

**FOX VALLEY WORKFORCE
DEVELOPMENT BOARD, INC.**
Neenah, Wisconsin

Audited Financial Statements

Years Ended June 30, 2014 and 2013

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Fox Valley Workforce Development Board, Inc.
Neenah, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of Fox Valley Workforce Development Board, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2014 and 2013, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 Organization'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 Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Fox Valley Workforce Development Board, Inc. as of June 30, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal and state awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the Title V – SCSEP senior community service employment program settlement of DHS cost reimbursement award, as required by the state of Wisconsin Department of Health Services, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2014 on our consideration of Fox Valley Workforce Development Board, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Fox Valley Workforce Development Board, Inc.'s internal control over financial reporting and compliance.

Reilly, Penner & Benton LLP

December 31, 2014
Milwaukee, Wisconsin

FOX VALLEY WORKFORCE DEVELOPMENT BOARD, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2013 and 2014

	2014	2013
ASSETS		
CURRENT ASSETS		
Cash	\$ 79,386	\$ 49,415
Restricted cash	7,162	10,482
Grants receivable	133,656	181,936
Other receivables	762	0
Prepays	20,872	2,435
Security deposits	1,690	1,772
Total current assets	243,528	246,040
NONCURRENT ASSETS		
Property and equipment, net of depreciation	703,184	682,456
Total noncurrent assets	703,184	682,456
TOTAL ASSETS	\$ 946,712	\$ 928,496
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	\$ 127,754	\$ 158,415
Accrued expenses	36,502	41,285
Fiscal sponsor	7,162	10,482
Unearned revenue	9,661	1,308
Note payable, current	14,326	12,887
Total current liabilities	195,405	224,377
NONCURRENT LIABILITIES		
Note payable, noncurrent	629,267	597,615
Total noncurrent liabilities	629,267	597,615
TOTAL LIABILITIES	\$ 824,672	\$ 821,992
NET ASSETS		
Unrestricted	\$ 122,040	\$ 106,504
TOTAL NET ASSETS	122,040	106,504
TOTAL LIABILITIES AND NET ASSETS	\$ 946,712	\$ 928,496

See accompanying notes

FOX VALLEY WORKFORCE DEVELOPMENT BOARD, INC.
STATEMENTS OF ACTIVITIES
Years Ended June 30, 2013 and 2014

	<u>2014</u>	<u>2013</u>
SUPPORT AND REVENUE		
Grants and contracts	\$ 2,848,218	\$ 2,439,679
Program income	3,317	49
Rental revenue	59,779	310
Investment return (loss)	16	1,915
Fee for service	<u>1,500</u>	<u>10,743</u>
 Total support and revenue	 2,912,830	 2,452,696
EXPENSES		
Program services	2,637,738	2,244,804
Management and general	<u>259,556</u>	<u>230,937</u>
 Total expenses	 <u>2,897,294</u>	 <u>2,475,741</u>
 Change in net assets	 15,536	 (23,045)
 Net Assets - beginning of year	 <u>106,504</u>	 <u>129,549</u>
 Net Assets - end of year	 <u><u>\$ 122,040</u></u>	 <u><u>\$ 106,504</u></u>

See accompanying notes

FOX VALLEY WORKFORCE DEVELOPMENT BOARD, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
Year Ended June 30, 2014

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
EXPENSES			
Salaries	\$ 440,291	\$ 132,800	\$ 573,091
Payroll taxes	44,813	13,057	57,870
Pension plan	21,442	3,817	25,259
Other benefits	47,175	10,281	57,456
Participant and support	441,404	0	441,404
Occupancy	106,316	21,257	127,573
Travel	25,874	3,381	29,255
Conferences	11,826	2,539	14,365
Supplies	66,706	8,486	75,192
Professional fees	2,027	11,468	13,495
Telephone	17,308	2,042	19,350
Postage	2,110	716	2,826
Printing and publishing	3,348	486	3,834
Equipment	954	0	954
Other	20,992	6,147	27,139
Subgrantees	1,363,894	0	1,363,894
Total Before Depreciation	2,616,480	216,477	2,832,957
Depreciation	21,258	43,079	64,337
Total Functional Expenses	<u>\$ 2,637,738</u>	<u>\$ 259,556</u>	<u>\$ 2,897,294</u>

