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April 3, 2018


Board of Directors
Indianapolis Private Industry Council
d/b/a EmployIndy
115 W. Washington St.
Indianapolis, IN 46204

We have reviewed the report prepared by Indianapolis Private Industry Council d/b/a EmployIndy and opined upon by BKD, LLP, Independent Public Accountants, for the period July 1, 2014 to June 30, 2015. Per the *Independent Auditor's Report* the financial statements included in the report present fairly the financial condition of Indianapolis Private Industry Council d/b/a EmployIndy as of June 30, 2015 and the results of its operations for the period then ended, on the basis of accounting described in the report.

We call your attention to the finding in the report on page 21. Please see the Schedule of Findings and Questioned Costs for complete details related to the finding.

In our opinion, BKD, 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, CPA
State Examiner

**Indianapolis Private Industry Council
d/b/a EmployIndy**

Independent Auditor's Report and Financial Statements
June 30, 2015 and 2014

Indianapolis Private Industry Council
d/b/a EmployIndy
June 30, 2015 and 2014

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Independent Auditor's Report

Board of Directors
Indianapolis Private Industry Council
d/b/a EmployIndy
Indianapolis, Indiana

Report on the Financial Statements

We have audited the accompanying financial statements of Indianapolis Private Industry Council d/b/a EmployIndy (EmployIndy), which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities 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 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 organization'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 organization'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 Indianapolis Private Industry Council d/b/a EmployIndy as of June 30, 2015 and 2014, 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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards required by OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, as listed in the table of contents, is presented for purposes of additional analysis 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 January 26, 2016, on our consideration of EmployIndy'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* in considering EmployIndy's internal control over financial reporting and compliance.

BKD, LLP

Indianapolis, Indiana
January 26, 2016

Indianapolis Private Industry Council
d/b/a EmployIndy
Statements of Financial Position
June 30, 2015 and 2014

Assets

	2015	2014
Cash	\$ 2,006,147	\$ 2,857,377
Grant reimbursements receivable (net of allowance of \$22,067 and \$0, respectively)	819,307	1,270,595
Prepaid expenses	60,185	78,876
Contributions receivable	240,000	350,000
Property and equipment	249,629	353,819
Total assets	\$ 3,375,268	\$ 4,910,667

Liabilities

Accounts payable	\$ 985,349	\$ 1,499,936
Accrued expenses	162,853	107,614
Deferred revenue - PowerTrain fund	164,637	1,047,790
Other liabilities	55,384	-
Total liabilities	1,368,223	2,655,340

Net Assets

Unrestricted	414,881	539,922
Temporarily restricted	1,592,164	1,715,405
Total net assets	2,007,045	2,255,327
Total liabilities and net assets	\$ 3,375,268	\$ 4,910,667

Indianapolis Private Industry Council
d/b/a EmployIndy
Statements of Activities
Years Ended June 30, 2015 and 2014

	2015			2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenues, Gains and Other Support						
Contribution income	\$ 3,745	\$ 1,733,000	\$ 1,736,745	\$ 87,778	\$ 2,252,549	\$ 2,340,327
Government grants - federal	9,400,056	-	9,400,056	9,558,965	-	9,558,965
Grants - other	1,799,982	-	1,799,982	1,346,724	-	1,346,724
Interest	3,216	-	3,216	3,603	-	3,603
Miscellaneous income	6,299	-	6,299	12,991	-	12,991
Net assets released from restrictions	1,856,241	(1,856,241)	-	1,067,479	(1,067,479)	-
Total revenues, gains and other support	<u>13,069,539</u>	<u>(123,241)</u>	<u>12,946,298</u>	<u>12,077,540</u>	<u>1,185,070</u>	<u>13,262,610</u>
Expenses						
Workforce development services	11,188,364	-	11,188,364	10,346,132	-	10,346,132
Management and general	1,996,695	-	1,996,695	1,747,631	-	1,747,631
Fund raising	9,521	-	9,521	14,230	-	14,230
Total expenses	<u>13,194,580</u>	<u>-</u>	<u>13,194,580</u>	<u>12,107,993</u>	<u>-</u>	<u>12,107,993</u>
Change in Net Assets	(125,041)	(123,241)	(248,282)	(30,453)	1,185,070	1,154,617
Net Assets, Beginning of Year	<u>539,922</u>	<u>1,715,405</u>	<u>2,255,327</u>	<u>570,375</u>	<u>530,335</u>	<u>1,100,710</u>
Net Assets, End of Year	<u>\$ 414,881</u>	<u>\$ 1,592,164</u>	<u>\$ 2,007,045</u>	<u>\$ 539,922</u>	<u>\$ 1,715,405</u>	<u>\$ 2,255,327</u>

