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March 23, 2021

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 Huth Thompson LLP, Independent Public Accountants, for the period July 1, 2019 to June 30, 2020. 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, 2020 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Huth Thompson LLP 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

Financial Statements

**TECUMSEH AREA
PARTNERSHIP, INC.**

**d/b/a
REGION 4
WORKFORCE BOARD**

JUNE 30, 2020 AND 2019

**TECUMSEH AREA PARTNERSHIP, INC. d/b/a
REGION 4 WORKFORCE BOARD**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
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 statement of financial position as of June 30, 2020, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Prior Period Financial Statements

The financial statements of Tecumseh Area Partnership, Inc. d/b/a Region 4 Workforce Board as of June 30, 2019 were audited by other auditors whose report dated October 24, 2019 expressed an unmodified opinion on those statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

INDEPENDENT AUDITOR'S REPORT--CONTINUED

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. d/b/a Region 4 Workforce Board as of June 30, 2020 and 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.

Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, 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 audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 8, 2021, on our consideration of the Organization'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 solely 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 effectiveness of the Organization's 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 the Organization's internal control over financial reporting and compliance.

Huth Thompson LLP

January 8, 2021
Lafayette, Indiana

**TECUMSEH AREA PARTNERSHIP, INC. d/b/a
REGION 4 WORKFORCE BOARD**

**STATEMENTS OF FINANCIAL POSITION
As of June 30,**

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash	\$ 181,279	\$ 259,997
Accounts Receivable	9,971	34,464
Grants Receivable, Less Allowance for Doubtful Accounts of \$-0- in both 2019 and 2018	346,537	379,338
Prepaid Expenses	58,515	8,809
TOTAL CURRENT ASSETS	596,302	682,608
PROPERTY, PLANT AND EQUIPMENT		
Equipment, Furniture and Fixtures	14,578	14,578
Accumulated Depreciation	(14,578)	(13,679)
	-	899
OTHER ASSETS		
Security Deposits	16,262	16,262
	\$ 612,564	\$ 699,769
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 291,305	\$ 392,852
Deferred Revenue	84,293	53,516
Accrued Wages	100,447	106,966
TOTAL CURRENT/TOTAL LIABILITIES	476,045	553,334
NET ASSETS		
Without Donor Restrictions	136,519	146,435
	\$ 612,564	\$ 699,769

See Notes to Financial Statements.

**TECUMSEH AREA PARTNERSHIP, INC. d/b/a
REGION 4 WORKFORCE BOARD**

**STATEMENTS OF ACTIVITIES
For Years Ended June 30,**

	2020	2019
	WITHOUT DONOR RESTRICTIONS	
Program Services		
Grants	\$ 4,747,977	\$ 5,850,916
Agency Activities	67,088	216,268
	4,815,065	6,067,184
Other Income		
Interest Income	86	104
	86	104
 TOTAL SUPPORT AND REVENUE	4,815,151	6,067,288
 EXPENSES		
Program Services	4,500,326	5,727,701
Management and General	324,741	376,500
TOTAL EXPENSES	4,825,067	6,104,201
 (DECREASE) IN NET ASSETS	(9,916)	(36,913)
 NET ASSETS--Beginning of Year	146,435	183,348
NET ASSETS--End of Year	\$ 136,519	\$ 146,435

See Notes to Financial Statements.

**TECUMSEH AREA PARTNERSHIP, INC. d/b/a
REGION 4 WORKFORCE BOARD**

**STATEMENTS OF FUNCTIONAL EXPENSES
For Years Ended June 30,**

	2020				
	TOTAL	Program Operations	WorkOne Operations	TOTAL PROGRAM EXPENSES	MANAGEMENT AND GENERAL
Salaries and Benefits	\$ 2,879,989	\$ 560,423	\$ 2,054,767	\$ 2,615,190	\$ 264,799
Travel	17,984	11,415	-	11,415	6,569
Occupancy	572,638	162,252	376,163	538,415	34,223
Professional Fees	247,599	167,948	63,368	231,316	16,283
Workforce Development Board	12,624	9,757	-	9,757	2,867
Outreach and Recruitment	38,066	38,066	-	38,066	-
Direct Participant Costs	1,056,167	361,498	694,669	1,056,167	-
	\$ 4,825,067	\$ 1,311,359	\$ 3,188,967	\$ 4,500,326	\$ 324,741

