profit corporation under the Internal Revenue Code Section 501(c)(3) and a similar section of the Indiana tax law, which provides exemption from federal and state income taxes.

Grants Receivable – The Organization receives grants for reimbursement of expenses incurred. A receivable for the reimbursement of allowable program expenditures due from grantors has been recorded at June 30, 2007. No allowance for uncollectible grants has been recorded.

Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NORTHERN INDIANA WORKFORCE BOARD, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activities and Significant Accounting Policies (continued)

Significant Accounting Policies

Contributions - Contributions received are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. 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. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets as net assets released from restrictions.

The Organization uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

Contributed Services - A number of unpaid volunteers have made significant contributions of their time to the Organization. During the year ended June 30, 2007 the value of contributed time is not reflected in the accompanying financial statements since the volunteers' time does not meet the requirements for recognition under Statement of Financial Accounting Standards (SFAS) No. 116 "Accounting for Contributions Received and Contributions Made".

Functional Allocation of Expenses - The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting management and general expense.

Note 2. Support from Governmental Units / Concentration of Credit Risk

The Organization places its cash with a high quality financial institution. The Organization does not limit the amount of credit exposure and often has cash balances in excess of the federal depository insurance limits, or \$100,000.

The Organization receives a substantial amount of its support from federal and state governments. A significant reduction of the level of support, if this were to occur, may have a significant effect on the Organization's programs and activities.

NORTHERN INDIANA WORKFORCE BOARD, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2007

<u>Federal Grantor / Pass-Through Grantor / Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass- through Number</u>	<u>Disbursements/ Expenditures</u>
U.S. Department of Labor			
<u>Passed-through Indiana Department of Workforce Development</u>			
Workforce Investment Act Cluster			
Adult	17.258	RWB-6-02	\$ 913,257
Adult	17.258	RWB-6-02	<u>103,401</u>
			<u>1,016,658</u>
Youth	17.259	RWB-6-02	744,194
Youth	17.259	RWB-6-02	<u>183,641</u>
			<u>927,835</u>
Dislocated Worker	17.260	RWB-6-02	911,191
Dislocated Worker	17.260	RWB-6-02	50,088
Rapid Response	17.260	RRS-6-02	121,945
Rapid Response	17.260	RWB-6-02	113,682
Rapid Response	17.260	RWB-6-02	<u>179,110</u>
			<u>1,376,016</u>
Administration	17.258	RWB-6-02	211,882
Administration	17.258	RWB-6-02	<u>26,635</u>
			<u>238,517</u>
Subtotal for cluster			<u>3,559,026</u>
Navigator	17.266	NAV-6-02	<u>34,800</u>
Integrated Services-WP	17.207	IS-6-02	30,916
Integrated Services-DVOP	17.207	IS-6-02	408
Integrated Services-LVER	17.207	IS-6-02	408
Integrated Services-UI	17.207	IS-6-02	<u>39,038</u>
			<u>70,770</u>
Subtotal Integrated Services			<u>70,770</u>
Total Federal Awards			<u>\$ 3,664,596</u>

NORTHERN INDIANA WORKFORCE BOARD, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)
For the Year Ended June 30, 2007

The Northern Indiana Workforce Board, Inc. provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amount Provided</u>
Workforce Investment Act:		
Adult	17.258	\$ 1,016,658
Youth	17.259	927,835
Dislocated Worker	17.260	1,368,139
Administration	17.258	96,178
Integrated Services	17.207	70,770
Navigator	17.266	<u>33,420</u>
		<u>\$ 3,513,000</u>

The above schedule of expenditures of federal awards includes the federal grant activity of the Organization and is presented on the accrual basis of accounting. 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*.

Jurgonski & Fredlake CPAs

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Greg Jurgonski
John A. Fredlake

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
Northern Indiana Workforce Board, Inc.
South Bend, Indiana

We have audited the financial statements of Northern Indiana Workforce Board, Inc. as of and for the year ended June 30, 2007, and have issued our report thereon, dated November 2, 2007. 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.


Internal Control Over Financial Reporting

In planning and performing our audit, we considered Northern Indiana Workforce Board, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Northern Indiana Workforce Board, Inc.'s financial statements are free of 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 that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Directors, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



South Bend, Indiana
November 2, 2007

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133**

To the Board of Directors
Northern Indiana Workforce Board, Inc.
South Bend, Indiana

Compliance

We have audited the compliance of Northern Indiana Workforce Board, Inc. with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2007. Northern Indiana Workforce Board, Inc.'s major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Northern Indiana Workforce Board, Inc.'s management. Our responsibility is to express an opinion on the Northern Indiana Workforce Board, Inc.'s compliance based on our audit.

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 Northern Indiana Workforce 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. Our audit does not provide a legal determination on the Northern Indiana Workforce Board, Inc.'s compliance with those requirements.

In our opinion, the Northern Indiana Workforce Board, Inc. complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2007.

Internal Control Over Compliance

The management of Northern Indiana Workforce Board, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Northern Indiana Workforce Board, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Directors, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Jurgonshi + Fredlake CPAs

South Bend, Indiana
November 2, 2007

NORTHERN INDIANA WORKFORCE BOARD, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2007

1. SUMMARY OF AUDITORS' RESULTS:

- a. The auditors' report expresses an unqualified opinion on the financial statements of the Northern Indiana Workforce Board, Inc. for the year ended June 30, 2007.
- b. No reportable conditions relative to the audit of the financial statements are reported in this schedule.
- c. No instances of noncompliance material to the financial statements of the Northern Indiana Workforce Board, Inc. were disclosed during the audit.
- d. No reportable conditions relating to the audit of the major federal award program is reported in this schedule.
- e. The auditors' report on compliance for the major federal award program for the Northern Indiana Workforce Board, Inc. expresses an unqualified opinion on the major federal program.
- f. The program tested as a major program: Workforce Development Investment Act CFDA #17.258, 17.259 and 17.260.
- g. The threshold for distinguishing Types A and B programs was \$300,000.
- h. Northern Indiana Workforce Board, Inc. not was determined to be a low-risk auditee.
- i. There was no audit finding required to be disclosed under OMB Circular A-133 Section 510(a).

2. Findings related to the financial statements which are required to be reported in accordance with GAGAS:

None

3. Findings and questioned costs for federal awards including audit findings as defined in OMB Circular A-133 Section 510(a):

None

NORTHERN INDIANA WORKFORCE BOARD, INC.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2007

Northern Indiana Workforce Board, Inc. did not have any prior year audit findings as this was their initial audit.