



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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February 2, 2010

Board of Directors
Grow Southwest Indiana
Workforce Board, Inc.
700 E. Walnut St.
Evansville, IN 47713

We have reviewed the audit report prepared by Comer, Nowling and Associates, 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 Grow Southwest Indiana Workforce Board, 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.

We call your attention to the finding in the report. Page 16 contains the status of one prior audit finding.

STATE BOARD OF ACCOUNTS

**Grow Southwest Indiana
Workforce Board, Inc.**

**Financial Statements
For The Years Ended
June 30, 2008 and 2007
(With Single Audit Section)**



Certified Public Accountants

GROW SOUTHWEST INDIANA WORKFORCE BOARD, INC.

**FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007**

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Grow Southwest Indiana Workforce Board, Inc.
Evansville, Indiana

We have audited the accompanying statements of financial position of Grow Southwest Indiana Workforce Board, Inc. (the "Organization") as of June 30, 2008 and 2007 and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Grow Southwest Indiana Workforce Board, Inc.'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 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 Grow Southwest Indiana Workforce Board, Inc. as of June 30, 2008 and 2007, and the changes in its net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 19, 2009 on our consideration of the Organization'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 the financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the Organization 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 aspects, in relation to the basic financial statements taken as a whole.

Comer, Nowling And Associates, P.C.

Comer, Nowling And Associates, P.C.

January 19, 2009

GROW SOUTHWEST INDIANA WORKFORCE BOARD, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2008 AND 2007

ASSETS		<u>2008</u>	<u>2007</u>
CURRENT ASSETS:			
Cash		\$ 66,323	\$ 23,120
Grants receivable		399,693	790,361
Prepaid assets		41,390	-
Total current assets		<u>507,406</u>	<u>813,481</u>
Total assets		<u>\$ 507,406</u>	<u>\$ 813,481</u>
 LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES:			
Accounts payable		\$ 502,406	\$ 813,481
Total current liabilities		<u>502,406</u>	<u>813,481</u>
NET ASSETS:			
Temporarily restricted		<u>5,000</u>	<u>-</u>
Total liabilities and net assets		<u>\$ 507,406</u>	<u>\$ 813,481</u>

See accompanying notes to financial statements.

GROW SOUTHWEST INDIANA WORKFORCE BOARD, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

	2008		
	Unrestricted	Temporarily Restricted	Total
REVENUE			
Federal Grant revenue	\$ 4,014,101	\$ -	\$ 4,014,101
Other grant revenue	407,793	-	407,793
Donations	-	5,000	5,000
Transition funding	-	-	-
Total revenue	<u>4,421,894</u>	<u>5,000</u>	<u>4,426,894</u>
EXPENSES			
Program activities	4,136,169	-	4,136,169
Management and general	285,725	-	285,725
Total expenses	<u>4,421,894</u>	<u>-</u>	<u>4,421,894</u>
Change in net assets	<u>-</u>	<u>5,000</u>	<u>5,000</u>
NET ASSETS, AT BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>
NET ASSETS, AT END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ 5,000</u></u>	<u><u>\$ 5,000</u></u>

See accompanying notes to financial statements.

2007

<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
\$ 1,480,757	\$ -	\$ 1,480,757
790,361	-	790,361
-	-	-
62,107	-	62,107
<u>2,333,225</u>	<u>-</u>	<u>2,333,225</u>
2,040,978	-	2,040,978
292,247	-	292,247
<u>2,333,225</u>	<u>-</u>	<u>2,333,225</u>
-	-	-
-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

GROW SOUTHWEST INDIANA WORKFORCE BOARD, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Program</u>	<u>Management and General</u>	<u>2008 Totals</u>
OPERATING EXPENSES			
Salaries	\$ 75,525	\$ -	\$ 75,525
Employee benefits	280	-	280
Travel expense	12,810	8,566	21,376
Facility expense	39,361	-	39,361
Communications	20,835	-	20,835
Office supplies	133,584	5,306	138,890
Office equipment	10,825	-	10,825
Professional fees	8,500	182,705	191,205
Sub-contractor expenses	<u>3,834,449</u>	<u>89,148</u>	<u>3,923,597</u>
Total operating expenses	<u>\$ 4,136,169</u>	<u>\$ 285,725</u>	<u>\$ 4,421,894</u>

See accompanying notes to financial statements.

GROW SOUTHWEST INDIANA WORKFORCE BOARD, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Program</u>	<u>Management and General</u>	<u>2007 Totals</u>
OPERATING EXPENSES			
Office supplies	\$ 36,616	\$ 29	\$ 36,645
Professional fees	-	16,038	16,038
Sub-contractor expenses	<u>2,004,362</u>	<u>214,073</u>	<u>2,218,435</u>
Total program expenses by function prior to GAAP adjustment	2,040,978	230,140	2,271,118
Transition expenses	<u>-</u>	<u>62,107</u>	<u>62,107</u>
Total operating expenses after GAAP adjustment	<u><u>\$ 2,040,978</u></u>	<u><u>\$ 292,247</u></u>	<u><u>\$ 2,333,225</u></u>

See accompanying notes to financial statements.

