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March 30, 2017

Board of Directors  
Grow Southwest Indiana Workforce Board, Inc.  
318 Main Street  
Evansville, IN 47708

We have reviewed the audit report prepared by Comer, Nowling and Associates, PC, for the period July 1, 2015 to June 30, 2016. 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 Grow Southwest Indiana Workforce Board, Inc., as of June 30, 2016, 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

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



**Financial Statements  
For the Years Ended  
June 30, 2016 and 2015  
(With Single Audit Section)**

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*Certified Public Accountants*

**GROW SOUTHWEST INDIANA WORKFORCE BOARD, INC.  
FINANCIAL STATEMENTS**

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## INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the accompanying financial statements of Grow Southwest Indiana Workforce Board, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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

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

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Grow Southwest Indiana Workforce Board, Inc. as of June 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

Our audits were conducted for the purpose of forming an opinion on the financial statements of Grow Southwest Indiana Workforce Board, Inc. as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 on January 6, 2017 our consideration of Grow Southwest 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 read in conjunction with this report in considering the results of our audit.

***Comer, Nowling And Associates, P.C.***

Comer, Nowling And Associates, P.C.

Indianapolis, Indiana

January 6, 2017

**GROW SOUTHWEST INDIANA WORKFORCE BOARD, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2016 AND 2015**

**ASSETS**

	<b>2016</b>	<b>2015</b>
<b>CURRENT ASSETS:</b>		
Cash	\$ 156,096	\$ 84,293
Grants receivable	389,948	272,271
Receivables - other	5,000	41,924
Prepaid expenses	42,765	45,766
Total current assets	593,809	444,254
Total assets	\$ 593,809	\$ 444,254

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 384,306	\$ 347,428
Deferred revenue	84,215	2,719
Accrued payroll and taxes	20,025	19,932
Other accrued expenses	72,208	18,154
Total current liabilities	560,754	388,233
 <b>NET ASSETS:</b>		
Unrestricted	1,865	193
Temporarily restricted	31,190	55,828
Total net assets	33,055	56,021
Total liabilities and net assets	\$ 593,809	\$ 444,254

See accompanying notes to financial statements.

**GROW SOUTHWEST INDIANA WORKFORCE BOARD, INC.**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

	<b>2016</b>		
	Unrestricted	Temporarily Restricted	Total
<b>REVENUE AND SUPPORT</b>			
Federal grant revenue	\$ 3,515,290	\$ -	\$ 3,515,290
Other grant revenue	531,047	-	531,047
Fees for service	4,728	-	4,728
Donations	-	79,695	79,695
Total revenue and support	<u>4,051,065</u>	<u>79,695</u>	<u>4,130,760</u>
Net assets released from restrictions	<u>104,333</u>	<u>(104,333)</u>	<u>-</u>
Total revenue, support and net assets released from restrictions	<u>4,155,398</u>	<u>(24,638)</u>	<u>4,130,760</u>
<b>EXPENSES</b>			
Program activities	3,964,209	-	3,964,209
Management and general	<u>189,517</u>	<u>-</u>	<u>189,517</u>
Total expenses	<u>4,153,726</u>	<u>-</u>	<u>4,153,726</u>
<b>CHANGE IN NET ASSETS</b>	<u>1,672</u>	<u>(24,638)</u>	<u>(22,966)</u>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>193</u>	<u>55,828</u>	<u>56,021</u>
<b>NET ASSETS, END OF YEAR</b>	<u><u>\$ 1,865</u></u>	<u><u>\$ 31,190</u></u>	<u><u>\$ 33,055</u></u>

See accompanying notes to financial statements.

