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STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa


April 4, 2018

Board of Directors
River Valley Resources, Inc.
100 E. Second Street
Madison, IN 47250

We have reviewed the report prepared by River Valley Resources, Inc. and opined upon by Mountjoy Chilton Medley 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 River Valley Resources, Inc. as of June 30, 2016 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Mountjoy Chilton Medley 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

River Valley Resources, Inc.

Financial Statements

**Year Ended
June 30, 2016**

River Valley Resources, Inc.

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June 30, 2016

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Independent Auditor's Report

Board of Directors
River Valley Resources, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of River Valley Resources, Inc. ("RVR") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Kentucky
Indiana
Ohio

Mountjoy Chilton Medley LLP

P 812.670.3400 | F 812.670.3400

702 North Shore Drive | Suite 500 | Jeffersonville, IN 47130

www.mcmcpa.com | 888.587.1719

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Independent Auditor's Report (Continued)

Opinion

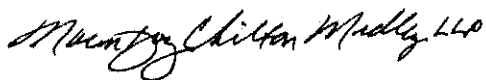
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of RVR as of June 30, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United 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 is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is not a required part of the financial statements. The Schedule of Functional Expenses is also 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 Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2017, on our consideration of RVR's internal control over financial reporting and on 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 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 RVR's internal control over financial reporting and compliance.



Jeffersonville, Indiana

March 28, 2017

River Valley Resources, Inc.
Statement of Financial Position
June 30, 2016

Assets

Current Assets	
Cash	\$ 519,396
Pledges receivable, current portion, net	20,000
Grants receivable	298,484
Other receivables	<u>76,892</u>
Total Current Assets	914,772
Property, Plant and Equipment	
Land	23,051
Building	1,320,121
Capital lease equipment	<u>25,473</u>
Total Property, Plant and Equipment	1,368,645
Less accumulated depreciation	<u>(96,043)</u>
Property, Plant and Equipment, Net	<u>1,272,602</u>
Total Assets	<u><u>\$ 2,187,374</u></u>

Liabilities and Net Assets

Current Liabilities	
Current portion of long-term debt	\$ 14,479
Current portion of long-term capital lease obligation	5,536
Accounts payable	29,964
Accrued payroll and related expenses	<u>147,483</u>
Total Current Liabilities	197,462
Long-term debt, less current portion	<u>239,265</u>
Total Liabilities	436,727
Net Assets	
Unrestricted	1,668,530
Temporarily restricted	<u>82,117</u>
Total Net Assets	<u>1,750,647</u>
Total Liabilities and Net Assets	<u><u>\$ 2,187,374</u></u>

See accompanying notes.

River Valley Resources, Inc.
Statement of Activities
Year Ended June 30, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue			
Grants:			
Federal	\$ 1,780,562	\$ -	\$ 1,780,562
State	866,043	94,129	960,172
Other revenue	484,066	-	484,066
Interest	497	-	497
Net assets released from restrictions through satisfaction of program restrictions	<u>61,649</u>	<u>(61,649)</u>	<u>-</u>
Total Revenue	3,192,817	32,480	3,225,297
Expenses			
Program services:			
Workforce development	745,933	-	745,933
Youth employment	1,066,816	-	1,066,816
Adult Education	395,183	-	395,183
Clearinghouse venture	120,256	-	120,256
Child care	240,715	-	240,715
Disability services	148,797	-	148,797
Local services	<u>139,398</u>	<u>-</u>	<u>139,398</u>
Total Program Activities	2,857,098	-	2,857,098
Supportive Services:			
Management and general	<u>214,592</u>	<u>-</u>	<u>214,592</u>
Total Expenses	<u>3,071,690</u>	<u>-</u>	<u>3,071,690</u>
Changes in Net Assets	121,127	32,480	153,607
Net Assets, Beginning of Year	<u>1,547,403</u>	<u>49,637</u>	<u>1,597,040</u>
Net Assets, End of Year	<u>\$ 1,668,530</u>	<u>\$ 82,117</u>	<u>\$ 1,750,647</u>

See accompanying notes.

