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STATE BOARD OF ACCOUNTS
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January 17, 2023

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 Wipfli LLP, Independent Public Accountants, for the period July 1, 2021 to June 30, 2022. 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, 2022 and the results of its operations for the period then ended, on the basis of accounting described in the report.

We call your attention to the finding included in the report on page 23. Please see the Schedule of Findings and Questioned Costs for complete details related to the finding. Management's Corrective Action Plan appears on page 24.

In our opinion, Wipfli 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.

A handwritten signature in cursive script that reads "Tammy R. White".

Tammy R. White, CPA
Deputy State Examiner

Northeast Indiana Works, Inc.

Financial Statements and
Supplementary Information

Years Ended June 30, 2022 and 2021

NORTHEAST INDIANA WORKS
advancing workforce skills



Northeast Indiana Works, Inc.

Financial Statements and Supplementary Information
Years Ended June 30, 2022 and 2021

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Northeast Indiana Works, Inc. (a nonprofit organization), which comprises the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Northeast Indiana Works, Inc. as of June 30, 2022, 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.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Northeast Indiana Works, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Northeast Indiana Works, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Northeast Indiana Works, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Northeast Indiana Works, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary 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 financial assistance, as required by Title 2 U.S. *Code of Federal Regulations* 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 schedule of expenditures of federal awards and other financial assistance 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 12, 2022, on our consideration of the 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 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 Northeast Indiana Works, Inc.'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 Northeast Indiana Works, Inc.'s internal control over financial reporting and compliance.

Wipfli LLP

Wipfli LLP

December 12, 2022
Madison, Wisconsin

Northeast Indiana Works, Inc.

Statements of Financial Position

June 30, 2022 and 2021

	<i>Assets</i>	2022	2021
Current assets:			
Cash		\$ 308,328	\$ 218,550
Grants receivable		711,063	425,245
Other receivables		35,527	16,737
Prepaid expenses		82,078	77,357
Total current assets		1,136,996	737,889
TOTAL ASSETS		\$ 1,136,996	\$ 737,889
<i>Liabilities and Net Assets</i>			
Current liabilities:			
Accounts payable		\$ 514,793	\$ 467,926
Accrued payroll and related expenses		109,626	110,594
Refundable advances		171,158	0
Total current liabilities		795,577	578,520
Net assets:			
Without donor restrictions		107,553	102,130
With donor restrictions		233,866	57,239
Total net assets		341,419	159,369
TOTAL LIABILITIES AND NET ASSETS		\$ 1,136,996	\$ 737,889

See accompanying notes to financial statements.

Northeast Indiana Works, Inc.

Statements of Activities

Years Ended June 30, 2022 and 2021

	2022		Total
	Without Donor Restrictions	With Donor Restrictions	
Revenue:			
Grant revenue	\$ 6,981,480	\$ 229,849	\$ 7,211,329
Other revenue	0	0	0
Net assets released from restrictions	53,222	(53,222)	0
Total revenue	7,034,702	176,627	7,211,329
Expenses:			
Program activities:			
Training	455,032	0	455,032
Employer training	1,749,344	0	1,749,344
On-the-job training	70,364	0	70,364
Apprenticeship	93,601	0	93,601
Supportive services	35	0	35
Service provider expenses	1,522,728	0	1,522,728
WorkOne operations	2,809,817	0	2,809,817
Total program activities	6,700,921	0	6,700,921
Management and general	328,358	0	328,358
Total expenses	7,029,279	0	7,029,279
Changes in net assets	5,423	176,627	182,050
Net assets at beginning of year	102,130	57,239	159,369
Net assets at end of year	\$ 107,553	\$ 233,866	\$ 341,419

Northeast Indiana Works, Inc.

Statements of Activities (Continued)

Years Ended June 30, 2022 and 2021

	2021		Total
	Without Donor Restrictions	With Donor Restrictions	
Revenue:			
Grant revenue	\$ 5,196,187	\$ 53,222	\$ 5,249,409
Other revenue	61	0	61
Net assets released from restrictions	0	0	0
Total revenue	5,196,248	53,222	5,249,470
Expenses:			
Program activities:			
Training	794,191	0	794,191
Employer training	0	0	0
On-the-job training	22,296	0	22,296
Apprenticeship	0	0	0
Supportive services	1,450	0	1,450
Service provider expenses	1,365,470	0	1,365,470
WorkOne operations	2,700,617	0	2,700,617
Total program activities	4,884,024	0	4,884,024
Management and general	311,175	0	311,175
Total expenses	5,195,199	0	5,195,199
Changes in net assets	1,049	53,222	54,271
Net assets at beginning of year	101,081	4,017	105,098
Net assets at end of year	\$ 102,130	\$ 57,239	\$ 159,369

Northeast Indiana Works, Inc.