	2019				
	TOTAL	Program Operations	WorkOne Operations	TOTAL PROGRAM EXPENSES	MANAGEMENT AND GENERAL
Salaries and Benefits	\$ 3,638,436	\$ 684,174	\$ 2,661,614	\$ 3,345,788	\$ 292,648
Travel	22,115	16,588	-	16,588	5,527
Occupancy	503,408	60,739	402,922	463,661	39,747
Professional Fees	315,471	211,244	68,924	280,168	35,303
Workforce Development Board	17,197	13,922	-	13,922	3,275
Outreach and Recruitment	26,505	17,820	8,685	26,505	-
Direct Participant Costs	1,581,069	555,642	1,025,427	1,581,069	-
	\$ 6,104,201	\$ 1,560,129	\$ 4,167,572	\$ 5,727,701	\$ 376,500

See Notes to Financial Statements.

**TECUMSEH AREA PARTNERSHIP, INC. d/b/a
REGION 4 WORKFORCE BOARD**

**STATEMENTS OF CASH FLOWS
For Years Ended June 30,**

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
(Decrease) in Net Assets	\$ (9,916)	\$ (36,913)
Adjustments to Reconcile (Decrease) in Net Assets to Net Cash Provided (Used) by Operating Activities--		
Depreciation	899	1,079
(Increase) Decrease in Current Assets--		
Accounts Receivable	24,493	(1,940)
Grants Receivable	32,801	296,741
Prepaid Expenses	(49,706)	2,327
Increase (Decrease) in Current Liabilities--		
Accounts Payable	(101,547)	(243,839)
Refundable Advance	30,777	42,041
Accrued Expenses	(6,519)	(16,316)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(78,718)	43,180
INCREASE (DECREASE) IN CASH	(78,718)	43,180
CASH--Beginning of Year	259,997	216,817
CASH--End of Year	\$ 181,279	\$ 259,997

See Notes to Financial Statements.

**TECUMSEH AREA PARTNERSHIP, INC. d/b/a
REGION 4 WORKFORCE BOARD**

NOTES TO FINANCIAL STATEMENTS

June 30, 2020 and 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of Tecumseh Area Partnership, Inc. d/b/a Region 4 Workforce Board's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

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

The Workforce Development Board (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). The Organization is designated as the fiscal agent for the Region 4 WSA by the chief elected official and therefore received funds directly from DWD. These funds represent the Organization's core funding source and are directly allocated to the Organization. Although WIOA is the Organization's primary funding source, the Organization actively competes for other federal, state, and private grants.

- B) Cash and Cash Equivalents--For the purpose of the statements of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.
- C) Grants and Accounts Receivables--Accounts receivable include reimbursements owed to the Organization. Grants receivable include various federal, state, and local claim amounts owed to the Organization for services provided to the public along with additional grants awarded to the Organization from other sources. 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, 2020 and 2019.

**TECUMSEH AREA PARTNERSHIP, INC. d/b/a
REGION 4 WORKFORCE BOARD**

NOTES TO FINANCIAL STATEMENTS

June 30, 2020 and 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- D) Revenue and Revenue Recognition--The Organization recognizes contributions when cash or other assets, or an unconditional promise to give is received. Conditional promises to give – that is – those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. 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.**

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.

- E) Property, Plant and Equipment--Property, plant and equipment are recorded at cost. If donated, the cost is the fair market value at the date of receipt. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives on a straight-line method. Maintenance, repairs, and minor renewals are charged to operations as incurred. Improvements and major renewals are capitalized. Upon the sale or disposition of properties, the asset account is relieved of the cost and the accumulated depreciation account is charged with depreciation taken prior to the sale. Any resultant gain or loss is credited or charged to operations. The Organization's policy is to capitalize property, plant and equipment with a value of \$5,000 or greater and a useful life greater than one year. Depreciation expense was \$899 and \$1,079 for the years ended June 30, 2020 and 2019, respectively.**

