



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

B49497

STATE BOARD OF ACCOUNTS
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February 2, 2018

Board of Directors
The Indiana Plan For Equal Employment, Inc.
3530 S. Rural St.
Indianapolis, IN 46237

We have reviewed the report prepared by The Indiana Plan For Equal Employment, Inc. and opined upon by Kemper CPA Group, LLP, 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 The Indiana Plan For Equal Employment, 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.

In our opinion, Kemper CPA Group, LLP 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
Paul D. Joyce, CPA
State Examiner

**THE INDIANA PLAN FOR EQUAL EMPLOYMENT, INC.
INDIANAPOLIS, INDIANA**

FINANCIAL STATEMENTS

June 30, 2016

THE INDIANA PLAN FOR EQUAL EMPLOYMENT, INC.
Table of Contents

	Page
Independent Auditor's Report	1-2
Financial Statements	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7-11



INDEPENDENT AUDITOR'S REPORT

Board of Directors
The Indiana Plan for Equal Employment, Inc.
Indianapolis, Indiana

We have audited the accompanying financial statements of The Indiana Plan for Equal Employment, Inc. (a nonprofit corporation), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, functional expenses, and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 The Indiana Plan for Equal Employment, Inc. as of June 30, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in blue ink that reads "Kemper CPA Group, LLP". The signature is written in a cursive, flowing style.

Kemper CPA Group LLP
Certified Public Accountants and Consultants
Greenfield, Indiana

January 18, 2017

THE INDIANA PLAN FOR EQUAL EMPLOYMENT, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2016

ASSETS

Current Assets	
Cash	\$ 698,298
Prepaid expenses	1,900
Accounts receivable	4,970
Grant receivable	<u>43,750</u>
Total Current Assets	<u>748,918</u>
Fixed Assets	
Property and equipment	34,864
Leasehold improvements	1,700
Accumulated depreciation	<u>(30,827)</u>
Net Fixed Assets	<u>5,737</u>
TOTAL ASSETS	<u><u>\$ 754,655</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts payable	\$ 1,507
Accrued pension contribution	<u>26,901</u>
Total Liabilities	<u>28,408</u>
Total Net Assets	<u>726,247</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 754,655</u></u>

THE INDIANA PLAN FOR EQUAL EMPLOYMENT, INC
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

REVENUE AND SUPPORT	
Department of Workforce Development	\$ 400,000
Other grants	127,500
Membership revenue	48,750
Camp support	50,403
Other income	40,284
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TOTAL REVENUE AND SUPPORT	666,937
	<hr/>
EXPENSES	
Program Expenses:	
Recruitment	626,921
	<hr/>
TOTAL PROGRAM EXPENSES	626,921
Supporting Services:	
Management and general	47,646
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TOTAL SUPPORTING SERVICES	47,646
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TOTAL EXPENSES	674,567
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NET DECREASE IN NET ASSETS	(7,630)
Net Assets at Beginning of Year as Previously Reported	677,627
Prior Period Adjustment	56,250
	<hr/>
NET ASSETS AT END OF YEAR	<u><u>\$ 726,247</u></u>

THE INDIANA PLAN FOR EQUAL EMPLOYMENT, INC
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2016

	<u>PROGRAM SERVICES</u>		<u>SUPPORTING SERVICES</u>		<u>Total</u>
	<u>Recruitment Programs</u>	<u>Total Program Services</u>	<u>Mgmt and General</u>	<u>Total Supporting Services</u>	
Expenses:					
Insurance	\$ 2,373	\$ 2,373	-	\$ -	\$ 2,373
Payroll	335,217	335,217	6,841	6,841	342,058
Payroll taxes	29,892	29,892	924	924	30,816
Employee benefits	125,926	125,926	2,570	2,570	128,496
Advertising	14,276	14,276	-	-	14,276
Other expenses	12,899	12,899	-	-	12,899
Professional fees	14,312	14,312	3,357	3,357	17,669
Rent	20,839	20,839	2,061	2,061	22,900
Office expenses	16,359	16,359	2,022	2,022	18,381
Telephone	7,412	7,412	733	733	8,145
Services, materials and tools	26,636	26,636	-	-	26,636
Office equipment lease	8,331	8,331	-	-	8,331
Vehicle expense	8,818	8,818	2,069	2,069	10,887
Depreciation	1,932	1,932	-	-	1,932
Miscellaneous	1,699	1,699	27,069	27,069	28,768
	<u>1,699</u>	<u>1,699</u>	<u>27,069</u>	<u>27,069</u>	<u>28,768</u>
Total Expenses	<u>\$ 626,921</u>	<u>\$ 626,921</u>	<u>\$ 47,646</u>	<u>\$ 47,646</u>	<u>\$ 674,567</u>

THE INDIANA PLAN FOR EQUAL EMPLOYMENT, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016