River Valley Resources, Inc.
Statement of Cash Flows
Year Ended June 30, 2016

Operating Activities	
Changes in Net Assets	\$ 153,607
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
Depreciation	40,017
(Increase) decrease in:	
Pledges receivable, net	11,836
Grants receivable	17,634
Other receivables	(3,683)
Increase (decrease) in:	
Accounts payable	(14,170)
Accrued payroll and related expenses	<u>(39,539)</u>
Net Cash Provided by Operating Activities	165,702
Investing Activities	
Redemption of certificates of deposit	<u>16,819</u>
Net Cash Provided by Investing Activities	16,819
Financing Activities	
Payoff of line-of-credit	(391,940)
Proceeds from long-term debt	383,000
Principal payments of long-term debt	(129,256)
Payments made on capital lease obligations	<u>(5,306)</u>
Net Cash Used by Financing Activities	<u>(143,502)</u>
Net Increase in Cash	39,019
Cash	
Beginning of Year	<u>480,377</u>
End of Year	<u>\$ 519,396</u>

See accompanying notes.

River Valley Resources, Inc.
Notes to Financial Statements
June 30, 2016

Note A - Nature of Organization and Operations

River Valley Resources, Inc. ("RVR") was organized as a nonprofit corporation in 1990. RVR was formed to prepare youth and unskilled adults for entry into the workforce and to provide economically disadvantaged individuals and others facing barriers to employment with job training in Bartholomew, Dearborn, Decatur, Franklin, Harrison, Jackson, Jefferson, Jennings, Marion, Ohio, Ripley, Switzerland and Washington counties in Indiana. RVR is primarily supported through federal, state and local grants.

Note B - Summary of Significant Accounting Policies

1. Basis of Accounting: The financial statements are prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The Accounting Standards Codification ("ASC") as provided by the Financial Accounting Standards Board ("FASB") is the sole source of authoritative GAAP.
2. Classification of Net Assets: Net assets and revenue, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of RVR and changes therein are classified and reported as follows:
 - *Unrestricted net assets* are not subject to donor-imposed stipulations or are subject to donor-imposed stipulations that are met in the same year the contribution is received.
 - *Temporarily restricted net assets* are subject to donor-imposed stipulations that may or may not be met, either by actions of RVR and/or the passage of time. When a restriction expires, temporarily restricted net assets are transferred to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.
 - *Permanently restricted net assets* are subject to donor-imposed stipulations that they be maintained permanently by RVR. Generally, the donors of these assets permit RVR to use all or part of the income earned on any related investments for general or specific purposes. Currently, RVR does not have any permanently restricted net assets.
3. Use of Estimates: The preparation of financial statements in conformity with GAAP 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, if any) 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.
4. Revenue Recognition: Contributions are recognized when the donor makes a promise to give to RVR, that is, in substance, unconditional. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and nature of any donor restrictions. When a restriction expires, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as released from restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized.

Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

River Valley Resources, Inc.
Notes to Financial Statements (Continued)
June 30, 2016

Note B - Summary of Significant Accounting Policies (Continued)

4. Revenue Recognition (Continued): Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award. Grants that qualify as contributions are recorded as invoiced to the funding sources. Revenue is recognized in the accounting period when the related allowable expenses are incurred. Exchange transactions are reimbursed based on a predetermined rate for services performed. The revenue is recognized in the period the service is performed.
5. Description of Leasing Arrangements: RVR leases portions of its building to other non-profit organizations. These leases are operating in nature and vary in terms. During the year ended June 30, 2016, RVR recognized \$179,203 in occupancy revenue from these leases.
6. Income Taxes: RVR is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code.

