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May 25, 2018

Board of Directors  
Indiana Region 9 Workforce Board, Inc.  
d/b/a Southeast Indiana Workforce Investment Board, Inc.  
4555 Central Avenue  
Columbus, IN 47203

We have reviewed the report prepared by Indiana Region 9 Workforce Board, Inc. d/b/a Southeast Indiana Workforce Investment Board, Inc. and opined upon by Comer, Nowling and Associates, PC, Independent Public Accountants, for the period July 1, 2016 to June 30, 2017. Per the *Independent Auditor's Report* the financial statements included in the report present fairly the financial condition of Indiana Region 9 Workforce Board, Inc. d/b/a Southeast Indiana Workforce Investment Board, Inc. as of June 30, 2017 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Comer, Nowling and Associates, PC prepared all required independent auditor's reports in accordance with generally accepted auditing standards and guidelines established by the State Board of Accounts.

The report is filed with this letter in our office as a matter of public record.

  
Paul D. Joyce, CPA  
State Examiner

**Southeast Indiana Workforce  
Investment Board, Inc.**



**Financial Statements  
For the Years Ended  
June 30, 2017 and 2016  
(With Single Audit Section)**

COMER  NOWLING

INDUSTRY ESTABLISHED | FOCUSED ON QUALITY

*Certified Public Accountants*

**SOUTHEAST INDIANA WORKFORCE INVESTMENT BOARD, INC.  
FINANCIAL STATEMENTS**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Southeast Indiana Workforce Investment Board, Inc.

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Southeast Indiana Workforce Investment Board, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities, functional expenses, 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a 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 Southeast Indiana Workforce Investment Board, Inc. as of June 30, 2017 and 2016, 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.

## ***Other Matters***

Our audits were conducted for the purpose of forming an opinion on the financial statements of Southeast Indiana Workforce Investment Board, Inc. as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the financial statements. The schedule of expenditures of state and local awards is presented for purposes of additional analysis as required by the Indiana State Board of Accounts. 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 on December 11, 2017 our consideration of Southeast Indiana Workforce Investment Board, Inc.'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* and should be read in conjunction with this report in considering the results of our audit.

***Comer, Nowling And Associates, P.C.***

Comer, Nowling And Associates, P.C.  
Indianapolis, Indiana  
December 11, 2017

**SOUTHEAST INDIANA WORKFORCE INVESTMENT BOARD, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2017 AND 2016**

**ASSETS**

	<b>2017</b>	<b>2016</b>
<b>CURRENT ASSETS:</b>		
Cash	\$ 104,601	\$ 131,930
Accounts receivable	1,840	-
Grants receivable	454,783	191,610
Prepaid expenses	14,841	33,313
	576,065	356,853
Total current assets	576,065	356,853
Total assets	\$ 576,065	\$ 356,853

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 337,028	\$ 249,938
Accrued expenses	20,380	41,648
Deferred revenue	126,844	43,729
	484,252	335,315
Total current liabilities	484,252	335,315
<b>NET ASSETS:</b>		
Unrestricted	19,578	16,099
Temporarily restricted	72,235	5,439
	91,813	21,538
Total net assets	91,813	21,538
Total liabilities and net assets	\$ 576,065	\$ 356,853

See accompanying notes to financial statements.

**SOUTHEAST INDIANA WORKFORCE INVESTMENT BOARD, INC.**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

	<b>2017</b>		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>REVENUE AND SUPPORT</b>			
Federal grant revenue	\$ 2,533,343	\$ -	\$ 2,533,343
Other grant revenue	626,504	103,750	730,254
Miscellaneous revenue	72,630	-	72,630
Total revenue and support	<u>3,232,477</u>	<u>103,750</u>	<u>3,336,227</u>
Net assets released from restrictions	<u>36,954</u>	<u>(36,954)</u>	<u>-</u>
Total revenue, support and net assets released from restrictions	<u>3,269,431</u>	<u>66,796</u>	<u>3,336,227</u>
<b>EXPENSES</b>			
Program activities	3,073,578	-	3,073,578
Management and general	192,374	-	192,374
Total expenses	<u>3,265,952</u>	<u>-</u>	<u>3,265,952</u>
<b>CHANGE IN NET ASSETS</b>	<u>3,479</u>	<u>66,796</u>	<u>70,275</u>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>16,099</u>	<u>5,439</u>	<u>21,538</u>
<b>NET ASSETS, END OF YEAR</b>	<u><u>\$ 19,578</u></u>	<u><u>\$ 72,235</u></u>	<u><u>\$ 91,813</u></u>

See accompanying notes to financial statements.