Statements of Functional Expenses Years Ended June 30, 2022 and 2021

	2022		
	Program Activities	Management & General	Total
Expenses:			
Salaries and benefits	\$ 2,037,202	\$ 245,154	\$ 2,282,356
Travel, training and conferences	24,979	458	25,437
Space and insurance costs	391,493	20,854	412,347
Telephone and internet	45,710	1,117	46,827
Supplies, postage and delivery fees	7,021	1,279	8,300
Equipment, leases and maintenance	133,510	3,484	136,994
Contracted services	169,900	56,012	225,912
Customer expenses	619,033	0	619,033
Employer training expenses	1,749,344	0	1,749,344
Service providers - non-customer expenses	1,343,145	0	1,343,145
Service providers - customer expenses	179,584	0	179,584
Total expenses	\$ 6,700,921	\$ 328,358	\$ 7,029,279

	2021		
	Program Activities	Management & General	Total
Expenses:			
Salaries and benefits	\$ 1,985,423	\$ 231,860	\$ 2,217,283
Travel, training and conferences	14,828	267	15,095
Space and insurance costs	401,537	22,209	423,746
Telephone and internet	54,278	1,433	55,711
Supplies, postage and delivery fees	7,480	503	7,983
Equipment, leases and maintenance	55,796	928	56,724
Contracted services	181,274	53,975	235,249
Customer expenses	817,938	0	817,938
Employer training expenses	0	0	0
Service providers - non-customer expenses	1,233,013	0	1,233,013
Service providers - customer expenses	132,457	0	132,457
Total expenses	\$ 4,884,024	\$ 311,175	\$ 5,195,199

Northeast Indiana Works, Inc.

Statements of Cash Flows

Years Ended June 30, 2022 and 2021

	2022	2021
Changes in cash:		
Cash flows from operating activities:		
Changes in net assets	\$ 182,050	\$ 54,271
Adjustments to reconcile change in net assets to cash flows from operating activities:		
Changes in operating assets and liabilities:		
Grants receivable	(285,818)	129,202
Other receivables	(18,790)	(16,676)
Prepaid expenses	(4,721)	3,944
Accounts payable	46,867	(161,865)
Accrued payroll and related expenses	(968)	1,287
Refundable advances	171,158	(4,184)
Net cash provided by operating activities	89,778	5,979
Changes in cash	89,778	5,979
Cash at beginning of year	218,550	212,571
Cash at end of year	\$ 308,328	\$ 218,550

Northeast Indiana Works, Inc.

Notes to Financial Statements

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). NEINW was formed to receive and administer funds for educational, charitable, job training and workforce development purposes. Currently NEINW oversees Workforce Development Services provided in eleven (11) counties in Northeast Indiana. For the fiscal years ending June 30, 2022 and 2021, over 95% and 96% 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.

Basis of Presentation

The financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Classification of Net Assets

Net assets and revenue, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of NEINW are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor or certain grantor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other explicit donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Northeast Indiana Works, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue Recognition

Contributions, including promises to give, are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions. A contribution or promise to give contains a donor or grantor condition when both of the following are present:

- An explicit identification of a barrier, that is more than trivial, that must be overcome before the revenue can be earned and recognized.
- An implicit right of return of assets transferred or a right of release of a donor or grantor's obligation to transfer assets promised if the condition is not met.

Conditional contributions are recognized when the barrier(s) to entitlement are overcome. Unconditional contributions are recognized as revenue when received.

Unconditional contributions or conditional contributions in which the conditions have been substantially met or explicitly waived by the donor, are recorded as support with or without donor restrictions, depending on the existence and nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from 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.

NEINW's grant awards are contributions which are evaluated for conditions and recognized as revenue when conditions in the award are satisfied. Unconditional awards are recognized as revenue when the award is received. Amounts received in which conditions have not been met are reported as a refundable advance liability.

Property and Equipment

Property and equipment purchased with grant funds is overseen by the State of Indiana while used in the programs. 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.

Income Taxes

NEINW is a nonprofit corporation organized under Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and Indiana income taxes.