RVR evaluates all local, state, and federal income tax returns for potential uncertain tax positions taken. Management has concluded there are no tax positions attributed to the reporting entity which meet the more-likely-than-not criterion in the ASC. Accordingly, the accompanying financial statements do not include a provision for uncertain tax positions, and no related interest or penalties have been recorded in the statements of activities or accrued in the statements of financial position. RVR does not have any ongoing tax examinations and is not aware of any pending examinations by tax authorities.
7. Cash and Cash Equivalents: RVR considers all short-term investments with an original maturity of three months or less to be cash equivalents. RVR had no cash equivalents as of June 30, 2016.
8. Receivables: Grants and other receivables represent reimbursable grants and contracts outstanding at year end. RVR uses the allowance for bad debts method of valuing doubtful receivables which is based on historical experience, coupled with a review of the current status of existing receivables. No allowance was considered necessary as of June 30, 2016 for grants and other receivables. See Note C regarding pledge receivables.
9. Property, plant and equipment: Property, plant and equipment with a cost of \$5,000 or more is capitalized at cost and depreciated over its useful life using the straight-line method. Capital lease equipment is being depreciated over a 5 year period using the straight-line method. Depreciation expense for the year ended June 30, 2016 was \$40,017.
10. Cost Allocation: Joint costs are allocated to benefiting programs using various allocation methods depending on the type of joint cost being allocated. Joint costs are those costs incurred for the common benefit of all agency programs, which cannot be readily identified with a final cost objective.
11. Advertising: RVR expenses advertising costs as incurred. The total amount of advertising expense charged to operations was \$21 for the year ended June 30, 2016.
12. Recent Accounting Pronouncements: In November 2016, the FASB issued Accounting Standards Update ("ASU") 2016-18, *Statement of Cash Flows (Topic 820)*. This standard requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Consequently, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. This guidance is effective for annual periods beginning after December 15, 2017. RVR is currently evaluating this guidance and its related impact on the RVR's financial statements.

River Valley Resources, Inc.
Notes to Financial Statements (Continued)
June 30, 2016

Note B - Summary of Significant Accounting Policies (Continued)

12. Recent Accounting Pronouncements (Continued): In August 2016, the FASB issued ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. This updated guidance changes presentation and disclosure requirements for not-for-profit entities to provide more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors and other users. This guidance included qualitative and quantitative requirements in the following areas: 1) net asset classes; 2) investment return; 3) expenses; 4) liquidity and availability of resources; and 5) presentation of operating cash flows. This standard is effective for annual reporting periods beginning after December 15, 2017. Early adoption is permitted. RVR is currently evaluating this guidance and its related impact on RVR's financial statements.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments-Credit Losses*. The standard requires a financial asset (including trade receivables) measured at amortized cost basis to be presented at the net amount expected to be collected. Thus, the income statement will reflect the measurement of credit losses for newly-recognized financial assets as well as the expected increases or decreases of expected credit losses that have taken place during the period. This standard will be effective for the calendar year ending December 31, 2021. The Conservancy is currently evaluating this guidance and its related impact on the Conservancy's financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases*. This updated guidance provides new requirements for leases to be recognized in the financial statements. In general, the guidance requires the lessee to recognize liabilities on the balance sheet for the obligation to make lease payments and an asset for the right to use the underlying assets for the lease term. There is a differentiation between finance leases and operating leases for the lessee in the statements of activities and cash flows. Finance leases recognize interest on the lease liability separately from the right to use the asset whereas an operating lease recognizes a single lease cost allocated over the lease term on a generally straight-line basis. All cash payments are within operating activities in the statement of cash flows except finance leases classify repayments of the principal portion of the lease liability within financing activities. The updated guidance is to be applied using a modified retrospective approach effective for annual and interim periods beginning after December 15, 2019. Early adoption is permitted. RVR is currently evaluating this guidance and its related impact on RVR's financial statements.