**2016**

Unrestricted	Temporarily Restricted	Total
\$ 2,510,971	\$ -	\$ 2,510,971
506,727	47,750	554,477
11,704	-	11,704
3,029,402	47,750	3,077,152
42,561	(42,561)	-
3,071,963	5,189	3,077,152
2,882,060	-	2,882,060
181,014	-	181,014
3,063,074	-	3,063,074
8,889	5,189	14,078
7,210	250	7,460
\$ 16,099	\$ 5,439	\$ 21,538

**SOUTHEAST INDIANA WORKFORCE INVESTMENT BOARD, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2017**

<b>OPERATING EXPENSES</b>	<u>Program</u>	<u>Management and General</u>	<u>2017 Totals</u>
Facility expense	\$ 349,398	\$ -	\$ 349,398
Communications	21,891	-	21,891
Office supplies	5,903	-	5,903
Office equipment	11,190	-	11,190
Professional fees	-	114,202	114,202
Liability insurance	-	7,995	7,995
Direct client expenses	428,334	-	428,334
Membership dues	-	2,510	2,510
Meeting expense	-	5,214	5,214
Outreach	2,785	-	2,785
Sub-contractor expenses	<u>2,254,077</u>	<u>62,453</u>	<u>2,316,530</u>
Total expenses	<u>\$ 3,073,578</u>	<u>\$ 192,374</u>	<u>\$ 3,265,952</u>

See accompanying notes to financial statements.

**SOUTHEAST INDIANA WORKFORCE INVESTMENT BOARD, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2016**

<b>OPERATING EXPENSES</b>	<u>Program</u>	<u>Management and General</u>	<u>2016 Totals</u>
Facility expense	\$ 373,377	\$ -	\$ 373,377
Communications	18,688	-	18,688
Office supplies	3,635	-	3,635
Office equipment	11,298	-	11,298
Professional fees	-	110,200	110,200
Liability insurance	-	7,956	7,956
Direct client expenses	554,191	-	554,191
Membership dues	-	4,400	4,400
Meeting expense	9,200	-	9,200
Sub-contractor expenses	1,911,671	58,458	1,970,129
Total expenses	<u>\$ 2,882,060</u>	<u>\$ 181,014</u>	<u>\$ 3,063,074</u>

See accompanying notes to financial statements.

**SOUTHEAST INDIANA WORKFORCE INVESTMENT BOARD, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

	<b>2017</b>	<b>2016</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 70,275	\$ 14,078
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Increase (decrease) in cash from changes in:		
Accounts receivable	(1,840)	2,797
Grants receivable	(263,173)	152,220
Prepaid expenses	18,472	(2,453)
Accounts payable	87,090	(106,783)
Accrued expenses	(21,268)	(25,676)
Deferred revenue	83,115	43,729
	(27,329)	77,912
Net cash provided by (used in) operating activities	(27,329)	77,912
<b>CASH, BEGINNING OF YEAR</b>	131,930	54,018
<b>CASH, END OF YEAR</b>	\$ 104,601	\$ 131,930

See accompanying notes to financial statements.

**SOUTHEAST INDIANA WORKFORCE INVESTMENT BOARD, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017 AND 2016**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**NATURE OF OPERATIONS**

The Southeast Indiana Workforce Investment Board, Inc. (the “Organization”) is an Indiana non-profit corporation comprised of representatives from the private sector, labor, education, economic development and community based organizations. The Organization provides policy guidance and oversight to the WorkOne system in Indiana's Region 9 Economic Growth Region. The Region 9 Economic Growth Region includes Bartholomew, Dearborn, Decatur, Franklin, Jackson, Jefferson, Jennings, Ohio, Ripley and Switzerland.

