

TRWIB, INC. AND AFFILIATE
Pittsburgh, Pennsylvania

Combined Financial Statements and
Supplementary Combining Financial Information
and Reporting Under *Government*
Auditing Standards and the Uniform Guidance
For the years ended June 30, 2016 and 2015

and Independent Auditors' Report Thereon



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
TRWIB, Inc. and Affiliate
Pittsburgh, Pennsylvania

Report on the Financial Statements

We have audited the accompanying combined financial statements of TRWIB, Inc. and Affiliate (Organization), which comprise the combined statements of financial position as of June 30, 2016 and 2015, and the related combined statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined 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 combined financial statements referred to above present fairly, in all material respects, the combined financial position of the Organization as of June 30, 2016 and 2015, 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

Supplementary and Other Information

Our audits were conducted for the purpose of forming an opinion on the basic combined financial statements as a whole. The combining statements of financial position, combining statements of activities and changes in net assets and combined schedules of functional expenses are presented for purposes of additional analysis and are not a required part of the combined financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audits of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined 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 combined 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 22, 2016 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 the Organization's internal control over financial reporting and compliance.

Schneider Downs & Co., Inc.

Pittsburgh, Pennsylvania
December 22, 2016

TRWIB, INC. AND AFFILIATE

COMBINED STATEMENTS OF FINANCIAL POSITION

	June 30	
	<u>2016</u>	<u>2015</u>
ASSETS		
Cash and cash equivalents - unrestricted	\$ 598,186	\$ 233,114
Cash and cash equivalents - restricted	1,308,073	1,481,578
	<u>1,906,259</u>	<u>1,714,692</u>
Contractual revenue receivable	4,636,056	2,296,036
Computer software	113,510	-
Other assets	89,660	15,581
	<u>89,660</u>	<u>15,581</u>
Total Assets	<u><u>\$6,745,485</u></u>	<u><u>\$4,026,309</u></u>
LIABILITIES AND NET ASSETS		
Accounts payable	\$3,939,706	\$1,725,224
Accrued liabilities	49,903	45,324
	<u>49,903</u>	<u>45,324</u>
Total Liabilities	3,989,609	1,770,548
NET ASSETS		
Unrestricted	920,070	774,183
Temporarily restricted	1,835,806	1,481,578
	<u>1,835,806</u>	<u>1,481,578</u>
Total Net Assets	<u>2,755,876</u>	<u>2,255,761</u>
Total Liabilities And Net Assets	<u><u>\$6,745,485</u></u>	<u><u>\$4,026,309</u></u>

See notes to financial statements.

TRWIB, INC. AND AFFILIATE

COMBINED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016			2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenue and other support:						
Public funds/government grants	\$ 12,194,403	-	\$ 12,194,403	\$7,596,891	-	\$7,596,891
Foundation and private contributions	-	\$1,454,250	1,454,250	-	\$1,129,729	1,129,729
Interest income	3,449	-	3,449	2,465	-	2,465
Other income	22,388	-	22,388	2,168	-	2,168
Net assets released from restrictions	1,100,022	(1,100,022)	-	872,093	(872,093)	-
Total Revenue And Other Support	13,320,262	354,228	13,674,490	8,473,617	257,636	8,731,253
Expenses:						
Management and general	921,802	-	921,802	576,386	-	576,386
Fundraising	3,587	-	3,587	-	-	-
Program services	12,248,986	-	12,248,986	7,923,303	-	7,923,303
Total Expenses	13,174,375	-	13,174,375	8,499,689	-	8,499,689
Changes In Net Assets	145,887	354,228	500,115	(26,072)	257,636	231,564
NET ASSETS						
Beginning of year	774,183	1,481,578	2,255,761	800,255	1,223,942	2,024,197
End of year	<u>\$ 920,070</u>	<u>\$1,835,806</u>	<u>\$ 2,755,876</u>	<u>\$ 774,183</u>	<u>\$1,481,578</u>	<u>\$2,255,761</u>

See notes to financial statements.