On May 28 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*. The standard's core principle is that a company will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. This standard also includes expanded disclosure requirements that result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing, and uncertainty of revenue and cash flows arising from the entity's contracts with customers. This standard will be effective for the calendar year ending December 31, 2019. RVR is currently evaluating this guidance and its related impact on RVR's financial statements.

13. Subsequent Events: RVR has evaluated events and transactions for potential recognition or disclosure through the date of the Independent Auditor's Report, the date the accompanying financial statements were available to be issued.

River Valley Resources, Inc.
Notes to Financial Statements (Continued)
June 30, 2016

Note C - Pledges Receivable

Unconditional promises to give at June 30, 2016 are as follows:

Pledges receivable (Clearinghouse capital campaign):

Receivable in less than one year	\$ 30,000
Less: Allowance for uncollectible pledges receivable	<u>(10,000)</u>
Net Pledges Receivable	<u><u>\$ 20,000</u></u>

Note D - Grants Receivable

Grants receivable at June 30, 2016, were due from the following funding sources:

Region 9 Regional Workforce Board	\$ 69,367
Family & Social Services Administration	83,148
Department of Education	<u>145,969</u>
Total	<u><u>\$ 298,484</u></u>

Note E - Operating Leases

RVR leases various facilities for operation of its programs. RVR leases office space for its Clearinghouse operations on a month-to-month basis. In October 2013, RVR entered into a lease for office space that expired in November 2016. Monthly rent expense for this office space is approximately \$1,877. In June 2013, RVR entered into a lease for office space that originally expired in June 2016. Monthly rent expense for this office space was approximately \$3,300. In September 2015, RVR terminated this operating lease.

Total rent expense related to the above operating leases for the year ended June 30, 2016, was \$69,296.

Minimum future lease payments under operating leases as of June 30, 2016 are as follows:

2017	<u>\$ 7,508</u>
Total Minimum Lease Payments	<u><u>\$ 7,508</u></u>

Note F - Capital Lease Obligation

In June 2012, RVR entered into a capital lease for equipment that expires in June 2017. The assets and liabilities under capital leases are recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. The asset, with a cost of \$25,473, is included in property, plant and equipment and is being amortized over its useful life. Accumulated amortization for capital lease obligations is included in accumulated depreciation on the statement of financial position. Accumulated amortization was \$20,379 at June 30, 2016.

River Valley Resources, Inc.
Notes to Financial Statements (Continued)
June 30, 2016

Note F - Capital Lease Obligation (Continued)

Minimum future lease payments under capital leases as of June 30, 2016 are as follows:

2017	\$ 5,664
Total Minimum Lease Payments	5,664
Less: amount representing interest	<u>(128)</u>
Present Value of Minimum Lease Payments	5,536
Current portion of long-term capital lease obligations	<u>(5,536)</u>
Long-term Capital Lease Obligation, Less Current Portion	<u><u>\$ -</u></u>

Note G - Line-of-Credit

RVR had an available line-of-credit of \$392,000 with River Valley Financial Bank that bore interest at a rate equal to 0%. The line-of-credit was a closed end agreement which expired on September 21, 2015 and was secured by a real estate mortgage. The principle balance was due in full at the date of expiration.

RVR obtained a short-term promissory note with another financial institution to pay off the line-of-credit with River Valley Financial Bank. The new promissory note in the amount of \$383,000 accrued interest at the greater of 3.75% or 0.5% plus the then Prime Rate and was secured by assignments of deposit accounts. The principle balance and any unpaid interest was due in March 2016. At maturity, RVR converted the short-term promissory note into a long-term promissory note with the same financial institution. (See Note H.)

