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May 29, 2018

Board of Directors  
South Central Region 8 Workforce Board, Inc.  
2597 West Vernal Pike  
Bloomington, IN 47404

We have reviewed the report prepared by South Central Region 8 Workforce 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 South Central Region 8 Workforce 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

**South Central Region 8  
Workforce Board, Inc.**

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

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*Certified Public Accountants*

**SOUTH CENTRAL REGION 8 WORKFORCE BOARD, INC.  
FINANCIAL STATEMENTS**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
South Central Region 8 Workforce Board, Inc.

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

We have audited the accompanying financial statements of South Central Region 8 Workforce 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 South Central Region 8 Workforce 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 South Central Region 8 Workforce 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 January 5, 2018 on our consideration of South Central Region 8 Workforce 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  
January 5, 2018

**SOUTH CENTRAL REGION 8 WORKFORCE BOARD, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2017 AND 2016**

<b>ASSETS</b>		<b>2017</b>	<b>2016</b>
		<u>          </u>	<u>          </u>
<b>CURRENT ASSETS:</b>			
Cash		\$ 58,880	\$ 39,511
Grants receivable		219,089	275,239
Accounts receivable - other		6,630	6,306
Prepaid expenses		<u>1,794</u>	<u>1,314</u>
Total current assets		<u>286,393</u>	<u>322,370</u>
Total assets		<u><u>\$ 286,393</u></u>	<u><u>\$ 322,370</u></u>
 <b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT LIABILITIES:</b>			
Accounts payable		\$ 214,115	\$ 279,114
Accrued expenses		24,185	42,390
Deferred revenue		<u>48,093</u>	<u>866</u>
Total current liabilities		<u>286,393</u>	<u>322,370</u>
<b>NET ASSETS - UNRESTRICTED</b>		<u>-</u>	<u>-</u>
Total liabilities and net assets		<u><u>\$ 286,393</u></u>	<u><u>\$ 322,370</u></u>

See accompanying notes to financial statements.

**SOUTH CENTRAL REGION 8 WORKFORCE BOARD, INC.**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

	<b>2017</b>	<b>2016</b>
<b>REVENUE</b>		
Federal grant revenue	\$ 2,862,964	\$ 2,688,383
Other grant revenue	342,048	291,689
Total revenue	3,205,012	2,980,072
 <b>EXPENSES</b>		
Program activities	3,053,372	2,825,357
Management and general	151,640	154,715
Total expenses	3,205,012	2,980,072
 <b>CHANGE IN NET ASSETS</b>	-	-
<b>NET ASSETS, BEGINNING OF YEAR</b>	-	-
<b>NET ASSETS, END OF YEAR</b>	\$ -	\$ -

See accompanying notes to financial statements

**SOUTH CENTRAL REGION 8 WORKFORCE BOARD, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Program</u>	<u>Management and General</u>	<u>2017 Totals</u>
<b>OPERATING EXPENSES</b>			
Travel	\$ -	\$ 326	\$ 326
Board expense	-	199	199
Facility expense	6,872	-	6,872
Communications	289	-	289
Office supplies	247	-	247
Office equipment	182	-	182
Professional fees	-	94,115	94,115
Liability insurance	5,063	-	5,063
Outreach	8,135	-	8,135
Training	117,441	-	117,441
Sub-contractor expenses	2,915,143	57,000	2,972,143
	<u>\$ 3,053,372</u>	<u>\$ 151,640</u>	<u>\$ 3,205,012</u>

See accompanying notes to financial statements.

**SOUTH CENTRAL REGION 8 WORKFORCE BOARD, INC.  
STATEMENT 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>
Travel	\$ -	\$ 321	\$ 321
Board expense	-	1,554	1,554
Facility expense	13,047	-	13,047
Communications	642	-	642
Office supplies	928	-	928
Office equipment	405	-	405
Professional fees	-	91,865	91,865
Liability insurance	-	919	919
Outreach	18,352	-	18,352
Training	175,950	-	175,950
Sub-contractor expenses	<u>2,616,033</u>	<u>60,056</u>	<u>2,676,089</u>
Total expenses	<u>\$ 2,825,357</u>	<u>\$ 154,715</u>	<u>\$ 2,980,072</u>

See accompanying notes to financial statements.

**SOUTH CENTRAL REGION 8 WORKFORCE 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	\$ -	\$ -
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Increase (decrease) in cash from changes in:		
Grants receivable	56,150	42,367
Accounts receivable - other	(324)	(6,306)
Prepaid expenses	(480)	(395)
Accounts payable	(64,999)	(11,614)
Accrued expenses	(18,205)	11,125
Deferred revenue	47,227	866
	<b>19,369</b>	<b>36,043</b>
<b>Net cash provided by (used in) operating activities</b>	<b>19,369</b>	<b>36,043</b>
<b>CASH, BEGINNING OF YEAR</b>	<b>39,511</b>	<b>3,468</b>
<b>CASH, END OF YEAR</b>	<b>\$ 58,880</b>	<b>\$ 39,511</b>

**SOUTH CENTRAL REGION 8 WORKFORCE BOARD, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017 AND 2016**

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

**NATURE OF OPERATIONS**

South Central Region 8 Workforce 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 8 Economic Growth Region. The Region 8 Economic Growth Region includes Brown, Daviess, Greene, Lawrence, Martin, Monroe, Orange and Owen counties.