OPERATING ACTIVITIES	
Decrease in net assets	\$ (7,630)
Adjustments to reconcile decrease in net assets to net cash provided by operating activities:	
Depreciation	1,932
(Increase) Decrease in assets:	
Prepaid expenses	(1,900)
Accounts receivable	(4,970)
Grant receivable	12,500
Increase (Decrease) in liabilities:	
Accounts payable	(4,188)
Other accrued liabilities	26,901
Net Cash Provided by Operating Activities	<u>22,645</u>
INVESTING ACTIVITIES	
Purchase of equipment and leasehold improvements	<u>(1,993)</u>
Net Cash Used In Investing Activities	<u>(1,993)</u>
NET INCREASE IN CASH	20,652
Cash at Beginning of Year	<u>677,646</u>
Cash at End of Year	<u><u>\$ 698,298</u></u>

THE INDIANA PLAN FOR EQUAL EMPLOYMENT, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

Note 1 – Summary of Significant Accounting Policies

Organization and Nature of Operations

The Indiana Plan For Equal Employment, Inc. (the Organization) was incorporated as a nonprofit organization in June 1970 under the laws of the State of Indiana. The Organization seeks to recruit women and minorities to enter construction apprenticeship programs to encourage gainful employment.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting, whereby income is recognized when earned and costs and expenses are recognized when the obligations are incurred.

Financial Statement Presentation

The Organization follows the recommendations of Financial Accounting Standards Board in its FASB ASC 958, *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC 958, 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. The Organization has no temporarily or permanently restricted net assets. As permitted by the statement, the Organization does not use fund accounting.

Economic Dependency

The Organization receives a substantial amount of its funding from the Indiana Department of Workforce Development. If this funding were to cease, it may impair the Organization's ability to operate at its current level.

Accounts Receivable

Accounts receivable are cost reimbursements invoiced when costs are incurred. Unpaid accounts receivable bear no interest. The carrying amounts of accounts receivable are based on management's best estimate of the amounts that will be collectible. Management individually reviews all accounts receivable balances that exceed 90 days from invoice date and estimates the portion of, if any, the balance that will not be collectible. As of June 30, 2016, no amounts were considered uncollectible.

Revenue Recognition

Unrestricted membership dues and contributions are recorded as revenue upon receipt. Municipal and state grants are recognized as earned under independent contractor agreements.

Fixed Assets

Fixed assets are recorded at cost and depreciated using the straight-line method over the estimated useful life, which ranges from 3 to 15 years for software, furniture and equipment, and leasehold improvements. When fixed assets are disposed of, cost and accumulated depreciation are removed from the accounts. Expenditures for maintenance and repairs are recorded as expense when incurred. For the year ended June 30, 2016 depreciation expense was \$1,932.

THE INDIANA PLAN FOR EQUAL EMPLOYMENT, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

Note 1 – Summary of Significant Accounting Policies (Continued)

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been expensed on a functional basis. FASB ASC 958-720 requires that certain indirect costs are allocated among the programs and supporting services benefited.

Concentration of Credit Risk

The Organization provides a variety of services to support and enhance the opportunity for women and minorities to earn gainful employment through construction apprenticeship programs. These services are subject to risk in the future based upon securing the necessary grants and community support.

The Organization maintains their cash balances in four bank deposit accounts with one financial institution. These deposits are secured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution. At June 30, 2016, the Organization's uninsured cash balance totaled \$464,058.

Advertising

The Organization's policy is to expense advertising costs as incurred.

Income Taxes

The Organization is organized as a nonprofit corporation and has obtained exemption from Federal income taxes and partial exemption from Indiana income taxes under Section 501(c)(3), of the Internal Revenue Code.

The Organization follows FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*. On an annual basis, management reviews their judgments regarding uncertain tax positions. As circumstances change, income reflects any adjustments to deferred tax assets or liabilities for uncertain tax positions. The Organization recognizes interest expense and penalties associated with tax positions in the statement of activities. Management is not aware of any material uncertain tax positions that would give rise to unrecognized tax benefits, interest expense, and penalties.

The Organization files tax exempt income tax returns in the U.S. federal jurisdiction and various state jurisdictions. With a few exceptions, the Organization is no longer subject to U.S. federal and state examinations by tax authorities for years before 2012.

Use of Estimates

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

Date of Management's Review

Subsequent events were evaluated through January 18, 2017, which is the date the financial statements were available to be issued.

THE INDIANA PLAN FOR EQUAL EMPLOYMENT, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

Note 2 – Summary of Grants/Contracts Funding

Funding Source	Grant Number	Grant Contract Period	Total Grant	Recognized Support
Department of Workforce Development	DISC5103	7/1/15 - 6/30/16	\$ 400,000	\$ 400,000
BCRC	N/A	1/1/15 – 12/31/15	\$ 75,000	\$ 37,500
BCRC	N/A	1/1/16 – 12/31/16	\$ 75,000	\$ 37,500
BP America	N/A	7/1/15 - 6/30/16	\$ 25,000	\$ 25,000
United Student Aid Funds, Inc.	N/A	1/1/16 – 12/31/16	\$ 25,000	\$ 25,000
Central Indiana Community Foundation	17611	7/1/15 – 6/30/16	\$ 2,500	<u>\$ 2,500</u>
				<u>\$ 527,500</u>

Note 3 – Lease Commitments

The Organization leases various office spaces on a month to month basis. The Organization also leases office equipment pursuant to operating leases, with monthly payments of \$408 and quarterly payments of \$562.