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

**TECUMSEH AREA PARTNERSHIP, INC. d/b/a
REGION 4 WORKFORCE BOARD**

NOTES TO FINANCIAL STATEMENTS

June 30, 2020 and 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F) **Net Assets**--In accordance with Accounting Standards, the net assets of the Organization are reported in each of the following two classes, if applicable:

- a) ***Net Assets Without Donor Restrictions***--Net assets that are not subject to donor-imposed stipulations.
- b) ***Net Assets With Donor Restrictions***--Net assets subject to donor-imposed stipulations that the assets may or will be met, either by actions of the Organization and/or the passage of time; and those that will be maintained in perpetuity. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes.

All donor-restricted contributions not expired or met in the same year are reported as increases in net assets with donor restrictions, depending on the restriction. When a restriction expires, (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with restrictions are reclassified to net assets without restrictions and reported in the statement of activities as net assets released from restrictions. Restrictions on gifts of fixed assets or contributions restricted for the purchase of fixed assets expire when the asset is placed in service, unless otherwise noted by the donor.

G) **Income Taxes**--The Organization is incorporated in the state of Indiana and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and similar provisions of the State Code. The Organization is classified as a publicly supported organization rather than a private foundation under Section 509(a)(1). Contributions to the Organization are deductible for income tax purposes.

Accounting Standards require entities to disclose in their financial statements the nature of any uncertainties in their tax position. Tax years including 2016 and later are subject to examination by tax authorities. Areas that IRS and state tax authorities consider when examining tax returns of a charity include, but may not be limited to, tax exempt status and the existence and amount of unrelated business income.

**TECUMSEH AREA PARTNERSHIP, INC. d/b/a
REGION 4 WORKFORCE BOARD**

NOTES TO FINANCIAL STATEMENTS

June 30, 2020 and 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- G) Income Taxes (Continued)--The Organization does not believe that it has any uncertain tax positions with respect to these or other matters, and therefore has not recorded any unrecognized tax benefits or liabilities. The Organization is not aware of any circumstances or events that make it reasonably possible that tax benefits or liabilities may increase or decrease within 12 months of the date of these financial statements.
- H) Functional Allocation of Expenses--The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among programs and supporting services benefited.
- I) 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 included 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.

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. The Organization then allocates its portion of the costs in accordance with its cost allocation methodology noted above.

- J) Use of Estimates--The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

**TECUMSEH AREA PARTNERSHIP, INC. d/b/a
REGION 4 WORKFORCE BOARD**

NOTES TO FINANCIAL STATEMENTS

June 30, 2020 and 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- K) **Reclassification**--Certain reclassifications have been made in the June 30, 2019 financial statements to conform to the classification used in the June 30, 2020 financial statements. The reclassifications have no effect on the overall net assets.
- L) **New Account Pronouncement**--The Organization has adopted Accounting Standards Update (ASU) No. 2018-08 *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605)* as management believes the standard improves the usefulness and understandability of the Organization's financial reporting.

Additionally, the Organization has adopted Accounting Standards Update (ASU) No. 2014-09 – *Revenue from Contracts with Customers (Topic 606)*, as amended as management believes the standard improves the usefulness and understandability of the Organization's financial reporting. Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with this standard.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which provides guidance on the recognition, measurement, presentation, and disclosure of leases. This new accounting standard requires that an entity recognizes the right to use the leased assets and a liability for the corresponding lease obligation on its balance sheet for leases in excess of one year that were previously classified as operating leases under U.S. GAAP. The standard also requires entities to disclose information about the amount, timing, and uncertainty for the payments made for the lease agreements in the footnotes to the financial statements. As of June 30, 2020, it is unknown if this will affect existing leases of the Organization. This guidance will be effective for the Organization's reporting period beginning July 1, 2021.

**TECUMSEH AREA PARTNERSHIP, INC. d/b/a
REGION 4 WORKFORCE BOARD**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019**

NOTE 2: LIQUIDITY AND AVAILABILTY

The following table reflects Tecumseh Area Partnership, Inc financial assets as of June 30, reduced by amounts not available for general expenditure within one year. Financial assets are considered to be unavailable when illiquid or not convertible to cash within one year.

