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AN EQUAL OPPORTUNITY EMPLOYER

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July 1, 2009

Board of Directors
Tecumseh Area Partnership, Inc.
976 Mezzanine Dr., Ste. C
Lafayette, IN 47905

We have reviewed the audit report prepared by Dunton & Co., PC, Independent Public Accountants, for the period July 1, 2007 to June 30, 2008. 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 Tecumseh Area Partnership, Inc., as of June 30, 2008, 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

Tecumseh Area Partnership, Inc.

Lafayette, Indiana

Financial Statements and Additional Information

June 30, 2008 and 2007



Dunton & Co., P.C.
CERTIFIED PUBLIC ACCOUNTANTS

Indianapolis, Indiana

Tecumseh Area Partnership, Inc.

Financial Statements and Additional Information

June 30, 2008 and 2007

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Indianapolis, Indiana

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Tecumseh Area Partnership, Inc.
Lafayette, Indiana

We have audited the accompanying statements of financial position of Tecumseh Area Partnership, Inc. (a nonprofit organization) as of June 30, 2008 and 2007, and the related statements of activities and cash flows for the years 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 audits.

We conducted our audits 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide 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 Tecumseh Area Partnership, Inc. as of June 30, 2008 and 2007, and the changes in its net assets and its cash flows for the years 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 our report dated October 23, 2008, on our consideration of Tecumseh Area Partnership, 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 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 audits were conducted for the purpose of forming an opinion on the basic financial statements of Tecumseh Area Partnership, Inc. taken as a whole. The accompanying schedule of expenditures of federal awards and other financial assistances for the year ended June 30, 2008 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.

Dunton & Co., P.C.

October 23, 2008

Tecumseh Area Partnership, Inc.

Statements of Financial Position June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
<i>Assets</i>		
Current assets:		
Cash	\$ 114,439	\$ 149,539
Accounts receivable	397,923	582,118
Prepaid expense	8,728	2,176
Total current assets	521,090	733,833
Equipment, net of accumulated depreciation of \$8,624 (08) & \$5,341 (07)	27,213	16,671
Security deposits	4,393	4,393
TOTAL ASSETS	\$ 552,696	\$ 754,897
<i>Liabilities and Net Assets</i>		
Current liabilities:		
Accounts payable	\$ 381,301	\$ 643,354
Accrued payroll and related liabilities	75,832	59,186
Literacy League Funds	0	169
Total current liabilities	457,133	702,709
Unrestricted net assets	95,563	52,188
TOTAL LIABILITIES AND NET ASSETS	\$ 552,696	\$ 754,897

Tecumseh Area Partnership, Inc.

Statements of Activities Years Ended June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Revenue:		
Contract revenue	\$ 5,161,055	\$ 3,660,610
Agency activities	108,039	50,062
Total revenue	5,269,094	3,710,672
Expenses:		
Program activities:		
Workforce Development	4,842,769	3,456,438
Other activities	64,664	41,749
Total program activities	4,907,433	3,498,187
Management and general	318,286	204,172
Total expenses	5,225,719	3,702,359
Change in unrestricted net assets	43,375	8,313
Unrestricted net assets - beginning of the year	52,188	43,875
Unrestricted net assets - end of the year	\$ 95,563	\$ 52,188

Tecumseh Area Partnership, Inc.

Statements of Cash Flows Years Ended June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Cash flows from operating activities:		
Change in unrestricted net assets	\$ 43,375	\$ 8,313
Adjustments to reconcile change in unrestricted net assets to net cash used in operating activities:		
Depreciation	9,355	5,314
Loss on Disposition of Equipment	4,026	0
Changes in operating assets and liabilities:		
Accounts receivable	184,195	(489,875)
Prepaid expense	(6,552)	656
Security deposits	0	(4,393)
Accounts payable	(262,053)	607,965
Accrued payroll and related expenses	16,646	46,956
Subcontractor payable	0	(16,839)
Grant funds received in advance	(169)	(241,996)
Net cash used in operating activities	(11,177)	(83,899)
Cash flows from investing activities:		
Purchases of equipment	(23,923)	(9,559)
Net cash used by investing activities	(23,923)	(9,559)
Net change in cash	(35,100)	(93,458)
Cash - Beginning of the year	149,539	242,997
Cash - End of the year	\$ 114,439	\$ 149,539

See accompanying notes to financial statements.

Tecumseh Area Partnership, Inc.

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies

Nature of Operations

Tecumseh Area Partnership, Inc (TAP) was organized as a not-for-profit corporation in 1983. The corporation was formed to receive and administer funds for educational, charitable, job training and workforce development purposes. Currently TAP is under contract with the Region 4 Workforce Board, Inc. (RWB) to provide Regional Operator and Fiscal Agent services. The RWB oversees Workforce Development Services provided in twelve (12) counties in West Central Indiana. Approximately 95% of the total revenue is federal pass-through funding received on behalf of the Region 4 Workforce Board, Inc., from the State of Indiana, Department of Workforce Development, and Purdue University.