GROW SOUTHWEST INDIANA WORKFORCE BOARD, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 5,000	\$ -
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
(Increase) decrease in cash from changes in:		
Grants receivable	390,668	(790,361)
Prepaid assets	(41,390)	-
Increase (decrease) in cash from changes in:		
Accounts payable	(311,075)	813,481
Net cash provided by operating activities	43,203	23,120
CASH, BEGINNING OF YEAR	23,120	-
CASH, END OF YEAR	\$ 66,323	\$ 23,120

See accompanying notes to financial statements.

GROW SOUTHWEST INDIANA WORKFORCE BOARD, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

The Grow Southwest Indiana Workforce Board, Inc. (the “Organization”) is an Indiana non-profit corporation comprised of representatives from the private sector, labor, education, economic development and community based organizations. The Organization provides policy guidance and oversight to the WorkOne system in Indiana's Region 11 Economic Growth Region. The Region 11 Economic Growth Region includes Vanderburgh, Warrick, Posey, Gibson, Spencer Perry, Pike, Dubois and Knox counties.

The Organization serves as a catalyst to promote collaborative relationships between business, education, labor, and service providers to support workforce development efforts and regional economic growth. The majority of the Organization’s financial support is received from federal and state government grants that originate with the U.S. Department of Labor and Indiana Department of Workforce Development.

The Organization’s financial management functions are contracted with Crowe Chizek and Company, a private CPA firm, which serves as the fiscal agent for all funding sources.

BASIS OF ACCOUNTING

The financial statements of the Organization 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, 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.

For the years ended June 30, 2008 and 2007, the organization did not have any permanently restricted net assets.

EXPENSE ALLOCATION

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

GROW SOUTHWEST INDIANA WORKFORCE BOARD, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

GOVERNMENT GRANTS

Support funded by grants is recognized as the Organization performs the contracted services under grant agreements. Grant revenue is recognized as earned as the eligible expenses are incurred. No allowance for uncollectible grants has been recorded. Grant expenditures are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required. Amounts required prior to expenditures being incurred are reflected as unearned revenue on the statement of financial position.

INCOME TAX STATUS

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

CONTRIBUTIONS

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor 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 and reported in the statements of activities as net assets released from restrictions. If a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as unrestricted. During the years ended June 30, 2008 and 2007, the Organization received contributions in the amounts of \$5,000 and \$0, respectively.

CONTRIBUTED SERVICES

Contributions of services are recognized as revenue at their estimated fair value only when the services received create or enhance non-financial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated.

No amounts have been reflected in the financial statements for donated services. The Organization pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs, solicitations, and various committee assignments. The volunteer's time does not meet the requirements for recognition under Statement of Financial Accounting Standards (SFAS) No. 116 "*Accounting for Contributions Received and Contributions Made*".

GROW SOUTHWEST INDIANA WORKFORCE BOARD, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses.

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.

PROPERTY AND EQUIPMENT

As of June 30, 2008 and 2007, all property and equipment acquired by the Organization was purchased with funds provided by the State of Indiana and therefore owned by the State of Indiana. Expenditures for maintenance and repairs are expensed when incurred.

STATEMENT OF FINANCIAL ACCOUNTING STANDARD NO. 144

SFAS No. 144, “*Accounting for the Impairment or Disposal of Long-Lived Assets*,” requires that long-lived assets and certain identifiable intangibles held and used by an entity be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. SFAS No. 144 has not materially affected the Organization’s net change in unrestricted net assets, statement of financial position or statement of cash flows.

NOTE 2 – GRANTS RECEIVABLE

Grants receivable as of June 30, 2008 and 2007 consisted of the following:

	<u>2008</u>	<u>2007</u>
Indiana Department of Workforce Development	<u>\$ 399,693</u>	<u>\$ 790,361</u>

GROW SOUTHWEST INDIANA WORKFORCE BOARD, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007

NOTE 3 – CONCENTRATION OF CREDIT RISK

The Organization maintains a cash balance at a single bank. The account is insured the Federal Deposit Insurance Corporation up to \$100,000. At times throughout the year, the balance in this account may exceed \$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.

Financial awards from federal, state and local governmental entities in the form of grants are subject to financial and compliance audits by funding agencies. Such audits could result in claims against the Organization for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date.

