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December 3, 2019

Board of Directors
Northern Indiana Workforce Board, Inc.
600 E. Carmel Drive, Suite 145
Carmel, IN 46032

We have reviewed the audit report of Northern Indiana Workforce Board, Inc., which was opined upon by Comer, Nowling and Associates, 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 Northern Indiana Workforce Board, 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, Comer, Nowling and Associates, 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.

A handwritten signature in blue ink that reads "Paul D. Joyce".

Paul D. Joyce, CPA
State Examiner

**Northern Indiana
Workforce Board, Inc.**



**Financial
Statements
For The Years Ended
June 30, 2018 and 2017
(With Single Audit Section)**

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Certified Public Accountants

NORTHERN INDIANA WORKFORCE BOARD, INC.

**FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Northern Indiana Workforce Board, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Northern Indiana Workforce Board, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2018 and 2017, 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 *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 Northern Indiana Workforce Board, 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

Our audits were conducted for the purpose of forming an opinion on the financial statements of Northern Indiana 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 accompanying schedule of expenditures of state and local awards is presented for purposes of additional analysis as required by the Indiana State Board of Accounts 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 March 5, 2019, on our consideration of Northern Indiana 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

March 5, 2019

NORTHERN INDIANA WORKFORCE BOARD, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2018 AND 2017

ASSETS		2018	2017
		<u> </u>	<u> </u>
CURRENT ASSETS:			
Cash		\$ 424,999	\$ 434,336
Grants receivable		365,762	457,341
Prepaid expenses		<u>53,869</u>	<u>53,814</u>
Total current assets		<u>844,630</u>	<u>945,491</u>
Total assets		<u><u>\$ 844,630</u></u>	<u><u>\$ 945,491</u></u>
 LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES:			
Accounts payable		\$ 452,293	\$ 416,624
Accrued expenses		309,401	253,364
Deferred revenue		<u>-</u>	<u>211,060</u>
Total current liabilities		<u>761,694</u>	<u>881,048</u>
NET ASSETS - UNRESTRICTED		<u>82,936</u>	<u>64,443</u>
Total liabilities and net assets		<u><u>\$ 844,630</u></u>	<u><u>\$ 945,491</u></u>

See accompanying notes to financial statements.

NORTHERN INDIANA WORKFORCE BOARD, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
REVENUE		
Federal grant revenue	\$ 5,273,456	\$ 5,752,753
Other grant revenue	1,490,328	1,377,141
Other income	36,452	35,193
Total revenue	6,800,236	7,165,087
 EXPENSES		
Program activities	6,353,936	6,712,995
Management and general	427,807	416,960
Total expenses	6,781,743	7,129,955
 CHANGE IN NET ASSETS	18,493	35,132
 UNRESTRICTED NET ASSETS, BEGINNING	64,443	29,311
 UNRESTRICTED NET ASSETS, ENDING	\$ 82,936	\$ 64,443

See accompanying notes to financial statements.

**NORTHERN INDIANA WORKFORCE BOARD, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Program</u>	<u>Management and General</u>	<u>2018 Total</u>
OPERATING EXPENSES			
Salaries and taxes	\$ 3,169,406	\$ 321,426	\$ 3,490,832
Employee benefits	100,572	64,676	165,248
Travel, training and meetings	52,153	4,352	56,505
Communications	42,878	2,101	44,979
Rent and occupancy	397,475	-	397,475
Office supplies and postage	14,432	1,611	16,043
Office equipment	8,852	4,203	13,055
Professional fees	70,612	21,356	91,968
Other expenses	20,152	-	20,152
Other program expenses	1,834,654	-	1,834,654
Subcontractor expense	642,750	8,082	650,832
	<u>642,750</u>	<u>8,082</u>	<u>650,832</u>
Total operating expenses	<u>\$ 6,353,936</u>	<u>\$ 427,807</u>	<u>\$ 6,781,743</u>

See accompanying notes to financial statements.