Basis of Accounting

All financial statements of TAP have been prepared on the accrual basis of accounting 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 Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, TAP 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. For the years ended, June 30, 2008 and 2007, TAP only has unrestricted net assets.

Accounts Receivable

Accounts receivable are stated at their unpaid balances less an allowance for doubtful accounts. 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, 2008 and 2007.

Property and Equipment

Equipment purchased with unrestricted funds with a cost of \$500 or more is capitalized at cost and depreciated over its useful life using the straight-line method.

Property and equipment purchased with grant funds is overseen by TAP as the Fiscal Agent for the Region 4 Workforce Board, Inc and the State of Indiana while used in the programs overseen by TAP. The value of this property is not presented in TAP's financial statements since this property is owned by the State of Indiana or the Federal government.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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.

Tecumseh Area Partnership, Inc.

Notes to Financial Statements

Revenue Recognition

Contributions are recognized when the donor makes a promise to give to TAP an unconditional contribution. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted, 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.

Contracts are either recorded as Contract revenue or exchange transactions based on criteria contained in the contract documents.

A. Contract Awards that are reflected as Contract Revenue

Contract 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 Contract funds received in advance.

B. Contract Awards that are Exchange Transactions

Exchange transactions reimburse based on a predetermined rate for services performed. The revenue is recognized in the period the service was performed.

Income Taxes

Tecumseh Area Partnership, Inc. 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.

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.

Concentration of Credit Risk

Tecumseh Area Partnership, Inc. maintains cash balances at one commercial bank. The account balances in the bank exceeded the federally insured limit of \$100,000 at June 30, 2008 and 2007 by \$14,439 and \$49,538, respectively. TAP has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Concentration of Risk

In accordance with Indiana Department of Workforce Development, Inc. policy every Regional Workforce Board must procure the services of their Regional Operator/Fiscal Agent at a maximum every three years. Currently 83% of TAP's revenue and expense is generated from this contract. The employment and training services under this contract is primarily provided by two subcontractors.

Tecumseh Area Partnership, Inc.

Notes to Financial Statements

NOTE 2 Accounts Receivable

Accounts receivable consists of the following for June 30, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Region 4 Workforce Board/Indiana Dept of Workforce Development	\$ 274,934	\$ 403,011
Purdue University (WIRED)	56,622	144,286
C.A.P. of Western Indiana	0	18,492
Other	<u>66,167</u>	<u>16,329</u>
Total	<u>\$ 397,923</u>	<u>\$ 582,118</u>

Note 3 Operating Leases

TAP leases space for the operation of their programs under operating leases. The current leases expire on December 31, 2011, have an option to extend, and have a funding out clause. Lease expense for the years ended June 30, 2008 and 2007 were \$75,830 and \$49,128, respectively. Future minimum lease payments under the operating leases beyond June 30, 2008 are as follows:

June 30, 2009	\$51,589
June 30, 2010	\$53,832
June 30, 2011	\$53,832
June 30, 2012	\$26,916

Note 4 Employee Retirement Plan

TAP has a simple IRA plan open to all regular, full-time employees. Employees who have earned over \$5,000 can enter the plan in July or January each year. TAP contributes 3% of the employee's base salary. The employee can contribute up to the IRS designated limit plus catch up each year. TAP contributions for the years ended June 30, 2008 and 2007 were \$18,465 and \$10,497, respectively.

Tecumseh Area Partnership, Inc. & The Region 4 Workforce Board, Inc.

Schedule A-1

Schedule of Expenditures of Federal Awards and Other Financial Assistance

Year Ended June 30, 2008

CFDA Number	Grant Number	Program Name	Grantor Agency	Program Period	Expenses
ASSISTANCE PROGRAMS AS IDENTIFIED IN THE CATALOG OF FEDERAL DOMESTIC ASSISTANCE					
Department of Labor					
17.207	IS 6-04	Integrated Services - WP	IDWD/RWB Region 4	7/1/06 - 6/30/08	\$ 19,860
17.207	RWB 6-04	Incentive Award	IDWD/RWB Region 4	7/1/06 - 6/30/08	72,411
	Subtotal 17.207				92,271
17.258	RWB 6-04/RWB7-04	Administration	IDWD/RWB Region 4	7/1/06 - 6/30/08	318,286
17.258	RWB 6-04/RWB7-04	WIA Adult	IDWD/RWB Region 4	7/1/06 - 6/30/08	1,727,665
	Subtotal 17.258				2,045,951
17.259	RWB 6-04/RWB7-04	WIA Youth	IDWD/RWB Region 4	7/1/06 - 6/30/08	1,480,680
	Subtotal 17.259				1,480,680
17.260	RWB 6-04/RWB7-04	WIA Dislocated Worker	IDWD/RWB Region 4	7/1/06 - 6/30/08	505,728
17.260	RWB 6-04/RWB7-04	WIA Dis Worker/Rapid Response	IDWD/RWB Region 4	7/1/06 - 6/30/08	227,430
17.260	RRS 6-04	WIA Dislocated Worker/Tier 1	IDWD/RWB Region 4	7/1/06 - 12/31/07	74,249
	Subtotal 17.260				807,407
	Subtotal 17.258, 17.259, and 17.260 Cluster				4,334,038
17.268	653-4655-01	WIREd	Purdue University	7/1/07 - 6/30/08	526,901
	Subtotal 17.268				526,901
	Total Federal Programs				4,953,210