The Organization serves as a catalyst to promote collaborative relationships between business, education, labor, and service providers to support workforce development efforts and regional economic growth. The majority of the Organization’s financial support is received from federal and state government grants that originate with the U.S. Department of Labor and Indiana Department of Workforce Development.

The Organization’s financial management functions are contracted with Crowe Horwath, L.L.P., a private CPA firm, which serves as the fiscal agent for all funding sources.

**BASIS OF ACCOUNTING**

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

**FINANCIAL STATEMENT PRESENTATION**

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board. Per applicable requirements, Southeast Indiana Workforce Investment Board, Inc. is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

A description of the unrestricted, temporarily and permanently restricted net asset classes follows:

*Unrestricted net assets* represent the portion of net assets of Southeast Indiana Workforce Investment Board, Inc. that is neither permanently restricted nor temporarily restricted by donor-imposed stipulations. Unrestricted net assets include expendable funds available for the support of the Organization.

*Temporarily restricted net assets* represent contributions and other inflows of assets whose use by Southeast Indiana Workforce Investment Board, Inc. is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations.

**SOUTHEAST INDIANA WORKFORCE INVESTMENT BOARD, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017 AND 2016**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)**

**FINANCIAL STATEMENT PRESENTATION – (continued)**

*Permanently restricted net assets* represent contributions and other inflows of assets whose use by Southeast Indiana Workforce Investment Board, Inc. is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

As of June 30, 2017 and 2016, the Organization had \$72,235 and \$5,439 in temporarily restricted and no permanently restricted net assets, all respectively. See Note 5 for further information regarding temporarily restricted net assets.

**EXPENSE ALLOCATION**

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**GOVERNMENT GRANTS**

Support funded by grants is recognized as the Organization performs the contracted services under grant agreements. Grant revenue is recognized as earned as the eligible expenses are incurred. No allowance for uncollectible grants has been recorded. Grant expenditures are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required. Amounts required prior to expenditures being incurred are reflected as unearned revenue on the statement of financial position.

**INCOME TAX STATUS**

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

**CONTRIBUTIONS**

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a 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. If a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as unrestricted.

**SOUTHEAST INDIANA WORKFORCE INVESTMENT BOARD, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017 AND 2016**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)**

**CONTRIBUTED SERVICES**

Contributions of services are recognized as revenue at their estimated fair value only when the services received create or enhance non-financial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated.

No amounts have been reflected in the financial statements for donated services for the years ended June 30, 2017 and 2016.

**USE OF ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses.

**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.

**PROPERTY AND EQUIPMENT**

As of June 30, 2017 and 2016, all property and equipment acquired by the Organization was purchased with funds provided by the State of Indiana and therefore owned by the State of Indiana. Expenditures for maintenance and repairs are expensed when incurred.

**TAX BENEFITS**

Effective July 1, 2009, the Organization adopted the accounting policy to recognize a tax benefit only if it is more likely than not the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized will be the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the more-likely-than-not test, no tax benefit will be recorded.

The Organization has examined this issue and has determined there are no material contingent tax liabilities at June 30, 2017 and 2016. The Organization's federal Exempt Organization Income Tax Returns (Form 990) for 2014, 2015, and 2016 are subject to examination by the IRS, generally for three years after they were filed.

**SOUTHEAST INDIANA WORKFORCE INVESTMENT BOARD, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017 AND 2016**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)**

**SUBSEQUENT EVENTS**

Subsequent events are evaluated by management through December 11, 2017, which is the date the financial statements were available to be issued.

**NOTE 2 – GRANTS RECEIVABLE**

Grants receivable as of June 30, 2017 and 2016, consisted of the following:

	<u>2017</u>	<u>2016</u>
Indiana Department of Workforce Development	<u>\$ 454,783</u>	<u>\$ 191,610</u>

**NOTE 3 – CONCENTRATION OF CREDIT RISK**

The Organization maintains a cash balance at a single bank. The account is insured by the Federal Deposit Insurance Corporation up to \$250,000 as of June 30, 2017 and 2016. At June 30, 2017 and 2016, bank balances were not in excess of FDIC coverage.

The Organization receives a substantial amount of its support from federal and state governments. A significant reduction of the level of support, if this were to occur, may have a significant effect on the Organization's programs and activities.