Indianapolis Private Industry Council
d/b/a EmployIndy
Statements of Cash Flows
Years Ended June 30, 2015 and 2014

	2015	2014
Operating Activities		
Change in net assets	\$ (248,282)	\$ 1,154,617
Item not requiring cash		
Depreciation	208,849	184,379
Changes in		
Grant reimbursements receivable	451,288	257,213
Prepaid expenses	18,691	25,870
Contributions receivable	110,000	(350,000)
Accounts payable, accrued expenses and other liabilities	(403,964)	(196,846)
Deferred revenue	(883,153)	(399,231)
Net cash (used in) provided by operating activities	(746,571)	676,002
Investing Activity - purchase of equipment	(104,659)	(179,796)
Net (Decrease) Increase in Cash	(851,230)	496,206
Cash, Beginning of Year	2,857,377	2,361,171
Cash, End of Year	\$ 2,006,147	\$ 2,857,377

Indianapolis Private Industry Council
d/b/a EmployIndy
Notes to Financial Statements
June 30, 2015 and 2014

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

The Indianapolis Private Industry Council (d/b/a EmployIndy) (EmployIndy), the Workforce Investment Board (WIB) for Marion County, was incorporated as a not-for-profit organization on June 23, 1983, under the laws of the State of Indiana.

The WIB within each Workforce Service Area (WSA) is responsible for providing policy guidance for, and exercising oversight with respect to, activities under its job training plan in partnership with local units of government. The WIB is also responsible for selecting the WSA's service providers for allocated Workforce Investment Act (WIA) funds from the Indiana Department of Workforce Development. EmployIndy is designated as the fiscal agent for the Marion County WSA by the local elected officials and therefore receives funds directly from the State of Indiana's Department of Workforce Development under the federal WIA. These funds represent EmployIndy's core funding source and are directly allocated to EmployIndy. Although EmployIndy's primary funding source is the Workforce Investment Act, EmployIndy actively competes for other federal, state and private grants.

Use of Estimates

The preparation 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 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, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash

At June 30, 2015, EmployIndy's deposit accounts exceeded federally insured limits by approximately \$1,800,000.

Property and Equipment

Expenditures for property and equipment and items which substantially increase the useful lives of existing assets are capitalized at cost. EmployIndy provides for depreciation on the straight-line method at rates designed to depreciate the costs of assets over estimated useful lives as follows:

	<u>Years</u>
Furnishings and equipment	3-10

Indianapolis Private Industry Council
d/b/a EmployIndy
Notes to Financial Statements
June 30, 2015 and 2014

EmployIndy capitalizes all equipment purchases acquired under government grants if it is probable that EmployIndy will ultimately receive title to the assets. Title to the equipment acquired under government grants is held by the granting agency while used in the program for which it was purchased or other future authorized programs. The disposition of this equipment, as well as the right to a proportionate share of any proceeds therefrom, is subject to funding source regulations.

Deferred Revenue

Revenues received for services provided, in advance of being earned, is deferred and recognized over the periods in which the services are performed and revenues are earned.