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, LLP, 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 in its Statement of Financial Accounting Standard, *Financial Statements of Not-for-Profit Organizations*. Under this standard, South Central Region 8 Workforce 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 South Central Region 8 Workforce 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.

**SOUTH CENTRAL REGION 8 WORKFORCE BOARD, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017 AND 2016**

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

**FINANCIAL STATEMENT PRESENTATION – (continued)**

*Temporarily restricted net assets* represent contributions and other inflows of assets whose use by South Central Region 8 Workforce 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.

*Temporarily restricted net assets* also include, pursuant to Indiana law, cumulative appreciation and reinvested gains on permanently restricted net assets, which has not been appropriated by the Board of Directors.

*Permanently restricted net assets* represent contributions and other inflows of assets whose use by South Central Region 8 Workforce 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.

For the years ended June 30, 2017 and 2016, the Organization's net asset balance was zero.

**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. The Organization did not receive contributions during the years ended June 30, 2017 and 2016.

**SOUTH CENTRAL REGION 8 WORKFORCE 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. The Organization pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs, solicitations, and various committee assignments. The volunteers' time does not meet the requirements for recognition under the Statement of Financial Accounting Standard, *Accounting for Contributions Received and Contributions Made*.

**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.

**SOUTH CENTRAL REGION 8 WORKFORCE BOARD, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017 AND 2016**

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

**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. Currently, the Organization accounts for contingencies as required by the Accounting for Contingencies Topic of the FASB Accounting Standards Codification, which provides the recording of a contingency based on the probability of certain events to transpire that range from probable to remote as opposed to applying a more likely than not recognition threshold.

The Organization has examined this issue and has determined there are no material contingent tax liabilities. 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.

**SUBSEQUENT EVENTS**

Subsequent events are evaluated through January 5, 2018, 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>\$ 219,089</u>	<u>\$ 275,239</u>

**NOTE 3 – CONCENTRATION OF CREDIT RISK**

The Organization maintains a cash balance at a single bank. The account is insured the Federal Deposit Insurance Corporation up to \$250,000 as of June 30, 2017 and 2016. At June 30, 2017 and 2016, there were no bank balances 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.

**SOUTH CENTRAL REGION 8 WORKFORCE BOARD, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017 AND 2016**

**NOTE 3 – CONCENTRATION OF CREDIT RISK – (continued)**

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 – RECLASSIFICATIONS**

Certain prior year financial information has been reclassified to conform to the current year presentation.

**NOTE 5 – STATE OWNED PROPERTY AND EQUIPMENT**

As of June 30, 2017 and 2016, the Organization controlled State owned equipment and furniture costing \$362,890 and \$426,083, respectively. These assets were purchased with funds provided by the State of Indiana. Per contract and grant agreements, title to any assets purchased with State funds remains with the State and are reported as assets in the financial statements of the State of Indiana. Therefore, assets purchased with State funds are not reflected in the financial statements of the Organization.