**NORTHERN INDIANA WORKFORCE BOARD, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Program</u>	<u>Management and General</u>	<u>2017 Total</u>
OPERATING EXPENSES			
Salaries and taxes	\$ 3,550,681	\$ 323,806	\$ 3,874,487
Employee benefits	120,978	55,408	176,386
Travel, training and meetings	92,098	5,453	97,551
Communications	69,811	4,613	74,424
Rent and occupancy	391,153	-	391,153
Office supplies and postage	19,898	2,564	22,462
Office equipment	34,562	1,601	36,163
Professional fees	72,035	18,003	90,038
Other expenses	34,719	209	34,928
Other program expenses	1,511,460	-	1,511,460
Subcontractor expense	815,600	5,303	820,903
	<u>\$ 6,712,995</u>	<u>\$ 416,960</u>	<u>\$ 7,129,955</u>
Total operating expenses	<u>\$ 6,712,995</u>	<u>\$ 416,960</u>	<u>\$ 7,129,955</u>

See accompanying notes to financial statements.

NORTHERN INDIANA WORKFORCE BOARD, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 18,493	\$ 35,132
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	91,579	223,110
Prepaid expenses	(55)	23,775
Accounts payable	35,669	28,062
Accrued expenses	56,037	137,729
Deferred revenue	(211,060)	(118,336)
Net cash provided by (used in) operating activities	(9,337)	329,472
CASH, BEGINNING OF YEAR	434,336	104,864
CASH, END OF YEAR	\$ 424,999	\$ 434,336

See accompanying notes to financial statements.

NORTHERN INDIANA WORKFORCE BOARD, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

Northern Indiana 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 addresses workforce issues for Elkhart, Fulton, Kosciusko, Marshall, and St. Joseph counties.

Prior to July 2011, the Organization operated as a Regional Workforce Board. Subsequent to June 2011, the Organization operates as a Workforce Investment Board (WIB) after approving the structure change by the Northern Indiana Workforce Board.

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 Presentation of Financial Statements Topic of the FASB Accounting Standards Codification. Under this guidance, the Organization 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 the Organization that is neither permanently restricted nor temporarily restricted by donor-imposed stipulations.

Unrestricted net assets include expendable funds available for the support of the Organization.

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

NORTHERN INDIANA WORKFORCE BOARD, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

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

FINANCIAL STATEMENT PRESENTATION - (continued)

Permanently restricted net assets represent contributions and other inflows of assets whose use by Northern Indiana 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.

As of June 30, 2018 and 2017, the Organization did not have any temporarily or permanently restricted net assets.

EXPENSE ALLOCATION

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

GOVERNMENT GRANTS

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

Effective July 1, 2011, 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 as required by the Income Taxes Topic of the FASB Accounting Standards Codification. 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.

NORTHERN INDIANA WORKFORCE BOARD, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

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

INCOME TAX STATUS - (continued)

The Organization files the required federal and state information returns. Whenever tax returns are filed, the filing organization must evaluate the merits of its tax positions and determine if they will be ultimately sustained. Those tax positions for the Organization include maintaining their tax-exempt status and the taxability of any unrelated business income. The Organization believes these positions are sustainable. Although the Organization has not incurred any interest and penalties associated with these positions, it is their policy to expense them in the statement of activities. With few exceptions, the Organization is generally no longer subject to examination by taxing authorities for fiscal years before June 30, 2015.

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, 2018 and 2017.

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 as defined by the *Accounting for Contributions Received and Contributions Made* topic of the FASB Accounting Standards Codification.

PROPERTY AND EQUIPMENT

As of June 30, 2018 and 2017, 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.

NORTHERN INDIANA WORKFORCE BOARD, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

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

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.

SUBSEQUENT EVENTS

Subsequent events are evaluated through March 5, 2019, which is the date the financial statements were available to be issued.

NOTE 2 – GRANTS RECEIVABLE

Grants receivable as of June 30, 2018 and 2017 consisted of the following:

	<u>2018</u>	<u>2017</u>
Indiana Department of Workforce Development	\$ 302,514	\$ 365,500
Senior Service America	63,248	54,361
Other	-	37,480
	<u>\$ 365,762</u>	<u>\$ 457,341</u>

NOTE 3 – CONCENTRATION OF CREDIT RISK

The Organization maintains a cash balance at a single bank. The account is insured by the Federal Deposit Insurance Corporation up to \$250,000. At times throughout the year, the balance in this account may exceed \$250,000. As of June 30, 2018 and 2017, the Organization had uninsured cash deposits of \$404,895 and \$313,589, respectively.