During January 2012, EmployIndy entered into a grant agreement with the City of Indianapolis to fund the workforce training program (“PowerTrain”). In June 2013, EmployIndy received \$1.5 million in advance of services. For the year ended June 30, 2015, \$883,153 was expended and \$164,637 remains as deferred revenue. For the year ended June 30, 2014, \$399,231 was expended and \$1,047,790 remained as deferred revenue.

Temporarily Restricted Net Assets

Temporarily restricted net assets are those whose use by EmployIndy has been limited by donors to a specific time period or purpose.

Contributions

Gifts of cash and other assets received without donor stipulations are reported as unrestricted revenue and net assets. Gifts received with a donor stipulation that limits their use are reported as temporarily restricted net assets. When a donor 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. Gifts that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as temporarily restricted and then released from restriction.

Government Grants

Support funded by grants is recognized as EmployIndy performs the contracted services under grant agreements. Grant revenue is recognized as earned as the eligible expenses are incurred. Grant expenditures are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

Indianapolis Private Industry Council
d/b/a EmployIndy
Notes to Financial Statements
June 30, 2015 and 2014

Income Taxes

EmployIndy is exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code. EmployIndy is not considered to be a private foundation.

Functional Allocation of Expenses

EmployIndy reports expenditures that can be specifically identified with a particular program objective to the appropriate funding source and cost category. EmployIndy's indirect and other pooled expenses are allocated monthly to the various programs or grants based on a cost allocation plan accepted by its oversight agency.

Reclassifications

Certain reclassifications have been made to the 2014 financial statements to conform to the 2015 financial statement presentation. These reclassifications had no effect on the change in net assets.

Subsequent Events

Subsequent events have been evaluated through the date of the Independent Auditor's Report, which is the date the financial statements were available to be issued.

Note 2: Contributions Receivable

At June 30, 2015 and 2014, EmployIndy had \$240,000 and \$350,000 in temporarily restricted contributions receivable restricted for the Hire-Up Indy initiative. Amounts are expected to be collected within one year of the respective year end.

Indianapolis Private Industry Council
d/b/a EmployIndy
Notes to Financial Statements
June 30, 2015 and 2014

Note 3: Grant Commitments

EmployIndy receives its grant support through periodic claims filed with the respective funding sources, not to exceed a limit specified in the funding agreement. Since the financial statements of EmployIndy are prepared on the accrual basis, all earned portions of the grants not yet received as of June 30, 2015 have been recorded as receivables. EmployIndy has been awarded additional grants that span over multiple years. The majority of its Federal grants are received in this capacity. Following are the grant commitments that existed at June 30, 2015:

Grant	Term	Grant Amount	Earned as of June 30, 2015	Funding Available
WIA Administration	07/01/14 - 06/30/16	\$ 777,198	\$ 717,617	\$ 59,581
WIA Adult	07/01/14 - 06/30/16	4,233,430	3,320,163	913,267
WIA Youth	07/01/14 - 06/30/16	2,273,807	1,981,531	292,276
WIA Dislocated Worker	07/01/14 - 06/30/16	1,806,925	1,774,238	32,687
WIA Transition Project	07/01/14 - 06/30/16	177,210	53,897	123,313
Integrated Services	10/01/14 - 09/30/16	293,358	51,316	242,042
YouthBuild	09/01/12 - 12/31/17	673,620	499,460	174,160
CDBG	01/01/15 - 12/31/15	438,000	174,358	263,642
WorkIN	07/01/14 - 09/30/15	290,045	189,879	100,166
Dropout Prevention	07/01/14 - 09/30/15	639,749	497,273	142,476
LEAP	06/15/15 - 06/14/17	495,660	7	495,653
H1-B	11/01/14 - 09/30/18	8,364,602	219,816	8,144,786
		<u>\$ 20,463,604</u>	<u>\$ 9,479,555</u>	<u>\$ 10,984,049</u>

Note 4: Property and Equipment

EmployIndy's property and equipment is as follows:

	<u>2015</u>	<u>2014</u>
Furnishings and equipment	\$ 1,560,430	\$ 1,455,771
Accumulated depreciation and amortization	<u>(1,310,801)</u>	<u>(1,101,952)</u>
	<u>\$ 249,629</u>	<u>\$ 353,819</u>

For the years ended June 30, 2015 and 2014, unrestricted net assets of \$242,732 and \$341,285, respectively, are related to property and equipment, net of accumulated depreciation, purchased with federal and state dollars.

