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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 Crowe Horwath 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 Indianapolis Private Industry Council d/b/a EmployIndy 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.

We call your attention to the finding in the report on page 18. Please see the Schedule of Findings and Questioned Costs for complete details related to the finding.

In our opinion, Crowe Horwath 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**  
Indianapolis, Indiana

**FINANCIAL STATEMENTS**  
June 30, 2016 and 2015

Indianapolis Private Industry Council d/b/a EmployIndy  
Indianapolis, Indiana

Financial Statements  
June 30, 2016 and 2015

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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 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.

**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 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.

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(Continued)

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of EmployIndy 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.

## Other Matters

Our audit was 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 Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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.

The financial statements of EmployIndy as of June 30, 2015, were audited by other auditors whose report dated January 26, 2016, expressed an unmodified opinion on those statements.

## Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 12, 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.

*Crowe Horwath LLP*  
Crowe Horwath LLP

Indianapolis, Indiana  
December 14, 2016

INDIANAPOLIS PRIVATE INDUSTRY COUNCIL  
d/b/a EMPLOYINDY  
STATEMENTS OF FINANCIAL POSITION  
June 30, 2016 and 2015

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	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
Cash	\$ 1,137,102	\$ 2,006,147
Grant reimbursements receivable (net of allowance of \$0 and \$22,067, respectively)	1,321,399	819,307
Prepaid expenses	61,168	60,185
Contributions receivable	-	240,000
Property and equipment, net	<u>130,218</u>	<u>249,629</u>
	<u>\$ 2,649,887</u>	<u>\$ 3,375,268</u>
<b>Liabilities and Net Assets</b>		
Accounts payable	\$ 1,185,147	\$ 985,349
Accrued expenses	163,000	162,853
Deferred revenue - PowerTrain fund	57,134	164,637
Other liabilities	<u>227,251</u>	<u>55,384</u>
Total liabilities	1,632,532	1,368,223
<b>Net Assets</b>		
Unrestricted	233,516	414,881
Temporarily restricted	<u>783,839</u>	<u>1,592,164</u>
Total net assets	<u>1,017,355</u>	<u>2,007,045</u>
	<u>\$ 2,649,887</u>	<u>\$ 3,375,268</u>

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See accompanying notes to financial statements.

INDIANAPOLIS PRIVATE INDUSTRY COUNCIL  
d/b/a EMPLOYINDY  
STATEMENTS OF ACTIVITIES  
Years ended June 30, 2016 and 2015

	-----2016-----			-----2015-----		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Revenues, Gains and Other Support</b>						
Contribution income	\$ 1,000	\$ 1,079,382	\$ 1,080,382	\$ 3,745	\$ 1,733,000	\$ 1,736,745
Government grants – federal	9,827,036	-	9,827,036	9,400,056	-	9,400,056
Grants – other	1,353,707	-	1,353,707	1,799,982	-	1,799,982
Interest	2,069	-	2,069	3,216	-	3,216
Miscellaneous income	1,684	-	1,684	6,299	-	6,299
Net assets released from restrictions	<u>1,887,707</u>	<u>(1,887,707)</u>	<u>-</u>	<u>1,856,241</u>	<u>(1,856,241)</u>	<u>-</u>
Total revenues, gains, and other support	<u>13,073,203</u>	<u>(808,325)</u>	<u>12,264,878</u>	<u>13,069,539</u>	<u>(123,241)</u>	<u>12,946,298</u>
<b>Expenses</b>						
Workforce development services	11,676,360	-	11,676,360	11,188,364	-	11,188,364
Management and general	1,578,208	-	1,578,208	1,996,695	-	1,996,695
Fundraising	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,521</u>	<u>-</u>	<u>9,521</u>
Total expenses	<u>13,254,568</u>	<u>-</u>	<u>13,254,568</u>	<u>13,194,580</u>	<u>-</u>	<u>13,194,580</u>
Change in Net Assets	(181,365)	(808,325)	(989,690)	(125,041)	(123,241)	(248,282)
Net Assets, Beginning 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>
Net Assets, End of Year	<u>\$ 233,516</u>	<u>\$ 783,839</u>	<u>\$ 1,017,355</u>	<u>\$ 414,881</u>	<u>\$ 1,592,164</u>	<u>\$ 2,007,045</u>

See accompanying notes to financial statements.

