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January 9, 2020

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, 2018 to June 30, 2019. 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, 2019 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, 2019 and 2018



Tecumseh Area Partnership, Inc.

Audited Financial Statements and Other Information

June 30, 2019 and 2018

Table of Contents

Independent Auditor's Report	1
Audited Financial Statements:	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7
Other Information	
Schedule A-1: Expenditures of Federal Awards and Other Financial Assistance	
For the year ended June 30, 2019	13
Notes to Schedule of Federal Expenditures and Other Assistance	15
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	16
Independent Auditor's Report on Compliance for Each Major Program and Internal Control Over Compliance Required by Uniform Guidance	18
Schedule of Findings and Questioned Costs	20

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, 2019, and the related statements of activities, functional expenses, and cash flows for the year 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 audit. We conducted our audit 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, 2019, 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.

Report on Comparative Information

We have previously audited Tecumseh Area Partnership, Inc. financial statements as of and for the year ended June 30, 2018. We expressed an unmodified audit opinion on those financial statements in our report dated September 19, 2018. The financial statements included a statement of financial position and related statements of activities and cash flows and related notes to the financial statements and such information is presented herein. The financial statements did not include a statement of functional expenses and was not required by professional standards until the year ended June 30, 2019. With the transition in professional standards, summary totals are included on the Statement of Functional Expenses for the year ended June 30, 2018.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting and presentation of the financial statements. In August 2016, The Financial Accounting Standards Board issued an accounting standards update for all not-for-profit entities and Tecumseh Area Partnership, Inc. has adopted the provisions of the update. The provision of the update changed the presentation of net assets, the addition of disclosing expenses by functional classification and natural classification and added additional disclosures to the financial statements. Our opinion for the prior year was not modified with respect to these matters.

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 October 24, 2019, 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.

October 24, 2019.

Tecumseh Area Partnership, Inc.

Statements of Financial Position

June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<i>Assets</i>		
Current assets:		
Cash	\$ 259,997	\$ 216,817
Grants receivable	379,338	676,079
Accounts receivable	34,464	32,524
Prepaid expense	<u>8,809</u>	<u>11,136</u>
Total current assets	<u>682,608</u>	<u>936,556</u>
Property and Equipment		
Computers	14,578	14,578
Accumulated depreciation	<u>(13,679)</u>	<u>(12,600)</u>
Property and equipment, net	899	1,978
Security deposits	<u>16,262</u>	<u>16,262</u>
TOTAL ASSETS	<u><u>\$ 699,769</u></u>	<u><u>\$ 954,796</u></u>
<i>Liabilities and Net Assets</i>		
Current liabilities:		
Accounts payable	\$ 392,852	\$ 636,691
Accrued payroll and related expenses	106,966	123,282
Deferred revenue	<u>53,516</u>	<u>11,475</u>
Total current liabilities	<u>553,334</u>	<u>771,448</u>
Net assets:		
Without donor restrictions	<u>146,435</u>	<u>183,348</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 699,769</u></u>	<u><u>\$ 954,796</u></u>

Tecumseh Area Partnership, Inc.

Statements of Activities Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Revenue:		
Grant and contract revenue	\$ 5,850,916	\$ 8,874,454
Agency activities	<u>216,372</u>	<u>201,016</u>
Total revenue	<u>6,067,288</u>	<u>9,075,470</u>
Expenses:		
Program activities:		
WorkOne operations	4,167,572	7,389,006
Program operations	<u>1,560,129</u>	<u>1,258,099</u>
Total program services	<u>5,727,701</u>	<u>8,647,105</u>
Supporting activities:		
Management and general	<u>376,500</u>	<u>409,779</u>
Total expenses	<u>6,104,201</u>	<u>9,056,884</u>
Change in net assets Without Donor Restrictions	(36,913)	18,586
Net Assets Without Donor Restrictions - Beginning of the year	<u>183,348</u>	<u>164,762</u>
Net Assets Without Donor Restrictions - End of the year	<u>\$ 146,435</u>	<u>\$ 183,348</u>

Tecumseh Area Partnership, Inc.