Indianapolis Private Industry Council
d/b/a EmployIndy
Notes to Financial Statements
June 30, 2015 and 2014

Note 5: Leases

EmployIndy leases office space and various items of equipment under operating lease arrangements. These leases expire at various dates through August 31, 2018. Rental expense for these leases included in the statements of activities for the years ended June 30, 2015 and 2014 was \$318,466 and \$328,073, respectively.

Minimum annual rental payments required under the operating leases which have remaining terms in excess of one year as of June 30, 2015 are as follows:

2016	\$	347,647
2017		321,437
2018		303,987
2019		<u>83,951</u>
	<u>\$</u>	<u>1,057,022</u>

Note 6: Net Assets

Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30 are available for the following purposes or periods:

	<u>2015</u>	<u>2014</u>
Workforce Innovations	\$ 89,044	\$ 89,044
Youth Employment Services	481,388	599,694
Hire Up Indy	888,788	1,025,894
Jobs for America's Graduates	<u>132,944</u>	<u>773</u>
	<u>\$ 1,592,164</u>	<u>\$ 1,715,405</u>

Indianapolis Private Industry Council
d/b/a EmployIndy
Notes to Financial Statements
June 30, 2015 and 2014

Net Assets Released From Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	2015	2014
Purpose restrictions accomplished		
Youth Employment Services	\$ 1,118,306	\$ 753,836
Hire Up Indy	737,106	275,915
Working 4 Green	-	15,931
Jobs for America's Graduates	829	21,797
Total net assets released from restrictions	\$ 1,856,241	\$ 1,067,479

Note 7: Employee Benefits

EmployIndy maintains a 401(k) plan for the benefit of substantially all of its employees, which allows for both employee and employer contributions. EmployIndy's contribution consists of a contribution of 7% of eligible compensation and amounted to \$115,848 and \$94,982 for 2015 and 2014, respectively.

Note 8: Related Party Transactions

One voting WIB member of EmployIndy, who also serves on the Youth Council, is employed by Goodwill Industries, a contractor of services for EmployIndy. Payments to this contractor for the years ended June 30, 2015 and 2014 were \$710,658 and \$715,700, respectively.

Indianapolis Private Industry Council
d/b/a EmployIndy
Notes to Financial Statements
June 30, 2015 and 2014

Note 9: Concentrations

Accounting principles generally accepted in the United States of America require disclosure of current vulnerabilities due to certain concentrations. Those matters include the following:

Revenue

For the years ended June 30, 2015 and 2014, revenue from federal funding sources represented approximately 73% and 72%, respectively, of EmployIndy's total revenue. For the years ended June 30, 2015 and 2014, revenue from contributions represented approximately 13% and 18%, respectively, of EmployIndy's total revenue.

Contributions

Approximately 58% and 43% of all contributions were received from one donor in 2015 and 2014, respectively.

Supplementary Information

Indianapolis Private Industry Council
d/b/a EmployIndy
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015