	2020	2019
Financial assets at year end--		
Cash	\$ 181,279	\$ 259,996
Grants Receivables	346,537	379,338
Accounts Receivables	9,971	34,464
Financial assets available to meet cash needs for general expenditures within one year	\$ 537,787	\$ 673,798

As of June 30, 2020, the Organization has financial assets of cash, grants receivable, and accounts receivable of \$537,787 to be utilized to liquidate current liabilities of accounts payable and accrued payroll and related expenses of \$391,752 with a net available liquid assets of \$146,035 to meet cash needs for general operating expenditures within one year of the statement of financial position. Part of the Organization’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.

NOTE 3: CONCENTRATION OF CREDIT RISK

At certain times during the year, the Organization maintained cash deposits with its bank which exceeded the limit insured by the Federal Deposit Insurance Corporation (FDIC). The amount of cash over the FDIC limit at year-end was \$-0- and \$52,619 in the years ending June 30, 2020 and 2019, respectively.

NOTE 4: ECONOMIC DEPENDENCY AND MAJOR SOURCES OF REVENUE AND SUPPORT

At June 30, 2020 and 2019, approximately 76.2% and 77.4%, respectively, of the total revenue is federal funding received as pass-through from the State of Indiana, Department of Workforce Development, or directly from the U.S. Department of Labor. The State of Indiana through Department of Workforce Development provided an additional 17.9 and 18.2%, respectively, of the Organization’s funding for state funded employment activities and training.

**TECUMSEH AREA PARTNERSHIP, INC. d/b/a
REGION 4 WORKFORCE BOARD**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019**

NOTE 5: GRANT AND ACCOUNTS RECEIVABLE

Grants receivable and accounts receivable 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. The Organization considers these receivables fully collectible and has not experienced any previous losses. Grants receivable consists of the following for June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
U.S. Department of Labor	\$ 40,116	\$ 121,898
Indiana Department of Workforce Development	306,421	211,932
WHIN Foundation	<u>-</u>	<u>45,508</u>
	<u>\$ 346,537</u>	<u>\$ 379,338</u>

NOTE 6: LINE OF CREDIT

The Organization 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.

NOTE 7: ACCRUED PAID TIME OFF

Employees of the Organization are entitled to paid time off depending on length of service and other factors. As of June 30, 2020 and 2019, accrued paid time off is estimated at \$63,301 and \$66,456, respectively.

NOTE 8: RETIREMENT PLAN

The Organization 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. The Organization 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. The Organization's contributions for the years ended June 30, 2020 and 2019 were \$22,126 and \$25,107, respectively.

**TECUMSEH AREA PARTNERSHIP, INC. d/b/a
REGION 4 WORKFORCE BOARD**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019**

NOTE 9: LEASES

The Organization leases office space and various items of equipment under operating lease arrangements. The Organization leases space for the operation of their programs under two operating leases in Lafayette. The leases expire December 31, 2021 and December 31, 2022. Each have a funding out clause. The Organization 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 and requires the Organization to reimburse the landlord common area maintenance expenses, billed on a monthly basis. In August 2015, the Organization 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 November 15, 2019 and ending June 30, 2021. A lease agreement was entered into beginning September 1, 2018 for Kokomo WorkOne, which includes the Kokomo REACH Center. This lease ends on August 31, 2022 and has a funding out clause. A new lease agreement was entered into beginning January 1, 2018 for Crawfordsville WorkOne Center. The lease ends on December 31, 2020. The Organization has a lease agreement with Peru WorkOne Center that began October 15, 2018 and expires October 15, 2020. A renewal was subsequently signed for the period October 15, 2020 through October 15, 2022 and has a funding out clause. The Organization maintains current month-to-month lease agreements for Monticello WorkOne Center.

