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January 16, 2020

Board of Directors
Northeast Indiana Works, Inc.
200 E Main Street Ste. 910
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, 2018 to June 30, 2019. 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, 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.

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

Paul D. Joyce, CPA
State Examiner

Northeast Indiana Works, Inc.

Fort Wayne, Indiana

Audited Financial Statements and Additional Information

June 30, 2019 and 2018



Northeast Indiana Works, Inc.
Audited Financial Statements and Additional Information
June 30, 2019 and 2018

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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, 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 Northeast Indiana Works, 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 Northeast Indiana Works, Inc.'s 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 January 29, 2019. 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 Northeast Indiana Works, 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 December 4, 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.

Dunton & Co., P.C.

December 4, 2019.

Northeast Indiana Works, Inc.

Statements of Financial Position June 30, 2019 and 2018

ASSETS

	<u>2019</u>	<u>2018</u>
CURRENT ASSETS:		
Cash and Cash Equivalents	\$ 137,041	\$ 324,083
Grants and Contracts Receivable	605,492	876,423
Other Receivables	39,576	5,944
Prepaid Expenses	<u>86,454</u>	<u>114,739</u>
Total Current Assets	<u>868,563</u>	<u>1,321,189</u>
Total Assets	<u><u>\$ 868,563</u></u>	<u><u>\$ 1,321,189</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts Payable	\$ 617,585	\$ 811,335
Accrued Payroll and Related Expenses	147,334	155,975
Deferred Revenue	<u>386</u>	<u>250,876</u>
Total Current Liabilities	<u>765,305</u>	<u>1,218,186</u>
NET ASSETS		
Without Donor Restrictions	99,241	98,986
With Donor Restrictions	<u>4,017</u>	<u>4,017</u>
Total Net Assets	<u>103,258</u>	<u>103,003</u>
Total Liabilities and Net Assets	<u><u>\$ 868,563</u></u>	<u><u>\$ 1,321,189</u></u>

Northeast Indiana Works, Inc.

Statements of Activities and Net Assets
For the years ended June 30, 2019 and 2018

	2019	2018
Net Assets Without Donor Restrictions		
REVENUE		
Federal and State Grants	\$ 7,669,523	\$ 8,524,586
Local Grants	6,840	238,968
Other Income	421	154,313
Total Revenue	7,676,784	8,917,867
EXPENSES		
Program Activities -Operations		
Classroom Training	465,411	636,564
On-The-Job Training	388	70,231
Supportive Services	6,840	10,511
Service Provider Expenses	3,676,198	4,274,466
WorkOne Operations	3,047,926	3,282,361
Total Program Activities	7,196,763	8,274,133
Supporting Activities		
Management and General	479,766	592,194
Total Expenses	7,676,529	8,866,327
Change In Net Assets Without Donor restrictions	255	51,540
Net Assets With Donor Restrictions		
Change In Net Assets With Donor Restrictions	-	-
Increase in Total Net Assets	255	51,540
Net Assets Beginning Of The Year	103,003	51,463
Net Assets At The End Of The Year	\$ 103,258	\$ 103,003

Northeast Indiana Works, Inc.
Statements of Functional Expenses
Years Ended June 30, 2019 and 2018

Expenses	2019			2018
	Program Activities	Supporting Activities	Total Expenses	Total Expenses
	Program Operations	Management and General		For Comparative Purposes Only
Salaries and Benefits	\$ 2,292,042	\$ 355,102	\$ 2,647,144	\$ 2,921,629
Travel, Training and Conferences	42,266	4,149	46,415	51,174
Space and Insurance Costs	438,021	23,569	461,590	537,565
Telephone and Internet	39,922	2,287	42,209	56,620
Supplies, Postage and Delivery Fees	8,641	1,565	10,206	14,506
Equipment, Leases and Maintenance	62,690	7,533	70,223	59,984
Contracted Services	149,344	85,561	234,905	233,076
Customer Expenses	487,639	-	487,639	717,307
Service Providers - Non-customer Expenses	3,495,552	-	3,495,552	3,879,619
Service providers - Customer Expenses	180,646	-	180,646	394,847
Total Expenses	\$ 7,196,763	\$ 479,766	\$ 7,676,529	\$ 8,866,327

See Independent Auditor's Report.

See accompanying notes to financial statements.