See accompanying notes

FOX VALLEY WORKFORCE DEVELOPMENT BOARD, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
Year Ended June 30, 2013

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
EXPENSES			
Salaries	\$ 446,872	\$ 101,924	\$ 548,796
Payroll taxes	42,100	9,489	51,589
Pension plan	20,456	3,838	24,294
Other benefits	43,737	8,014	51,751
Participant and support	327,390	0	327,390
Occupancy	76,835	36,754	113,589
Travel	21,164	1,502	22,666
Conferences	14,927	9,522	24,449
Supplies	83,954	4,122	88,076
Professional fees	1,218	8,392	9,610
Telephone	17,091	1,151	18,242
Postage	2,135	394	2,529
Printing and publishing	2,111	243	2,354
Equipment	1,435	70	1,505
Other	17,090	4,257	21,347
Subgrantees	<u>1,126,289</u>	<u>(3,210)</u>	<u>1,123,079</u>
 Total Before Depreciation	 2,244,804	 186,462	 2,431,266
 Depreciation	 <u>0</u>	 <u>44,475</u>	 <u>44,475</u>
 Total Functional Expenses	 <u><u>\$ 2,244,804</u></u>	 <u><u>\$ 230,937</u></u>	 <u><u>\$ 2,475,741</u></u>

See accompanying notes

FOX VALLEY WORKFORCE DEVELOPMENT BOARD, INC.

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2013 and 2014

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 15,536	\$ (23,045)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	64,337	44,475
(Increase) decrease in assets		
Grants receivable	48,280	(46,604)
Other receivables	(762)	3,227
Prepays	(18,437)	1,209
Security deposits	82	80
Increase (decrease) in liabilities		
Accounts payable	(30,661)	81,990
Accrued payroll and related expenses	(4,783)	(1,301)
Unearned revenue	8,353	(26,592)
Net cash flows from operating activities	81,945	33,439
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(85,065)	(18,589)
Proceeds from sale of stock investment	0	10,777
Net cash flows from investing activities	(85,065)	(7,812)
CASH FLOWS FROM FINANCING ACTIVITIES		
Note payable	33,091	(12,188)
Change in cash	29,971	13,439
Cash - beginning of year	49,415	35,976
Cash - end of year	<u>\$ 79,386</u>	<u>\$ 49,415</u>
SUPPLEMENTAL DISCLOSURES		
Cash paid for Interest	\$ 32,842	\$ 34,389

See accompanying notes

FOX VALLEY WORKFORCE DEVELOPMENT BOARD, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2013 and 2014

Fox Valley Workforce Development Board, Inc. (FVWDB) was organized as a nonprofit corporation in 1983. FVWDB prepares youth, dislocated workers, and unskilled adults for entry into the workforce and provides economically disadvantaged individuals and others facing barriers to employment with job training in Outagamie (during part of PY12; see below), Waupaca, Fond du Lac, Green Lake, Wautoma, Winnebago, and Calumet counties in Wisconsin. FVWDB also provides services to businesses and community-based organizations. The primary source of revenue for FVWDB is federal funds passed through the Wisconsin Department of Workforce Development (DWD).

Beginning October 1, 2012, Outagamie county exited the FVWDB consortium and joined the Bay Area Workforce Development Board. Outagamie county accounted for approximately 30.41% of the WIA Allocated Funds for the Adult, Youth, and Dislocated Worker grants.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

FVWDB financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States (U.S. GAAP).

Basis of Presentation

FVWDB is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. For PY13 and PY12, all net assets comprise unrestricted.

Unrestricted Net Assets - Net assets are not subject to donor-imposed restrictions and include expendable resources for which the Organization has discretionary control and are used to carry out the Organization's operations in accordance with its bylaws.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed restrictions that are satisfied either by the passage of time or by actions of the Organization and include resources expendable only for those purposes specified by the grantor or donor. Upon expiration of a restriction, temporarily restricted net assets are transferred to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted Net Assets - Net assets subject to donor-imposed restrictions that they be maintained permanently by the Organization. Donors of these assets generally permit the Organization to use all or part of the income earned on any related investments for general or specific purpose. The Organization has no permanently restricted net assets.