**2015**

<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
\$ 3,187,332	\$ -	\$ 3,187,332
442,731	76,200	518,931
4,728	-	4,728
-	-	-
<u>3,634,791</u>	<u>76,200</u>	<u>3,710,991</u>
<u>51,131</u>	<u>(51,131)</u>	<u>-</u>
<u>3,685,922</u>	<u>25,069</u>	<u>3,710,991</u>
3,475,973	-	3,475,973
210,056	-	210,056
<u>3,686,029</u>	<u>-</u>	<u>3,686,029</u>
<u>(107)</u>	<u>25,069</u>	<u>24,962</u>
<u>300</u>	<u>30,759</u>	<u>31,059</u>
<u>\$ 193</u>	<u>\$ 55,828</u>	<u>\$ 56,021</u>

**GROW SOUTHWEST INDIANA WORKFORCE BOARD, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Program</u>	<u>Management and General</u>	<u>2016 Totals</u>
<b>OPERATING EXPENSES</b>			
Salaries	\$ 415,125	\$ 20,901	\$ 436,026
Benefits	66,712	2,702	69,414
Travel expense	21,986	5,267	27,253
Facility expense	318,081	44,894	362,975
Communications	3,588	692	4,280
Office supplies	7,749	1,941	9,690
Office equipment	15,508	66	15,574
Professional fees	-	108,541	108,541
Outreach	86,707	1,408	88,115
Liability insurance	-	2,994	2,994
Meeting expense	-	111	111
Direct training	83,150	-	83,150
Sub-contractor expenses	2,945,603	-	2,945,603
	<u>\$ 3,964,209</u>	<u>\$ 189,517</u>	<u>\$ 4,153,726</u>

See accompanying notes to financial statements.

**GROW SOUTHWEST INDIANA WORKFORCE BOARD, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Program</u>	<u>Management and General</u>	<u>2015 Totals</u>
<b>OPERATING EXPENSES</b>			
Salaries	\$ 410,097	\$ 33,150	\$ 443,247
Benefits	61,373	5,335	66,708
Travel expense	20,995	4,732	25,727
Facility expense	391,106	45,525	436,631
Communications	6,096	490	6,586
Track One	4,323	-	4,323
Office supplies	2,694	8,661	11,355
Office equipment	62,065	1,745	63,810
Professional fees	-	101,633	101,633
Outreach	92,018	-	92,018
Liability insurance	-	2,988	2,988
Meeting expense	-	5,797	5,797
Direct training	44,833	-	44,833
Sub-contractor expenses	<u>2,380,373</u>	<u>-</u>	<u>2,380,373</u>
Total expenses	<u>\$ 3,475,973</u>	<u>\$ 210,056</u>	<u>\$ 3,686,029</u>

See accompanying notes to financial statements.

**GROW SOUTHWEST INDIANA WORKFORCE BOARD, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

	<b>2016</b>	<b>2015</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (22,966)	\$ 24,962
Adjustments to reconcile change in net assets to net Increase (decrease) in cash from changes in:		
Grants receivable	(117,677)	(180,527)
Receivables - other	36,924	(41,924)
Prepaid expenses	3,001	941
Accounts payable	36,878	237,274
Deferred revenue	81,496	(1,225)
Accrued payroll and taxes	93	(623)
Accrued other expenses	54,054	4,267
Net cash provided by (used in) operating activities	71,803	43,145
<b>CASH, BEGINNING OF YEAR</b>	84,293	41,148
<b>CASH, END OF YEAR</b>	\$ 156,096	\$ 84,293

See accompanying notes to financial statements.

**GROW SOUTHWEST INDIANA WORKFORCE BOARD, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016 AND 2015**

**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 Horwath, LLP, 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**

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. A description of the unrestricted, temporarily and permanently restricted net asset classes follows:

*Unrestricted net assets* represent the portion of net assets of Grow Southwest Indiana Workforce Board, Inc. that is neither permanently restricted nor temporarily restricted by donor-imposed stipulations. Unrestricted net assets include expendable funds available for the support of the Organization.

*Temporarily restricted net assets* represent contributions and other inflows of assets whose use by Grow Southwest Indiana Workforce Board, Inc. is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of Grow Southwest Indiana Workforce Board, Inc. pursuant to those stipulations.

*Temporarily restricted net assets* also include, pursuant to Indiana law, cumulative appreciation and reinvested gains on permanently restricted net assets, which has not been appropriated by the Board of Directors.