Northeast Indiana Works, Inc.
 Statements of Cash Flows
 For the years ended June 30, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in Net Assets	\$ 255	\$ 51,540
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities: (Increase) decrease in cash from changes in:		
Grants and Contracts Receivable	270,931	339,945
Other Receivables	(33,632)	(4,158)
Prepaid Expenses	28,285	(4,799)
Increase (decrease) in cash from changes in:		
Accounts Payable	(193,750)	(208,730)
Accrued Payroll and Related Expenses	(8,641)	48,474
Deferred Revenue	(250,490)	(397,473)
Net cash used by operating activities	(187,042)	(175,201)
Cash and Cash Equivalents, beginning of year	324,083	499,284
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 137,041	\$ 324,083

See Independent Auditor's Report.

See accompanying notes to financial statements.

Northeast Indiana Works, Inc.

Notes to Financial Statements

June 30, 2019 and 2018

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, 2019 and 2018, over 99% and 95% 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 previously provided 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 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 non-profit 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 found 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 disclosure 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 the expired time restraints or defined events, they are transferred to net assets without donor restrictions. At June 30, 2019 and 2018, NEINW had net assets with donor restrictions of \$4,016 for website design (\$1,321) veteran's event (\$1,617) and medical loss (\$1,078).

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. The temporarily restricted net assets description has been changed to with donor restrictions.

Grants and Contracts Receivable

Grants and contracts 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.

Northeast Indiana Works, Inc.

Notes to Financial Statements

June 30, 2019 and 2018

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.

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. Contributions received are recorded as without donor restrictions or with donor restrictions, depending on the existence and nature of any donor restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions 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.

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 recorded as deferred revenue.

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

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, 2018, 2017, and 2016 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, 2019 and 2018

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. Joint costs that are allocated include salaries and benefits; travel, training and conferences; space and insurance costs; telephone and internet; supplies, postage, and delivery fees; equipment, leases, and maintenance; and contracted services.

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, 2019 and 2018, the partners included in the IFA paid \$ 180,509 and \$206,553, respectively, 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.

Liquidity and Availability of Financial Assets

As of June 30, 2019, NEINW has financial assets of cash, grants receivable and accounts receivable of \$782,109 to be utilized to liquidate current liabilities of accounts payable and accrued payroll and related expenses of \$764,919. NEINW has net available liquid assets of \$17,190 to meet cash needs for general operating expenditures within one year of the statement of financial position.

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, 2019 and 2018, the uninsured portions over \$250,000 were \$0 and \$74,083, 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, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Indiana Department of Workforce Development	\$ 605,492	\$ 845,682
Alliance for Strategic Growth	-	30,741
	<u>\$ 605,492</u>	<u>\$ 876,423</u>

Northeast Indiana Works, 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>
Indiana Department of Workforce Development	<u>\$ 386</u>	<u>\$250,876</u>

Note 4 Employee Retirement Plan

NEINW has a 401k plan open to all employees. NEINW contributes 3% of the employee's gross compensation. If the employee contributes, then NEINW will match the employee contribution up to 3%. NEINW contributions for the years ended June 30, 2019 and 2018 were \$102,988 and \$114,511, respectively.

Note 5 Operating Leases

NEINW leases space for the operation of its programs under twelve operating leases. The current leases have varying expiration dates through September 2022. All leases contain a funding out clause. Lease expense for the years ended June 30, 2019 and 2018 was \$551,854 and \$648,590, respectively. Future minimum lease payments under the operating leases for years ending beyond June 30, 2019 are as follows:

June 30, 2020	\$ 407,355
June 30, 2021	\$ 284,950
June 30, 2022	\$ 223,636
June 30, 2023	\$ 56,184

Note 6 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 99% and 95% of NEINW's funding for the years ended June 30, 2019 and 2018, respectively. A member of the Board of Directors is employed by a governmental educational institution that provides training services to participants for programs NEINW is administering. A third board member is an employee of the company that subleases office space to NEINW. A fourth position of the Board of Directors is held by an Adult Education Provider, which provides services to participants with funding received from NEINW. For the year ended June 30, 2018, this board member was from Fort Wayne Community Schools. For the year ended June 30, 2019, the board member was from The Literacy Alliance. Program and administrative expenses included in the statements of activities and functional expenses and accounts payable included in the statements of financial position in connection with the above-described relationships are as follows for 2019 and 2018:

Northeast Indiana Works, Inc.

