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August 21, 2019

Board of Directors  
Northeast Indiana Works, Inc.  
200 E Main Street  
Fort Wayne, IN 46802

We have reviewed the audit report of Northeast Indiana Works, Inc. 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 Northeast Indiana Works, Inc. 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

# **Northeast Indiana Works, Inc.**

Fort Wayne, Indiana

Audited Financial Statements and Additional Information

June 30, 2018 and 2017



**Northeast Indiana Works, Inc.**  
Audited Financial Statements and Additional Information  
June 30, 2018 and 2017

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Northeast Indiana Works, Inc.  
Fort Wayne, Indiana

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

We have audited the accompanying financial statements of Northeast Indiana Works, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities and net assets, 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 Northeast Indiana Works, 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 January XX, 2019 on our consideration of Northeast Indiana Works, 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 Northeast Indiana Works, Inc.'s internal control over financial reporting and compliance.

*Danton & Co., P.C.*

January 29, 2019

# Northeast Indiana Works, Inc.

## Statements of Financial Position June 30, 2018 and 2017

### ASSETS

|                                 | <u>2018</u>                | <u>2017</u>                |
|---------------------------------|----------------------------|----------------------------|
| <b>CURRENT ASSETS:</b>          |                            |                            |
| Cash and cash equivalents       | \$ 324,083                 | \$ 499,284                 |
| Grants and contracts receivable | 876,423                    | 1,216,368                  |
| Other receivables               | 5,944                      | 1,786                      |
| Prepaid expenses                | <u>114,739</u>             | <u>109,940</u>             |
| Total current assets            | <u>1,321,189</u>           | <u>1,827,378</u>           |
| <br>Total assets                | <u><u>\$ 1,321,189</u></u> | <u><u>\$ 1,827,378</u></u> |

### LIABILITIES AND NET ASSETS

|                                      |                            |                            |
|--------------------------------------|----------------------------|----------------------------|
| <b>CURRENT LIABILITIES:</b>          |                            |                            |
| Accounts payable                     | \$ 811,335                 | \$ 1,020,065               |
| Accrued payroll and related expenses | 155,975                    | 107,501                    |
| Deferred revenue                     | <u>250,876</u>             | <u>648,349</u>             |
| Total current liabilities            | <u>1,218,186</u>           | <u>1,775,915</u>           |
| <br><b>NET ASSETS</b>                |                            |                            |
| Unrestricted                         | 98,986                     | 47,446                     |
| Temporarily restricted               | <u>4,017</u>               | <u>4,017</u>               |
| Total net assets                     | <u>103,003</u>             | <u>51,463</u>              |
| <br>Total liabilities and net assets | <u><u>\$ 1,321,189</u></u> | <u><u>\$ 1,827,378</u></u> |

**Northeast Indiana Works, Inc.**

Statements of Activities and Net Assets  
For the years ended June 30, 2018 and 2017

|  | 2018         | 2017         |
|--|--------------|--------------|
| <b>Unrestricted Net Assets</b>                 |              |              |
| REVENUE  |              |              |
| Federal and State Grants                       | \$ 8,524,586 | \$ 8,839,874 |
| Local Grants                                   | 238,968      | 592,381      |
| Other Income                                   | 154,313      | 199,615      |
|  | 8,917,867    | 9,631,870    |
| Assets released from restrictions              | -            | 4,541        |
| Total revenue                                  | 8,917,867    | 9,636,411    |
| EXPENSES                                       |              |              |
| Program Activities - Customer Related Expenses |              |              |
| Classroom Training                             | 636,564      | 912,502      |
| On-The-Job Training                            | 70,231       | 167,496      |
| Supportive Services                            | 10,511       | 26,401       |
| Service Provider Expenses                      | 4,274,466    | 4,273,750    |
| WorkOne Operations                             | 3,282,361    | 3,682,955    |
| Total Program Activities                       | 8,274,133    | 9,063,104    |
| Administration                                 | 592,194      | 533,678      |
| Total expenses                                 | 8,866,327    | 9,596,782    |
| Increase in unrestricted net assets            | 51,540       | 39,629       |
| <b>Temporarily restricted</b>                  |              |              |
| Contributions                                  | -            | 2,000        |
| Assets released from restrictions              | -            | (4,541)      |
| Decrease in temporarily restricted net assets  | -            | (2,541)      |
| Increase in net assets                         | 51,540       | 37,088       |
| Net assets beginning of the year               | 51,463       | 14,375       |
| Net assets at the end of the year              | \$ 103,003   | \$ 51,463    |