**GROW SOUTHWEST INDIANA WORKFORCE BOARD, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016 AND 2015**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)**

**FINANCIAL STATEMENT PRESENTATION – (continued)**

*Permanently restricted net assets* represent contributions and other inflows of assets whose use by Grow Southwest Indiana Workforce Board, Inc. is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

For the years ended June 30, 2016 and 2015, the Organization had \$31,190 and \$55,828 in temporarily restricted net assets, respectively, and did not have any permanently restricted net assets. See Note 5 for further information regarding temporarily 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.

**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.

**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 for the years ended June 30, 2016 and 2015.

**GROW SOUTHWEST INDIANA WORKFORCE BOARD, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016 AND 2015**

**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, 2016 and 2015, 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.

**TAX BENEFITS**

Effective July 1, 2009, the Organization adopted the accounting policy to recognize a tax benefit only if it is more likely than not the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized will be the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the more-likely-than-not test, no tax benefit will be recorded.

The Organization has examined this issue and has determined there are no material contingent tax liabilities at June 30, 2016 and 2015. The Organization's federal Exempt Organization Income Tax Returns (Form 990) for 2013, 2014, and 2015 are subject to examination by the IRS, generally for three years after they were filed.

**SUBSEQUENT EVENTS**

Subsequent events are evaluated through January 6, 2017, which is the date the financial statements were available to be issued.

**GROW SOUTHWEST INDIANA WORKFORCE BOARD, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016 AND 2015**

**NOTE 2 – GRANTS RECEIVABLE**

Grants receivable as of June 30, 2016 and 2015 consisted of the following:

	<u>2016</u>	<u>2015</u>
Indiana Department of Workforce Development	\$ 389,948	\$ 272,271
	\$ 389,948	\$ 272,271

**NOTE 3 – CONCENTRATION OF CREDIT RISK**

The Organization maintains a cash balance at a single bank. The account is insured by the Federal Deposit Insurance Corporation up to \$250,000 as of June 30, 2016 and 2015. At June 30, 2016 and 2015 bank balances were not in excess of FDIC coverage.

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**

During the year ended June 30, 2016, the Indiana Department of Workforce Development changed its policies regarding reporting and tracking of State owned equipment and furniture, increasing the value of assets required to be recorded and reported from \$500 to \$5,000. As a result, the total value of assets meeting the new State reporting threshold for the year ended June 30, 2016 is \$138,824. As of June 30, 2015, the Organization controlled State owned equipment and furniture costing \$282,900, under the State standards then in effect. 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.

**GROW SOUTHWEST INDIANA WORKFORCE BOARD, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016 AND 2015**

**NOTE 5 – TEMPORARILY RESTRICTED NET ASSETS**

The restrictions on assets as of June 30, 2016 and 2015 primarily relate to non-federal grants specific assistance to the Organization and its programs, as specified by the donors. Those restrictions are considered to expire when payments are made.

As of June 30, 2016 and 2015, temporarily restricted net assets summarized by restriction are as follows:

	<u>2016</u>	<u>2015</u>
Youth Employment Services Program	\$ 17,842	\$ 20,328
Dubois County Bootcamp	56	-
Fifth Third JAG	3,000	-
STEM Challenge	1,018	-
Teacher Bootcamp	9,274	35,500
	<u>\$ 31,190</u>	<u>\$ 55,828</u>

**NOTE 6 – OPERATING LEASES**

The Organization leases three office spaces for the operation of its programs. The Organization is reimbursed by the Regional Operator and a Service Provider using these spaces. In addition, the Organization leases an office copy machine and other equipment. The unreimbursed portion of rent expense amounted to \$310,131 and \$340,935 for the years ended June 30, 2016 and 2015, respectively. Future minimum payments on non-cancellable leases beyond June 30, 2016 are as follows:

2017	\$ 449,009
2018	440,078
2019	439,909
2020	319,776
2021	-
	<u>\$ 1,648,772</u>