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.

NORTHERN INDIANA WORKFORCE BOARD, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

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 – STATE OWNED PROPERTY AND EQUIPMENT

During the year ended June 30, 2016, the Indiana Department of Workforce development changed its policies regarding reporting and tracking of State-owned equipment and furniture, increasing the value of assets required to be recorded and reported from \$500 to \$5,000. As of June 30, 2018 and 2017, the Organization controlled State owned equipment and furniture costing \$988,368 and \$992,905, 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.

NOTE 5 – OPERATING LEASES

The Organization leases multiple facilities for operation of its programs. Rent expense for the years ended June 30, 2018 and 2017 was \$278,367 and \$239,696, respectively.

Future minimum lease payments, including subleased space on leases having non-cancelable terms beyond June 30, 2018 are as follows:

2019	\$	258,933
2020		256,364
2021		259,124
2022		203,145
2023		201,124
Thereafter		224,796
		\$ 1,403,486

NOTE 6 – EMPLOYEE RETIREMENT PLAN

The Organization has a safe harbor 401(k) plan open to full time employees following the end of their introductory period. The Organization matches 100% of the first 4% of the employees' contributions. The Organization's contributions for the years ended June 30, 2018 and 2017 were \$26,782 and \$31,894, respectively.

NORTHERN INDIANA WORKFORCE BOARD, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 7 – SUBSEQUENT EVENTS

Due to funding cuts, the Organization is currently analyzing the closure, relocation, and/or consolidation of some of its locations in the Region. The Organization may be subjected to some office lease termination fees as a result of these changes.

SUPPLEMENTARY INFORMATION

NORTHERN INDIANA WORKFORCE BOARD, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

FEDERAL GRANTOR AGENCY Pass-through Agency Program Title	Federal CFDA Number	Grant or Identifying Number	Federal Awards (in dollars \$)	Federal Expenditures
U.S. DEPARTMENT OF LABOR				
Passed through the Indiana Department of Workforce Development (continued)				
Workforce Investment Act (WIOA) Cluster:				
WIOA Adult Program	17.258	WIB602	1,131,777	\$ 780,769
WIOA Adult Program	17.258	WIOA702	954,791	510,354
Business Consultant	17.258	BC702	36,000	36,000
				<u>1,327,123</u>
WIA Youth Program	17.259	WIB602	1,283,964	801,523
WIA Youth Program	17.259	WIOA702	1,084,501	644,066
Skills	17.259	EFBPG602	117,000	90,000
				<u>1,535,589</u>
WIA Dislocated Worker	17.278	WIB602	1,055,293	520,484
WIA Dislocated Worker	17.278	WIOA702	931,807	482,853
Business Consultant	17.278	BC702	44,000	44,000
				<u>1,047,337</u>
Sub-total for WIA Cluster				<u>3,910,049</u>
Business Consultant - Wagner Peyser	17.207	BC702	40,000	40,000
Infrastructure Agreement - Wagner Peyser	17.207	IFA702	2,167	2,167
Infrastructure Agreement - DVOP	17.804	IFA702	167	167
Infrastructure Agreement - LVER	17.801	IFA702	167	167
Sub-total for Employment Service Cluster				<u>\$ 42,501</u>

See accompanying notes to Schedule of Expenditures of Federal Awards

NORTHERN INDIANA WORKFORCE BOARD, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS – (CONTINUED)
FOR THE YEAR ENDED June 30, 2018