**Northeast Indiana Works, Inc.**  
 Statements of Cash Flows  
 For the years ended June 30, 2018 and 2017

|  | 2018              | 2017              |
|--|-------------------|-------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>   |                   |                   |
| Increase in net assets   | \$ 51,540         | \$ 37,088         |
| Adjustments to reconcile increase (decrease) in net assets<br>to net cash provided (used) by operating activities: |                   |                   |
| (Increase) decrease in cash from changes in:   |                   |                   |
| Grants receivable  | 339,945           | (232,489)         |
| Other receivables  | (4,158)           | (933)             |
| Prepaid expenses   | (4,799)           | (10,249)          |
| Increase (decrease) in cash from changes in:   |                   |                   |
| Accounts payable   | (208,730)         | 276,172           |
| Accrued payroll and related expenses   | 48,474            | 6,480             |
| Deferred revenue   | (397,473)         | (110,361)         |
| Net cash used by operating activities  | (175,201)         | (34,292)          |
| Cash and cash equivalents, beginning of year   | 499,284           | 533,576           |
| <b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>  | <b>\$ 324,083</b> | <b>\$ 499,284</b> |

See Independent Auditor's Report.

See accompanying notes to financial statements.

# **Northeast Indiana Works, Inc.**

## Notes to Financial Statements

June 30, 2018 and 2017

### **Note 1 Summary of Significant Accounting Policies**

#### **Nature of Operations**

Northeast Indiana Regional Workforce Investment Board, Inc. was organized as a not-for-profit corporation in 2011. On April 29, 2014, the organization received approval to change the organization's name to Northeast Indiana Works, Inc. (NEINW). The corporation was formed to receive and administer funds for educational, charitable, job training and workforce development purposes. Currently the corporation oversees Workforce Development Services provided in eleven (11) counties in Northeast Indiana. For the fiscal years ending June 30, 2018 and 2017, over 95% and 92% of the total revenue is federal pass-through funding or state funding received on behalf of the Region 3 Workforce Board from the State of Indiana, Department of Workforce Development. NEINW continued to provide financial services for Alliance for Strategic Growth. This contract, which was for services in East Central Indiana, Region 6, concluded on June 30, 2018.

#### **Basis of Accounting**

The financial statements of NEINW 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, NEINW only had unrestricted net assets and temporarily restricted net assets. At June 30, 2018 and June 30, 2017, the temporary restricted net assets of \$4,016 were restricted for website design (\$1,321) veteran's event (\$1,617) and medical loss (\$1,078).

In August 2016, the Financial Accounting Standards Board issued an Accounting Standards Update 2016-14: Presentation of Financial Statements of Not for Profit Entities, which affects all not-for-profit organizations. The amendments in this update are effective for fiscal years beginning after December 15, 2017. This will affect the presentation of the financial statements and footnotes for the year beginning July 1, 2018.

#### **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**

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

## **Northeast Indiana Works, Inc.**

### Notes to Financial Statements

June 30, 2018 and 2017

#### **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 a donation to NEINW that is, in substance, unconditional. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and nature of any donor restrictions. 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 grant funds received in advance and are recorded as deferred revenue.

#### **Grant Awards that are reflected as Exchange Transactions**

Grant awards that are exchange transactions are based on a predetermined rate for services performed. The revenue is recognized in the period the services are performed.

#### **Income Taxes**

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

NEINW's exempt organization income tax returns (Form 990), for the years ended June 30, 2017, 2016, and 2015 are subject to examination by the IRS, generally for three years after the returns have been filed.