Estimates

The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that reflect 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.

Cash and Cash Equivalents

FVWDB considers all highly liquid investments, except those held for long term investment, with maturities of three months or less when purchased to be cash equivalents.

Grants and Other Receivables

FVWDB considers all grants and other receivables to be fully collectible. Accordingly, no allowance for doubtful accounts is required. If grants and other receivables become uncollectible, they will be charged to operations when that determination is made.

Investment

FVWDB carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statements of financial position. Realized and unrealized gains and losses are included in the change in net assets in the accompanying statements of activities.

Valuation of Investments

Financial Accounting Standards Board (FASB) *Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a hierarchy giving the highest priority to unadjusted quoted prices in active markets for identical assets (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements).

Level 1 - Quoted prices in active markets, e.g. NYSE, etc. for assets identical to the securities valued.

Level 2 - Inputs other than quoted prices that are observable for securities, either directly or indirectly.

Level 3 - Unobservable inputs, which contain assumptions by the party valuing those assets. For level 3 inputs, there is no market data or correlations with market assumptions.

FOX VALLEY WORKFORCE DEVELOPMENT BOARD, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2013 and 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment

Purchases of equipment in excess of \$5,000 are capitalized at cost, with depreciation computed using the straight-line method with a 3-5 year useful life. All equipment, except when purchased with non-federal funds, is purchased with federal grant funds from DWD. Equipment purchases were \$0 in PY13 and \$18,589 in PY12.

Land, buildings, land improvements, and leasehold improvements are capitalized at cost. Building depreciation is computed using the straight-line method with a 30-year useful life. Land improvements are depreciated using the straight-line method of depreciation with a 15-year useful life. Leasehold and building improvements' depreciation is computed using the straight-line method of depreciation over the life of the lease, including renewals. Real estate, including improvements, was purchased with non-federal funds. Leasehold improvements were purchased with federal grant funds from DWD. Land improvements were \$9,037 in PY13 and \$0 PY12. Building improvements were \$38,713 in PY13 and \$0 in PY12.

For equipment and leasehold improvements purchased with federal grant funds from DWD, FVWDB owns the equipment acquired with grant funds while used in the programs for which they were purchased or in other future authorized programs. However, DWD has a reversionary interest in federally purchased assets. Their disposition, as well as any proceeds, are subject to DWD regulations.

Government Grants

The programs of FVWDB are primarily funded by service contracts with DWD, Wisconsin Department of Health Services (DHS) and the U.S. Department of Labor (DOL). Revenue from these contracts is based upon the actual cost of providing such services up to the maximum amount specified in the contracts. Costs are allocated to these programs in accordance with established procedures and are subject to audit. No determination has been made regarding the effect, if any, such audits could have on the financial statements.

Fiscal Sponsor

FVWDB acts as the fiscal sponsor for various small organizations. As the fiscal sponsor, FVWDB coordinates the financial activities, through the receipt and disbursement of funds, on behalf of the organizations. Revenue and expenses are not recognized in the statements of activities. Cash receipts in excess of disbursements are reflected as restricted cash and a fiscal sponsor liability in the statements of financial position.

Expense Allocation

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function or program are charged to programs and supporting services on the basis of indirect cost allocation methods provided by and allowable under federal law. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of FVWDB.

Income Tax Status

FVWDB is exempt from federal income tax under Section 501 (c) (3) of the Internal Revenue Code. In addition, FVWDB qualifies for the charitable contribution deduction under Section 170 (b) (1) (A) and has been classified as an organization other than a private foundation under Section 509 (a) (2). FVWDB's federal exempt organization returns are subject to examination by the Internal Revenue Service, generally for three years after the later of the due date of the returns or the date they were filed. With few exceptions, FVWDB tax returns filed before the 2010 tax return for the year ended June 30, 2011 are no longer subject to such IRS examinations.