NOTE 4 – STATE OWNED PROPERTY AND EQUIPMENT

As of June 30, 2008 and 2007, the Organization controlled State owned equipment and furniture costing \$550,000 and \$419,938. These assets were purchased with funds provided by the State of Indiana. Per contract and grant agreements, title to any assets purchased with State funds remains with the State and are reported as assets in the financial statements of the State of Indiana. Therefore, assets purchased with State funds are not reflected in the financial statements of the Organization.

NOTE 5 – OPERATING LEASES

The Organization holds the lease to a facility in Evansville, Indiana under an operating lease arrangement. This is a three year lease which began July 1, 2007, and terminates June 30, 2010. The monthly expense is reimbursed to the Organization by the Regional Operator and a Service Provider who both use the space. The expense for this space is included in the subcontractor expenses line on the Statement of Activities. Rental expense for a month-to-month lease is included in the Statement of Activities for the year ended June 30, 2008 and was approximately \$6,000. There was no month-to-month lease for the year ending June 30, 2007. Future minimum lease payments for the long-term facility lease are as follows for the years ended June 30,:

2009	\$ 148,925
2010	<u>148,925</u>
	<u>\$ 297,850</u>

GROW SOUTHWEST INDIANA WORKFORCE BOARD, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007

NOTE 6 – TRANSITION REVENUE AND EXPENSES

During the year ended June 30, 2007, the Organization received the benefit of transition funds expended by the Indiana Department of Workforce Development on behalf of the Organization to assist with the basic start-up costs. These expenses include legal fees, incorporation fees, rent expenses, training expenses, website development and general office expenses. Per generally accepted accounting principles (GAAP), the economic benefit of these expenses is recognized as revenue in the Organization's statement of activities and as an offsetting expense in the statement of functional expenses. For the year ended June 30, 2007, the total amount of transition funds expended on behalf of the Organization was \$62,107. No transitional funds were expended in the year ended June 30, 2008.

SUPPLEMENTARY INFORMATION

GROW SOUTHWEST INDIANA WORKFORCE BOARD, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2008

FEDERAL GRANTOR AGENCY	Federal	Grant or	Federal
Passthrough Agency	CFDA	Identifying	Expenditures
Program Title	Number	Number	
U.S. DEPARTMENT OF LABOR			
Passed through the Indiana Department of Workforce Development (DWD)			
Workforce Investment Act (WIA) Cluster			
WIA Adult Program (F06)	17.258	RWB-6-11	\$ 109,851
WIA Adult Program (F07)	17.258	RWB-7-11	878,430
Career Advancement Account--Rapid Response	17.258	CAA-6-11	94,172
			<u>1,082,453</u>
WIA Youth Program (F06)	17.259	RWB-6-11	319,128
WIA Youth Program (F07)	17.259	RWB-7-11	677,089
			<u>996,217</u>
WIA Dislocated Worker	17.260	RWB-6-11	81,857
WIA Dislocated Worker	17.260	RWB-7-11	652,357
WIA Incentive (F06)	17.260	RWB-7-11	38,242
Rapid Response (F05)	17.260	RWB-6-11	226,411
BC Rapid Response	17.260	BC-7-11	8,016
			<u>1,006,883</u>
Administration (F06)	17.258-.260	RWB-6-11	103,332
Administration (F07)	17.258-.260	RWB-7-11	207,183
			<u>310,515</u>
WIA SSI	17.258-.260	SSI-6-11	169,072
WIA SSI Admin	17.258-.260	SSI-6-11	11,825
			<u>180,897</u>
Sub-total for WIA Cluster			<u>3,576,965</u>
Integrated Services--Wagner Peyser	17.207	IS-6-11	21,374
Integrated Services--DVOP	17.207	IS-6-11	2,993
Integrated Services--LVER	17.207	IS-6-11	2,993
			<u>27,360</u>
Integrated Services--UI	17.225	IS-6-11	29,795
WIRED	17.261	WIRED-6-11	285,481
Career Advancement Account	17.261	CAA-6-11	94,500
			<u>379,981</u>
Total U.S. Department of Labor			<u>4,014,101</u>
Total Expenditures of Federal Awards			<u>\$ 4,014,101</u>

See accompanying notes to Schedule of Expenditures of Federal Awards

**GROW SOUTHWEST INDIANA WORKFORCE BOARD, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2008**

Note 1 – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Grow Southwest Indiana Workforce Board, Inc. and 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.