NEINW is required to assess whether it is more likely than not that a tax position will be sustained upon examination on the technical merits of the position assuming the taxing authority has full knowledge of all information. If the tax position does not meet the more likely than not recognition threshold, the benefit of that position is not recognized in the financial statements. NEINW has determined there are no amounts to record as assets or liabilities related to uncertain tax positions.

Northeast Indiana Works, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Functional Allocation of Costs

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Personnel costs are allocated based on time and effort reporting. Other shared operating costs are allocated based on direct salaries.

The State of Indiana Department of Workforce Development has 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, 2022 and 2021, the partners included in the IFA paid \$211,996 and \$179,553, 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.

Upcoming Accounting Pronouncement

In 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which is intended to improve financial reporting on leasing transactions. ASU No. 2016-02 will require lessees to recognize right of use assets and lease obligations for operating and finance leases under terms greater than 12 months. ASU No. 2020-05 *Leases (Topic 842)* was implemented which defers the effective date of ASU No. 2016-02 to years beginning after December 15, 2021. NEINW is currently evaluating the effects of this ASU.

Subsequent Events

Subsequent events have been evaluated through December 12, 2022, which is the date the financial statements were available to be issued.

Note 2: Concentration of Credit Risk

NEINW maintains cash at one financial institution. Account balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At times during the year balances in this account may exceed the insurance limits. Management believes this financial institution has a strong credit rating and credit risk related to these deposits is minimal.

Northeast Indiana Works, Inc.

Notes to Financial Statements

Note 3: Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions or designations limiting their use, within 12 months of statement of financial position date, are comprised of the following for NEINW as of June 30:

	2022	2021
Cash	\$ 308,328	\$ 218,550
Receivables not restricted for grant expenditures	8,802	0
Subtotal financial assets	317,130	218,550
Less: refundable advances	171,158	0
Less: cash included in net assets with donor restrictions	118,865	57,239
Totals	\$ 27,107	\$ 161,311

NEINW does not have a formal liquidity policy. NEINW can rely on lower balances of available financial assets as it is primarily funded with cost reimbursement grants. Under cost reimbursement grants, once expenses are incurred, an organization can request reimbursement from the funding source. NEINW has grant commitments for future expenses of approximately \$4,618,000 at June 30, 2022, as disclosed in Note 8.

Note 4: Grants Receivable

Grants receivable at June 30, 2022 and 2021, are as follows:

	2022	2021
Indiana Department of Workforce Development	\$ 586,092	\$ 425,245
Tecumseh Area Partnership, Inc.	9,971	0
Don Wood Foundation	115,000	0
Totals	\$ 711,063	\$ 425,245

Note 5: Refundable Advances

Refundable advances at June 30, 2022 and 2021, are as follows:

	2022	2021
Northeast Indiana fund	\$ 95,427	\$ 0
Schwab Foundation	75,000	0
Other sources	731	0
Totals	\$ 171,158	\$ 0

Northeast Indiana Works, Inc.

Notes to Financial Statements

Note 6: Operating Leases

NEINW leases certain buildings and equipment under several operating leases. Total lease expense, including amounts reimbursed from the IFA, for NEINW for the years ended June 30, 2022 and 2021, was \$540,414 and \$541,754.

Future minimum lease payments are as follows:

2023	\$ 248,784
2024	9,691
2025	719
<u>Total</u>	<u>\$259,194</u>

Note 7: Retirement Plan

NEINW has established a retirement plan authorized under Section 401(k) of the Internal Revenue Code that covers all regular employees. NEINW funds a discretionary contribution as determined by the agency. For the years ended June 30, 2022 and 2021, the discretionary contribution was 3% of the employee's gross compensation. NEINW also matches employee contributions up to 3%. The total retirement expense for the years ended June 30, 2022 and 2021, was \$79,446 and \$39,936. Forfeitures of \$14,260 and \$42,953 were used to fund a portion of the employer contributions for the years ended June 30, 2022 and 2021, respectively.

Note 8: Grant Awards

As of June 30, 2022, NEINW had commitments for future funding under various grant awards of approximately \$4,618,000. The revenue relating to these grants is not recognized in the accompanying financial statements as the revenue recognition is conditional on the incurrence of expenditures or the performance of services in the future.