Date of Management's Review

Management has evaluated subsequent events through December 31, 2014, the date which the financial statements were available to be issued.

FOX VALLEY WORKFORCE DEVELOPMENT BOARD, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2013 and 2014

NOTE 2 – INVESTMENTS

Investments consisted of shares of stock traded on the NYSE. Investment return is summarized as follows:

	2014	2013
Interest on checking and savings	\$ 16	\$ 18
Dividends	0	270
Realized and Unrealized gain (loss)	<u>0</u>	<u>1,627</u>
Investment return	<u><u>\$ 16</u></u>	<u><u>\$ 1,915</u></u>

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	2014	2013
Land	\$ 127,363	\$ 127,363
Land Improvements	121,969	112,932
Building and Improvements	604,336	567,020
Leasehold Improvements	38,713	0
Equipment	<u>136,183</u>	<u>136,183</u>
Property and Equipment	1,028,564	943,498
Less accumulated depreciation	<u>325,380</u>	<u>261,042</u>
Property and equipment - net	<u><u>\$ 703,184</u></u>	<u><u>\$ 682,456</u></u>

Building and Improvements includes improvements for Lessee; improvements net of depreciation are \$32,133 for PY13.

Depreciation expense was \$64,337 for program year PY 2013 and \$44,475 for PY 2012.

NOTE 4 – NOTE PAYABLE & LINE OF CREDIT

For PY12, FVWDB had a note payable in 35 equal monthly payments of principle and interest of \$3,884, interest at a rate of 5.5%, and a balloon payment due in January of 2015. This note, secured by real estate, replaced the prior note payable on January 15, 2012 when the real estate mortgage was refinanced. Interest expense was \$34,389 in PY12. Future minimum payments of principal were \$12,887 for PY13, \$597,615 for PY14.

In PY13, the mortgage on the real estate at 1401 McMahan Drive was re-financed on August 27, 2013. The amount financed was \$655,002.38, which included the prior mortgage payoff of \$608,418, closing costs (capitalized with Leasehold Improvements) of \$1,584, and proceeds for "Build-Out" costs for the DOA/DOJ lease of \$45,000. The interest rate was reduced from 5.5% to 5% and by the terms of the note is due for renewal on 8/27/2019; this is coterminous with the 6 year term of the DOA/DOJ lease ending on 8/31/2019.

For PY13, this results in FVWDB having a note payable, secured by real estate, in 70 equal monthly payments of principle and interest of \$3,885, interest at a rate of 5.0%, and a final balloon payment due August of 2019. Interest expense was \$32,842 in PY13. Future minimum payments of principal are \$14,322 for PY14, \$14,977 for PY15, \$15,842 for PY16, \$16,664 for PY17, \$17,528 for PY18.

FVWDB has a \$50,000 line of credit with BMO Harris Bank through June 25, 2015; interest is at prime plus 3.25% and is reviewed annually. FVWDB did not utilize this line of credit in PY13.

FOX VALLEY WORKFORCE DEVELOPMENT BOARD, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2013 and 2014

NOTE 5 – OPERATING LEASES

Lessee

FVWDB leases office space on a month-to-month or annual basis at various job center locations for operation of their programs. Additionally, FVWDB has one fixed-term lease that expires 2019; future minimum lease payments expiring in 2019 are as follows: \$43,730 for PY14, \$43,730 for PY15, \$43,730 for PY16, \$43,730 for PY17, \$25,508 for PY18.

Rent expense was \$75,447 for PY13 reduced by inter-fund rents of \$10,768 on the FVWDB owned real estate at 1401 McMahon Drive, Neenah, WI, for a net reported rent expense of \$64,678. In PY12 rent expense was \$89,142 reduced by inter-fund rents of \$29,883, for a net reported rent expense of \$59,259.

Lessor

FVWDB subleases office space on a month-to-month basis to other organizations. Additionally, FVWDB has one fixed-term lease for 74% of 1401 McMahon Driven that expires 2018; future minimum lease revenues expiring in 2018, in the aggregate of \$302,362, are as follows: \$70,552 for PY14, \$71,822 for PY15, \$73,115 for PY16, \$74,431 for PY17, \$12,442 for PY18.