INDIANAPOLIS PRIVATE INDUSTRY COUNCIL  
d/b/a EMPLOYINDY  
STATEMENTS OF CASH FLOWS  
Years ended June 30, 2016 and 2015

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	<u>2016</u>	<u>2015</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ (989,690)	\$ (248,282)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	121,530	208,849
Changes in		
Grant reimbursements receivable	(502,092)	451,288
Prepaid expenses	(983)	18,691
Contributions receivable	240,000	110,000
Accounts payable, accrued expenses and other liabilities	371,812	(403,964)
Deferred revenue	<u>(107,503)</u>	<u>(883,153)</u>
Net cash from operating activities	(866,926)	(746,571)
<b>Cash flows from investing activities</b>		
Purchases of equipment	<u>(2,119)</u>	<u>(104,659)</u>
Net cash from investing activities	(2,119)	(104,659)
Net change in cash	(869,045)	(851,230)
Cash at beginning of year	<u>2,006,147</u>	<u>2,857,377</u>
<b>Cash at end of year</b>	<u>\$ 1,137,102</u>	<u>\$ 2,006,147</u>

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See accompanying notes to financial statements.

INDIANAPOLIS PRIVATE INDUSTRY COUNCIL  
d/b/a EMPLOYINDY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016 and 2015

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**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 Development Board (WDB) for Marion County, was incorporated as a not-for-profit organization on June 23, 1983, under the laws of the State of Indiana.

The WDB 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 WDB is also responsible for selecting the WSA's service providers for allocated Workforce Investment Act and Workforce Innovation and Opportunity Act (WIA/WIOA) 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/WIOA. These funds represent EmployIndy's core funding source and are directly allocated to EmployIndy. Although EmployIndy's primary funding source is WIA/WIOA, 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 (GAAP) 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:** EmployIndy's deposit accounts exceeded federally insured limits at June 30, 2016 and 2015.

**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

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.

**Impairment of Long-Lived Assets:** On an ongoing basis, EmployIndy reviews its long-lived assets for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. EmployIndy recognizes impairment losses if the undiscounted cash flows expected to be generated are less than the carrying value of the related assets. If impaired, the assets are adjusted to fair value based on the discounted cash flows. No impairment loss has been recognized during the years ended June 30, 2016 and 2015.

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(Continued)

INDIANAPOLIS PRIVATE INDUSTRY COUNCIL  
d/b/a EMPLOYINDY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016 and 2015

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**NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
(Continued)

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, 2016, \$107,503 was expended and \$57,134 remains as deferred revenue. For the year ended June 30, 2015, \$883,153 was expended and \$164,637 remained as deferred revenue.

Net Asset Classifications: The financial statements have been prepared in accordance with GAAP. This requires, among other things, that the financial statements report the changes in and total of each of the net asset classes, based upon donor restrictions, as applicable. Net assets are to be classified as unrestricted, temporarily restricted, or permanently restricted.

The following classes of net assets are maintained:

Unrestricted Net Assets – The unrestricted net asset class includes general assets and liabilities of EmployIndy. The unrestricted net assets of the entity may be used at the discretion of management to support EmployIndy's purposes and operations.

Temporarily Restricted Net Assets - This net asset class includes assets of EmployIndy whose use has been limited by donors to a specific time period or purpose. Amounts are released from restriction when used for satisfaction of the donors' restrictions. Releases during the years ended June 30, 2016 and 2015 totaled \$1,887,707 and \$1,856,241, respectively.

Permanently Restricted Net Assets – The permanently restricted net asset class includes assets of EmployIndy related to contributions and other inflows of assets whose use by EmployIndy is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of EmployIndy. EmployIndy had no permanently restricted net assets as of June 30, 2016 and 2015.

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.

Contributions Receivable: At June 30, 2016 and 2015, EmployIndy had \$0 and \$240,000 in temporarily restricted contributions receivable restricted for the Hire-Up Indy initiative.

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.

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(Continued)

INDIANAPOLIS PRIVATE INDUSTRY COUNCIL  
d/b/a EMPLOYINDY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016 and 2015

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**NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
(Continued)

Income Taxes: EmployIndy is exempt from income taxes on income from related activities under Section 501(c)(3) of the U.S. Internal Revenue Code and corresponding state tax law. Accordingly, no provision has been made for federal or state income taxes.

GAAP requires EmployIndy to recognize a tax liability only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is 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. EmployIndy has examined this issue and has determined there are no material contingent tax liabilities or questionable tax positions.

EmployIndy does not expect the total amount of unrecorded tax benefits to significantly change in the next 12 months. EmployIndy recognizes interest and/or penalties related to income tax matters in income tax expense. EmployIndy did not have any amounts accrued for interest and penalties at June 30, 2016 or 2015.

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.

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 - PROPERTY AND EQUIPMENT**

EmployIndy's property and equipment is as follows:

	<u>2016</u>	<u>2015</u>
Furnishings and equipment	\$ 1,149,367	\$ 1,560,430
Accumulated depreciation and amortization	<u>(1,019,149)</u>	<u>(1,310,801)</u>
	<u>\$ 130,218</u>	<u>\$ 249,629</u>

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(Continued)

INDIANAPOLIS PRIVATE INDUSTRY COUNCIL  
d/b/a EMPLOYINDY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016 and 2015

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**NOTE 3 - 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, 2016 and 2015 was \$460,604 and \$318,466, respectively.