TRWIB, INC. AND AFFILIATE

COMBINED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 500,115	\$ 231,564
Changes in assets and liabilities:		
Contractual revenue receivable	(2,340,020)	(970,508)
Other assets	(74,079)	(1,825)
Accounts payable and accrued liabilities	2,219,061	121,347
Net Cash Provided By (Used In) Operating Activities	<u>305,077</u>	<u>(619,422)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of computer software	(113,510)	-
Net Cash Used In Investing Activities	<u>(113,510)</u>	<u>-</u>
Net Increase (Decrease) In Cash And Cash Equivalents	191,567	(619,422)
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>1,714,692</u>	<u>2,334,114</u>
End of year	<u><u>\$1,906,259</u></u>	<u><u>\$1,714,692</u></u>

See notes to financial statements.

TRWIB, INC. AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

NOTE 1 - DESCRIPTION OF BUSINESS

TRWIB, Inc. and Affiliate (Organization) is a not-for-profit corporation chartered by the Commonwealth of Pennsylvania. The primary purpose of the Organization is to manage operations, carry out obligations in compliance with the Workforce Innovation and Opportunity Act and address other policy matters as they relate to workforce development. As an employer-driven board, the mission of the Organization is to lead the development, integration and implementation of a world-class workforce development system in Pittsburgh and Allegheny County.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies consistently applied by management in the preparation of the accompanying combined financial statements follows:

Basis of Accounting - The combined financial statements of the Organization are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Principles of Combination - The combined financial statements include the accounts of TRWIB, Inc. and its affiliate, Regional Workforce Collaborative-SWPA (RWC-SWPA). The purpose of the RWC-SWPA is to support the workforce investment boards of southwestern Pennsylvania in implementing policy guidance, technical assistance and program oversight in economic and workforce development of the 11 counties of southwestern Pennsylvania to ensure the quality and depth of the labor force. RWC-SWPA shares common management, facilities and personnel with TRWIB, Inc. Consequently, combination of the individual financial statements provides a more meaningful presentation. All material intercompany transactions have been eliminated in combination.

Net Assets - The Organization classifies resources for accounting and reporting purposes into separate net asset classes based on the absence or existence of donor-imposed restrictions. In the accompanying combined financial statements, net assets that have similar characteristics have been combined into similar categories. A description of the net asset categories of the Organization is as follows:

Unrestricted Net Assets - Net assets not subject to donor-imposed restrictions or stipulations as to purpose or use.

Temporarily Restricted Net Assets - Net assets that are subject to donor-imposed restrictions or stipulations that may or will be met either by actions of the Organization or the passage of time.

Permanently Restricted Net Assets - Net assets subject to restrictions of gift instruments requiring that the principal is invested in perpetuity and the income is used only to support programs of the Organization. There was no permanently restricted support during the years ended June 30, 2016 and 2015.

Use of Estimates - The preparation of combined financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes - TRWIB, Inc. and RWC-SWPA are not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code (IRC) and are exempt from federal income taxes pursuant to Section 501(a) of the IRC. The organizations are not classified as private foundations.

TRWIB, INC. AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Organization follows the Income Taxes topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (Codification), clarifying the accounting for uncertainty in income taxes recognized in an entity's combined financial statements. This topic requires a recognition threshold and measurement principles for financial statement disclosures of tax positions taken or expected to be taken on a tax return. The Organization has assessed the tax positions it has taken or expects to take in its tax returns, and no liability for uncertain tax positions has been recorded; further, the Organization has no unrecognized tax benefits. The Organization is no longer subject to examination of its tax returns for years before 2013.

Cash and Cash Equivalents - The Organization maintains, at various financial institutions, cash that may exceed federally insured amounts at times. For purposes of cash flows, the Organization considers all highly liquid investments with original maturities of three months or less to be cash equivalents. Restricted cash consists of donor-designated funds that are to be utilized for specific programs.

Restricted and Unrestricted Revenue and Support - Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the combined statement of activities as net assets released from restrictions.

Functional Allocation of Expenses - Costs of providing the various programs and other activities are summarized on a functional basis. Accordingly, certain costs have been allocated among various programs and supporting services benefited based on actual staff hours.

Contractual Revenue Receivable - Contractual revenue receivable results from billings to various agencies for reimbursement of costs incurred during the operation of the programs related to its mission.

Government Grants - Support funded by government grants is recognized as the Organization performs the contracted services or incurs outlays eligible for reimbursement under these agreements. Grant activities and outlays are subject to monitoring and acceptance by the granting agency and adjustments could be required.