## Northeast Indiana Works, Inc.

### Notes to Financial Statements

June 30, 2018 and 2017

#### 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 the fiscal year ended June 30, 2018, the State of Indiana Department of Workforce Development implemented the Workforce Innovation and Opportunity Act requirement to share infrastructure and additional costs associated with the WorkOne Centers through an Infrastructure Funding Agreement (IFA). This agreement establishes the method of allocating costs based on the benefit received by each partner. NEINW allocates its portion of the shared costs per its cost allocation plan. For June 30, 2018, the partners included in the IFA paid \$206,553 of the WorkOne Center costs. The amount of the IFA reimbursement is subject to change dependent on the costs of the WorkOne Centers and the partners included in the IFA.

#### Concentration of Credit Risk

NEINW maintains cash balances at one commercial bank. These balances are insured by the Federal Deposit Insurance Corporation. As of June 30, 2018 and 2017, the uninsured portions over \$250,000 were \$74,083 and \$249,284, respectively. NEINW has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash balances.

Grants receivable and contracts receivable, as discussed in Note 2, are primarily receivable from Indiana Department of Workforce Development. These receivables are related to Federal grants from or through the U.S. Department of Labor, Department of Education, Department of Health and Human Services, and grants from the state of Indiana, and other local agencies. NEINW considers these receivables fully collectible and has not experienced any previous losses.

#### Note 2 Grant and Contracts Receivable

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

|   | <u>2018</u>       | <u>2017</u>         |
|---|-------------------|---------------------|
| Indiana Department of Workforce Development | \$ 845,682        | \$ 1,099,068        |
| Northeast Indiana Regional Partnership      | -                 | 77,368              |
| Alliance for Strategic Growth               | 30,741            | 37,632              |
| City of Fort Wayne                          | -                 | 2,300               |
|   | <u>\$ 876,423</u> | <u>\$ 1,216,368</u> |

## Northeast Indiana Works, Inc.

### Notes to Financial Statements

June 30, 2018 and 2017

#### Note 3 Employee Retirement Plan

NEINW has a 401k plan open to all employees. NEINW contributes 3% of the employee's base salary. If the employee contributes 3%, then NEINW will match that 3% contribution. NEINW contributions for the years ended June 30, 2018 and 2017 were \$114,511 and \$123,587, respectively.

#### Note 4 Operating Leases

NEINW leases space for the operation of its programs under twelve operating leases. The current leases have varying expiration dates through May 2021. All leases contain a funding out clause. Lease expense for the years ended June 30, 2018 and 2017 was \$648,590 and \$642,395, respectively. Future minimum lease payments under the operating leases beyond June 30, 2018 are as follows:

|               |            |
|---------------|------------|
| June 30, 2019 | \$ 221,337 |
| June 30, 2020 | \$ 102,180 |
| June 30, 2021 | \$ 85,300  |

#### Note 5 Related Party Transactions

Members of NEINW Board of Directors are defined by United States Department of Labor statutes and implementing regulations for the Workforce Innovation and Opportunity Act. The state of Indiana also has defined the membership requirements by state statute and policies. One member of the Board of Directors is employed by Indiana Department of Workforce Development, the Indiana administering agency, which provided over 95% and 92% of NEINW's funding for the years ended June 30, 2018 and 2017. Two Members of the Board of Directors are employed by governmental educational institutions that provide training services to participants for programs NEINW is administering. A fourth board member is employed with Noble County Economic Development, who is a partner with NEINW in providing training services. A fifth board member is an employee of the company that subleases office space to NEINW. This same company has also contracted with NEINW to provide training services. Program and administrative expenses included in the statements of activities and accounts payable included in the statements of financial position in connection with the above-described relationships are as follows for 2018 and 2017:

|  | 2018              |                     | 2017              |                     |
|--|-------------------|---------------------|-------------------|---------------------|
|  | Accounts Payable  | Expenditures        | Accounts Payable  | Expenditures        |
| Fort Wayne Community Schools           | \$ 218,365        | \$ 992,349          | \$ 172,534        | \$ 962,500          |
| Ivy Tech Community College             | 18,890            | 235,575             | 119,056           | 321,902             |
| Northeast Indiana Regional Partnership | -                 | 120,219             | -                 | 123,560             |
| Noble County EDC                       | -                 | -                   | -                 | 1,500               |
|  | <u>\$ 237,255</u> | <u>\$ 1,348,143</u> | <u>\$ 291,590</u> | <u>\$ 1,409,462</u> |