Rental revenue, net of inter-fund rents, was \$59,780 in PY13 and \$310 in PY12.

NOTE 6 – DEFINED CONTRIBUTION RETIREMENT PLAN

Beginning in PY09, FVWDB sponsors a 401(k) retirement plan. Employees who are at least 21 years of age are eligible to participate in the plan after one year of service. Employer contributions are determined at the discretion of the Board of Directors and vest with the employee at 0% in one year, 50% in two years, and 100% after three years of plan participation. Contributions expensed by FVWDB were \$25,259 in PY13 and \$24,294 in PY12.

NOTE 7 – FUNCTIONAL CLASSIFICATION OF EXPENSES

Expenses by function for PY13 and PY12 were as follows:

	<u>2014</u>		<u>2013</u>	
Program services				
Employment and training	\$ 441,404		\$ 327,390	
Subgrantee employment and training	1,363,894		1,123,079	
Program services	<u>832,440</u>		<u>794,335</u>	
Total program services	2,637,738	91%	2,244,804	91%
Supporting activities				
Administration	<u>259,556</u>	9%	<u>230,937</u>	9%
Total expenses	<u>\$ 2,897,294</u>		<u>\$ 2,475,741</u>	

NOTE 8 – ECONOMIC DEPENDENCY

In PY13 FVWDB received approximately 82% of its support from DWD (pass-through from DOL), and approximately 96% from DOL either directly or indirectly. In PY12 FVWDB received approximately 82% of its support from DWD.

NOTE 9 – CONTINGENCIES

FVWDB is currently in discussions with DWD and DOL to resolve DOL findings and questioned costs related to the program years PY08 and PY09 contained in the DOL Comprehensive Review of Workforce Programs in Wisconsin Report dated May 4, 2011. The financial statements do not include any adjustments for this contingency since the amount of disallowed costs, if any, cannot be reasonably estimated until this matter has reached near final resolution.

FVWDB has been named as a party in a lawsuit involving a claim for wrongful termination. Legal counsel has advised that no determinable estimate of the potential liability associated with this lawsuit was available as of the date of these financial statements, and, therefore, no such liability has been accrued.

NOTE 10 – RECLASSIFICATIONS

Certain reclassifications have been made to the PY12 financial statements presentation to correspond to the current year's format. Net assets and changes in net assets are unchanged due to these classifications.

FOX VALLEY WORKFORCE DEVELOPMENT BOARD, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

Year Ended June 30, 2014

Department of Labor

	Workforce Investment Act (WIA)							DHS-Title V			Total DOL Expenditures	
	CFDA 17.258	CFDA 17.259	CFDA 17.278	Total WIA Cluster	CFDA 17.250	CFDA 17.277	CFDA 17.207	Total DWD	Senior	H-1-B		Workforce
									Community Service Employment	Job Training Grants		Innovation Fund
Direct Programs	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
H-1-B Care Grant: NWCEP Subcontract										73,647		73,647
WI Innovation Fund: WDBSCW Subcontract											59,186	59,186
Total Direct Programs	0	0	0	0	0	0	0	0	0	73,647	59,186	132,833
Pass through program from DHS									283,229			283,229
Title V SCSEP									283,229			283,229
Pass through programs from DWD												
ARRA National Emergency Grant - Admin				0	2,395	1,127		3,522				3,522
NEG ARRA OJT Administration				0		850		850				850
WIA Administrative		68,632		68,632				68,632				68,632
WIA Youth		185,234		185,234				185,234				185,234
WIA Adult	261,086			261,086				261,086				261,086
WIA Dislocated Worker			308,915	308,915				308,915				308,915
WIA Sp Rsp Admin			13,142	13,142				13,142				13,142
WIA Sp Rsp Prog			218,706	218,706				218,706				218,706
WIA Sp Rsp Start Up			8,081	8,081				8,081				8,081
WIA Administrative		114,304		114,304				114,304				114,304
WIA Youth		469,353		469,353				469,353				469,353
WIA Adult	265,309			265,309				265,309				265,309
WIA Dislocated Worker			369,664	369,664				369,664				369,664
WDA- WDE Admin	1,231			1,231			1,231	2,462				2,462
WDE- WI Disability Initiative	43,669			43,669			43,668	87,337				87,337
Total Pass Through Programs	571,295	837,523	918,508	2,327,326	2,395	1,977	44,899	2,376,597	283,229	0	0	2,659,826
Expenditures of federal and state awards	\$ 571,295	\$ 837,523	\$ 918,508	\$ 2,327,326	\$ 2,395	\$ 1,977	\$ 44,899	\$ 2,376,597	\$ 283,229	\$ 73,647	\$ 59,186	\$ 2,792,659