Federal Grantor/ Pass-through Grantor/ Program or Cluster Title	Federal CFDA Number	Grant or Identifying Number	Federal Expenditures
Department of Labor			
Direct programs			
		YB-23515-12-60-A-18 and	
YouthBuild	17.274	YB-26225-14-60-A-18	\$ 499,460
Reintegration of Ex-offenders	17.270	PE-27227-15-60-A-18	7
H-1B Job Training	17.268	HG-26662-15-60-A-18	219,816
Pass-through programs			
State of Indiana, Department of Workforce Development			
Workforce Investment Act (WIA) Cluster			
WIA - Adult	17.258	C1-x-WIB-x-39	3,667,190
WIA - Youth	17.259	C1-x-WIB-x-39	2,195,731
WIA - Dislocated Worker	17.278	C1-x-WIB-x-39	2,056,764
Total WIA Cluster			<u>7,919,685</u>
NEG Dislocated Worker Training	17.277	C1-4-NEGDWT-3-39	141,356
Employment Service/Wagner-Peyser Funded Activities	17.207	various	89,605
Disabled Veterans' Outreach Program	17.801	C1-x-IS-x-39	7,030
Unemployment Insurance	17.225	C1-x-IS-x-39	43,657
Local Veterans' Employment Representative Program	17.804	C1-x-IS-x-39	2,425
Trade Adjustment Assistance	17.245	C1-x-IS-x-39	2,925
Department of Housing and Urban Development			
Pass-through programs			
City of Indianapolis			
Community Development Block Grant (CDBG)	14.218		<u>474,090</u>
Total Expenditures of Federal Awards			<u><u>\$ 9,400,056</u></u>

**Indianapolis Private Industry Council
d/b/a EmployIndy
Notes to Schedule of Expenditures of Federal Awards
June 30, 2015**

Note 1: Basis of Presentation

This schedule includes the federal awards activity of Indianapolis Private Industry Council d/b/a EmployIndy and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2: Subrecipients

Of the federal expenditures presented in this schedule, EmployIndy provided federal awards to subrecipients as follows:

Program	CFDA Number	Amount Provided
WIA - Adult	17.258	\$ 1,205,542
WIA - Youth	17.259	1,341,590
WIA - Dislocated Worker	17.278	634,655
YouthBuild	17.274	233,161
Community Development Block Grant	14.218	458,138
H-1B Job Training Grant	17.268	52,355
		\$ 3,925,441

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance With *Government Auditing Standards*

Board of Directors
Indianapolis Private Industry Council
d/b/a EmployIndy
Indianapolis, Indiana

We have audited, 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, the basic financial statements of Indianapolis Private Industry Council d/b/a EmployIndy (EmployIndy), which comprise the statement of financial position as of June 30, 2015 and the related statements of activities and cash flows for the year then ended, and the related notes to the basic financial statements, and have issued our report thereon dated January 26, 2016.

Internal Control Over Financial Reporting

Management of EmployIndy is responsible for establishing and maintaining effective internal control over financial reporting (internal control). In planning and performing our audit, we considered EmployIndy's 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 EmployIndy's internal control. Accordingly, we do not express an opinion on the effectiveness of EmployIndy's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, there can be no assurance that all material weaknesses or significant deficiencies have been identified. However, as discussed in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be a material weakness.

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 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. 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 EmployIndy's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as item 2015-001 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether EmployIndy's financial statements are free of 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*.

EmployIndy's Response to Finding

EmployIndy's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. EmployIndy's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

We also noted certain matters that were reported to EmployIndy's management in a separate letter dated January 26, 2016.

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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering EmployIndy's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BKD, LLP

Indianapolis, Indiana
January 26, 2016

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance

Independent Auditor's Report

Board of Directors
Indianapolis Private Industry Council
d/b/a EmployIndy
Indianapolis, Indiana

Report on Compliance for Each Major Federal Program

We have audited the compliance of Indianapolis Private Industry Council d/b/a EmployIndy (EmployIndy) with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015. EmployIndy'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 EmployIndy'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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about EmployIndy'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 EmployIndy's compliance.

Opinion on Each Major Federal Program

In our opinion, Indianapolis Private Industry Council d/b/a EmployIndy 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, 2015.