Rental expense related to all office space leases was \$22,900, and all office equipment and postage meter leases totaled \$8,331 for the year ended June 30, 2016. The schedule of future minimum rental payments is as follows:

07/01/16 to 06/30/17	7,141
07/01/17 to 06/30/18	4,198
07/01/18 to 06/30/19	2,655
07/01/19 to 06/30/20	161
07/01/20 to 06/30/21	<u>0</u>
	<u>\$14,155</u>

Note 4 – Pension Plan

The Organization currently participates in a defined benefit pension plan covering one employee whose employment is covered under a collective bargaining agreement. The Organization expenses amounts paid in accordance with that agreement. The risks of participating in this multi-employer plan is different from single-employer plans, in that assets contributed are pooled and may be used to provide benefits to employees of other participating employers. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers. If the Organization chooses to stop participating in the multi-employer plan, the Organization could be required to pay the plan a withdrawal liability based on the underfunded status of the plan. Management has no plans to terminate operation that would subject the Organization to any material liabilities.

THE INDIANA PLAN FOR EQUAL EMPLOYMENT, INC.
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2016

Note 4 – Pension Plan (Continued)

The following represents information about the Organization’s multi-employer pension plan as of and for the year ended June 30, 2016:

Pension Fund	EIN/Pension Plan Number	Pension Protection Act Pension Zone Status 2016	FIP/RP Status Pending/ Implemented	Entity Contributions 2016	Surcharge Imposed	Expiration Date Collective Bargaining Agreement
Iron Workers Local Union #395	36-6488227 #001	Green	No	\$29,359	No	May 30, 2018
Indiana Electrical Workers Local Union #481	35-1102579 #001	Yellow	Yes	<u>25,775</u>	No	May 31, 2016
Total contributions				\$55,134		

Note 5 – Accrued Pension Contribution

During the year ended June 30, 2016, a compliance audit conducted by the Iron Workers’ Mid-America Pension Fund discovered discrepancies between the records of the Pension Fund and the Organization. The discrepancies were ultimately determined to be the result of misappropriation of the pension fund remittances by a former employee of the Organization. The June 30, 2016 financial statements include an accrued liability for the contributions, liquidated damages and other fees totaling \$26,901. The Organization intends to try to recover the full amount from the person who misappropriated the funds but because of the uncertainty regarding the ability to recover the funds a receivable has not been recorded.

Note 6 – Retirement Plan

The Organization sponsors a 403(b) retirement plan covering substantially all full-time, non-collective bargaining employees. The plan is funded by employee contributions. Effective January 1, 2015, the Organization elected to make contributions to the plan after one year of employment. From one year through three years of employment, the Organization contribution will be \$250 per month. From three years to five years of employment, the Organization contribution will be \$500 per month. After five years of employment, the Organization contribution will be at the discretion of the Board of Directors.

Note 7 – Related Party Transactions

Top Notch

The Organization paid Top Notch for two event sponsorships. One of the Organization’s ex-officio, non-voting members is the Executive Director of this company. For the year ended June 30, 2016, the Organization paid \$2,500 in sponsorships.

Indiana/Kentucky/Ohio Regional Council of Carpenters

The Organization paid the Indiana/Kentucky/Ohio Regional Council of Carpenters for health insurance of non-union employees. One of the Organization’s Co-chairs of the board is a business agent of this organization. For the year ended June 30, 2016, the Organization paid \$42,300 in health insurance premiums.

THE INDIANA PLAN FOR EQUAL EMPLOYMENT, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

Note 7 – Related Party Transactions (Continued)

Carpenters Local Union No. 301

The Organization paid Carpenters Local Union No. 301 for office space rent at its Indianapolis location. One of the Organization's board members is a business agent of the Indiana/Kentucky/Ohio Regional Council of Carpenters. The Carpenters Local Union No. 301 is a member of this organization. For the year ended June 30, 2016, the Organization paid \$10,400 in office rent.

Urban League of Northwest Indiana

The Organization paid Urban League of Northwest Indiana for office space rent at its Gary location, for repairs and maintenance fees, and for one event sponsorship. One of the Organization's board members is a business agent of the Urban League of Northwest Indiana. For the year ended June 30, 2016, the Organization paid \$9,100 in office rent, \$2,500 in repairs and maintenance fees, and \$2,500 for sponsorship.

Note 8 – Prior Period Adjustment

A prior period adjustment was made during the current year as a result of improper recognition of revenue in the prior year. An adjustment of \$56,250 was made to net assets as of the beginning of the year to properly recognize the revenue in the prior year.