**SINGLE AUDIT SECTION**

**GROW SOUTHWEST INDIANA WORKFORCE BOARD, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

Federal Grantor Agency Pass-Through Entity Cluster Title/Program	Federal CFDA Number	Grant Identifying Number	Federal Expenditure	Sub- recipient Pass-through
<b>U.S. Department of Labor</b>				
<b>Passed through Indiana Department of Workforce Development ("DWD")</b>				
<b>Workforce Investment Act Cluster (WIA)</b>				
WIA Adult Program (PY14 Program)	17.258	WIB 4-11	\$ 418,149	\$ 374,675
WIA Adult Program (PY14 Admin)	17.258	WIB 4-11	75,914	74,043
WIA/WIOA Adult Program (PY15 Program)	17.258	WIB 5-11	498,065	427,810
WIAWIOA Adult Program (PY15 Admin)	17.258	WIB 5-11	24,321	-
			<u>1,016,449</u>	<u>876,528</u>
WIA Youth Activities (PY14 Program)	17.259	WIB 4-11	229,853	159,295
WIA Youth Activities (PY14 Admin)	17.259	WIB 4-11	81,493	81,493
WIA/WIOA Youth Activities (PY15 Program)	17.259	WIB 5-11	510,550	393,225
WIA/WIOA Youth Activities (PY15 Admin)	17.259	WIB 5-11	21,321	-
			<u>843,217</u>	<u>634,013</u>
WIA Dislocated Worker Formula Grants (PY14 Program)	17.278	WIB 4-11	387,552	315,432
WIA Dislocated Worker Formula Grants (PY14 Admin)	17.278	WIB 4-11	80,913	-
WIA/WIOA Dislocated Worker Formula Grants (PY15 Program)	17.278	WIB 5-11	555,976	435,563
WIA/WIOA Dislocated Worker Formula Grants (PY15 Admin)	17.278	WIB 5-11	21,321	-
WIA Dislocated Worker Formula Grants (PY13 Bus Consultant)	17.278	BC-5-11	84,000	-
WIA/WIOA Dislocated Worker Formula Grants (PY15 RR)	17.278	RR-5-11	21,120	8,910
WIA Dislocated Worker Formula Grants (PY14 Rapid Response)	17.278	IS RR-4-11	549	-
			<u>1,151,431</u>	<u>759,905</u>
<b>Total WIA Cluster passed through DWD</b>			<u><b>3,011,097</b></u>	<u><b>2,270,446</b></u>
<b>WIOA National Emergency Grants</b>	17.277	SPDWG 5-11	<u><b>26,425</b></u>	<u><b>26,022</b></u>
<b>Workforce Investment Act (WIA) Incentive Grants</b>	17.267	WIAIN 4-11	<u><b>26,972</b></u>	<u><b>23,439</b></u>
<b>WIA/WIOA Dislocated Worker National Reserve Funds</b>	17.281	WIAT 5-11	<u><b>3,697</b></u>	<u><b>-</b></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**  
**FOR THE YEAR ENDED JUNE 30, 2016**

Federal Grantor Agency Pass-Through Entity Cluster Title/Program	Federal CFDA Number	Grant Identifying Number	Federal Expenditure	Sub-recipient Pass-through
<b>Passed through Indiana Department of Workforce Development ("DWD") continued</b>				
<b>Employment Service Cluster</b>				
Employment Service/Wagner-Peyser Funded Activities	17.207	BC-5-11	36,000	-
Employment Service/Wagner-Peyser Funded Activities	17.207	DEIDC 4-11	3,525	-
Employment Service/Wagner-Peyser Funded Activities	17.207	IS WP 4-11	151,203	-
			<u>190,728</u>	<u>-</u>
Disabled Veterans' Outreach Program (DVOP) Program	17.801	IS DVOP 4-11	15,566	-
Local Veterans' Employment Representative (LVER) Program	17.804	IS LVER 4-11	18,965	-
<b>Total Employment Service Cluster passed through DWD</b>			<u><b>225,259</b></u>	<u><b>-</b></u>
<b>Unemployment Insurance Recovery</b>				
Unemployment Insurance Recovery	17.225	IS REA 4-11	34,072	-
Unemployment Insurance Recovery	17.225	IS UI 4-11	103,441	28,540
			<u>137,513</u>	<u>28,540</u>
<b>Total Unemployment Insurance Recovery</b>			<u><b>137,513</b></u>	<u><b>28,540</b></u>
Trade Adjustment Assistance	17.245	TAA CM 5-11	17,000	16,000
Trade Adjustment Assistance	17.245	IS TAA Admin	3,712	-
<b>Total Adjustment Assistance</b>			<u><b>20,712</b></u>	<u><b>16,000</b></u>
<b>Total passed through Indiana Department of Workforce Development</b>			<u><b>3,451,675</b></u>	<u><b>2,364,447</b></u>
<b>Total for U.S. Department of Labor</b>			<u><b>3,451,675</b></u>	<u><b>2,364,447</b></u>
<b>U.S. Department of Health and Human Services</b>				
<b>Passed through Community Marriage Builders</b>				
Healthy Marriage Promotion and Responsible Fatherhood	93.086	MB11-01	9,382	8,697
<b>Passed through Jobs for American Graduates</b>				
Jobs for American Graduates - Temporary Assistance for Needy Families	93.558	JAG TANF 5-1	54,233	54,163
<b>Total for U.S. Department of Health and Human Services</b>			<u><b>63,615</b></u>	<u><b>62,860</b></u>
<b>Total Expenditures of Federal Awards</b>			<u><u><b>\$ 3,515,290</b></u></u>	<u><u><b>\$ 2,427,307</b></u></u>