FEDERAL GRANTOR AGENCY	Federal	Grant or	Federal	Federal
Pass-through Agency	CFDA	Identifying	Awards	Expenditures
Program Title	Number	Number	(in dollars \$)	
U.S. DEPARTMENT OF LABOR (continued)				
Passed through the Indiana Department of Workforce Development (continued)				
Infrastructure Agreement - UI	17.225	IFA702	8,000	\$ 8,000.00
Re-Employment Services and Eligibility (UI)	17.225	RESEA602	386,750	<u>195,666</u>
				<u>203,666</u>
Infrastructure Agreement - TAA	17.245	IFA702	1,500	1,500
Training & Employment Services	17.245	TAACM702	73,500	<u>40,721</u>
				<u>42,221</u>
Total passed through Indiana Department of Workforce Development				<u>4,198,437</u>
Passed through Senior services America, Inc.				
Senior Community Service Employment Program	17.235	328	647,964	<u>647,964</u>
Total U.S. Department of Labor				<u>4,846,401</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through the Indiana Department of Workforce Development				
WorkIndiana - Adult Education & Training	93.558	WIN702	31,000	31,000
WorkIndiana - Adult Education & Training	93.558	WINTAF702	37,500	5,646
Jobs for American Graduates - Temporary Assistance for Needy Families	93.558	JAGT502	1,082,932	302,409
Assistance for Needy Families	93.558	JAGT702	88,000	<u>88,000</u>
Total U.S. Department of Health and Human Services				<u>427,055</u>
Total Expenditures of Federal Awards				<u>\$ 5,273,456</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

NORTHERN INDIANA WORKFORCE BOARD, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Northern Indiana Workforce Board, Inc. and 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*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule of Expenditures of Federal Awards 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

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

**NORTHERN INDIANA WORKFORCE BOARD, INC.
SCHEDULE OF EXPENDITURES OF STATE AND LOCAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018**

STATE/LOCAL GRANTOR AGENCY Program Title	Grant or Identifying Number	State and Local Awards (in dollars \$)	State and Local Expended
Indiana Department of Workforce Development:			
Jobs for Amerian Graduates	JAG602	695,552	\$ 75,455
Jobs for Amerian Graduates	JAG702	1,065,816	849,291
Jobs for Amerian Graduates JAG Master Specialist	JAGMS702	15,000	9,000
WorkINdiana	WIN702	279,000	278,455
Infrastructure Agreement	IFA702	2,541	2,541
Pathways SB Grant (1177)	none	288,801	152,244
Pathways SB Grant (1178)	none	350,000	122,085
Infrastructure/Cost Sharing SBCSC (1608)	none	1,260	<u>1,260</u>
Total Expenditures of State and Local Awards			<u><u>\$ 1,490,331</u></u>

**NORTHERN INDIANA WORKFORCE BOARD, INC.
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018**

Section II – Financial Statement Findings

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

Section III – Federal Award Findings and Questioned Costs

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



**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
Northern Indiana 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 Northern Indiana Workforce Board, Inc. (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 March 5, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Northern Indiana 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 Northern Indiana 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 Northern Indiana 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

March 5, 2019



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

To the Board of Directors
Northern Indiana Workforce Board, Inc.

Report on Compliance for Each Major Federal Program

We have audited Northern Indiana 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 Northern Indiana Workforce Board, Inc.'s major federal programs for the year ended June 30, 2018. Northern Indiana 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 Northern Indiana 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; and the audit requirements of Title 2 U.S. Code of *Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Costs 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 Northern Indiana 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 Northern Indiana Workforce Board, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Northern Indiana 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, 2018.

Report on Internal Control over Compliance

Management of Northern Indiana 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 Northern Indiana 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 Northern Indiana 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

March 5, 2019

**NORTHERN INDIANA WORKFORCE BOARD, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018**

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. Department of Labor – WIA/WIOA Adult Program
17.259*	U.S. Department of Labor – WIA/WIOA Youth Activities
17.278*	U.S. Department of Labor – WIA/WIOA Dislocated Worker

*Denotes program cluster.

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

Auditee qualified as low-risk auditee? Yes No

NORTHERN INDIANA WORKFORCE BOARD, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

Section II – Financial Statement Findings

There are no financial statements findings for the year ended June 30, 2018.

Section III – Federal Award Findings and Questioned Costs

There are no federal award findings for the year ended June 30, 2018.