See Independent Auditor's Report

Tecumseh Area Partnership, Inc. & The Region 4 Workforce Board, Inc.

Schedule A-2 Schedule of Expenditures of Federal Awards and Other Financial Assistance Year Ended June 30, 2008

CFDA Number	Grant Number	Program Name	Grantor Agency	Program Period	Expenses
OTHER ACTIVITY					
N/A	N/A	TAP Unrestricted	N/A	7/1/07 - 6/30/08	(6,290)
N/A	N/A	Strategic Skills Initiative	IDWD/RWB Region 4	7/1/07 - 6/30/08	112,331
N/A	N/A	Disability Navigator	IDWD/RWB Region 4	7/1/07 - 6/30/08	47,466
N/A	N/A	Fee for Service	N/A	7/1/07 - 6/30/08	2,702
N/A	N/A	Work Keys	DWD and Others	7/1/07 - 6/30/08	68,252
N/A	N/A	Business Consultant	IDWD/RWB Region 4	7/1/07 - 6/30/08	48,048
Total Other Activity					<u>272,509</u>
TOTAL					<u>\$ 5,225,719</u>

Note to Schedule of Expenditures of Federal Awards and Other Financial Analysis.

This schedule includes the federal grant activity of Tecumseh Area Partnership, Inc. serving as Regional Operator/Fiscal Agent for the Region 4 Workforce Board, Inc. 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*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See Independent Auditor's Report



REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS

Board of Directors
Tecumseh Area Partnership, Inc.

We have audited the financial statements of Tecumseh Area Partnership, Inc. (a nonprofit organization) as of and for the years ended June 30, 2008 and 2007, and have issued our report thereon dated October 23, 2008. We conducted our audits 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 audits, we considered Tecumseh Area Partnership, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Tecumseh Area Partnership, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Tecumseh Area Partnership, 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 or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Board of Directors, and 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.

Dunton & Co., P.C.
October 23, 2008



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

Board of Directors
Tecumseh Area Partnership, Inc.

Compliance

We have audited the compliance of Tecumseh Area Partnership, Inc. (a nonprofit organization) 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 each of its major federal programs for the year ended June 30, 2008. Tecumseh Area Partnership, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Tecumseh Area Partnership, Inc.'s management. Our responsibility is to express an opinion on Tecumseh Area Partnership, 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 Tecumseh Area Partnership, 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 of Tecumseh Area Partnership, Inc.'s compliance with those requirements.

In our opinion, Tecumseh Area Partnership, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of Tecumseh Area Partnership, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Tecumseh Area Partnership, Inc.'s internal control over compliance with the 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, 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 Tecumseh Area Partnership, Inc.'s internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis.

A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board of Directors, others within the entity, and 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.

Dunton & Co., P.C.

October 23, 2008

Tecumseh Area Partnership, Inc.

Schedule of Findings and Questioned Costs

Section I: Summary of Auditor's Results

Financial Statements

Type of Auditor's Report Issued: Unqualified

Internal control over financial reporting:

Material Weakness identified? No

Significant deficiencies Identified that are not
Considered to be material weaknesses? No

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over financial reporting:

Material weaknesses identified? No

Significant deficiencies identified that are not
considered to be material weaknesses? No

Type of auditor's report issued on compliance for
Major programs: Unqualified

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

Identified of major programs:

CFDA Numbers

Name of Federal Program or Cluster

17.258, 17.259 & 17.260 Department of Labor, Workforce Investment Act – Cluster
17.268 Department of Labor, American Competitiveness and Workforce Improvement
Act, H-1B High Growth Job Training (WIRED)

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

Tecumseh Area Partnership, Inc.

Schedule of Findings and Questioned Costs

Auditee qualified as a low-risk auditee?

Yes

Section II: Financial Statement Findings

None

Section III: Federal Award Findings and Questioned Costs

Findings:

None

Questioned Costs:

None