Note H - Long-term Debt

During the year ended June 30, 2016, RVR obtained a long-term promissory note in the amount of \$283,000 to pay off the balance of short-term note referenced in Note G. The note accrues interest at 3.75% for the first 84 monthly principal and interest payments of \$2,069. Thereafter the interest rate is variable based on the weekly average yield on U.S. Treasury Securities adjusted to a constant maturity of one year plus a margin of 3.25 percentage points, the sum rounded up to the nearest 0.125. At no time should the interest rate be less than 3.75%. The principle balance and any unpaid interest is due in February 2031.

Expected future maturities are as follows:

2017	\$ 14,479
2018	15,331
2019	15,763
2020	16,364
2021	16,989
Thereafter	<u>174,818</u>
Total Future Maturities of Long-term Debt	<u><u>\$ 253,744</u></u>

River Valley Resources, Inc.
Notes to Financial Statements (Continued)
June 30, 2016

Note I - Retirement Plan

RVR has a retirement plan that covers all employees who have completed one year of service or 1,000 service hours and are at least 18 years old. RVR contributed 3% of the annual compensation of the participating employees during the year ended June 30, 2016. The contribution for the year ended June 30, 2016 was \$43,901. Employer contributions vest over a three-year period.

Note J - Significant Concentrations and Contingencies

Cash Concentration Risk

RVR's cash and certificates of deposit are maintained with one financial institution which, at times, may exceed the federally insured limit of \$250,000 coverage by the Federal Deposit Insurance Corporation (FDIC). RVR has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and certificates of deposit.

Revenue Concentration Risk

A majority of all programs administered by RVR are funded by federal, state and local governments. A significant reduction in the level of this support could have a material effect on RVR's future operations.

Note K - Temporarily Restricted Net Assets

At June 30, 2016, RVR had temporarily restricted net assets of \$82,117. This restriction primarily includes cash and receivables and are from the following sources:

Indianapolis Crime Prevention	\$	6,780
GED Program		1,380
Literacy Grant		26,335
Decatur Co.		160
ABE Literacy Jefferson Co.		1,048
Jackson County Hands Up		3,889
Summer Scholarships		21,864
Summer Meals Program		2,108
WIA Youth		18,553
		<hr/>
Total	\$	<u>82,117</u>

River Valley Resources, Inc.
Notes to Financial Statements (Continued)
June 30, 2016

Note L - Lease Income

RVR leases portions of its building to other non-profit organizations. These leases are operating in nature and vary in terms. One lease is noncancelable. The following is a schedule by years of minimum future rentals on the noncancelable operating lease as of June 30, 2016:

Year Ending June 30:	
2017	\$ 67,500
2018	67,500
2019	67,500
2020	67,500
2021	5,625
Later Years	<u>-</u>
Total Minimum Future Rentals	<u>\$ 275,625</u>

Supplementary Information

River Valley Resources, Inc.
Schedule of Functional Expenses
Year Ended June 30, 2016