The Organization's policy is to provide for future losses on uncollectible contractual revenue receivables based on an evaluation of the underlying receivables and such other factors that, in the Organization's judgment, merit consideration in estimating doubtful accounts. At June 30, 2016 and 2015, no allowance was considered to be necessary.

Computer Software - Purchases of computer software having a unit cost of \$5,000 or more and an estimated useful life of three or more years are capitalized at the lower of cost or fair value. Depreciation is computed using the straight-line method over the estimated useful life of the software. No depreciation was recorded for the year ended June 30, 2016 since the depreciation will be recorded as the asset is placed in service.

Fair Value Measurement - The Fair Value Measurement topic of the Codification defines fair value, establishes a framework for its measurement and expands disclosures about fair value measurements.

U.S. GAAP established a hierarchy for which these assets and liabilities must be grouped, based on significant levels of inputs as follows:

TRWIB, INC. AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Level 1 - Quoted prices in active markets for identical assets or liabilities;

Level 2 - Quoted prices in active markets for similar assets and liabilities and inputs that are observable for the asset or liability; or

Level 3 - Unobservable inputs for the asset or liability, such as discounted cash flow models or valuations.

The determination of where assets and liabilities fall within this hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The Organization's financial instruments consist primarily of cash and cash equivalents, contractual revenue receivable, accounts payable and accrued liabilities whose carrying value approximates fair value primarily because of the short maturity of such instruments.

Recent Accounting Pronouncements - The FASB has issued ASU 2016-18, Statement of Cash Flows (Topic 230) (ASU 2016-18), which requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statements of cash flows. The standard is effective for fiscal years beginning after December 15, 2017 for public businesses and December 15, 2018 for all other entities, with early adoption permitted. The Organization has elected to early-adopt ASU 2016-18.

In August 2016, the FASB completed Phase I of its Presentation of Financial Statements of Not-for-Profit Entities and issued ASU No. 2016-14 Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities (ASU 2016-14), which is intended to simplify and improve not-for-profit financial reporting.

Specifically, the new guidance:

- Revises the net asset classification scheme to two classes (net assets with donor restrictions and net assets without donor restrictions) instead of the previous three, while maintaining the requirement to report total net assets and changes in the classes of and total net assets.
- Continues to allow for a choice between the direct and indirect method of reporting operating cash flows; however, presentation of the indirect reconciliation is no longer required if using the direct method.
- Enhances disclosures for:
 - Self-imposed limits on the use of resources without donor-imposed restrictions
 - Composition of net assets with donor restrictions, and how the restrictions affect the use of resources
 - Qualitative disclosures on how a not-for-profit manages its available liquid resources, to meet cash needs for general expenditures within one year of the balance sheet date
 - Quantitative disclosures that communicate the availability of financial assets to meet cash needs for general expenditures within one year of the balance sheet date.
 - Methods used to allocate costs among program and support functions

TRWIB, INC. AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Requires the presentation of expenses by nature as well as function, including an analysis of expenses showing the relationship between functional and natural classification for all expenses.
- Updates the accounting and disclosure requirements for underwater endowment funds, which include required disclosure of (1) policy concerning appropriation from underwater endowment funds, (2) the aggregate fair value of such funds, (3) the aggregate original gift amount (or level required by donor or law) to be maintained, and (4) the aggregate amount by which funds are underwater, which are to be classified as part of net assets with donor restrictions.
- Requires net presentation of investment expenses against investment return on the statement of activities and eliminates the requirement to disclose investment expenses that have been netted.
- Requires the use of, in the absence of explicit donor stipulations, the placed-in-service approach for reporting expiration of restrictions on gifts of cash or other assets to be used to acquire or construct a long-lived asset and reclassification of amounts from net assets with donor restrictions to net assets without donor restrictions for such long-lived assets that have been placed in service as of the beginning of the period of adoption (thus eliminating the current option to release the donor-imposed restrictions over the estimated useful life of the acquired asset.)

ASU 2016-14 is effective for fiscal years beginning after December 15, 2017 with early application permitted. The Organization is currently evaluating the impact this standard will have on its financial statements.

The FASB has issued ASU 2016-02, Leases (Topic 842) (ASU 2016-02), which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e., lessees and lessors). The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today. The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases and operating leases. ASU 2016-02 supersedes the previous leases standard, Leases (Topic 840). The standard is effective for fiscal years beginning after December 15, 2019, with early adoption permitted. The Organization is assessing the impact that ASU 2016-12 will have on its financial statements and corresponding disclosures.