Financial awards from federal, state and local governmental entities in the form of grants are subject to financial and compliance audits by funding agencies. Such audits could result in claims against the Organization for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date.

**NOTE 4 – STATE OWNED PROPERTY AND EQUIPMENT**

During the year ended June 30, 2016, the Indiana Department of Workforce Development changed its policies regarding reporting and tracking of State owned equipment and furniture, increasing the value of assets required to be recorded and reported from \$500 to \$5,000. As a result, the total value of assets meeting the new State reporting threshold for the years ended June 30, 2017 and June 30, 2016 were \$163,286, for both years. These assets were purchased with funds provided by the State of Indiana. Per contract and grant agreements, title to any assets purchased with State funds remains with the State and are reported as assets in the financial statements of the State of Indiana. Therefore, assets purchased with State funds are not reflected in the financial statements of the Organization.

**SOUTHEAST INDIANA WORKFORCE INVESTMENT BOARD, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017 AND 2016**

**NOTE 5 – TEMPORARILY RESTRICTED NET ASSETS**

The restrictions on assets as of June 30, 2017 and 2016 relate to non-federal grants for donor specific assistance to the Organization and its programs. Those restrictions are considered to expire when specific payments made for the purpose of the donor grants are incurred.

As of June 30, 2017 and 2016, temporarily restricted net assets for grants with specific donor purposes are:

	<u>2017</u>	<u>2016</u>
Duke Energy Foundation Grant	\$ 250	\$ 250
United Way of Franklin County	3,733	2,500
Seymour Community School Corporation	65,000	-
Lawrenceburg Community School Corporation	3,252	2,689
	<u>\$ 72,235</u>	<u>\$ 5,439</u>

**NOTE 6 – OPERATING LEASES**

The Organization leases space for operation of its programs. Rent expense for the years ended June 30, 2017 and 2016, was \$326,975 and \$359,242, respectively. Future minimum lease payments on leases with terms beyond June 30, 2017, are as follows:

	<u>Amount</u>
2018	\$ 237,612
2019	178,870
2020	44,250
2021	-
2022	-
Thereafter	-
	<u>\$ 460,732</u>

**NOTE 7 – RELATED PARTIES**

The Organization has obtained services from related parties for service provider expenses, training, and annual membership fees. Of these related parties, all represent companies or organizations affiliated with board members. During the years ended June 30, 2017 and 2016, these organizations were paid \$206,825 and \$297,771 for client training, respectively.