Note 9: Related Parties

One member of the Board of Directors is employed by the Indiana Department of Workforce Development (IN DWD) that is the primary funding source for NEINW. Total grant revenue received from IN DWD was \$7,093,000 and \$5,065,410 for the years ended June 30, 2022 and 2021. See Note 4 for more information about grants receivable due from IN DWD as of June 30, 2022 and 2021. A second member is employed by Ivy Tech Community College, an approved training provider in northeast Indiana that NEINW utilizes. A third board member is an employee of Impact Institute, an entity sub-leasing office space to NEINW. A fourth board member is a co-owner of Ashley Industrial Molding, Inc, an employer that received training funds through the state sponsored Employer Training Grant. Two members of the board are employed by Garrett Keyser Butler CSD. The school district is also an approved training provider through the Apprenticeship State Expansion grant. One member of the board is employed by Parkview Lagrange Hospital, an affiliated organization of Parkview Occupational Health Center, which provides professional services to NEINW.

Northeast Indiana Works, Inc.

Notes to Financial Statements

Note 9: Related Parties (Continued)

Program and administrative expenses included in the statements of activities and statements of functional expenses and accounts payable included in the statements of financial position in connection with the above-described relationships are as follows:

	2022		2021	
	Accounts Payable	Expenditures	Accounts Payable	Expenditures
Ivy Tech Community College	\$ 4,346	\$ 80,243	\$ 9,000	\$ 230,651
Northeast Indiana Regional Partnership	0	0	0	92,191
Impact Institute	0	6,000	0	6,000
Ashley Industrial Molding, Inc.	0	50,000	0	0
Garrett Keyser Butler CSD	0	54,600	0	0
Parkview Occupational Health Center	0	136	0	288
Totals	\$ 4,346	\$ 190,979	\$ 9,000	\$ 329,130

Note 10: Net Assets with Donor Restrictions

Net assets with donor restrictions were available for the following programs as of June 30:

	2022	2021
Website	\$ 1,321	\$ 1,321
Veteran's job fair	1,618	1,618
Medical loss ratio refund	1,078	1,078
Lilly grant	0	53,222
Manufacturing awareness campaign	229,849	0
Totals	\$ 233,866	\$ 57,239

During the years ended June 30, 2022 and 2021, net assets with donor restrictions of \$53,222 and \$0 were released from restriction through satisfaction of purpose restrictions.

Supplementary Information

Northeast Indiana Works, Inc.

Schedule A

Schedule of Expenditures of Federal Awards and Other Financial Assistance

Year Ended June 30, 2022

AL Number	Grant Number	Program Name	Grantor Agency	Program Period	Passed Through to Subrecipients	Federal Expenditures
DEPARTMENT OF LABOR						
WIOA Cluster						
17.258	WIOA2003	WIOA Adult Program	IN Dept. of Workforce Development	07/01/20-06/30/22	\$ 0	\$ 143,860
17.258	WIOA2103	WIOA Adult Program	IN Dept. of Workforce Development	07/01/21-06/30/23	21,423	659,414
Total Federal Expenditures AL #17.258					21,423	803,274
17.259	WIOA2003	WIOA Youth Activities	IN Dept. of Workforce Development	07/01/20-06/30/22	0	167,881
17.259	WIOA2103	WIOA Youth Activities	IN Dept. of Workforce Development	07/01/21-06/30/23	598,624	665,964
17.259	PSG2103	WIOA Youth Activities	IN Dept. of Workforce Development	09/01/21-03/31/23	22,100	43,966
Total Federal Expenditures AL #17.259					620,724	877,811
17.278	WIOA2003	WIOA Dislocated Worker Formula	IN Dept. of Workforce Development	07/01/20-06/30/22	0	159,326
17.278	WIOA2103	WIOA Dislocated Worker Formula	IN Dept. of Workforce Development	07/01/21-06/30/23	0	715,560
17.278	RRCOVID2103	COVID-19 WIOA Dislocated Worker Formula	IN Dept. of Workforce Development	05/27/21-03/31/22	0	98,542
Total Federal Expenditures AL #17.278					0	973,428
Total Federal Expenditures WIOA Cluster AL #17.258, #17.259, #17.278					642,147	2,654,513
Employment Service Cluster						
17.207	BC2003	Employment Service/Wagner Peyser Funded Activities	IN Dept. of Workforce Development	07/01/20-12/31/21	0	11,175
17.207	BC2103	Employment Service/Wagner Peyser Funded Activities	IN Dept. of Workforce Development	07/01/21-06/30/22	0	120,000
Total Federal Expenditures Employment Service Cluster AL #17.207					0	131,175
17.245	TAAOJT2103	Trade Adjustment Assistance	IN Dept. of Workforce Development	05/01/21-09/30/22	0	63,654
Total Federal Expenditures AL #17.245					0	63,654
17.277	DRCOVID2003	COVID-19 WIOA National Dislocated Worker Grants/WIOA National Emergency Grants	IN Dept. of Workforce Development	06/01/20-02/15/22	0	103,327
17.277	ERCOVID2003	COVID-19 WIOA National Dislocated Worker Grants/WIOA National Emergency Grants	IN Dept. of Workforce Development	09/04/20-05/15/23	4	38,726
Total Federal Expenditures AL #17.277					4	142,053
17.285	ASEDR12003	Apprenticeship USA Grant	IN Dept. of Workforce Development	07/01/19-11/15/22	0	99,658
Total Federal Expenditures AL #17.285					0	99,658
17.268	R3-RHG-603-20	H-1B Rural Healthcare Grant Program	Tecumseh Area Partnership	02/01/21-01/31/25	0	51,955
Total Federal Expenditures AL #17.268					0	51,955
17.225	RESEA2003	Unemployment Insurance	IN Dept. of Workforce Development	01/01/20-08/15/22	0	233,867
17.225	RESEA2103	Unemployment Insurance	IN Dept. of Workforce Development	01/01/21-09/30/22	9,765	444,861
Total Federal Expenditures AL #17.225					9,765	678,728
DEPARTMENT OF LABOR TOTAL					651,916	3,821,736

