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April 18, 2019

Board of Directors
Tecumseh Area Partnership, Inc.
d/b/a Region 4 Workforce Board
976 Mezzanine Drive
Lafayette, IN 47905

We have reviewed the audit report of Tecumseh Area Partnership, Inc. d/b/a Region 4 Workforce Board which was opined upon by Dunton & Co., PC, Independent Public Accountants, for the period July 1, 2017 to June 30, 2018. Per the *Independent Auditor's Report* the financial statements included in the report present fairly the financial condition of Tecumseh Area Partnership, Inc. d/b/a Region 4 Workforce Board as of June 30, 2018 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Dunton & Co., PC prepared the audit report in accordance with 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

Tecumseh Area Partnership, Inc.

Lafayette, Indiana

Audited Financial Statements

and Other Information

June 30, 2018 and 2017



Tecumseh Area Partnership, Inc.

Audited Financial Statements and Other Information

June 30, 2018 and 2017

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Tecumseh Area Partnership, Inc.
d/b/a Region 4 Workforce Board
Lafayette, Indiana

Report on the Financial Statements

We have audited the accompanying financial statements of Tecumseh Area Partnership, Inc. d/b/a Region 4 Workforce Board (a nonprofit organization), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 Tecumseh Area Partnership, Inc. as of June 30, 2018 and 2017, 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

Other Information

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 and other assistance, 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*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2018, on our consideration of Tecumseh Area Partnership, Inc.'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 Tecumseh Area Partnership, Inc.'s internal control over financial reporting and compliance.

Dunton & Co., P.C.

September 19, 2018

Tecumseh Area Partnership, Inc.

Statements of Financial Position

June 30, 2018 and 2017

	2018	2017
<i>Assets</i>		
Current assets:		
Cash	\$ 216,817	\$ 207,872
Grants receivable	676,079	1,834,261
Accounts receivable	32,524	27,144
Prepaid expense	11,136	5,939
Total current assets	936,556	2,075,216
Property and Equipment		
Computers	14,578	14,578
Accumulated depreciation	(12,600)	(10,972)
Property and equipment, net	1,978	3,606
Security deposits	16,262	16,262
TOTAL ASSETS	\$ 954,796	\$ 2,095,084
<i>Liabilities and Net Assets</i>		
Current liabilities:		
Accounts payable	\$ 636,691	\$ 1,798,857
Accrued payroll and related expenses	123,282	88,538
Deferred revenue	11,475	42,927
Total current liabilities	771,448	1,930,322
Unrestricted net assets	183,348	164,762
TOTAL LIABILITIES AND NET ASSETS	\$ 954,796	\$ 2,095,084

Tecumseh Area Partnership, Inc.

Statements of Activities Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Revenue:		
Grant and contract revenue	\$ 8,874,454	\$ 8,381,421
Agency activities	<u>201,016</u>	<u>96,962</u>
Total revenue	<u>9,075,470</u>	<u>8,478,383</u>
Expenses:		
Program activities:		
Workforce Development	8,464,676	7,920,957
Other activities	<u>182,429</u>	<u>90,745</u>
Total program activities	<u>8,647,105</u>	<u>8,011,702</u>
Management and general	<u>409,779</u>	<u>460,463</u>
Total expenses	<u>9,056,884</u>	<u>8,472,165</u>
Change in unrestricted net assets	18,586	6,218
Unrestricted net assets - beginning of the year	<u>164,762</u>	<u>158,544</u>
Unrestricted net assets - end of the year	<u><u>\$ 183,348</u></u>	<u><u>\$ 164,762</u></u>

Tecumseh Area Partnership, Inc.

Statements of Cash Flows Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Change in unrestricted net assets	\$ 18,586	\$ 6,218
Adjustments to reconcile change in unrestricted net assets to net cash provided (used) in operating activities:		
Depreciation	1,628	1,812
Changes in operating assets and liabilities:		
Grants receivable	1,158,182	(1,197,534)
Accounts receivable	(5,380)	1,988
Prepaid expense	(5,197)	4,829
Accounts payable	(1,162,166)	1,253,163
Accrued payroll and related expenses	34,744	29,138
Deferred revenue	(31,452)	9,682
Net cash provided (used) in operating activities	<u>8,945</u>	<u>109,296</u>
Cash flows from investing activities:		
Additonal security deposits	<u>-</u>	<u>(11,870)</u>
Net cash used by investing activities	<u>-</u>	<u>(11,870)</u>
Net change in cash	8,945	97,426
Cash - Beginning of the year	<u>207,872</u>	<u>110,446</u>
Cash - End of the year	<u>\$ 216,817</u>	<u>\$ 207,872</u>

Tecumseh Area Partnership, Inc.