**SUPPLEMENTARY INFORMATION**

**SOUTHEAST INDIANA WORKFORCE INVESTMENT BOARD, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

Federal Grantor Agency Pass-Through Entity Cluster Title/Program	Federal CFDA Number	Grant Identifying Number	Federal Awards (in dollars \$)	Federal Expenditure	Sub-recipient Pass-through
<b>U.S. Department of Labor</b>					
<b>Indiana Department of Workforce Development (DWD)</b>					
<b>Workforce Investment Act (WIA) Cluster</b>					
WIOA Adult Program (PY15 Program)	17.258	WIB 5-09	508,151	\$ 116,448	\$ 95,431
WIOA Adult Program (PY15 Admin)	17.258	WIB 5-09	56,461	46,189	-
WIOA Adult Program (PY16 Program)	17.258	WIB 6-09	466,549	338,790	206,279
WIOA Adult Program (PY16 Admin)	17.258	WIB 6-09	51,838	24,688	-
WIOA Adult Program - Business Consultant	17.258	BC 6-09	36,000	36,000	17,993
				<u>562,115</u>	<u>319,703</u>
WIOA Youth Activities (PY15 Program)	17.259	WIB 5-09	523,062	128,657	85,382
WIOA Youth Activities (PY15 Admin)	17.259	WIB 5-09	58,118	58,118	-
WIOA Youth Activities (PY16 Program)	17.259	WIB 6-09	485,050	396,693	212,155
				<u>583,468</u>	<u>297,537</u>
WIOA Dislocated Worker Formula Grants (PY15 Program)	17.278	WIB 5-09	480,404	36,718	21,287
WIOA Dislocated Worker Formula Grants (PY15 Admin)	17.278	WIB 5-09	53,378	53,051	-
WIOA Dislocated Worker Formula Grants (PY16 Program)	17.278	WIB 6-09	398,301	344,965	256,167
WIA Dislocated Worker Formula Grants - Business Consultant	17.278	BC 6-09	48,000	48,000	23,996
WIA Dislocated Worker Formula Grants - Rapid Response	17.278	RR 5-09	40,000	37,133	36,470
WIA Dislocated Worker Formula Grants - Rapid Response	17.278	RR 6-09	132,000	76,512	63,162
				<u>596,379</u>	<u>401,082</u>
<b>Subtotal for WIA Cluster passed through DWD</b>				<b><u>1,741,962</u></b>	<b><u>1,018,322</u></b>
<b>Workforce Investment Act (WIA) National Emergency Grants</b>	17.277	SPNEG 5-09	201,600	100,069	82,352
<b>Workforce Investment Act (WIA) National Emergency Grants</b>	17.277	SPDWG 5-09	80,000	4,414	-
				<u>104,483</u>	<u>82,352</u>
<b>WIA/WIOA Dislocated Worker Project Grants - WIOA Transition</b>	17.281	WIAT 5-09	5,000	<b><u>1,805</u></b>	<b><u>-</u></b>
<b>Employment Service Cluster</b>					
Employment Service/Wagner-Peyser Funded Activities	17.207	BC 6-09	36,000	36,000	17,993
Employment Service/Wagner-Peyser Funded Activities	17.207	IS WP 4-09	275,818	79,826	11,067
				<u>115,826</u>	<u>29,060</u>
Disabled Veterans' Outreach Program (DVOP)	17.801	IS DVOP 4-09	30,619	<b><u>18,927</u></b>	<b><u>-</u></b>
Local Veterans' Employment Representative (LVER) Program	17.804	IS LVER 4-09	27,256	<b><u>7,224</u></b>	<b><u>-</u></b>
<b>Subtotal for Employment Service Cluster passed through DWD</b>				<b><u>141,977</u></b>	<b><u>29,060</u></b>
<b>Unemployment Insurance Recovery</b>					
Unemployment Insurance Recovery	17.225	IS UI 4-09	215,688	72,323	-
Unemployment Insurance Recovery	17.225	IS REA 4-09	68,119	19,132	-
Unemployment Insurance Recovery	17.225	RESEA 5-09	132,000	130,555	117,396
Unemployment Insurance Recovery	17.225	RESEA 6-09	185,300	53,104	50,995
<b>Subtotal Unemployment Insurance Recovery</b>				<b><u>275,114</u></b>	<b><u>168,391</u></b>

See accompanying notes to Schedule of Expenditures of Federal Awards.

**SOUTHEAST INDIANA WORKFORCE INVESTMENT BOARD, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2017**

Federal Grantor Agency Pass-Through Entity Cluster Title/Program	Federal CFDA Number	Grant Identifying Number	Federal Awards (in dollars \$)	Federal Expenditure	Sub-recipient Pass-through
<b>U.S. Department of Labor (continued)</b>					
<b>Indiana Department of Workforce Development (DWD) (continued)</b>					
Trade Adjustment Assistance	17.245	TAA CM 6-09	10,800	\$ 10,800	\$ 10,000
Trade Adjustment Assistance	17.245	IS TAA 4-09	12,541	4,046	-
				<u>14,846</u>	<u>10,000</u>
<b>Total for U.S. Department of Labor</b>				<u>2,280,187</u>	<u>1,308,125</u>
<b>U.S. Department of Health and Human Services</b>					
<b>Indiana Department of Workforce Development (DWD)</b>					
Temporary Assistance for Needy Families	93.558	JAG TANF 5-09	399,556	244,991	225,634
Jobs for American Graduates	93.558	WIN 6-09	60,749	8,165	-
				<u>253,156</u>	<u>225,634</u>
<b>Total for U.S. Department of Health and Human Services</b>				<u>253,156</u>	<u>225,634</u>
<b>Total passed through DWD</b>				<u>2,533,343</u>	<u>1,533,759</u>
<b>Total Expenditures of Federal Awards</b>				<u>\$ 2,533,343</u>	<u>\$ 1,533,759</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