## **SINGLE AUDIT SECTION**

**SOUTH CENTRAL REGION 8 WORKFORCE 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 Award (in dollars \$)	Federal Expenditure	Subrecipient Pass Through
<b>U.S. Department of Labor</b>					
<b>Indiana Department of Workforce Development ("DWD")</b>					
<b>Workforce Investment Act Cluster (WIA)</b>					
WIOA Adult Program (PY15 Program)	17.258	WIB 5-08	705,357	\$ 232,325	\$ 208,280
WIOA Adult Program (PY15 Admin)	17.258	WIB 5-08	64,484	14,757	14,757
WIOA Adult Program (P16 Program)	17.258	WIB 6-08	912,311	501,056	386,088
WIOA Adult Program (P16 Program)	17.258	WIB 6-08	68,034	62,995	9,574
WIOA Adult Program Business Consultant	17.258	BC 6-08	36,000	36,000	36,000
				847,133	654,699
WIOA Youth Activities (PY15 Program)	17.259	WIB 5-08	779,590	229,959	210,827
WIOA Youth Activities (PY15 Admin)	17.259	WIB 5-08	86,621	35,999	-
WIOA Youth Activities (PY16 Program)	17.259	WIB 6-08	813,758	543,947	508,308
WIOA Youth Activities (PY16 Admin)	17.259	WIB 6-08	90,417	49,603	-
				859,508	719,135
WIOA Dislocated Worker Formula Grants (PY15 Program)	17.278	WIB 5-08	447,337	142,445	115,245
WIOA Dislocated Worker Formula Grants (PY15 Admin)	17.278	WIB 5-08	63,593	13,866	-
WIOA Dislocated Worker Formula Grants (PY16 Program)	17.278	WIB 5-08	268,784	396,027	364,407
WIOA Dislocated Worker Formula Grants (PY16 Admin)	17.278	WIB 5-08	63,197	38,592	-
WIOABusiness Consultant - Project Grants	17.278	BC 6-08	48,000	48,000	48,000
WIOA Rapid Response	17.278	RR 6-08	75,000	68,673	65,000
WIOA Rapid Response	17.278	RR 6-08	100,000	44,979	42,227
				752,582	634,879
<b>Subtotal for WIA/WIOA Cluster passed through DWD</b>				<b>2,459,223</b>	<b>2,008,713</b>
<b>WIOA National Emergency Grants</b>	17.277	SPDWG NEG VETS 5-08	80,000	30,000	30,000
<b>WIOA National Emergency Grants</b>	17.277	SPNEG 5-08	141,000	13,086	6,036
<b>Subtotal for WIOA National Emergency Grants</b>				<b>43,086</b>	<b>36,036</b>
<b>Employment Service Cluster</b>					
Employment Service/Wagner-Peyser Funded Activities	17.207	IS 4-08 WP	48,561	20,908	13,561
Employment Service/Wagner-Peyser Funded Activities	17.207	BC-6-08	36,000	36,000	36,000
Employment Service/Wagner-Peyser Funded Activities	17.207	IS 4-08 LVER	3,066	594	-
<b>Subtotal Employment Service Cluster passed through DWD</b>				<b>57,502</b>	<b>49,561</b>
<b>Unemployment Insurance Recovery</b>					
Unemployment Insurance Recovery	17.225	IS 4-08 UI	22,146	6,750	-
Unemployment Insurance Recovery	17.225	RESEA 5-08	173,286	173,286	164,627
Unemployment Insurance Recovery	17.225	RESEA 6-08	147,000	36,168	33,943
<b>Subtotal for Unemployment Insurance Recovery</b>				<b>216,204</b>	<b>198,570</b>
Trade Adjustment Assistance	17.245	TAA CM 6-08	10,800	10,800	10,000
<b>Total for U.S. Department of Labor</b>				<b>2,816,815</b>	<b>2,296,844</b>
<b>U.S. Department of Health and Human Services</b>					
<b>Indiana Department of Workforce Development ("DWD")</b>					
Jobs for American Graduates - TANF	93.558	JAG TANF 5-08	155,292	76,149	75,660
<b>Total for U.S. Department of Health and Human Services</b>				<b>76,149</b>	<b>75,660</b>
<b>Total passed through DWD</b>				<b>2,862,964</b>	<b>2,378,540</b>
<b>Total Expenditures of Federal Awards</b>				<b>\$ 2,862,964</b>	<b>\$ 2,378,540</b>

See accompanying notes to Schedule of Expenditures of Federal Awards.

**SOUTH CENTRAL REGION 8 WORKFORCE 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 South Central Region 8 Workforce 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 South Central Region 8 Workforce Board, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of South Central Region 8 Workforce 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**

South Central Region 8 Workforce Board, Inc. has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

**SOUTH CENTRAL REGION 8 WORKFORCE 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 5-08	196,460	\$ 8,122
Jobs for Amerian Graduates	JAG 6-08	196,460	183,238
Case Management and Labor Exchange	CTE CM 5-08	25,000	20,083
WorkINdiana	WIN 5-08	99,280	42,967
WorkINdiana	WIN 6-08	139,642	<u>87,638</u>
<b>Total Expenditures of State and Local Awards</b>			<u><u>\$ 342,048</u></u>

**SOUTH CENTRAL REGION 8 WORKFORCE 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 prior year ended June 30, 2016.

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

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



INDUSTRY ESTABLISHED | FOCUSED ON QUALITY

**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  
South Central Region 8 Workforce 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 South Central Region 8 Workforce 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 January 5, 2018.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered South Central Region 8 Workforce 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 South Central Region 8 Workforce 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 South Central Region 8 Workforce 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  
January 5, 2018



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

To the Board of Directors  
South Central Region 8 Workforce Board, Inc.

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

We have audited South Central Region 8 Workforce 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 South Central Region 8 Workforce Board, Inc.'s major federal programs for the year ended June 30, 2017. South Central Region 8 Workforce 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 South Central Region 8 Workforce 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; 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 South Central Region 8 Workforce 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 South Central Region 8 Workforce Board, Inc.'s compliance.

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

In our opinion, South Central Region 8 Workforce 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 South Central Region 8 Workforce 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 South Central Region 8 Workforce 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 South Central Region 8 Workforce 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  
January 5, 2018

**SOUTH CENTRAL REGION 8 WORKFORCE 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

**SOUTH CENTRAL REGION 8 WORKFORCE 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.