Notes to Financial Statements

June 30, 2018 and 2017

Note 1: Summary of Significant Accounting Policies

Nature of Operations

Tecumseh Area Partnership, Inc., (TAP) d/b/a) Region 4 Workforce Board, the Workforce Development Board (WDB) for twelve counties in West Central Indiana, was organized as a not-for-profit corporation in 1983. The corporation was formed to receive and administer funds for educational, charitable, job training, and workforce development purposes.

The WDB within each Workforce Service Area (WSA) is responsible for providing policy guidance for, and exercising oversight with respect to activities under its workforce investment plan in partnership with local units of government. The WDB is also responsible for selecting the WSA's service providers for allocated WIOA funding from the State of Indiana, Department of Workforce Development (DWD). TAP is designated as the fiscal agent for the Region 4 WSA by the chief elected official and therefore receives funds directly from DWD. These funds represent TAP's core funding source and are directly allocated to TAP. Although WIOA is TAP's primary funding source, TAP actively competes for other federal, state, and private grants. Approximately 83.8% of the total revenue is federal funding received as pass-through from the State of Indiana, Department of Workforce Development or directly from the US Department of Labor. The State of Indiana thru DWD provided an additional 15.4% of TAP's funding for state funded employment activities and training.

Basis of Accounting

The financial statements of TAP have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), 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 Accounting Standards Codification (ASC) 958-210-45, *Financial Statements of Not-for-Profit Organizations*. Under ASC, not-for-profit organizations are 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. At June 30, 2018 and 2017, TAP only has unrestricted net assets.

In August 2016, the Financial Accounting Standards Board issued an Accounting Standards Update: Presentation of Financial Statements of Not-for-Profit Entities, which affects all nonprofit organizations. The new standard is effective for reporting periods beginning after December 31, 2017. The Accounting Standards update will significantly affect the presentation of financial statements and the accompanying footnote disclosures

Tecumseh Area Partnership, Inc.

Notes to Financial Statements

June 30, 2018 and 2017

Grants and Accounts Receivable

Grants and accounts receivable are evaluated as to their collectability annually, if not more frequently, and any anticipated uncollectible accounts are written off when deemed uncollectible. All accounts were deemed collectible as of June 30, 2018 and 2017.

Property and Equipment

Equipment purchased with unrestricted funds with a cost of \$5,000 or more is capitalized at cost and depreciated over its useful life using the straight-line method.

Property and equipment purchased with grant funds is overseen by TAP and the State of Indiana while used in the programs overseen by TAP. The value of this property is not presented in TAP's financial statements since this property is owned by the State of Indiana or the Federal government.

Use of Estimates

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

Revenue Recognition

Contributions are recognized when the donor makes a promise to give funds to TAP that are, 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. 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.

Grants are either recorded as grant revenue or exchange transactions based on criteria contained in the grant award.

Grant Awards that are reflected as Grant Revenue

Grant awards that are reimbursement arrangements are recorded as revenue based on revenues earned. Revenue is recognized in the accounting period when the related expenses are incurred. Amounts received in excess of expenses are reflected as deferred revenue.

Grant Awards that are Exchange Transactions

Exchange transactions are based on a predetermined rate for services performed. The revenue is recognized in the period the services are performed.

Tecumseh Area Partnership, Inc.

Notes to Financial Statements

June 30, 2018 and 2017

Income Taxes

Tecumseh Area Partnership, Inc. is a not-for-profit organization under Section 501 (c) (3) of the Internal Revenue Code and is exempt from federal and Indiana income taxes.

TAP believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

TAP's exempt organization federal and Indiana information income tax returns, for the years ended June 30, 2017, 2016, and 2015 are subject to examination by the IRS and the Indiana Department of Revenue, generally for three years after the returns have been filed.