See accompanying notes to schedule of expenditures of federal and state awards

FOX VALLEY WORKFORCE DEVELOPMENT BOARD, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
Year Ended June 30, 2014

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and state awards includes the federal and state grant activity of Fox Valley Workforce Development Board, Inc. under programs of the federal government and state agencies for the year ended June 30, 2014. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and the State Single Audit Guidelines. Because the schedule presents only a selected portion of the operations of Fox Valley Workforce Development Board, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Fox Valley Workforce Development Board, 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 OMB Circular A-122, Cost Principles for Non-Profit Organizations, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

NOTE 3 – WIA CLUSTER

During the year ended June 30, 2014, funds totaling \$2,792,659 were expended under certain grant agreements with the DWD and DOL. While the grant agreements indicate the source of the funds as the WIA cluster of programs and the CFDA numbers, the DWD has not provided a full year summary to Fox Valley Workforce Development Board, Inc. with the amount of funds for each federal CFDA number within this cluster of programs. However, Fox Valley Workforce Development Board, Inc. has determined the CFDA numbers from the grant agreements and has clustered the expenditures accordingly on the accompanying schedule of expenditures of federal and state awards.

NOTE 4 – SUBRECIPIENTS

Of the federal expenditures presented in the schedule, Fox Valley Workforce Development Board, Inc. provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
WIA Adult Program	17.258	\$ 311,768
WIA Youth Activities	17.259	540,935
WIA Dislocated Worker Grants	17.278	<u>511,191</u>
Total WIA Cluster and Total Subrecipients		<u>\$ 1,363,894</u>

FOX VALLEY WORKFORCE DEVELOPMENT BOARD, INC.
Title V - SCSEP: Senior Community Service Employment Program
Settlement of DHS Cost Reimbursement Award
For the Year Ended: June 30, 2014

DHS Identification Number: 475517-490	CARS Profile # 560410
Award Amount:	\$ 307,222
Award Period;	7/1/13 - 6/30/14
Period of Award within Audit Period:	7/1/13 - 6/30/14

A. Expenditures reported to DHS for payment \$ 283,230

B. Actual Allowable Cost of Award

Program Expenses

2 .	Grants and other assistance to individuals in the US	\$ 232,779
7 .	Other salaries and wages	21,178
8 .	Pension plan contributions	944
9 .	Other employee benefits	3,011
10 .	Payroll taxes	2,142
13 .	Office expenses	810
14 .	Information technology	1,180
16 .	Occupancy	569
17 .	Travel	1,546
19 .	Conferences and meetings	378
	Total Program Expenses	\$ 264,537

Management and general expenses allocated to program

7 .	Other salaries and wages	\$ 12,363
8 .	Pension plan contributions	551
9 .	Other employee benefits	1,490
10 .	Payroll taxes	1,250
11b .	Legal	139
11c .	Accounting	243
13 .	Office expenses	473
14 .	Information technology	689
16 .	Occupancy	333
17 .	Travel	770
19 .	Conferences and meetings	4
23 .	Insurance	388
	Total Management and general expenses allocated to program	\$ 18,693