Statements of Functional Expenses Years Ended June 30, 2019 and 2018

Expenses	2019					2018
	Program Activities			Supporting Activities	Total	Total Expenses
	Program Operations	WorkOne Operations	Total Program Expenses	Management and General		Expenses
Salaries and Benefits	\$ 684,174	\$ 2,646,495	\$ 3,330,669	\$ 292,648	\$ 3,623,317	\$ 4,717,440
Travel	16,588	-	16,588	5,527	22,115	43,600
Occupancy	60,739	402,922	463,661	39,747	503,408	675,557
Professional Fees	211,244	68,924	280,168	35,303	315,471	275,597
Workforce Development Board	13,922	-	13,922	3,275	17,197	30,078
Outreach and Recruitment	17,820	8,685	26,505	-	26,505	46,672
Direct Participant Costs	555,642	1,040,546	1,596,188	-	1,596,188	3,270,940
Total Expenses	\$ 1,560,129	\$ 4,167,572	\$ 5,727,701	\$ 376,500	\$ 6,104,201	\$ 9,059,884

See Independent Auditor's Report.

See accompanying notes to financial statements.

Tecumseh Area Partnership, Inc.

Statements of Cash Flows Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Change in unrestricted net assets	(\$ 36,913)	\$ 18,586
Adjustments to reconcile change in unrestricted net assets to net cash provided (used) in operating activities:		
Depreciation	1,079	1,628
Changes in operating assets and liabilities:		
Grants receivable	296,741	1,158,182
Accounts receivable	(1,940)	(5,380)
Prepaid expense	2,327	(5,197)
Accounts payable	(243,839)	(1,162,166)
Accrued payroll and related expenses	(16,316)	34,744
Deferred revenue	42,041	(31,452)
	<u>43,180</u>	<u>8,945</u>
Net cash provided in operating activities		
	43,180	8,945
Net change in cash		
	216,817	207,872
Cash - Beginning of the year		
	<u>\$ 259,997</u>	<u>\$ 216,817</u>
Cash - End of the year		

See Independent Auditor's Report.

See accompanying notes to financial statements

Tecumseh Area Partnership, Inc.

Notes to Financial Statements

June 30, 2019 and 2018

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 Workforce Innovation and Opportunity Act (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 77.4% 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 18.2% 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 and New Accounting Guidance

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 standards update replaced the presentation of three classes of net assets to two classes: net assets without donor restrictions and with donor restrictions. The standard also requires all not-for-profits to present operating expenses by both natural classification and functional classification. This presentation can be on the face of the statements of activities, on a separate statement of functional expenses or in the notes to the financial statements. It also added additional disclosures including board-designated net assets, cost allocation methods, liquidity, and not-for-profits ability to meet future cash flow needs for one year from the date of the statements of financial position. When net assets with donor restrictions are released because of expired time restraints or defined events, they are transferred to without donor restriction net assets. There were not any with donor restrictions net assets as of June 30, 2019 and 2018.

Tecumseh Area Partnership, Inc.

Notes to Financial Statements

June 30, 2019 and 2018

With the implementation of the Accounting Standards Update, prior year amounts have been reclassified to conform with the current year presentation. The classification of expenses on the statement of activities has been updated for the change in presentation in the program activities. On the statement of functional expenses, summarized totals have been presented for the year ended June 30, 2018 for comparative purposes. There were not any changes in total expenses or changes in net assets. The unrestricted net assets description has been changed to without donor restrictions.

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, 2019 and 2018.

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, unrestricted. Contributions received are recorded with donor restrictions or without donor restrictions, depending on the existence and nature of any donor restrictions. Contributions that are restricted by the donor are reported as increases in donations with restrictions. If the restrictions expire or are met in the fiscal year in which the contributions are recognized then the contributions are reported without restrictions.

Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Grant Awards that are reflected as Grant Revenue: Grant awards that are reimbursement arrangements are considered conditional since the agreements have a right of return. Revenue is recognized in the accounting period when the related expenses are incurred. Amounts received in excess of expenses are reflected as deferred revenue.

Tecumseh Area Partnership, Inc.

Notes to Financial Statements

June 30, 2019 and 2018

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.

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, 2018, 2017, and 2016 are subject to examination by the IRS and the Indiana Department of Revenue, generally for three years after the returns have been filed.

Allocation of Joint Costs

Joint costs are allocated to benefiting programs and grant activities 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. Joint costs that are allocated include salaries and benefits, occupancy, professional fees, and Workforce Development Board. Program operations and WorkOne operations costs are allocated to individual contracts and grants based on the benefit received.

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.

Liquidity and Availability of Financial Assets

As of June 30, 2019, TAP has financial assets of cash, grants receivable and accounts receivable of \$673,799 to be utilized to liquidate current liabilities of accounts payable and accrued payroll and related expenses of \$499,818 with a net available liquid assets of \$128,472 to meet cash needs for general operating expenditures within one year of the statement of financial position. Part of TAP's liquidity plan is to maintain excess cash in a savings account and transfer funds to its checking account, when needed to meet cash flow requirements.

Tecumseh Area Partnership, Inc.

Notes to Financial Statements

June 30, 2019 and 2018

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, 2019 and 2018, 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.

Note 2: Grant and Accounts Receivable

Grants receivable consists of the following for June 30, 2019 and 2018:

<u>Grants Receivable</u>	2019	2018
US Department of Labor	\$ 121,898	\$ 278,008
Indiana Department of Workforce Development	211,932	398,071
WHIN Foundation	45,508	-
Total Grants Receivable	<u>\$ 379,338</u>	<u>\$ 676,079</u>
Accounts Receivable	<u>\$ 34,464</u>	<u>\$ 32,525</u>

Tecumseh Area Partnership, Inc.

Notes to Financial Statements

June 30, 2019 and 2018

Note 3: Deferred Revenue

Deferred revenue consists of the following for June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Caterpillar Foundation	\$ 50,000	\$ -
Indiana Department of Workforce Development	<u>3,516</u>	<u>11,475</u>
	<u>\$ 53,516</u>	<u>\$ 11,475</u>

Note 4: 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, 2023. 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 ended June 30, 2019. 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 Monticello WorkOne Center. Total operating lease expense for the years ended June 30, 2019 and 2018 was \$472,785 and \$439,362, respectively. Future minimum lease payments under the operating leases beyond June 30, 2019 are as follows:

June 30, 2020	\$ 448,972
June 30, 2021	\$ 410,420
June 30, 2022	\$ 376,895
June 30, 2023	\$ 233,308
June 30, 2024	\$ 75,187

Tecumseh Area Partnership, Inc.

Notes to Financial Statements

June 30, 2019 and 2018

Note 5: 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, 2019 and 2018 were \$25,107 and \$25,698, respectively.

Note 6: Related Party Transactions

One voting member of TAP's Youth Council, is employed by JobWorks, Inc. a contractor of services for TAP. Payments to JobWorks, Inc. for the years ended June 30, 2019 and 2018 were \$3,939,451 and \$6,170,890, respectively. At June 30, 2019 and 2018, \$292,968 and \$545,378, 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 2019 and 2018 were \$16,200 annually.

Note 7: Line of Credit

TAP had a \$500,000 line of credit with its bank for operating purposes. The line of credit was not renewed and terminated as of March 1, 2019. As of February 28, 2019, and June 30, 2018, there was not an outstanding balance on the line of credit. The line was used sparingly, during 2019 and 2018.