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 benefits of the organization's purposes and programs, which cannot be readily identified with the final cost objective.

During fiscal year ending June 30, 2018, the State of Indiana Department of Workforce Development implemented the Workforce Innovation and Opportunity Act requirement and procedure for sharing of overhead costs for the WorkOne Centers by an infrastructure funding agreement. The agreement establishes a method of direct costing of overhead costs based on benefit received to each entity located in or participating in the services related to the WorkOne Centers. TAP then allocates its portion of the costs in accordance with its cost allocation methodology noted above.

Concentration of Credit Risk

Tecumseh Area Partnership, Inc. maintains cash balances at one commercial bank. The account balances in the bank may exceed the federally insured limit of \$250,000 during the fiscal year. At June 30, 2018 and 2017, cash balances did not exceed the federally insured limits. TAP has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Grants receivable and accounts receivable as discussed in Note 2 are receivable from Indiana Department of Workforce Development, and U.S. Department of Labor, which are governmental organizations. These receivables are related to Federal grants through the U.S. Department of Labor and state grants from Indiana Department of Workforce Development. TAP considers these receivables fully collectible and has not experienced any previous losses.

Tecumseh Area Partnership, Inc.

Notes to Financial Statements
June 30, 2018 and 2017

Note 2: Grant and Accounts Receivable

Grants receivable consists of the following for June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
US Department of Labor	\$ 278,008	\$ 648,053
Indiana Department of Workforce Development	<u>398,071</u>	<u>1,186,208</u>
	<u>\$ 676,079</u>	<u>\$ 1,834,261</u>

Note 3: Operating Leases

TAP leases office space and various items of equipment under operating lease arrangements. TAP leases space for the operation of their programs under two operating leases in Lafayette. The leases expire December 31, 2021, December 31, 2022, and each has a funding out clause. TAP also leases space in Lafayette, Indiana for the WorkOne center that expires November 30, 2018. The lease has a provision to adjust the monthly rent based on the consumer price index. The lease also has a funding out clause. The lease also requires TAP to reimburse the landlord common area maintenance expenses, billed on a monthly basis. In August 2015, TAP entered into a new lease agreement with Ivy Tech Community College for the WorkOne Center in Logansport, Indiana which ends June 30, 2019. The current lease agreement for the Kokomo REACH center at Inventrek ended September 15, 2017. A new lease agreement was entered into beginning September 15, 2018 for both the Kokomo WorkOne and the Kokomo REACH center. This lease ends on August 31, 2022 and has a funding out clause. A new lease agreement was entered beginning January 1, 2018 for the Crawfordsville WorkOne Center. This lease ends on 12/31/2020. TAP maintains current month to month lease agreements for the Peru and Monticello WorkOne Centers. Operating Lease expense for the years ended June 30, 2018 and 2017 was \$439,361 and \$277,250, respectively. Future minimum lease payments under the operating leases beyond June 30, 2018 are as follows:

June 30, 2019	\$ 346,284
June 30, 2020	\$ 256,309
June 30, 2021	\$ 227,089
June 30, 2022	\$ 197,868
June 30, 2023	\$ 53,570

Tecumseh Area Partnership, Inc.

Notes to Financial Statements

June 30, 2018 and 2017

Note 4: Employee Retirement Plan

TAP has a simple IRA plan open to all regular, full-time employees. Employees who have earned over \$5,000 can enter the plan in July or January each year. TAP matches the employee contribution up to 3% of the employee's base salary.

The employee can contribute up to the IRS designated limit plus catch up each year. TAP contributions for the years ended June 30, 2018 and 2017 were \$25,698 and \$24,412, respectively.

Note 5: Related Party Transactions

One voting member of TAP's Youth Council, is employed by JobWorks, Inc. a contractor of services for TAP. Payments to this contractor for the years ended June 30, 2018 and 2017 were \$6,471,538 and \$1,862,225, respectively. At June 30, 2018 and 2017, \$545,378 and \$242,276 respectively, was included in accounts payable, payable to JobWorks, Inc. for services.

One member of the Board of Directors is employed by Ivy Tech, from which TAP leases space for its Logansport WorkOne Center. Lease payments for 2018 and 2017 were \$16,200 annually.

