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January 26, 2018

Board of Directors
Region 5 Workforce Board, Inc.
d/b/a Central Indiana Regional Workforce Board
836 South State Street
Greenfield, IN 46140

We have reviewed the report prepared by Region 5 Workforce Board, Inc. d/b/a Central Indiana Regional Workforce Board and opined upon by Comer, Nowling and Associates, PC, Independent Public Accountants, for the period July 1, 2015 to June 30, 2016. Per the *Independent Auditor's Report*, the financial statements included in the report present fairly the financial condition of Region 5 Workforce Board, Inc. d/b/a Central Indiana Regional Workforce Board 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.

In our opinion, Comer, Nowling and Associates, PC prepared all required independent auditor's reports in accordance with generally accepted auditing standards and guidelines established by the State Board of Accounts.

The report is filed with this letter in our office as a matter of public record.


Paul D. Joyce, CPA
State Examiner

Region 5 Workforce Board, Inc.

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

COMER  NOWLING

INDUSTRY ESTABLISHED | FOCUSED ON QUALITY

Certified Public Accountants

**REGION 5 WORKFORCE BOARD, INC.
FINANCIAL STATEMENTS**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Region 5 Workforce Board, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Region 5 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 Region 5 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 Region 5 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 March 27, 2017 on our consideration of Region 5 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

March 27, 2017

REGION 5 WORKFORCE BOARD, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2016 AND 2015

ASSETS		2016	2015
CURRENT ASSETS		<u> </u>	<u> </u>
Cash		\$ 49,017	\$ 213,892
Grants receivable		29,830	663,106
Prepaid expenses		3,376	54,553
Deposits		<u>13,983</u>	<u>13,983</u>
Total current assets		<u>96,206</u>	<u>945,534</u>
Total assets		<u><u>\$ 96,206</u></u>	<u><u>\$ 945,534</u></u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable		\$ 96,206	\$ 799,323
Deferred revenue		<u>-</u>	<u>13,211</u>
Total current liabilities		<u>96,206</u>	<u>812,534</u>
NET ASSETS			
Unrestricted		-	-
Temporarily restricted		<u>-</u>	<u>133,000</u>
Total net assets		<u>-</u>	<u>133,000</u>
Total liabilities and net assets		<u><u>\$ 96,206</u></u>	<u><u>\$ 945,534</u></u>

See accompanying notes to financial statements.

REGION 5 WORKFORCE BOARD, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016		Total
	Unrestricted	Temporarily Restricted	
REVENUE AND SUPPORT			
Federal grant revenue	\$ 2,647,628	\$ -	\$ 2,647,628
Other grant revenue	161,877	-	161,877
Miscellaneous revenue	384	-	384
Release from restriction	133,000	(133,000)	-
Total revenue and support	<u>2,942,889</u>	<u>(133,000)</u>	<u>2,809,889</u>
EXPENSES			
Program activities	2,674,496	-	2,674,496
Management and general	268,393	-	268,393
Total expenses	<u>2,942,889</u>	<u>-</u>	<u>2,942,889</u>
CHANGE IN NET ASSETS	<u>-</u>	<u>(133,000)</u>	<u>(133,000)</u>
NET ASSETS, BEGINNING OF YEAR	<u>-</u>	<u>133,000</u>	<u>133,000</u>
NET ASSETS, END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See accompanying notes to financial statements

2015

Unrestricted	Temporarily Restricted	Total
\$ 5,524,091	\$ -	\$ 5,524,091
810,380	133,000	943,380
420	-	420
-	-	-
6,334,891	133,000	6,467,891
5,765,605	-	5,765,605
564,286	-	564,286
6,329,891	-	6,329,891
-	133,000	133,000
-	-	-
\$ -	\$ 133,000	\$ 133,000
-	-	-
\$ -	\$ 133,000	\$ 133,000