## **Northeast Indiana Works, Inc.**

Notes to Financial Statements

June 30, 2018 and 2017

### **Note 6 Contingent Liability**

NEINW has contracted with a third party administrator (TPA) since the inception of its 401K retirement plan. The TPA has been responsible for the verification of compliance with the plan, documentation and recordkeeping. Unexpectedly, the current TPA has informed NEINW that the plan's voluntary profit sharing contribution requirements have been incorrectly applied to some employees. NEINW is in the process of working with an independent third party TPA and our agency attorney to determine the correct profit sharing that should have been contributed for each employee. At June 30, 2018, the estimated amount of the liability, \$53,391, was accrued.

### **Note 7 Evaluation of Subsequent Events**

NEINW has evaluated subsequent events through January 29, 2019, the date which the financial statements were available to be issued. There were no material subsequent events that required recognition or disclosure in these financial statements.

**Northeast Indiana Works, Inc.**  
**Schedule of Expenditures of Federal Awards and Other Financial Assistance**  
**For the year ended June 30, 2018**

| Federal Grantor/Pass-Through Grantor/Program or Cluster Title  | CFDA # | Pass-Through Entity Grant # | Passed Through to Subrecipients | Expenditures     |
|--|--------|-----------------------------|---------------------------------|------------------|
| <b>Department of Labor Pass-Through the Indiana Department of Workforce Development for WIOA Cluster</b>               |        |                             |                                 |                  |
| WIOA Adult Program   | 17.258 | WIB603/WIOA703              | \$ 71,253                       | \$ 1,100,912     |
| WIOA Adult Program   | 17.258 | BC703                       | -                               | 36,000           |
|  |        | Subtotal 17.258             | <u>71,253</u>                   | <u>1,136,912</u> |
| WIOA Youth Activities  | 17.259 | WIB603/WIOA703              | 997,364                         | 1,375,514        |
| WIOA Dislocated Worker Formula   | 17.278 | WIB603/WIOA703              | -                               | 1,347,099        |
| WIOA Dislocated Worker Formula   | 17.278 | RR703                       | 1,005                           | 71,792           |
| WIOA Dislocated Worker Formula   | 17.278 | BC703                       | -                               | 44,000           |
|  |        | Subtotal 17.278             | <u>1,005</u>                    | <u>1,462,891</u> |
| <b>Total WIOA Cluster</b>  |        |                             | <u>1,069,622</u>                | <u>3,975,317</u> |
| <b>Department of Labor Pass-Through the Indiana Department of Workforce Development for Employment Service Cluster</b> |        |                             |                                 |                  |
| Employment Service/Wagner Peyser Funded Activities   | 17.207 | BC703                       | -                               | 40,000           |
| <b>Total Employment Service Cluster</b>  |        |                             | <u>-</u>                        | <u>40,000</u>    |
| <b>Department of Labor Pass-Through the Indiana Department of Workforce Development</b>                                |        |                             |                                 |                  |
| Unemployment Insurance   | 17.225 | RESEA603                    | 2,987                           | 434,646          |
| Trade Adjustment Assistance  | 17.245 | TAACM703                    | -                               | 89,804           |
| <b>Total Department of Labor</b>   |        |                             | <u>1,072,609</u>                | <u>4,539,767</u> |

| Federal Grantor/Pass-Through Grantor/Program or Cluster Title                               | CFDA # | Pass-Through Entity Grant # | Passed Through to Subrecipients | Expenditures   |
|---|--------|-----------------------------|---------------------------------|----------------|
| <b>Department of Education Pass-Through the Indiana Department of Workforce Development</b> |        |                             |                                 |                |
| Adult Education - Basic Grants to States  | 84.002 | AE703                       | 806,156                         | 844,300        |
| <b>Total Department of Education</b>  |        |                             | <u>806,156</u>                  | <u>844,300</u> |

**Department of Health and Human Services Pass-Through the Indiana Department of Workforce Development**

**TANF Cluster**

|   |        |            |   |       |
|---|--------|------------|---|-------|
| Temporary Assistance for Needy Families | 93.558 | JAGT703    | - | 2,180 |
| Temporary Assistance for Needy Families | 93.558 | WIN603     | - | 2,658 |
| Temporary Assistance for Needy Families | 93.558 | WINTANF703 | - | 7,500 |

See Independent Auditor's Report on page 1.