Minimum annual rental payments required under the operating leases which have remaining terms in excess of one year as of June 30, 2016 are as follows:

2017	\$ 320,282
2018	302,832
2019	<u>83,758</u>
	<u>\$ 706,872</u>

**NOTE 4 - NET ASSETS**

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

	<u>2016</u>	<u>2015</u>
Workforce Innovations	\$ 89,088	\$ 89,044
Youth Employment Services	546,031	481,388
Hire Up Indy	146,687	888,788
Jobs for America's Graduates	<u>2,033</u>	<u>132,944</u>
	<u>\$ 783,839</u>	<u>\$ 1,592,164</u>

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

	<u>2016</u>	<u>2015</u>
Purpose restrictions accomplished		
Workforce Innovations	\$ 481,344	\$ -
Youth Employment Services	532,469	1,118,306
Hire Up Indy	742,101	737,106
Jobs for America's Graduates	<u>131,793</u>	<u>829</u>
Total net assets released from restrictions	<u>\$ 1,887,707</u>	<u>\$ 1,856,241</u>

**NOTE 5 - 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 \$95,773 and \$115,848 for 2016 and 2015, respectively.

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(Continued)

INDIANAPOLIS PRIVATE INDUSTRY COUNCIL  
d/b/a EMPLOYINDY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016 and 2015

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**NOTE 6 - RELATED PARTY TRANSACTIONS**

One voting WDB member of EmployIndy, who also serves on the Youth Council, is employed by a contractor of services for EmployIndy. Payments to this contractor for the years ended June 30, 2016 and 2015 were \$767,991 and \$710,658, respectively.

**NOTE 7 - CONCENTRATIONS**

GAAP requires disclosure of current vulnerabilities due to certain concentrations. Those matters include the following:

Revenue: For the years ended June 30, 2016 and 2015, revenue from federal funding sources represented approximately 79% and 73%, respectively, of EmployIndy's total revenue. For the years ended June 30, 2016 and 2015, revenue from contributions represented approximately 9% and 13%, respectively, of EmployIndy's total revenue.

Contributions: Approximately 99% and 58% of all contributions were received from one donor in 2016 and 2015, respectively.

**SUPPLEMENTARY INFORMATION**

INDIANAPOLIS PRIVATE INDUSTRY COUNCIL  
d/b/a EMPLOYINDY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year ended June 30, 2016

<u>Federal Grantor/ Pass-through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Grant or Identifying Number</u>	<u>Expenditures</u>
<b><u>Department of Labor</u></b>			
<b>Direct Programs</b>			
YouthBuild	17.274	YB2622TH2 and YB23515JSO	\$ 443,925
Reintegration of Ex-offenders	17.270	PE27227ZJO	107,171
H-1B Job Training	17.268	HG26662XNO	<u>1,066,597</u>
Total <u>Direct</u> Department of Labor			1,617,693
<b>Pass-through programs</b>			
State of Indiana, Department of Workforce Development			
Workforce Investment Act (WIA/WIOA) Cluster			
WIA – Adult	17.258	C1-x-WIB-x-39	1,641,831
WIA – Youth	17.259	C1-x-WIB-x-39	871,921
WIA – Dislocated Worker	17.278	C1-x-WIB-x-39	408,553
WIOA - Adult	17.258	0016515456	1,817,018
WIOA – Youth	17.259	0016515456	1,205,865
WIOA – Dislocated Worker	17.278	0016515456	1,598,600
Business Solutions	17.278	16515705	<u>124,000</u>
Total WIA/WIOA Cluster			7,667,788
NEG Dislocated Worker Training	17.277	14515216	16,242
Employment Service/Wagner-Peyser			
Funded Activities	17.207	15547389	175,491
Job Ready VET	17.802	16528451	<u>47,115</u>
Total Pass-through Department of Labor			<u>7,906,636</u>
Total Department of Labor			<u>9,524,329</u>
<b><u>Department of Housing and Urban Development</u></b>			
<b>Pass-through programs</b>			
City of Indianapolis			
Community Development Block Grant (CDBG)	14.218	1300001895 and 1300002610	<u>383,091</u>
<b>Total Expenditures of Federal Awards</b>			<b><u>\$ 9,907,420</u></b>
<b>EmployIndy provided federal awards to subrecipients as follows:</b>			
<u>Program</u>	<u>CFDA Number</u>		<u>Amount Provided</u>
WIA/WIOA - Adult	17.258		\$ 1,408,454
WIA/WIOA - Youth	17.259		1,033,974
WIA/WIOA - Dislocated Worker	17.278		1,002,339
YouthBuild	17.274		309,972
Community Development Block Grant	14.218		364,739
Reintegration of Ex-offenders (LEAP)	17.270		64,306
H-IB Job Training Grant	17.268		<u>611,530</u>
			<b><u>\$ 4,795,314</u></b>

See Notes to Schedule of Expenditures of Federal Awards.