Note 8: Evaluation of Subsequent Events

TAP has evaluated subsequent events through October 24, 2019, 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 Assistance
For the year ended June 30, 2019

<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-8-04	\$ -	\$ 120,000
		Subtotal 17.207	<u>-</u>	<u>120,000</u>
<i>Total Employment Service Cluster</i>			<u>-</u>	<u>120,000</u>
Unemployment Insurance	17.225	RESEA-7-04	292,138	342,962
Unemployment Insurance	17.225	RESEA-9-04	24,914	57,424
		Subtotal 17.225	<u>317,052</u>	<u>400,386</u>
Trade Adjustment Assistance	17.245	TAACM-7-04	7,565	8,527
Trade Adjustment Assistance	17.245	TAACM-8-04	21,532	23,916
		Subtotal 17.245	<u>29,097</u>	<u>32,443</u>
Department of Labor Direct Program				
H-1B Job Training Grants	17.268	HG-30141-17-60-A-18	623,754	833,367
H-1B Job Training Grants	17.268	HG-26673-15-60-A-18	842,779	1,178,662
Total Department of Labor Direct Program		Subtotal 17.268	<u>1,466,533</u>	<u>2,012,029</u>
Department of Labor Pass-Through the Indiana Department of Workforce Development for WIOA Cluster				
WIOA Adult Program	17.258	WIOA-8-04	53,430	69,572
WIOA Adult Program	17.258	WIOA-7-04	273,594	498,742
		Subtotal 17.258	<u>327,024</u>	<u>568,314</u>
WIOA Youth Activities	17.259	WIOA-8-04	306,001	414,050
WIOA Youth Activities	17.259	WIOA-7-04	129,583	290,699
		Subtotal 17.259	<u>435,584</u>	<u>704,749</u>

Tecumseh Area Partnership, Inc.
Schedule A-1: Expenditures of Federal Awards and Other Assistance
For the year ended June 30, 2019

WIOA Cluster (continued)

WIOA Dislocated Worker Formula Grants	17.278	WIOA-8-04	132,156	167,531
WIOA Dislocated Worker Formula Grants	17.278	WIOA-7-04	360,292	497,947
WIOA Dislocated Worker Formula Grants	17.278	WIOASP-8-04	19,994	160,229
WIOA Dislocated Worker Formula Grants	17.278	WIOACM-8-04	5,733	6,266
		Subtotal 17.278	<u>518,175</u>	<u>831,973</u>

Total WIOA Cluster			<u>1,280,783</u>	<u>2,105,036</u>
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Total Department of Labor Expenditures			<u>3,093,465</u>	<u>4,669,894</u>
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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-7-04	28,998	31,005
		Subtotal 93.558	<u>28,998</u>	<u>31,005</u>

Total TANF Cluster and Total Department of Health and Human Services Expenditures			<u>28,998</u>	<u>31,005</u>
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Total Expenditures of Federal Awards			<u>\$ 3,122,463</u>	<u>\$ 4,700,899</u>
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<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>
Jobs for Americas Graduates/State Funds	N/A	JAG-7-04/6-04	\$ 509,276	\$ 573,068
Skill UP! Grant	N/A	Skillup-7-04	49,018	524,827
Work Keys	N/A	N/A	-	146,033
TAP Unrestricted	N/A	N/A	-	107,255
WHIN Foundation Funds	N/A	N/A	-	45,508
State Funds/Jobs for Hoosiers	N/A	JFH-7-04	5,784	6,111
Jobs for Americas Graduates/MS/State Funds	N/A	JAGMS-7-04	500	500
		Total Other Activity	<u>\$ 564,578</u>	<u>\$ 1,403,302</u>
		TOTAL	<u>\$ 3,687,041</u>	<u>\$ 6,104,201</u>

Tecumseh Area Partnership, Inc.

Notes to A-1: Schedule of Federal Expenditures and Other Assistance
June 30, 2019

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, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 24, 2019.

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.

October 24, 2019

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, 2019. 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, 2019.

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.

October 24, 2019

Tecumseh Area Partnership, Inc.

Schedule of Findings and Questioned Costs

Annual Audit June 30, 2019

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:

17.258, 17.259, 17.278 WIOA Cluster

Tecumseh Area Partnership, Inc.

Schedule of Findings and Questioned Costs

Annual Audit June 30, 2019

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