The FASB has issued ASU No. 2014-09 Revenue from Contracts with Customers (ASU 2014-09), which requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Additionally, ASU 2014-09 (1) specifies the accounting for some costs to obtain or fulfill a contract with a customer and (2) expands disclosure requirements related to revenue and cash flows arising from contracts with customers. ASU 2014-09 is effective for annual reporting periods beginning after December 15, 2018, including interim periods within that reporting period, and permits the use of either the retrospective or cumulative effect transition method. The Organization is assessing the impact that ASU 2014-09 on its financial statements and corresponding disclosures.

TRWIB, INC. AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events - Subsequent events are defined as events or circumstances that occur after the balance sheet date, but before the financial statements are issued or are available to be issued. Management has evaluated subsequent events through December 22, 2016, the date on which the combined financial statements were available to be issued.

NOTE 3 - RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets released during the years ended June 30 consisted of the following:

	<u>2016</u>	<u>2015</u>
Learn and Earn	\$ 682,282	\$ 326,406
Pittsburgh Works	300,639	433,209
Sector Strategies	108,653	-
Place Based Strategies	<u>8,448</u>	<u>112,478</u>
	<u>\$ 1,100,022</u>	<u>\$ 872,093</u>

Temporarily restricted net assets at June 30 consist of the following:

	<u>2016</u>	<u>2015</u>
Learn and Earn	\$ 728,259	\$ 475,541
Pittsburgh Works	646,275	791,914
Regional Workforce Strategies	250,000	-
Sector Strategies	116,894	211,297
Place Based Strategies	<u>94,378</u>	<u>2,826</u>
	<u>\$ 1,835,806</u>	<u>\$ 1,481,578</u>

NOTE 4 - LEASES

The Organization leases two separate office spaces located at 650 Smithfield Street, Pittsburgh, Pennsylvania. These lease agreements run through June 30, 2016 and August 31, 2019, respectively. The agreement that expired on June 30, 2016 is currently being rented on a monthly basis. The total rent expense for the years ended June 30, 2016 and 2015 was \$84,856 and \$96,383, respectively.

TRWIB, INC. AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

NOTE 4 - LEASES (Continued)

Approximate future minimum lease payments as of June 30, 2016 are as follows:

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Amount</u>
2017	\$ 89,000
2018	80,000
2019	83,000
2020	<u>14,000</u>
	\$ <u>266,000</u>

NOTE 5 - EMPLOYEE RETIREMENT PLAN

The Organization maintains a salary reduction savings plan under IRC Section 401(k). The plan covers all full-time employees meeting certain service requirements. The Organization may make a discretionary contribution, which is divided among the participants eligible to share in the contribution for the plan year. The Organization authorized discretionary contributions of \$52,366 and \$41,253 for years ended June 30, 2016 and 2015, respectively.

NOTE 6 - RELATED-PARTY TRANSACTIONS

The Organization engages in transactions with businesses whose executives are members of the Board of Directors (Board). When these transactions are disclosed or identified, the Organization's Conflict of Interest Policy outlines the appropriate Board member restrictions.