INDIANAPOLIS PRIVATE INDUSTRY COUNCIL  
d/b/a EMPLOYINDY  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
June 30, 2016

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**NOTE 1 - BASIS OF PRESENTATION**

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

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-122, *Cost Principles for Non-Profit Organizations* or the cost principles contained in Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement. EmployIndy has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

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*

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

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 Indianapolis Private Industry Council d/b/a EmployIndy (EmployIndy), 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 December 14, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered EmployIndy'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 EmployIndy's internal control. Accordingly, we do not express an opinion on the effectiveness of EmployIndy'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 entity'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2016-001 that we consider to be material weakness.

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(Continued)

## **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*.

## **Management's Response to Findings**

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.

## **Purpose of this Report**

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

*Crowe Horwath LLP*

Crowe Horwath LLP

Indianapolis, Indiana  
December 14, 2016

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE

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 Compliance Supplement* that could have a direct and material effect on each of EmployIndy's major federal programs for the year ended June 30, 2016. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. Code of Federal Regulations 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 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, EmployIndy complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2016.

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(Continued)

## 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 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 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 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Crowe Horwath LLP*

Crowe Horwath LLP

Indianapolis, Indiana  
December 14, 2016

INDIANAPOLIS PRIVATE INDUSTRY COUNCIL  
d/b/a EMPLOYINDY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
June 30, 2016

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**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?   X   Yes        No

Significant deficiencies identified not considered to be material weaknesses?        Yes   X   None reported

Noncompliance material to financial statements noted?        Yes   X   No

***Federal Awards***

Internal Control over major programs:

Material weakness(es) identified?        Yes   X   No

Significant deficiencies identified not considered to be material weaknesses?        Yes   X   None Reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?        Yes   X   No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
17.258	WIA/WIOA Cluster
17.259	WIA/WIOA Youth
17.278	WIA/WIOA Adult
17.278	WIA/WIOA Dislocated Worker
17.268	Business Solutions
	H1-B Job Training

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

Auditee qualified as low-risk auditee?        Yes   X   No

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(Continued)

INDIANAPOLIS PRIVATE INDUSTRY COUNCIL  
d/b/a EMPLOYINDY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
June 30, 2016

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**Section II – Financial Statement Findings**

**FINDING 2016-001 – INTERNAL CONTROLS OVER FINANCIAL REPORTING**

**Criteria:** Management is responsible for establishing and maintaining effective internal control over the financial reporting.

**Condition:** A material adjustment was proposed and recorded during the course of the audit fieldwork as a result of grant receivables not recorded when earned.

**Context:** An adjustment was proposed and recorded during the course of the audit to correct the understatement of \$732,464 in grant revenues in connection with multiple grant programs.

**Effect:** EmployIndy should maintain internal controls to ensure the financial statements are free from material misstatement. The unrestricted assets and revenues of EmployIndy were understated as of June 30, 2016 prior to the adjustment.

**Cause:** The review and analysis of the proper revenue recognition of these grant revenues and accounts receivable did not timely detect the adjustment.

**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 and to ensure that revenues agree to total expenses for all cost-reimbursement grants.

**Views of responsible officials and corrective actions:**

An adjustment was proposed and recorded during the course of the PY 15 audit to record additional revenue in the amount of \$732,464, in connection with multiple federal programs. These funds were listed as “Due to / Due From” at the end of the year and should have been recognized as revenue during the fiscal year.

In response to this material weaknesses, which existing at June 30, 2016, our management will strengthen its process related to the review and analyzing the “Due to / Due From” accounts on a quarterly basis to ensure the proper recognition of revenues and to ensure that revenues agree to total expenses for all cost-reimbursement grant.

We believe that these actions will correct this situation. Management is dedicated to improving our control environment and to remedying any identified material weaknesses. We will continue to evaluate and improve our internal control environment.

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

None reported.

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(Continued)

INDIANAPOLIS PRIVATE INDUSTRY COUNCIL  
d/b/a EMPLOYINDY  
SCHEDULE OF PRIOR FINDINGS AND QUESTIONED COSTS  
June 30, 2016

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**SECTION IV – Prior Year Findings and Questioned Costs**

**FINDING 2015-001**

**Condition:** A material adjustment was proposed and recorded during the course of the audit fieldwork.

**Corrective Action:** 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:

1. The Fiscal staff
  - 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
  - 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.

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.

**Status:** Repeated. See Finding 2016-001.