**REGION 5 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>
OPERATING EXPENSES			
Fiscal agent expenses	\$ -	\$ 15,000	\$ 15,000
Travel	-	6,776	6,776
Registration fees	-	3,026	3,026
Meeting expense	-	2,608	2,608
Liability insurance	-	2,087	2,087
Professional fees	-	7,500	7,500
Membership dues	-	5,430	5,430
Sub-contractor expenses	<u>2,674,496</u>	<u>225,966</u>	<u>2,900,462</u>
Total operating expenses	<u>\$ 2,674,496</u>	<u>\$ 268,393</u>	<u>\$ 2,942,889</u>

See accompanying notes to financial statements.

**REGION 5 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>
OPERATING EXPENSES			
Fiscal agent expenses	\$ -	\$ 14,500	\$ 14,500
Travel	-	6,297	6,297
Registration fees	-	2,532	2,532
Meeting expense	-	2,888	2,888
Liability insurance	-	2,087	2,087
Advertising	-	31	31
Supplies	-	424	424
Professional fees	-	11,349	11,349
Membership dues	-	6,321	6,321
Sub-contractor expenses	<u>5,765,605</u>	<u>517,857</u>	<u>6,283,462</u>
Total operating expenses	<u>\$ 5,765,605</u>	<u>\$ 564,286</u>	<u>\$ 6,329,891</u>

See accompanying notes to financial statements.

REGION 5 WORKFORCE BOARD, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (133,000)	\$ 133,000
Adjustments to reconcile change in net assets to net cash provided (used in) by operating activities:		
Increase (decrease) in cash from changes in:		
Grants receivable	633,276	(517,327)
Prepaid expenses	51,177	8,408
Accounts payable	(703,117)	291,942
Deferred revenue	(13,211)	(37,799)
	<u>(164,875)</u>	<u>(121,776)</u>
Net cash (used in) provided by operating activities	<u>(164,875)</u>	<u>(121,776)</u>
CASH, BEGINNING OF YEAR	<u>213,892</u>	<u>335,668</u>
CASH, END OF YEAR	<u>\$ 49,017</u>	<u>\$ 213,892</u>

See accompanying notes to financial statements.

REGION 5 WORKFORCE BOARD, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

The Region 5 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 5 Economic Growth Region. The Region 5 Economic Growth Region includes Boone, Hamilton, Hancock, Hendricks, Johnson, Madison, Morgan and Shelby 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 operations and financial management functions are contracted with Interlocal Association, an independent entity, which serves as the regional operator and 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 Presentation of Financial Statements Topic of the FASB Accounting Standards Codification. Under this guidance, Region 5 Workforce Board, Inc. 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 Region 5 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 Region 5 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 the Organization pursuant to those stipulations.

REGION 5 WORKFORCE BOARD, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

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

FINANCIAL STATEMENT PRESENTATION – (continued)

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.

Permanently restricted net assets represent contributions and other inflows of assets whose use by Region 5 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 \$-0- and \$133,000, respectively, in temporarily restricted net assets and no unrestricted 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 AND OTHER GRANT REVENUE

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.

REGION 5 WORKFORCE BOARD, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

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

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 volunteers' time does not meet the requirements for recognition under the Revenue Recognition Topic of the FASB Accounting Standards Codification.

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 as required by the Income Taxes Topic of the FASB Accounting Standards Codification. 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.

**REGION 5 WORKFORCE BOARD, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

TAX BENEFITS – (continued)

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 March 27, 2017, which is the date the financial statements were available to be issued.

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	\$ 29,793	\$ 659,118
Other	37	3,988
	<u> </u>	<u> </u>
Total grants receivables	<u>\$ 29,830</u>	<u>\$ 663,106</u>

NOTE 3 – CONCENTRATION OF CREDIT RISK

The Organization maintains its cash balance at a bank. The account at the institution is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 for the years ended June 30, 2016 and 2015. At June 30, 2016 and 2015, bank balances were \$86,346 and \$136,578, respectively, 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.