Total operating lease expense for the years ended June 30, 2020 and 2019 was \$472,262 and \$472,785 respectively. Future minimum lease payments under the operating leases beyond June 30, 2020 are as follows:

2021	\$ 442,538
2022	393,100
2023	208,469
2024	75,187
	<u>\$1,119,294</u>

**TECUMSEH AREA PARTNERSHIP, INC. d/b/a
REGION 4 WORKFORCE BOARD**

NOTES TO FINANCIAL STATEMENTS

June 30, 2020 and 2019

NOTE 10: RELATED PARTY TRANSACTIONS

One voting member of TAP's Youth Council, is employed by JobWorks, Inc. a contractor of services for TAP. Payments to this contractor for the years ended June 30, 2020 and 2019 were \$2,951,844 and \$3,939,451, respectively. At June 30, 2020 and 2019, \$84,769 and \$292,968, 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 2020 and 2019 were \$16,200 annually.

NOTE 11: COVID-19

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closures of many Organizations. While the disruption is currently expected to be temporary, there is considerable uncertainty around this disruption. Therefore, the Organization expects this matter could negatively impact its operating results. However, the related financial impact and duration cannot be reasonably estimated at this time.

NOTE 12: SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through January 8, 2021, the date which the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

**TECUMSEH AREA PARTNERSHIP, INC. d/b/a
REGION 4 WORKFORCE BOARD**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND OTHER ASSISTANCE
For Year Ended June 30, 2020**

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER	Passed Through to Subrecipients	FEDERAL EXPENDITURES
Dept of Labor Pass-Through the Indiana Department of Workforce Development				
Employment Service Cluster				
Employment Service/Wagner-Peyser Funded Activities	17.207	BC-9-04	\$ -	\$ 60,000
		Subtotal 17.207	-	60,000
Total Employment Service Cluster			-	60,000
Unemployment Insurance	17.225	UICovid2004	-	6,662
Unemployment Insurance	17.225	RESEA-9-04	320,802	412,034
		Subtotal 17.225	320,802	418,696
National Dislocated Worker	17.277	DRCOVID2004	-	6,510
		Subtotal 17.277	-	6,510
Department of Education pass- Through the Indiana Department of Workforce Development				
Vocational Rehabilitation Services	84.126A	Pre-ETS904	57,600	57,600
			57,600	57,600
Department of Labor Direct Program				
H-1B Job Training Grants	17.268	HG-30141-17-60-A-18	673,029	925,507
H-1B Job Training Grants	17.268	HG-26673-15-60-A-18	162,852	258,332
Total Department of Labor Direct Program		Subtotal 17.268	835,881	1,183,839

(Continued on page 17)

See Accompanying Notes to Schedule of Expenditures of Federal Awards.

**TECUMSEH AREA PARTNERSHIP, INC. d/b/a
REGION 4 WORKFORCE BOARD**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND OTHER ASSISTANCE
For Year Ended June 30, 2020
(Continued from Page 16)**

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER	Passed Through to Subrecipients	FEDERAL EXPENDITURES
Depart of Labor Pass-Through the Indiana Department of Workforce Development for WIOA Cluster				
WIOA Adult Program	17.258	WIOA-8-04	118,735	140,089
WIOA Adult Program	17.258	WIOA-9-04	108,193	342,491
		Subtotal 17.258	226,928	482,580
WIOA Youth Activities	17.259	WIOA-8-04	216,485	395,800
WIOA Youth Activities	17.259	WIOA-9-04	185,134	264,348
WIOA Youth Activities	17.259	WIOASP-9-04	-	64,872
WIOA Youth Activities	17.259	BC-9-04	-	60,000
		Subtotal 17.259	401,619	785,020
WIOA Dislocated Worker Formula Grants	17.278	WIOASP-8-04	32,855	39,769
WIOA Dislocated Worker Formula Grants	17.278	RRCovid2004	-	10,719
WIOA Dislocated Worker Formula Grants	17.278	WIOA-8-04	195,459	263,937
WIOA Dislocated Worker Formula Grants	17.278	WIOA-9-04	236,513	345,276
		Subtotal 17.278	464,827	659,701
Total WIOA Cluster			1,093,374	1,927,301
Total Department of Labor Expenditures			2,307,657	3,653,946

(Continued on page 18)

See Accompanying Notes to Schedule of Expenditures of Federal Awards.