Report on Internal Control Over Compliance

Management of EmployIndy 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 EmployIndy'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 our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 EmployIndy'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. 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

BKD, LLP

Indianapolis, Indiana
January 26, 2016

**Indianapolis Private Industry Council
d/b/a EmployIndy
Schedule of Findings and Questioned Costs
June 30, 2015**

Summary of Auditor's Results

1. The opinion expressed in the independent auditor's report was:
 Unmodified Qualified Adverse Disclaimed

2. The independent auditor's report on internal control over financial reporting disclosed:
 Significant deficiency(ies)? Yes None reported
 Material weakness(es)? Yes No

3. Noncompliance considered material to the financial statements was disclosed by the audit? Yes No

4. The independent auditor's report on internal control over compliance for major federal awards programs disclosed:
 Significant deficiency(ies)? Yes None reported
 Material weakness(es)? Yes No

5. The opinion expressed in the independent auditor's report on compliance for major federal awards was:
 Unmodified Qualified Adverse Disclaimed

6. The audit disclosed findings required to be reported by OMB Circular A-133? Yes No

7. EmployIndy's major programs were:

Cluster/Program	CFDA Number
Workforce Investment Act (WIA) cluster	17.258, 17.259 and 17.278
Community Development Block Grant (CDBG)	14.218

Indianapolis Private Industry Council
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Schedule of Findings and Questioned Costs (Continued)
June 30, 2015

8. The threshold used to distinguish between Type A and Type B programs as those terms are defined in OMB Circular A-133 was \$300,000.

9. EmployIndy qualified as a low-risk auditee as that term is defined in OMB Circular A-133?

Yes

No

**Indianapolis Private Industry Council
d/b/a EmployIndy
Schedule of Findings and Questioned Costs (Continued)
June 30, 2015**

Findings Required to be Reported by *Government Auditing Standards*

Reference Number	Finding	Questioned Costs
2015-001	<p>Criteria or Specific Requirement: Management is responsible for establishing and maintaining effective internal control over the financial reporting.</p> <p>Condition: A material adjustment was proposed and recorded during the course of the audit fieldwork.</p> <p>Context: An adjustment was proposed and recorded during the course of the audit to reverse the recognition of \$124,658 in contribution revenues in connection with the Hire Up Indy program. These funds were an intercompany transfer between bank accounts and should not have been recognized as revenue.</p> <p>Effect: EmployIndy should maintain internal controls to ensure the financial statements are free from material misstatement.</p> <p>Cause: The review and analysis of the proper revenue recognition of these contribution revenues and accounts receivable did not timely detect the adjustment.</p> <p>Recommendation: We recommend that management strengthen its process related to the review of year-end account balances in order to analyze the proper recording and recognition of revenues.</p> <p>Views of Responsible Officials and Planned Corrective Actions: In response to the material weaknesses existing at June 30, 2015, EmployIndy's management is dedicated to improving our control environment and to remedying the identified material weaknesses. EmployIndy's ongoing efforts are focused on:</p> <ol style="list-style-type: none"> 1) The Fiscal staff <ol style="list-style-type: none"> a. Hired an experienced CFO in May 2015. b. Hired additional accountant in May 2015. c. Ongoing evaluation of Fiscal department to provide additional training, as well as possible addition of resources to ensure proper control and improved quality is maintained. 2) Improve our control environment <ol style="list-style-type: none"> a. Implement process improvements to strengthen our internal control design and monitoring activities. b. Detailed management review of account reconciliations for all accounts. c. Engagement of a third-party consultant to review the accounting system and provide improved reporting and reconciliation processes. <p>EmployIndy believes that these actions will substantially improve the organization. The full impact of the changes had not been realized by June 30, 2015. EmployIndy will continue to evaluate its Fiscal staff and control environment. EmployIndy remains committed to adding the necessary resources as needs are identified.</p>	None

Indianapolis Private Industry Council
d/b/a EmployIndy
Schedule of Findings and Questioned Costs (Continued)
June 30, 2015

Findings Required to be Reported by OMB Circular A-133

Reference Number	Finding	Questioned Costs
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No matters are reportable.

Indianapolis Private Industry Council
d/b/a EmployIndy
Summary Schedule of Prior Audit Findings
June 30, 2015

Reference Number	Finding	Status
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No matters are reportable.