	Program Activities								Totals
	Workforce Development	Youth Employment	Adult Education	Clearinghouse Venture	Child Care	Disability Services	Local Services Services	Management and General	
Salaries and Related Expenses									
Salaries and wages	\$ 558,461	\$ 734,035	\$ 279,292	\$ 6,611	\$ 147,990	\$ 108,006	\$ 79,938	\$ 106,577	\$ 2,020,910
Payroll taxes	48,222	64,258	26,519	592	13,424	9,132	6,625	9,057	177,829
Employee benefits	91,396	105,005	18,267	737	34,865	28,142	21,501	12,008	311,921
Total Salaries and Related Expenses	698,079	903,298	324,078	7,940	196,279	145,280	108,064	127,642	2,510,660
Operating Expenses									
Mileage and travel	18,398	29,092	3,566	96	5,974	319	675	297	58,417
Membership and registration fees	2,324	1,944	105	150	-	500	-	1,777	6,800
Staff training	-	575	9,113	-	-	-	1,561	543	11,792
Staff expenses	8	67	66	-	23	-	17	159	340
Occupancy and leases expenses	-	17,012	4,488	29,249	23,101	-	-	26,225	100,075
Repairs and renovations	-	-	-	9,177	-	-	-	-	9,177
Liability insurance	-	-	-	4,211	-	-	-	11,624	15,835
Communication	4,537	12,745	6,174	14,954	7,844	2,257	1,127	7,760	57,398
Postage	232	208	98	-	4,000	-	20	3,027	7,585
Printing and publications	272	-	-	-	-	-	-	78	350
Supplies	1,279	8,110	12,020	2,939	2,989	121	8,534	6,042	42,034
Equipment purchase under \$500	-	-	368	726	-	-	-	-	1,094
Equipment	-	619	534	-	-	-	1,384	-	2,537
Rental	-	452	-	-	505	-	-	517	1,474
Bank and processing fees	-	1,451	-	6,359	-	-	-	6,911	14,721
Audit fees	-	-	-	-	-	-	-	18,000	18,000
Professional and service fees	-	75	-	-	-	-	419	3,990	4,484
Direct client services	20,804	91,168	34,573	-	-	320	17,597	-	164,462
Depreciation	-	-	-	40,017	-	-	-	-	40,017
Interest	-	-	-	4,438	-	-	-	-	4,438
Total Operating Expenses	47,854	163,518	71,105	112,316	44,436	3,517	31,334	86,950	561,030
Total Functional Expenses	\$ 745,933	\$ 1,066,816	\$ 395,183	\$ 120,256	\$ 240,715	\$ 148,797	\$ 139,398	\$ 214,592	\$ 3,071,690

See accompanying Independent Auditor's Report.

River Valley Resources, Inc.
 Schedule of Expenditures of Federal Awards
 Year Ended June 30, 2016

<u>Federal CFDA Number</u>	<u>Program Name</u>	<u>Grantor Agency or Passthrough Number</u>	<u>Award Period</u>	<u>Federal Expenditures</u>	<u>Total Federal Expenditures</u>	<u>Pass-through to Sub- Recipients</u>
Department of Labor						
Workforce Investment Act Cluster:						
17.258	WIA/WIOA Adult	Region 9	7/1/15 - 6/30/16		\$ 356,618	\$ -
17.259	WIA/WIOA Youth	Region 9	7/1/15 - 6/30/16	\$ 314,258		-
17.259	WIA/WIOA OS Youth/YB	Marion County	7/1/15 - 6/30/16	\$ 76,932		-
17.259	WIA/WIOA Youth	IPIC/Marion Co.	7/1/15 - 6/30/16	223,549		-
	Subtotal 17.259				614,739	-
17.278	WIA/WIOA Dislocated Worker	Region 9	7/1/15 - 6/30/16		379,407	-
	Total Workforce Investment Act Cluster				1,350,764	-
17.207	Employment Service/Wagner-Peyser Funded Activities	Region 9	7/1/15 - 6/30/16		29,939	-
17.225	RESEA	Region 9	7/1/15 - 6/30/16		1,445	-
17.245	TAA Case Management	Region 9	7/1/15 - 6/30/16		42	-
17.267	WIA-Incentive	Region 9	7/1/15 - 6/30/16		29,221	-
17.274	YouthBuild	IPIC/Marion Co.	7/1/15 - 6/30/16		153,104	-
	Total from Department of Labor				1,564,515	-
Department of Health and Human Services						
93.558	JAG - TANF	Region 9	7/1/15 - 6/30/16		93,996	-
	Total Department of Health and Human Services				93,996	-
Department of Education						
84.002A	Adult Basic Education Grant	Indiana DWD	7/1/15 - 6/30/16		122,051	-
	Total Department of Education				122,051	-
	Total Expenditures of Federal Awards				\$ 1,780,562	\$ -

See accompanying Independent Auditor's Report.

