



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

B49504

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February 2, 2018

Board of Directors
CLJ Associates, LLC
2597 Fountain Drive
Bloomington, IN 47404

We have reviewed the report prepared by CLJ Associates, LLC and opined upon by Comer, Nowling and Associates, PC, Independent Public Accountants, for the period January 1, 2016 to December 31, 2016. Per the *Independent Auditor's Report* the financial statements included in the report present fairly the financial condition of CLJ Associates, LLC as of December 31, 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.

A handwritten signature in blue ink that reads "Paul D. Joyce".

Paul D. Joyce, CPA
State Examiner

CLJ Associates, LLC

**Financial Statements
For the Years Ended**

December 31, 2016 and 2015

COMER  NOWLING

INDUSTRY ESTABLISHED | FOCUSED ON QUALITY

Certified Public Accountants

CLJ ASSOCIATES, LLC

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INDUSTRY ESTABLISHED | FOCUSED ON QUALITY

Independent Auditor's Report

Limited Liability Company Members
CLJ Associates, LLC
Bloomington, Indiana

Report on the Financial Statements

We have audited the accompanying financial statements of CLJ Associates, LLC (a for-profit company) which comprise the balance sheets as of December 31, 2016 and 2015 and the related statements of revenues, expenses and changes in members' equity, 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. 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 reasonable 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 CLJ Associates, LLC as of December 31, 2016 and 2015, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Comer, Nowling And Associates, P.C.

Comer, Nowling And Associates, P.C.

February 8, 2017

CLJ ASSOCIATES, LLC
BALANCE SHEET
DECEMBER 31, 2016 AND 2015

| | <u>2016</u> | <u>2015</u> |
|--|------------------|------------------|
| <u>Assets</u> | | |
| Current assets | | |
| Cash | \$ 32,393 | \$ 16,956 |
| Claims receivable | 28,861 | 28,881 |
| Prepaid insurance | 5,001 | 2,945 |
| Total current assets | <u>\$ 66,255</u> | <u>\$ 48,782</u> |
| <u>Liabilities and Members' Equity</u> | | |
| Current liabilities | | |
| Accounts payable | <u>\$ 25,785</u> | <u>\$ 18,687</u> |
| Members' equity | <u>40,470</u> | <u>30,095</u> |
| Total liabilities and members' equity | <u>\$ 66,255</u> | <u>\$ 48,782</u> |

See accompanying notes to financial statements.

CLJ ASSOCIATES, LLC
STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN MEMBERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

| | <u>2016</u> | <u>2015</u> |
|---|-------------------------|-------------------------|
| Revenues | | |
| Contract income | <u>\$ 346,312</u> | <u>\$ 340,496</u> |
| Expenses | | |
| Rent | 15,391 | 14,448 |
| Insurance | 15,843 | 21,974 |
| Telephone | 4,066 | 3,306 |
| Supplies | 5,403 | 5,964 |
| Travel, per diem and other reimbursable expenses | 7,910 | 9,175 |
| Simple plan | 46,987 | 36,297 |
| Other administrative expenses | <u>2,614</u> | <u>2,513</u> |
| Total expenses | <u>98,214</u> | <u>93,677</u> |
| Excess of revenues over expenses | 248,098 | 246,819 |
| Member distributions | (237,723) | (240,179) |
| Members' equity, beginning of year | <u>30,095</u> | <u>23,455</u> |
| Members' equity, end of year | <u><u>\$ 40,470</u></u> | <u><u>\$ 30,095</u></u> |

See accompanying notes to financial statements.

CLJ ASSOCIATES, LLC
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

| | <u>2016</u> | <u>2015</u> |
|---|-------------------|-------------------|
| Cash flows from operating activities: | | |
| Contract income collected | \$ 346,332 | \$ 339,500 |
| Cash paid for operating expenditures | <u>(93,172)</u> | <u>(86,148)</u> |
| Net cash provided by operating activities | <u>253,160</u> | <u>253,352</u> |
| Cash flows from investing activities: | | |
| Member distributions | <u>(237,723)</u> | <u>(240,179)</u> |
| Net increase (decrease) in cash | <u>15,437</u> | <u>13,173</u> |
| Cash, beginning of year | <u>16,956</u> | <u>3,783</u> |
| Cash, end of year | <u>\$ 32,393</u> | <u>\$ 16,956</u> |
| Reconciliation of excess of revenues over (under) expenses to net cash provided by (used in) operating activities: | | |
| Excess of revenues over expenses | \$ 248,098 | \$ 246,819 |
| Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities: | | |
| Changes in assets and liabilities: | | |
| Claims receivable | 20 | (996) |
| Prepaid insurance | (2,056) | (29) |
| Account payable | <u>7,098</u> | <u>7,558</u> |
| Net cash provided by operating activities | <u>\$ 253,160</u> | <u>\$ 253,352</u> |

See accompanying notes to financial statements.