See Notes to the Schedule of Federal Expenditures and Other Financial Assistance.

**Northeast Indiana Works, Inc.**  
**Schedule of Expenditures of Federal Awards and Other Financial Assistance**  
**For the year ended June 30, 2018**

|   |      |                  |                     |
|---|------|------------------|---------------------|
| <b>Total Department of Health and Human Services - TANF Cluster</b>   |      | -                | <u>12,338</u>       |
| <b>Total Expenditures of Federal Awards</b>                           |      | <u>1,878,765</u> | <u>5,396,405</u>    |
| <br>  |      |                  |                     |
| <b>Indiana Funds from Indiana Department of Workforce Development</b> |      |                  |                     |
| Adult Education - State   | None | AE703            | 1,385,165           |
| JAG Expansion   | None | JAG603/JAG703    | 1,096,508           |
| JAG Master Specialist   | None | JAGMS703         | 7,000               |
| WorkIndiana   | None | WIN603/WIN703    | -                   |
| Skill UP  | None | SkillUP603       | 209                 |
| <b>Total Indiana Expenditures</b>                                     |      |                  | <u>2,488,882</u>    |
| <br>  |      |                  |                     |
| <b>Other Activity</b>   |      |                  |                     |
| Skill UP - Northeast Indiana Regional Partnership, Inc.               | N/A  | N/A              | -                   |
| Professional Services Agreement - Alliance for Strategic Growth, Inc  | NA   | NA               | -                   |
| Unrestricted Net Asset Expenditures                                   |      |                  | -                   |
| <b>Total Other Activity</b>   |      |                  | <u>101</u>          |
|   |      |                  | <u>357,216</u>      |
| <br>  |      |                  |                     |
| <b>Total Expenditures</b>   |      |                  | <u>\$ 4,367,647</u> |
|   |      |                  | <u>\$ 8,866,327</u> |

## **Northeast Indiana Works, Inc.**

### Notes to the Schedule of Expenditures of Federal Awards and Other Financial Assistance For the Year Ended June 30, 2018

#### **Note 1. Basis of Presentation**

The Schedule of Expenditures of Federal Awards and Other Financial Assistance includes the federal and state grant activity as well as other expenditures of Northeast Indiana Works, Inc. and is presented on the accrual basis of accounting, which is described in Note 1 to Northeast Indiana Works, Inc.'s financial statements. 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 Northeast Indiana Works, 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 accrued expenses for each program.

#### **Note 3. De Minimis Indirect Cost Rate**

Northeast Indiana Works, 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  
Northeast Indiana Works, Inc.  
Fort Wayne, 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 Northeast Indiana Works, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities and net assets, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 29, 2019.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Northeast Indiana Works, 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 Northeast Indiana Works, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Northeast Indiana Works, 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 Northeast Indiana Works, 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.*

January 29, 2019



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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 of  
Northeast Indiana Works, Inc.  
Fort Wayne, Indiana

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

We have audited Northeast Indiana Works, 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 Northeast Indiana Works, Inc.'s major federal programs for the year ended June 30, 2018. Northeast Indiana Works, 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 Northeast Indiana Works, 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 Northeast Indiana Works, 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 Northeast Indiana Works, Inc.'s compliance.

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

In our opinion, Northeast Indiana Works, 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 Northeast Indiana Works, 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 Northeast Indiana Works, 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 Northeast Indiana Works, 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.*

January 29, 2019

# Northeast Indiana Works, 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:

WIOA Cluster 17.258, 17.259, and 17.278

# Northeast Indiana Works, 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