Northeast Indiana Works, Inc.

Schedule A (Continued)

Schedule of Expenditures of Federal Awards and Other Financial Assistance (Continued)

Year Ended June 30, 2022

AL Number	Grant Number	Program Name	Grantor Agency	Program Period	Passed Through to Subrecipients	Expenditures
DEPARTMENT OF EDUCATION						
84.126	PRETS2103	Rehabilitation Services Vocational Rehabilitation Grants to States	IN Dept. of Workforce Development	07/01/21-12/31/22	\$ 116,318	\$ 116,318
Total Federal Expenditures AL #84.126					116,318	116,318
DEPARTMENT OF EDUCATION TOTAL					116,318	116,318
DEPARTMENT OF THE TREASURY						
21.019	WRGCARES2103	COVID-19 Coronavirus Relief Fund	IN Dept. of Workforce Development	03/01/20-12/31/21	0	168,069
Total Federal Expenditures AL #21.019					0	168,069
DEPARTMENT OF THE TREASURY TOTAL					0	168,069
Total Federal Expenditures					\$ 768,234	\$ 4,106,123
STATE AND LOCAL PROGRAMS						
INDIANA STATE FUNDS FROM INDIANA DEPARTMENT OF WORKFORCE DEVELOPMENT						
N/A	JAG2003	Jobs for America's Graduates	IN Dept. of Workforce Development	07/01/20-12/31/21	307,949	382,580
N/A	JAG2103	Jobs for America's Graduates	IN Dept. of Workforce Development	07/01/21-12/31/22	435,927	471,721
N/A	NLJETG2103	Next Level Jobs Employer Training Grant	IN Dept. of Workforce Development	05/01/21-06/30/23	10,288	1,857,355
N/A	WRG2103	Workforce Ready Grant	IN Dept. of Workforce Development	10/01/21-09/30/22	0	116,965
Total Indiana Expenditures					754,164	2,828,621
LOCAL AND OTHER PROGRAMS						
N/A	2020 2138	COVID-19 Youth	Lilly Endowment	09/01/20-08/31/21	48,866	53,221
N/A		Manufacturing Awareness Campaign	Don Wood Foundation	10/21/21-12/31/23	0	151
N/A		Your Future Make It Your Own Career Awareness Campaign	Northeast Indiana Regional Partnership	10/15/21-11/18/22	0	46,573
N/A	NA	Lease Adjustment Expense	N/A	07/01/21-06/30/22	0	(5,410)
Total Local and Other Expenditures					\$ 48,866	\$ 94,535
Total Expenditures					\$ 1,571,264	\$ 7,029,279

Notes to Schedule of Expenditures of Federal Awards and Other Financial Assistance

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards and other financial assistance (the "Schedule") includes the federal award activity of Northeast Indiana Works, Inc. under programs of the federal government for the year ended June 30, 2022. 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 Northeast Indiana Works, Inc., 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

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.

Note 3 - 10% De Minimis

Northeast Indiana Works, Inc. has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

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*

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

We have audited, in accordance with the auditing standards generally accepted in the United States 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. which comprise the statement of financial position as of June 30, 2022, 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 December 12, 2022.

Report on 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”) as a basis for designing 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 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 or significant deficiencies may exist that have not been identified.