CLJ ASSOCIATES, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

CLJ Associates, LLC, an Indiana limited liability company (the “Company”), was originally formed in 1983 for the purpose of providing management consulting, monitoring services, and technical assistance to non-profit organizations and units of state and local government. The firm specializes in employment and training program administration. The Company contracts with the South Central Region 8 Workforce Board, Inc. to serve as One-Stop Operator and Staff to the Board. The South Central Region 8 is a regional workforce area comprised of the Indiana counties of Owen, Monroe, Brown, Greene, Daviess, Martin, Lawrence and Orange. CLJ Associates, LLC is responsible for oversight and management of the Federal and State funded workforce programs granted to the South Central Region 8 Workforce Board, Inc.

BASIS OF PRESENTATION

The financial statements of the Company have been prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America.

PROPERTY AND EQUIPMENT

As of December 31, 2016 and 2015, all property and equipment acquired by the Company were purchased with funds provided by the State of Indiana and therefore owned by the State of Indiana. Any future assets acquired with Company general funds would be recorded and depreciated as noted above. When property is sold, retired or otherwise disposed of, the related cost and accumulated depreciation would be eliminated from the accounts and any resulting gain or loss would be credited or charged to income. Expenditures for maintenance and repairs are expensed.

REVENUE RECOGNITION

The Company contracts with the South Central Region 8 Workforce Board, Inc. to serve as One-Stop Operator and to Staff the Board. These contracts require the Company to submit to the Board appropriate records of services provided. Revenues under the contracts are recognized as the services are provided.

INCOME TAX STATUS

The Company is structured as a limited liability company. In lieu of Company income taxes, the members of a limited liability company are taxed on their share of the Company’s taxable income. Therefore, no provision or liability for federal income taxes has been included in the financial statements.

CLJ ASSOCIATES, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 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.

ALLOCATION OF COSTS

The Company allocates indirect costs to benefiting programs using direct labor hours charged to programs. Joint costs are those costs incurred for the common benefit of all Company programs, which cannot be readily identified with a final cost objective.

CLAIMS RECEIVABLE

Claims receivable are amounts due from the South Central Region 8 Workforce Board, Inc. Based upon collection history, amounts have been deemed as fully collectible and no allowance for uncollectible accounts has been recorded.

ACCOUNTING FOR IMPAIRMENT

Accounting for the Impairment or Disposal of Long-Lived Assets guidance, requires that long-lived assets and certain identifiable intangibles held and used by an entity be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. This guidance has not materially affected the Company's net change in member's equity, balance sheet or statement of cash flows.

INCOME TAX BENEFIT OR LIABILITY

Effective January 1, 2009, the Company 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 Company has examined this issue and has determined there are no material contingent tax liabilities at December 31, 2016 and 2015. The Company's federal tax returns for 2015, 2014, and 2013 are subject to examination by the IRS, generally for three years after they were filed.

SUBSEQUENT EVENTS

Subsequent events have been evaluated through February 8, 2017, which is the date the financial statements were available to be issued.

CLJ ASSOCIATES, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 2 – STATE OWNED PROPERTY AND EQUIPMENT

As of December 31, 2016 and 2015, the Company controlled State owned equipment and furniture costing \$32,423 and \$28,128, respectively. 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 Company.

NOTE 3 – CONCENTRATION OF CREDIT RISK

Revenues from federal, state and local government funded contracts represent 100% of the Company's total revenue and support for the years ended December 31, 2016 and 2015.

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 – RETIREMENT PLAN

The Company has a SIMPLE IRA plan (Savings Incentive Match Plan for Employees) covering all members. Under the plan, the Company makes contributions (up to 3% of compensation) to the plan for eligible LLC members. For the years ended December 31, 2016 and 2015, the Company contributions were \$7,986 and \$5,297, respectively. In addition, for the years ended December 31, 2016 and 2015, individual member discretionary contributions totaled \$39,000 and \$31,000, respectively.