SUPPLEMENTARY COMBINING FINANCIAL INFORMATION

TRWIB, INC. AND AFFILIATE

COMBINING STATEMENT OF FINANCIAL POSITION

JUNE 30, 2016

	<u>TRWIB, Inc.</u>	<u>RWC-SWPA</u>	<u>Eliminations</u>	<u>Combined</u>
ASSETS				
Cash and cash equivalents - unrestricted	\$ 575,181	\$ 23,005	-	\$ 598,186
Cash and cash equivalents - restricted	1,308,073	-	-	1,308,073
	<u>1,883,254</u>	<u>23,005</u>	<u>-</u>	<u>1,906,259</u>
Contractual revenue receivable	4,636,056	-	-	4,636,056
Computer software	113,510	-	-	113,510
Other assets	89,660	-	-	89,660
	<u>89,660</u>	<u>-</u>	<u>-</u>	<u>89,660</u>
Total Assets	<u>\$ 6,722,480</u>	<u>\$ 23,005</u>	<u>-</u>	<u>\$6,745,485</u>
LIABILITIES AND NET ASSETS				
LIABILITIES				
Accounts payable	\$ 3,939,706	-	-	\$3,939,706
Accrued liabilities	49,903	-	-	49,903
	<u>49,903</u>	<u>-</u>	<u>-</u>	<u>49,903</u>
Total Liabilities	3,989,609	-	-	3,989,609
NET ASSETS				
Unrestricted	897,065	\$ 23,005	-	920,070
Temporarily restricted	1,835,806	-	-	1,835,806
	<u>1,835,806</u>	<u>-</u>	<u>-</u>	<u>1,835,806</u>
Total Net Assets	<u>2,732,871</u>	<u>23,005</u>	<u>-</u>	<u>2,755,876</u>
Total Liabilities And Net Assets	<u>\$ 6,722,480</u>	<u>\$ 23,005</u>	<u>-</u>	<u>\$6,745,485</u>

See independent auditors' report on supplementary financial information.

TRWIB, INC. AND AFFILIATE

COMBINING STATEMENT OF FINANCIAL POSITION

JUNE 30, 2015

	<u>TRWIB, Inc.</u>	<u>RWC-SWPA</u>	<u>Eliminations</u>	<u>Combined</u>
ASSETS				
Cash and cash equivalents - unrestricted	\$ 210,104	\$ 23,010	-	\$ 233,114
Cash and cash equivalents - restricted	1,481,578	-	-	1,481,578
	1,691,682	23,010	-	1,714,692
Contractual revenue receivable	2,296,036	-	-	2,296,036
Other assets	15,581	-	-	15,581
	\$ 4,003,299	\$ 23,010	-	\$4,026,309
Total Assets	\$ 4,003,299	\$ 23,010	-	\$4,026,309
 LIABILITIES AND NET ASSETS				
LIABILITIES				
Accounts payable	\$ 1,725,224	-	-	\$1,725,224
Accrued liabilities	45,324	-	-	45,324
	1,770,548	-	-	1,770,548
Total Liabilities	1,770,548	-	-	1,770,548
 NET ASSETS				
Unrestricted	751,173	\$ 23,010	-	774,183
Temporarily restricted	1,481,578	-	-	1,481,578
	2,232,751	23,010	-	2,255,761
Total Net Assets	2,232,751	23,010	-	2,255,761
Total Liabilities And Net Assets	\$ 4,003,299	\$ 23,010	-	\$4,026,309

See independent auditors' report on supplementary financial information.

TRWIB, INC. AND AFFILIATE

COMBINING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2016

	<u>TRWIB, Inc.</u>		<u>RWC-SWPA</u>		<u>Eliminations</u>	<u>Combined</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>		
REVENUE AND OTHER SUPPORT						
Public funds/government grants	\$12,194,403	-	-	-	-	\$ 12,194,403
Foundation and private contributions	-	\$1,454,250	-	-	-	1,454,250
Interest income	3,449	-	-	-	-	3,449
Other income	22,388	-	-	-	-	22,388
Net assets released from restrictions	1,100,022	(1,100,022)	-	-	-	-
Total Revenue And Other Support	13,320,262	354,228	-	-	-	13,674,490
EXPENSES						
Management and general	921,797	-	\$ 5	-	-	921,802
Fundraising	3,587	-	-	-	-	3,587
Program services	12,248,986	-	-	-	-	12,248,986
Total Expenses	13,174,370	-	5	-	-	13,174,375
 Change In Net Assets	 145,892	 354,228	 (5)	 -	 -	 500,115
NET ASSETS						
Beginning of year	751,173	1,481,578	23,010	-	-	2,255,761
End of year	\$ 897,065	\$1,835,806	\$23,005	-	-	\$ 2,755,876

See independent auditors' report on supplementary financial information.