**GROW SOUTHWEST INDIANA WORKFORCE BOARD, INC.**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**NOTE 1 – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of Grow Southwest Indiana Workforce Board, Inc. under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because the Schedule presents only a selected portion of the operations of Grow Southwest Indiana Workforce Board, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of Grow Southwest Indiana Workforce Board, Inc.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

**NOTE 3 – INDIRECT COST RATE**

Grow Southwest Indiana Workforce Board, Inc. has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

**GROW SOUTHWEST INDIANA WORKFORCE BOARD, INC.  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2016**

**Section II – Financial Statement Findings**

There were no financial statement findings for the year ended June 30, 2015.

**Section III – Federal Awards Findings and Questioned Costs**

There were no federal awards findings for the year ended June 30, 2015.

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

To the Board of Directors  
Grow Southwest Indiana Workforce Board, 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 Grow Southwest Indiana Workforce Board, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 6, 2017.

**Internal Control over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Grow Southwest Indiana Workforce Board, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Comer, Nowling And Associates, P.C.*

Comer, Nowling And Associates, P.C.  
Indianapolis, Indiana  
January 6, 2017

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR  
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE**

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

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

We have audited Grow Southwest Indiana Workforce Board, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Grow Southwest Indiana Workforce Board, Inc.'s major federal programs for the year ended June 30, 2016. 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.

***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 Grow Southwest Indiana Workforce Board, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of *Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Grow Southwest Indiana Workforce Board, Inc.'s compliance.

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

In our opinion, Grow Southwest Indiana Workforce Board, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

## Report on Internal Control over Compliance

Management of Grow Southwest Indiana Workforce Board, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Grow Southwest Indiana Workforce Board, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 Grow Southwest Indiana Workforce Board, Inc.'s internal control over compliance.

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

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

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

*Comer, Nowling And Associates, P.C.*

Comer, Nowling And Associates, P.C.  
Indianapolis, Indiana  
January 6, 2017

**GROW SOUTHWEST INDIANA WORKFORCE BOARD, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2016**

**Section I – Summary of Auditor’s Results**

**Financial Statements**

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? Yes  No

**Federal Awards**

Internal control over major programs:

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

Type of auditor’s report issued: Unmodified

Any audit findings disclosed required to be reported in  
Accordance with 2 CFR section 200.516(a) Yes  No

Programs tested as major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
17.258*	U.S. Dept. of Labor – WIA/WIOA Adult Program
17.259*	U.S. Dept. of Labor – WIA/WIOA Youth Activities
17.278*	U.S. Dept. of Labor – WIA/WIOA Dislocated Worker Formula Grants

\* Represents WIA/WIOA cluster

Dollar threshold used to distinguish between type A and type B programs \$750,000

Auditee qualified as low-risk auditee? Yes  No

**GROW SOUTHWEST INDIANA WORKFORCE BOARD, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2016**

**Section II – Financial Statement Findings**

There were no financial statement findings for the current year ended June 30, 2016.

**Section III – Federal Award Findings and Questioned Costs**

There were no federal award findings for the current year ended June 30, 2016.