Note 2 – Sub-recipients

Grow Southwest Indiana Workforce Board, Inc. provided federal awards to sub-recipients as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided</u>
Workforce Investment Act:		
Adult Program	17.258	\$ 951,150
Youth Program	17.259	955,621
Dislocated Worker Program	17.260	706,442
WIA Administration	17.258-.260	191,010
SSI	17.258-.260	545,972
Rapid Response	17.260	226,066
Business Consultant	17.260	45,294
WIRED	17.261	62,288
Career Advancement	17.258&.261	<u>186,373</u>
Total		<u>\$ 3,870,216</u>

GROW SOUTHWEST INDIANA WORKFORCE BOARD, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2008

FA 2007-01

Condition: Grow Southwest Indiana Workforce Board did not adequately monitor its service provider to determine the accuracy and allowability of their claims.

Recommendation: A fiscal monitoring policy should be implemented that includes periodic desk reviews of claims submitted and on-site fiscal monitoring.

Management Update of Finding Status: The Grow Southwest Indiana Workforce Board contracted in April 2007 with Crowe Horwath formerly Crowe Chizek to serve as Fiscal Agent for Region 11. The Fiscal agent monitors the two Service Providers, the Regional Operator and contracts on behalf of Grow Southwest Indiana Workforce Board.

Monitoring includes the review of the Organization's internal controls, accounting system, cash management system, financial reporting, record keeping, subcontractor monitoring (if applicable), procurement (including financial assistance provided sub contractors), property management and audits. Information is obtained from the examination of support documents, reports and records; direct observation and interviews with key personnel.

We believe this corrective action should resolve this finding.

Auditor Update: The auditor concurs that fiscal monitoring occurred during this fiscal year and included the review of the processes listed above. Ongoing monitoring should occur in each fiscal year. The monitoring process that has been implemented should satisfy this finding.



BUSINESS PLANNING
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**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
Grow Southwest Indiana Workforce Board, Inc.
Evansville, Indiana

We have audited the financial statements of Grow Southwest Indiana Workforce Board, Inc. (a nonprofit organization), as of and for the year ended June 30, 2008, and have issued our report thereon dated January 19, 2009. 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 Grow Southwest Indiana Workforce Board, Inc.'s internal control over financial reporting (internal control) 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 Organization'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 accounting principles generally accepted in the United States of America 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 was for the limited purpose described in the second paragraph 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 that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Grow Southwest 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 grants, 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, others within the organization, 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.

Comer, Nowling And Associates, P.C.

Comer, Nowling And Associates, P.C.

January 19, 2009



BUSINESS PLANNING
FINANCIAL STATEMENTS
BUSINESS VALUATIONS
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TAX PREPARATION

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

To the Board of Directors
Grow Southwest Indiana Workforce Board, Inc.
Evansville, Indiana

Compliance

We have audited the compliance of Grow Southwest Indiana Workforce Board, 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 its major federal programs for the year ended June 30, 2008. Grow Southwest Indiana Workforce 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of Grow Southwest Indiana Workforce Board, Inc.'s management. Our responsibility is to express an opinion on Grow Southwest 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 Grow Southwest 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 of Grow Southwest Indiana Workforce Board, Inc.'s compliance with those requirements.

In our opinion, Grow Southwest Indiana Workforce Board, Inc., complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of Grow Southwest 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 Grow Southwest Indiana Workforce Board, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program as a basis 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 the Organization's internal control over compliance.

Accordingly, we do not express an opinion on the effectiveness of the Organization'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 Grow Southwest Indiana Workforce Board, Inc.'s ability to administer a major federal program such that there is more than a remote likelihood that the Organization's noncompliance with a type of compliance requirement of a federal program 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 material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the Organization's internal control.

Our consideration of internal control 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 the board of directors, management, others within the organization, 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.

Comer, Nowling And Associates, P.C.

Comer, Nowling And Associates, P.C.

January 19, 2009

GROW SOUTHWEST INDIANA WORKFORCE BOARD, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2008

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? Yes ___ No x
- Significant deficiencies identified? Yes ___ No x

Noncompliance material to financial statements noted? Yes ___ No x

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes ___ No x
- Significant deficiencies identified? Yes ___ No x

Type of auditor’s report issued: Unqualified

Any audit findings disclosed required to be reported in
 Accordance with Section 510(a) of Circular A-133 Yes ___ No x

Program tested as major program:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
17.258*	U.S. Dept. of Labor - WIA Adult Program
17.259*	U.S. Dept. of Labor - WIA Youth Activities
17.260*	U.S. Dept. of Labor - WIA Dislocated Workers
17.261	U.S. Dept of Labor – Career Advancement Account And WIRED

* Denotes a program cluster. A cluster of programs is treated as a single program for the purpose of meeting the audit requirements of OMB Circular A-133.

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

Auditee qualified as low-risk auditee? Yes ___ No x

GROW SOUTHWEST INDIANA WORKFORCE BOARD, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2008

Section II – Financial Statement Findings

There were no financial statement findings for the current year.

Section III – Federal Award Findings and Questioned Costs

There were no federal award findings for the current year.