TRWIB, INC. AND AFFILIATE

COMBINING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2015

	<u>TRWIB, Inc.</u>		<u>RWC-SWPA</u>		<u>Eliminations</u>	<u>Combined</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>		
REVENUE AND OTHER SUPPORT						
Public funds/government grants	\$7,596,891	-	-	-	-	\$7,596,891
Foundation and private contributions	-	\$1,129,729	-	-	-	1,129,729
Interest income	2,465	-	-	-	-	2,465
Other income	2,168	-	-	-	-	2,168
Net assets released from restrictions	872,093	(872,093)	-	-	-	-
Total Revenue And Other Support	8,473,617	257,636	-	-	-	8,731,253
EXPENSES						
Management and general	576,370	-	\$ 16	-	-	576,386
Program services	7,923,303	-	-	-	-	7,923,303
Total Expenses	8,499,673	-	16	-	-	8,499,689
 Change In Net Assets	 (26,056)	 257,636	 (16)	 -	 -	 231,564
NET ASSETS						
Beginning of year	777,229	1,223,942	23,026	-	-	2,024,197
End of year	<u>\$ 751,173</u>	<u>\$1,481,578</u>	<u>\$23,010</u>	<u>-</u>	<u>-</u>	<u>\$2,255,761</u>

See independent auditors' report on supplementary financial information.

TRWIB, INC. AND AFFILIATE

COMBINED SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2016
 (With Comparative Totals for the Year Ended June 30, 2015)

	Management and General	Fundraising	Program Services	Total	
				2016	2015
Project costs	-	-	\$11,125,538	\$ 11,125,538	\$6,767,440
Salaries and wages	\$417,274	\$ 2,904	861,180	1,281,358	1,061,132
Benefits	43,752	320	108,297	152,369	141,870
Payroll tax expense	32,345	221	71,442	104,008	87,749
Accounting	88,182	-	1,100	89,282	38,408
Rent	78,756	-	6,100	84,856	96,383
Retirement	14,723	142	37,501	52,366	41,253
Temporary service	45,192	-	2,257	47,449	26,777
Materials and supplies	38,812	-	3,821	42,633	36,546
Legal	27,651	-	8,771	36,422	20,930
Meeting expense	11,681	-	11,587	23,268	20,011
Technology/network	22,551	-	-	22,551	17,667
Travel	17,030	-	3,885	20,915	34,488
Memberships	17,615	-	-	17,615	14,760
Insurance	16,485	-	-	16,485	9,781
Equipment expense	13,603	-	2,849	16,452	18,677
Telephone	11,566	-	3,098	14,664	16,793
Staff administration	12,823	-	-	12,823	9,991
Training	5,462	-	600	6,062	5,291
Communication	3,517	-	437	3,954	13,165
Bank fees	1,942	-	523	2,465	783
Publications	840	-	-	840	514
Contracted services	-	-	-	-	19,280
	<u>\$921,802</u>	<u>\$ 3,587</u>	<u>\$12,248,986</u>	<u>\$ 13,174,375</u>	<u>\$8,499,689</u>

See independent auditors' report on supplementary financial information.

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TRWIB, INC. AND AFFILIATE

DETAIL OF COMBINED SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2016

			Program Services			
	Management and General	Fundraising	City of Pittsburgh WIOA	Allegheny County WIOA	Temporary Assistance for Needy Families	Workforce Innovation Grant
Project costs	-	-	\$3,764,806	\$4,221,674	\$ 1,434,439	\$ 51,500
Salaries and wages	\$ 417,274	\$ 2,904	223,880	219,980	24,774	-
Benefits	43,752	320	20,069	29,501	3,385	-
Payroll tax expense	32,345	221	19,989	18,080	2,049	-
Accounting	88,182	-	550	550	-	-
Rent	78,756	-	-	-	-	-
Retirement	14,723	142	6,849	10,860	1,235	-
Temporary service	45,192	-	-	-	-	-
Materials and supplies	38,812	-	3	3	-	21
Legal	27,651	-	2,515	639	-	-
Meeting expense	11,681	-	1,215	2,297	70	-
Technology/network	22,551	-	-	-	-	-
Travel	17,030	-	832	2,109	65	-
Memberships	17,615	-	-	-	-	-
Insurance	16,485	-	-	-	-	-
Equipment expense	13,603	-	-	-	-	-
Telephone	11,566	-	-	-	-	-
Staff administration	12,823	-	-	-	-	-
Training	5,462	-	-	-	-	-
Communication	3,517	-	-	-	-	-
Bank fees	1,942	-	38	59	-	-
Publications	840	-	-	-	-	-
Contracted services	-	-	-	-	-	-
	<u>\$ 921,802</u>	<u>\$ 3,587</u>	<u>\$4,040,746</u>	<u>\$4,505,752</u>	<u>\$ 1,466,017</u>	<u>\$ 51,521</u>