**TECUMSEH AREA PARTNERSHIP, INC. d/b/a
REGION 4 WORKFORCE BOARD**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND OTHER ASSISTANCE
For Year Ended June 30, 2020
(Continued from Page 17)**

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER	Passed Through to Subrecipients	FEDERAL EXPENDITURES
Department of Health and Human Services Pass-Through the Indiana Department of Workforce Development TANF Cluster				
Temporary Assistance for Needy Families	93.558	JAG TANF-7-04	16,002	16,904
		Subtotal 93.558	<u>16,002</u>	<u>16,904</u>
Total TANF Cluster and Total Department of Health and Human Services Expenditures			<u>16,002</u>	<u>16,904</u>
Total Expenditures of Federal Awards			<u>\$ 2,323,659</u>	<u>\$ 3,670,850</u>

OTHER ASSISTANCE

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA	Pass-Through Entity Identifier	Passed Through to Subrecipients	Expenses
Jobs for Americas Graduates/State Funds	N/A	JAG-9-04/JAG-8-04	357,878	423,681
Skill UP! 704 Grant	N/A	Skillup-7-04	-	376,724
Work Keys	N/A	N/A	-	28,097
TAP Unrestricted	N/A	N/A	-	48,989
WHIN Foundation Funds	N/A	N/A	-	214,248
State Funds/Jobs for Hoosiers	N/A	JFH-7-04/JFH-9-04	11,748	12,478
Caterpillar Foundation Funds	N/A	N/A	50,000	50,000
Total Other Activity			<u>419,626</u>	<u>1,154,217</u>
TOTAL			<u>\$ 2,743,285</u>	<u>\$ 4,825,067</u>

See Accompanying Notes to Schedule of Expenditures of Federal Awards.

**TECUMSEH AREA PARTNERSHIP, INC. d/b/a
REGION 4 WORKFORCE BOARD**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND OTHER ASSISTANCE**

For Year Ended June 30, 2020

NOTE A: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Tecumseh Area Partnership, Inc. d/b/a Region 4 Workforce Board under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of Tecumseh Area Partnership, Inc. d/b/a Region 4 Workforce Board, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Tecumseh Area Partnership, Inc. d/b/a Region 4 Workforce Board.

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- B) Tecumseh Area Partnership, Inc. d/b/a Region 4 Workforce Board has elected to not use the 10% de minimis indirect cost rate allowed under Uniform Guidance.
- C) Pass-through entity identifying numbers are presented where available.



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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
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 the 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 statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated January 8, 2021.

Internal Control Over Financial Reporting

In planning and performing our audits of the financial statements, we considered the Organization'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 the Organization'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 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.

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--CONTINUED

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization'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.

Huth Thompson LLP

January 8, 2021
Lafayette, Indiana



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

To the Board of Directors
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 the Organization's major federal programs for the year ended June 30, 2020. The Organization'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 the Organization'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 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 the Organization'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 the Organization's compliance.

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

Opinion on Each Major Federal Program

In our opinion, the Organization 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, 2020.

Report on Internal Control over Compliance

Management of the Organization 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 the Organization'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 the Organization'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.

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

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.

Huth Thompson LLP

January 8, 2021
Lafayette, Indiana

**TECUMSEH AREA PARTNERSHIP, INC. d/b/a
REGION 4 WORKFORCE BOARD**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
For Year Ended June 30, 2020**

II. FINDINGS – FINANCIAL STATEMENT AUDIT

None reported.

**III. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS
AUDIT**

WIOA Cluster including:

- WIOA Adult Program; CFDA No. 17.258; Grant No. WIOA-8-04 and WIOA-9-04
- WIOA Youth Activities; CFDA No. 17.259; Grant No. WIOA-8-04, WIOA-9-04, WIOASP-9-04, and BC-9-04
- WIOA Dislocated Worker Formula Grants; CFDA No. 17.278, Grant No. WIOASP-4-04, RRCovid2004, WIOA-8-04, and WIOA-9-04

None reported.

**TECUMSEH AREA PARTNERSHIP, INC. d/b/a
REGION 4 WORKFORCE BOARD**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For Year Ended June 30, 2020**

No findings reported for the year ended June 30, 2019.