Report on 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 financial statements. 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wipfli LLP

Wipfli LLP

December 12, 2022
Madison, Wisconsin

Independent Auditor’s Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Northeast Indiana Works, Inc.’s compliance with the types of compliance requirements identified as subject to audit 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, 2022. 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.

In our opinion, Northeast Indiana Works, Inc. complied, in all material respects, with the 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, 2022.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Northeast Indiana Works, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Northeast Indiana Works, Inc.’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Northeast Indiana Works, Inc.’s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Northeast Indiana Works, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Northeast Indiana Works, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Northeast Indiana Works, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Northeast Indiana Works, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Northeast Indiana Works, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

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 a 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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-001 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on Northeast Indiana Works, Inc.'s response to the internal control over compliance finding identified in our audit described in the accompanying schedule of findings and questioned costs. Northeast Indiana Works, Inc.'s response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

The image shows a handwritten signature in black ink that reads "Wipfli LLP". The signature is written in a cursive, flowing style.

Wipfli LLP

December 12, 2022
Madison, Wisconsin

Northeast Indiana Works, Inc.

Schedule of Findings and Questioned Costs
 Year Ended June 30, 2022

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued?	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major federal programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	Yes
Type of auditor's report issued on compliance for major program	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance [2 CFR 200.516(a)]?	Yes

Identification of major federal programs:

<u>Name of Federal Major Program or Cluster</u>	<u>AL No.</u>
<ul style="list-style-type: none"> • U.S. Department of Labor 	
WIOA Cluster	17.258, 17.259, 17.278
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

Section II - Financial Statement Findings

None

Northeast Indiana Works, Inc.

Schedule of Findings and Questioned Costs

Year Ended June 30, 2022

Section III - Federal Award Findings and Questioned Costs

Finding 2022-001: WIOA Cluster Eligibility

Department of Labor – WIOA Cluster AL #17.258, 17.259, 17.278

<u>Grant</u>	<u>Funding Source</u>	<u>Grant Period</u>
WIOA2003	Indiana Department of Workforce Development	07/01/2020 – 06/30/2022
WIOA2103	Indiana Department of Workforce Development	07/01/2021 – 06/30/2023
RRCOVID2103	Indiana Department of Workforce Development	05/27/2021 – 03/31/2022

Questioned costs: None

How the questioned costs were computed: N/A

Criteria: Section 200.303 Internal Controls of 2 CFR Part 200 states that the “*entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.*”

Condition: During the audit, Wipfli LLP observed during the testing of WIOA participant files that there were missing signed applications for two of the forty sample files selected. It was noted that internal review had identified the missing applications and it was communicated to the program case managers; however, the matter was not resolved prior to the audit.

Cause: There was not the necessary follow up internally to verify that the applications were completed and uploaded to the Indiana Career Connect portal by staff of Northeast Indiana Works, Inc.

Effect: As a result of the matter noted above, there was a significant deficiency in internal controls over the eligibility compliance requirement. Due to the missing applications in the participant files notes, there exists a possibility of noncompliance in the program.

Recommendation: We recommend Northeast Indiana Works, Inc. implement additional controls over the file review process to ensure that deficiencies identified internally are resolved in a timely manner.

View of responsible officials: Management agrees with the assessment and has committed to a corrective action plan.

Section IV - Summary of Prior Year Findings

None



Corrective Action Plan for Current Year Findings

2022-001: WIOA Cluster Eligibility

Condition: During the audit, Wipfli LLP observed during the testing of WIOA participant files that there were missing signed applications for two of the forty sample files selected. It was noted that internal review had identified the missing applications and it was communicated to the program case managers; however, the matter was not resolved prior to the audit.

Corrective Action Plan

Northeast Indiana Works (NEINW) will continue to use the established file review process.

NEINW will be conducting a system wide WIOA file review. This review will be done in stages and will be completed by the end of May 2023.

NEINW will deliver training to all staff to reacquaint them with the virtual service delivery model, including, but not limited, to the application process. This training will be conducted during the weekly Thursday morning training session on January 5, 2023. A follow up session will be held on January 12, 2023 to address any questions and to train staff who may have been absent during the January 5th session.

Person(s) Responsible: NEINW President and CEO, CFO, Director of WorkOne Services and Director of Quality Initiatives

Timing for Implementation: Staff training will be conducted in January 2023. System wide file review will be completed by the end of May 2023.

Edmond C. O'Neal III, President and CEO

Lori Rice, CFO