During the year ended June 30, 2017, one voting WDB member of TAP, who also served on the Youth Committee, was employed by Community Action Program, Inc. of Western Indiana, a contractor of services for TAP. Payments to this contractor for the year ended June 30, 2017 were \$3,751,393. At June 30, 2017, \$1,051,476 was included in accounts payable, payable to Community Action Program, Inc. of Western Indiana for services.

Note 6: Line of Credit

TAP has a \$500,000 line of credit with its bank for operating purposes. The funds are available as needed through February 28, 2019 at which point it will terminate. The line is secured by the assets of TAP and accrues interest at a rate of National Prime + 0. There are no compensating balance requirements although TAP is expected to maintain its operating financial activities with the financial institution providing the line of credit. As of June 30, 2018, and 2017, there was not an outstanding balance on the line of credit. The line was used sparingly during 2018 and 2017.

Note 7: Evaluation of Subsequent Events

TAP has evaluated subsequent events through September 19, 2018, the date, which the financial statements were available to be issued. There were not any material subsequent events that required recognition or additional disclosure in these financial statements.

Tecumseh Area Partnership, Inc.
Schedule A-1: Expenditures of Federal Awards and Other Financial Assistance
For the year ended June 30, 2018

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA</u>	<u>Pass-Through Entity Identifying</u>	<u>Passed Through to Subrecipients</u>	<u>Expenses</u>
Department of Labor Pass-Through the Indiana Department of Workforce Development				
<i>Employment Service Cluster</i>				
Employment Service/Wagner-Peyser Funded Activities	17.207	BC-7-04	\$ -	\$ 40,000
		Subtotal 17.207	<u>-</u>	<u>40,000</u>
<i>Total Employment Service Cluster</i>			<u>-</u>	<u>40,000</u>
Unemployment Insurance	17.225	RESEA-7-04	80,546	84,039
Unemployment Insurance	17.225	RESEA-6-04	298,731	359,145
		Subtotal 17.225	<u>379,277</u>	<u>443,184</u>
Trade Adjustment Assistance	17.245	TAACM-6-04	24,081	37,042
		Subtotal 17.245	<u>24,081</u>	<u>37,042</u>
Department of Labor Direct Program				
H-1B Job Training Grants	17.268	HG-30141-17-60-A-18	1,663,837	2,055,685
H-1B Job Training Grants	17.268	HG-26673-15-60-A-18	1,442,002	1,804,386
Total Department of Labor Direct Program			<u>3,105,839</u>	<u>3,860,071</u>
Department of Labor Pass-Through the Indiana Department of Workforce Development for WIOA Cluster				
WIOA Adult Program	17.258	WIB-6-04	143,347	165,086
WIOA Adult Program	17.258	WIOA-7-04	352,752	665,371
WIOA Adult Program	17.258	BC-7-04	-	36,000
		Subtotal 17.258	<u>496,099</u>	<u>866,457</u>
WIOA Youth Activities	17.259	WIB-6-04	133,044	434,664
WIOA Youth Activities	17.259	WIOA-7-04	551,690	643,749
		Subtotal 17.259	<u>684,734</u>	<u>1,078,413</u>

Tecumseh Area Partnership, Inc.
Schedule A-1: Expenditures of Federal Awards and Other Financial Assistance
For the year ended June 30, 2018

WIOA Cluster (continued)

WIOA Dislocated Worker Formula Grants	17.278	WIB-6-04	398,769	492,352
WIOA Dislocated Worker Formula Grants	17.278	WIOA-7-04	371,334	646,374
WIOA Dislocated Worker Formula Grants	17.278	BC-7-04	-	44,000
		Subtotal 17.278	770,103	1,182,726
Total WIOA Cluster			1,950,936	3,127,596
Total Department of Labor Expenditures			5,460,133	7,507,893
 Department of Health and Human Services Pass-Through the Indiana Department Workforce Development for TANF Cluster				
Temporary Assistance for Needy Families	93.558	JAG TANF-5-04	70,840	73,343
		Subtotal 93.558	70,840	73,343
Total TANF Cluster and Total Department of Health and Human Services Expenditures			70,840	73,343
Total Expenditures of Federal Awards			5,530,973	7,581,236