**SOUTHEAST INDIANA WORKFORCE INVESTMENT BOARD, INC.  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2017**

**NOTE 1 – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of Southeast Indiana Workforce Investment Board, Inc. under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because the Schedule presents only a selected portion of the operations of Southeast Indiana Workforce Investment Board, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of Southeast Indiana Workforce Investment Board, Inc.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

**NOTE 3 – INDIRECT COST RATE**

Southeast Indiana Workforce Investment Board, Inc. has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

**SOUTHEAST INDIANA WORKFORCE INVESTMENT BOARD, INC.  
SCHEDULE OF EXPENDITURES OF STATE AND LOCAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2017**

<b>STATE/LOCAL GRANTOR AGENCY Program Title</b>	<b>Grant or Identifying Number</b>	<b>State and Local Awards (in dollars \$)</b>	<b>State and Local Expended</b>
Indiana Department of Workforce Development:			
Jobs for Amerian Graduates	JAG 5-09	230,318	\$ 24,605
Jobs for Amerian Graduates	JAG 6-09	230,318	189,643
Case Management and Labor Exchange	CTE-5-09	25,000	13,911
WorkINDiana	WIN-6-09	406,551	<u>382,163</u>
<b>Total Expenditures of State and Local Awards</b>			<u><u>\$ 610,322</u></u>

**SOUTHEAST INDIANA WORKFORCE INVESTMENT BOARD, INC.  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2017**

**Section II – Financial Statement Findings**

There were no financial statement findings for the year ended June 30, 2016.

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

There were no federal award findings for the year ended June 30, 2016.



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**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***

To the Board of Directors  
Southeast Indiana Workforce Investment Board, 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 Southeast Indiana Workforce Investment Board, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017, 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 11, 2017.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Southeast Indiana Workforce Investment Board, Inc.'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 Southeast Indiana Workforce Investment Board, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the organization'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 organization'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. 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.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Southeast Indiana Workforce Investment Board, Inc.'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 the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Comer, Nowling And Associates, P.C.*

Comer, Nowling And Associates, P.C.

Indianapolis, Indiana

December 11, 2017



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR  
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY UNIFORM GUIDANCE**

To the Board of Directors  
Southeast Indiana Workforce Investment Board, Inc.

**Report on Compliance for Each Major Federal Program**

We have audited Southeast Indiana Workforce Investment Board, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Southeast Indiana Workforce Investment Board, Inc.'s major federal programs for the year ended June 30, 2017. Southeast Indiana Workforce Investment Board, Inc.'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 Southeast Indiana Workforce Investment Board, Inc.'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 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 Southeast Indiana Workforce Investment Board, Inc.'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 Southeast Indiana Workforce Investment Board, Inc.'s compliance.

***Opinion on Each Major Federal Program***

In our opinion, Southeast Indiana Workforce Investment Board, Inc. 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, 2017.

## Report on Internal Control over Compliance

Management of Southeast Indiana Workforce Investment Board, Inc. 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 Southeast Indiana Workforce Investment Board, Inc.'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 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 Southeast Indiana Workforce Investment Board, Inc.'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.

*Comer, Nowling And Associates, P.C.*

Comer, Nowling And Associates, P.C.  
Indianapolis, Indiana  
December 11, 2017

**SOUTHEAST INDIANA WORKFORCE INVESTMENT BOARD, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2017**

**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? Yes  No
- Significant deficiencies identified? Yes  No

Noncompliance material to financial statements noted? Yes  No

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified? Yes  No
- Significant deficiencies identified? Yes  No

Type of auditor’s report issued: Unmodified

Any audit findings disclosed required to be reported in  
Accordance with 2 CFR section 200.516(a) Yes  No

Program tested as major program:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
17.258*	U.S. Dept. of Labor - WIA Adult Program
17.259*	U.S. Dept. of Labor - WIA Youth Activities
17.278*	U.S. Dept. of Labor - WIA Dislocated Worker Formula Grants

*\*Represents WIA/WIOA Cluster*

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

Auditee qualified as low-risk auditee? Yes  No

**SOUTHEAST INDIANA WORKFORCE INVESTMENT BOARD, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2017**

**Section II – Financial Statement Findings**

There were no financial statement findings for the current year ended June 30, 2017.

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

There were no federal award findings for the current year ended June 30, 2017.