C. Less Program Revenue and Other Offsets to Costs 0

F. Total Allowable Costs \$ 283,230

See accompanying notes to schedule of expenditures of federal and state awards

**INDEPENDENT AUDITORS' 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
Fox Valley Workforce Development Board, Inc.
Neenah, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Fox Valley Workforce Development Board, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 31, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Fox Valley Workforce Development Board, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Fox Valley Workforce Development Board, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Fox Valley Workforce Development Board, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Fox Valley Workforce Development Board, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Reilly, Penner & Benton LLP

December 31, 2014
Milwaukee, Wisconsin

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 AND THE WISCONSIN STATE SINGLE AUDIT GUIDELINES

Board of Directors
Fox Valley Workforce Development Board, Inc.
Neenah, Wisconsin

Report on Compliance for Each Major Federal and Major State Program

We have audited Fox Valley Workforce Development Board, Inc.'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *Wisconsin State Single Audit Guidelines* that could have a direct and material effect on each of Fox Valley Workforce Development Board, Inc.'s major federal and major state programs for the year ended June 30, 2014. Fox Valley Workforce Development Board, Inc.'s major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Fox Valley Workforce Development Board, Inc.'s major federal and major state 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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and the *Wisconsin State Single Audit Guidelines*. Those standards, OMB Circular A-133, and the *Wisconsin State Single Audit Guidelines*, 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 and major state program occurred. An audit includes examining, on a test basis, evidence about Fox Valley Workforce Development Board, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and major state program. However, our audit does not provide a legal determination of Fox Valley Workforce Development Board, Inc.'s compliance.

Opinion on Each Major Federal and Major State Program

In our opinion, Fox Valley Workforce Development Board, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and major state programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of Fox Valley Workforce Development Board, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Fox Valley Workforce Development Board, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and major state 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 and major state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the *Wisconsin State Single Audit Guidelines*, 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 Fox Valley Workforce Development Board, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state 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 or state 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 or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Reilly, Penner & Benton LLP

December 31, 2014
Milwaukee, Wisconsin

FOX VALLEY WORKFORCE DEVELOPMENT BOARD, INC.
Neenah, Wisconsin

Schedule of Prior Year Audit Findings
Year Ended June 30, 2014

There were no prior year audit findings.

FOX VALLEY WORKFORCE DEVELOPMENT BOARD, INC.
Neenah, Wisconsin

Schedule of Findings and Questioned Costs
Year Ended June 30, 2014

Section I: Summary of Auditors' Results

Financial Statements

1. Type of auditors' report issued: Unmodified
2. Internal control over financial reporting:
- a. Significant deficiencies identified not considered to be a material weakness? ___ Yes X None reported
- b. Material weaknesses identified? ___ Yes X No
3. Noncompliance material to financial statements noted? ___ Yes X No

Federal Awards

4. Internal control over major programs:
- a. Significant deficiencies identified not considered to be a material weakness? ___ Yes X None reported
- b. Material weaknesses identified? ___ Yes X No
5. Type of auditor's report issued on compliance for major programs: Unmodified
6. Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? ___ Yes X No

7. Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
	<u>WIA Cluster</u>
17.258	WIA Adult Program
17.259	WIA Youth Activities
17.278	WIA Dislocated Workers

8. Dollar threshold used to distinguish between type A and type B programs: \$300,000
9. Auditee qualified as low-risk auditee? X Yes ___ No

FOX VALLEY WORKFORCE DEVELOPMENT BOARD, INC.
Neenah, Wisconsin

Schedule of Findings and Questioned Costs
Year Ended June 30, 2014

Section II: Financial Statements Findings

No matters were reported

Section III: Federal Award Findings and Questioned Costs

No matters were reported

Section IV: Other Issues

1. Does the auditor have substantial doubt as to the auditee's ability to continue as a going concern? No

2. Does the audit report show audit issues (i.e. material noncompliance, nonmaterial noncompliance, questioned costs, material weakness, reportable condition, management letter comment, excess revenue or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with the *State Single Audit Guidelines*:

Department of Health Services	No
Department of Workforce Development	No
Department of Corrections	N/A

3. Was a Management Letter or other document conveying audit comments issued as a result of this audit? Yes

4. Name and signature of partner



Joel Joyce

5. Date of report

December 31, 2014