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA	Pass-Through Entity Identifying	Passed Through to Subrecipients	Expenses
TAP Unrestricted	N/A	N/A	-	17,877
State Funds/ABE	N/A	WIN-6-04	9,633	10,035
Skill UP! Grant	N/A	N/A	264,540	466,106
Skill UP! Grant	N/A	Skillup-7-04	5,160	85,154
Jobs for Americas Graduates/State Funds	N/A	JAG-5-04/6-04	657,732	728,420
Jobs for Americas Graduates/MS/State Funds	N/A	JAGMS-7-04	3,500	3,500
Work Keys	N/A	N/A	-	164,556
		Total Other Activity	\$ 940,565	\$ 1,475,648
		TOTAL	\$ 6,471,538	\$ 9,056,884

Tecumseh Area Partnership, Inc.

Notes to A-1: Schedule of Federal Expenditures and Other Assistance
June 30, 2018

Note 1. Basis of Presentation

This schedule includes federal and state grant activity and other expenditures of Tecumseh Area Partnership, Inc. d/b/a Region 4 Workforce Board serving as the Fiscal Agent. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance section 200.510(b). The schedule presents only a selected portion of information included on the statement of activities, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Tecumseh Area Partnership, Inc.

Note 2. Summary of Significant Accounting Policies

The schedule has been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), and accordingly includes all accrued expenses for each program.

Note 3. De Minimis Indirect Cost Rate

Tecumseh Area Partnership, Inc. has not elected to use the 10-percent *de minimis* cost rate allowed under the Uniform Guidance.



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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 of
Tecumseh Area Partnership, Inc.
d/b/a Region 4 Workforce Board
Lafayette, Indiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Tecumseh Area Partnership, Inc. d/b/a Region 4 Workforce Board (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, 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 September 19, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Tecumseh Area Partnership, 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 Tecumseh Area Partnership, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Tecumseh Area Partnership, Inc.'s internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 Tecumseh Area Partnership, 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.

Dunton & Co., P.C.

September 19, 2018

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 of
Tecumseh Area Partnership, Inc.
d/b/a Region 4 Workforce Board
Lafayette, Indiana

Report on Compliance for Each Major Federal Program

We have audited Tecumseh Area Partnership, Inc. d/b/a Region 4 Workforce Board '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 Tecumseh Area Partnerships, Inc.'s major federal programs for the year ended June 30, 2018. Tecumseh Area Partnerships, 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Tecumseh Area Partnerships, 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* 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 Tecumseh Area Partnerships, 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 Tecumseh Area Partnerships, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Tecumseh Area Partnerships, 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, 2018.

Report on Internal Control Over Compliance

Management of Tecumseh Area Partnerships, 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 Tecumseh Area Partnerships, 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 Tecumseh Area Partnerships, 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.

Dunton & Co., P.C.

September 19, 2018

Tecumseh Area Partnership, Inc.

Schedule of Findings and Questioned Costs

Annual Audit June 30, 2018

Section I: Summary of Auditor's Results

Financial Statements

What were the results of the auditor's determination whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Is a "going concern" emphasis-of-matter paragraph
Included in the auditor's report? No

Internal Control over financial reporting:

- Significant Deficiency Disclosed? No
- Material Weakness Disclosed? No

Noncompliance material to
Financial statements disclosed? No

Federal Awards

Internal Control over Major Federal Programs:

- Significant Deficiency Disclosed? No
- Material Weakness Disclosed? No

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

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

Identification of Major Federal Programs:

17.268 H-1B Job Training Grants

Tecumseh Area Partnership, Inc.

Schedule of Findings and Questioned Costs

Annual Audit June 30, 2018

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

Auditee qualified as a low-risk auditee? Yes

Were Prior Audit Findings related to direct funding
Shown in the Summary Schedule of Prior Audit Findings? None

Indicate which Federal agency(ies) have current year audit
Findings related to direct funding or prior audit findings
Shown in the Summary Schedule of Prior Audit Findings
related to direct funding. None

Section II: Financial Statement Findings

None

Section III: Federal Award Findings and Questioned Costs

Findings: None

Questioned Costs: None