River Valley Resources, Inc.
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards ("Schedule") includes the grant activity of River Valley Resources, Inc. ("RVR") under programs of the federal government for the year ended June 30, 2016 and is presented on the accrual basis of accounting. The information in this Schedule is presented in accordance with Title 2 U.S. Code of Federal Regulations (CFR), 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 RVR, it is not intended to and does not present the financial position, changes in net position, or cash flows of RVR.

Note B - Indirect Costs

Pursuant to a cost allocation plan, the indirect expenses are allocated based on salary and fringe benefits. RVR has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note C - Procurement Policy

As allowed by the Uniform Guidance, RVR has elected to delay adopting the procurement requirements specified in 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
River Valley Resources, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of River Valley Resources, Inc. ("RVR") (a nonprofit organization) which comprise the statement of financial position as of June 30, 2016 and the related statements of activities and cash flows for the year ended June 30, 2016, and the related notes to the financial statements, and have issued our report thereon dated March 28, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered RVR's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of RVR's internal control. Accordingly, we do not express an opinion on the effectiveness of RVR'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 over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

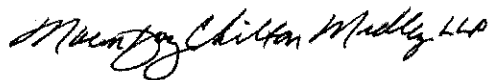
**Independent Auditor's Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed In Accordance with *Government Auditing Standards* (Continued)**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether RVR's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of RVR's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering RVR's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Jeffersonville, Indiana
March 28, 2017



**Independent Auditor's Report on Compliance for Each Major Federal Program and
Report on Internal Control Over Compliance in Accordance with the Uniform Guidance**

Board of Directors
River Valley Resources, Inc.

Report on Compliance for Each Major Federal Program

We have audited River Valley Resources, Inc.'s (RVR) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of RVR's major federal programs for the year ended June 30, 2016. RVR'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 RVR's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the 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 RVR'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 RVR's compliance.

Opinion on Each Major Federal Program

In our opinion, RVR complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

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Kentucky
Indiana
Ohio

Mountjoy Chilton Medley LLP

P 812.670.3400 | F 812.670.3400
702 North Shore Drive | Suite 500 | Jeffersonville, IN 47130
www.mcmcpa.com | 888.587.1719

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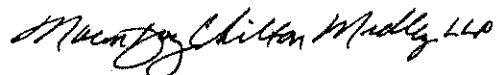
**Independent Auditor's Report on Compliance for Each Major Federal Program and
Report on Internal Control over Compliance in Accordance with the Uniform Guidance (Continued)**

Management of RVR 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 RVR's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program as a basis for designing 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 the 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 RVR's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Jeffersonville, Indiana
March 28, 2017

River Valley Resources, Inc.
Schedule of Findings and Questioned Costs
Year Ended June 30, 2016

Type of auditor's report issued:	<u>Unmodified</u>	
Internal control over financial reporting:		
Material weakness(es) identified?	_____ yes	<u> X </u> no
Significant deficiency(ies) identified not considered to be material weaknesses?	_____ yes	<u> X </u> none reported
Noncompliance material to financial statements noted?	_____ yes	<u> X </u> no

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	_____ yes	<u> X </u> no
Significant deficiency(ies) identified not considered to be material weaknesses?	_____ yes	<u> X </u> 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 Uniform Guidance?	_____ yes	<u> X </u> no
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Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>		
WIA/WIOA Cluster:			
17.258	Workforce Investment Act/Workforce Innovation and Opportunity Act Adult Program	\$	356,618
17.259	Workforce Investment Act/Workforce Innovation and Opportunity Act Youth Activities		614,739
17.278	Workforce Investment Act/Workforce Innovation and Opportunity Act Dislocated Worker Formula Grants		<u>379,407</u>
	Total WIA/WIOA Cluster	<u>\$</u>	<u>1,350,764</u>

Dollar threshold used to distinguish between Type A and Type B programs:	\$	750,000
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Auditee qualified as a low-risk auditee?	<u> X </u> yes	_____ no
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Section II - Financial Statement Findings

None

Section III - Major Federal Award Programs Audit Findings

None