Notes to Financial Statements
June 30, 2019 and 2018

	2019		2018	
	Accounts Payable	Expenditures	Accounts Payable	Expenditures
The Literacy Alliance	\$ 6,344	\$ 195,573	\$ -	\$ -
Ivy Tech Community College	18,756	58,675	18,890	235,575
Northeast Indiana Regional Partnership	203	94,965	-	120,219
Fort Wayne Community Schools	-	-	218,365	992,349
	<u>\$ 25,303</u>	<u>\$ 349,213</u>	<u>\$ 237,255</u>	<u>\$ 1,348,143</u>

Note 7 Prior Year 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 has worked with an additional independent verification TPA and NEINW's attorney to determine the correct profit sharing that should have been contributed for each employee. As of June 30, 2018, the estimated amount of the liability, \$53,391, was accrued. The remaining balance owed of \$48,839 was expensed as of June 30, 2019. At June 30, 2019, the total amount of the corrective contributions and lost earnings was determined to be \$102,230 and was subsequently deposited into the impacted plan participants accounts. NEINW is awaiting final IRS approval.

Note 8 Evaluation of Subsequent Events

NEINW has evaluated subsequent events through December 4, 2019, the date which the financial statements were available to be issued. There were not any 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, 2019

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA #	Pass-Through Entity Grant #	Passed Through to Subrecipients	Expenditures
Department of Labor Pass-Through the Indiana Department of Workforce Development for WIOA Cluster				
WIOA Adult Program	17.258	WIOA703/WIOA803	\$ 33,243	\$ 967,916
WIOA Adult Program	17.258	WIOASP803	-	40,715
		Subtotal 17.258	<u>33,243</u>	<u>1,008,631</u>
WIOA Youth Activities	17.259	WIOA703/WIOA803	<u>660,075</u>	<u>993,383</u>
WIOA Dislocated Worker Formula	17.278	WIOA703/WIOA803	-	1,181,336
WIOA Dislocated Worker Formula	17.278	WIOACM803	-	49,644
		Subtotal 17.278	<u>-</u>	<u>1,230,980</u>
Total WIOA Cluster			<u>693,318</u>	<u>3,232,994</u>
Department of Labor Pass-Through the Indiana Department of Workforce Development for Employment Service Cluster				
Employment Service/Wagner Peyser Funded Activities	17.207	BC803	-	120,000
Total Employment Service Cluster			-	<u>120,000</u>
Department of Labor Pass-Through the Indiana Department of Workforce Development				
Unemployment Insurance	17.225	RESEA703/RESEA903	<u>12,622</u>	<u>469,165</u>
Trade Adjustment Assistance	17.245	TAACM703/TAACM803	-	84,721
Total Department of Labor			<u>705,940</u>	<u>3,906,880</u>
Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA #	Pass-Through Entity Grant #	Passed Through to Subrecipients	Expenditures
Department of Education Pass-Through the Indiana Department of Workforce Development				
Adult Education - Basic Grants to States	84.002	AE803	<u>850,754</u>	<u>920,474</u>
Total Department of Education			<u>850,754</u>	<u>920,474</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/JAGT803	305,540	323,134
Temporary Assistance for Needy Families	93.558	WINTANF803	-	12,130
Total Department of Health and Human Services - TANF Cluster			<u>305,540</u>	<u>335,264</u>
Total Expenditures of Federal Awards			<u>1,862,234</u>	<u>5,162,618</u>

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, 2019

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA #	Pass-Through Entity Grant #	Passed Through to Subrecipients	Expenditures
Indiana Funds from Indiana Department of Workforce Development				
Adult Education - State	None	AE803	1,210,255	1,267,412
JAG Expansion	None	JAG703/JAG803	686,104	884,047
WorkINdiana	None	WIN703/WIN803	-	231,825
Jobs for Hoosiers	None	JFH703	3,441	38,013
JAG Master Specialist	None	JAGMS703	3,000	3,000
Skill UP	None	SkillUP603	-	82,608
Total Indiana Expenditures			1,902,800	2,506,905
Other Activity				
Skill UP - Northeast Indiana Regional Partnership, Inc.	N/A	N/A	-	6,840
OmniSource			-	166
Total Other Activity			-	7,006
Total Expenditures			\$ 3,765,034	\$ 7,676,529

Northeast Indiana Works, Inc.

Notes to the Schedule of Expenditures of Federal Awards and Other Financial Assistance For the Year Ended June 30, 2019

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, 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 date December 4, 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.

December 4, 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
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, 2019. 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' 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, 2019.

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.

December 4, 2019

Northeast Indiana Works, 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:

Adult Education – Basic Grants to States CFDA # 84.002
Temporary Assistance to Needy Families CFDA # 93.558 TANF Cluster

Northeast Indiana Works, 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