REGION 5 WORKFORCE BOARD, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

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 \$5,431. As of June 30, 2015, the Organization controlled State owned equipment and furniture costing \$229,312, 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.

NOTE 5 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets for the years ended June 30, 2016 and 2015 are as follows:

	<u>2016</u>		<u>2015</u>
United Way for JAG Program	\$	-	\$ 133,000
	<u> </u>		<u> </u>

SINGLE AUDIT SECTION

REGION 5 WORKFORCE BOARD, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016

FEDERAL GRANTOR AGENCY Passthrough Agency Cluster Title/Program Title	Federal CFDA Number	Grant or Identifying Number	Federal Expenditures	Sub-recipient Pass-through
U.S. DEPARTMENT OF LABOR				
Passed through the Indiana Department of Workforce Development (DWD):				
Workforce Investment Act (WIA) Cluster:				
WIA Adult Formula Grant	17.258	WIB-4-05	\$ 698,164	\$ 698,164
WIA Youth Formula Grant	17.259	WIB-4-05	629,724	629,724
WIA Dislocated Worker Formula Grant	17.278	WIB-4-05	809,923	809,923
Sub-total for WIA Cluster passed through DWD			<u>2,137,811</u>	<u>\$2,137,811</u>
WIA Incentive Grant	17.267	WIAIN-4-05	107,143	107,143
National Emergency Grant	17.277	NEGDWT-3-05	103,230	103,230
Employment Services Cluster:				
Disability Employment Initiative	17.207	DEIDC405	1,354	1,354
Wagner-Peyser - Integrated Services	17.207	IS-4-05	129,173	129,173
			<u>130,527</u>	<u>130,527</u>
Disabled Veterans' Outreach -Integrated Services	17.801	IS-4-05	32,690	32,690
Local Veterans' Employment Rep - Integrated Services	17.804	IS-4-05	14,811	14,811
Sub-total for Employment Services Cluster passed through DWD			<u>178,028</u>	<u>178,028</u>
Unemployment Insurance -Integrated Service	17.225	IS-4-05	73,802	73,802
Unemployment Insurance REA - Integrated Services	17.225	IS-4-05	39,777	39,777
			<u>113,579</u>	<u>113,579</u>
Trade Adjustment Assistance - Integrated Services	17.245	IS-4-05	7,837	7,837
Total passed through DWD			<u>2,647,628</u>	<u>2,647,628</u>
Total U.S. Department of Labor			<u>2,647,628</u>	<u>2,647,628</u>
Total Expenditures of Federal Awards			<u>\$ 2,647,628</u>	<u>\$ 2,647,628</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

REGION 5 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 Region 5 Workforce Board, Inc. 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*. 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 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule Expenditures of Federal Awards are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in 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

Region 5 Workforce Board, Inc. has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

**REGION 5 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 prior year ended June 30, 2015.

Section III – Federal Award Findings and Questioned Costs

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



INDUSTRY ESTABLISHED | FOCUSED ON QUALITY

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
Region 5 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 Region 5 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 March 27, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Region 5 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 Region 5 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 Region 5 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

March 27, 2017



INDUSTRY ESTABLISHED | FOCUSED ON QUALITY

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

To the Board of Directors
Region 5 Workforce Board, Inc.

Report on Compliance for Each Major Federal Program

We have audited Region 5 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 Region 5 Workforce Board, Inc.'s major federal programs for the year ended June 30, 2016. Region 5 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 Region 5 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 Region 5 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 Region 5 Workforce Board, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Region 5 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.

REGION 5 WORKFORCE BOARD, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016

Report on Internal Control over Compliance

Management of Region 5 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 Region 5 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 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 Region 5 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
March 27, 2017

**REGION 5 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

Program tested as major program:

<u>CFDA</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
17.278 *	U.S. Dept. of Labor, WIA/ WIOA Dislocated

*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

REGION 5 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.