Program Services

Sector Strategies	Learn and Earn	Place Based Strategies	Pittsburgh Works	Program Services Total	Total
\$ 73,880	\$1,320,370	\$ 83,264	\$ 175,605	\$ 11,125,538	\$11,125,538
24,228	212,923	13,835	141,560	861,180	1,281,358
1,996	32,946	1,702	18,698	108,297	152,369
1,871	17,327	1,119	11,007	71,442	104,008
-	-	-	-	1,100	89,282
-	6,100	-	-	6,100	84,856
1,188	9,965	664	6,740	37,501	52,366
-	2,257	-	-	2,257	47,449
-	3,434	-	360	3,821	42,633
-	5,113	-	504	8,771	36,422
-	6,146	259	1,600	11,587	23,268
-	-	-	-	-	22,551
-	566	-	313	3,885	20,915
-	-	-	-	-	17,615
-	-	-	-	-	16,485
-	2,849	-	-	2,849	16,452
-	3,098	-	-	3,098	14,664
-	-	-	-	-	12,823
-	-	-	600	600	6,062
-	151	-	286	437	3,954
-	426	-	-	523	2,465
-	-	-	-	-	840
-	-	-	-	-	-
\$ 103,163	\$1,623,671	\$ 100,843	\$ 357,273	\$ 12,248,986	\$13,174,375

See independent auditors' report on supplementary financial information.

TRWIB, INC. AND AFFILIATE

DETAIL OF COMBINED SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2015

	Program Services					
	Management and General	PA Dept. of Labor & Industry	City of Pittsburgh WIA	Allegheny County WIA	Temporary Assistance for Needy Families	Workforce Innovation Grant
Project costs	\$ 8,420	\$ 93,054	\$1,679,109	\$2,427,425	\$ 1,155,566	\$1,079,750
Salaries and wages	138,086	7,814	157,568	303,024	63,603	32,616
Benefits	90,164	-	9,348	27,338	4,559	479
Rent	76,551	-	-	-	-	-
Payroll tax expense	11,997	-	11,148	24,154	5,084	2,596
Retirement	8,461	-	6,348	14,503	3,014	989
Accounting	27,108	-	2,825	2,825	5,650	-
Materials and supplies	28,681	-	75	80	-	-
Travel	29,907	-	278	278	399	904
Temporary service	26,777	-	-	-	-	-
Legal	20,930	-	-	-	-	-
Meeting expense	15,168	-	221	194	392	-
Contracted services	1,350	-	-	-	-	-
Equipment expense	13,150	-	-	-	-	-
Technology/network	16,955	-	-	-	-	-
Telephone	14,252	-	-	-	-	-
Memberships	13,550	-	-	-	-	-
Communication	11,149	-	-	-	-	-
Staff administration	9,666	-	-	-	-	-
Insurance	9,781	-	-	-	-	-
Training	3,753	-	-	-	-	-
Bank fees	16	-	-	-	-	-
Publications	514	-	-	-	-	-
	<u>\$ 576,386</u>	<u>\$100,868</u>	<u>\$1,866,920</u>	<u>\$2,799,821</u>	<u>\$ 1,238,267</u>	<u>\$1,117,334</u>

Program Services						
Sector Strategies	Learn and Earn	Place Based Strategies	Pittsburgh Works	Unrestricted Administrative Funds	Program Services Total	Total
-	\$ 98,463	\$ 11,628	\$231,525	\$ (17,500)	\$6,759,020	\$6,767,440
\$ 14,324	112,739	68,227	127,553	35,578	923,046	1,061,132
(299)	4,590	806	6,372	(1,487)	51,706	141,870
-	725	-	-	19,107	19,832	96,383
1,955	9,766	6,238	11,246	3,565	75,752	87,749
1,105	3,733	3,299	6,106	(6,305)	32,792	41,253
-	-	-	-	-	11,300	38,408
-	4,157	953	-	2,600	7,865	36,546
-	687	-	2,074	(39)	4,581	34,488
-	-	-	-	-	-	26,777
-	-	-	-	-	-	20,930
-	2,023	10	418	1,585	4,843	20,011
-	12,300	4,646	984	-	17,930	19,280
-	5,527	-	-	-	5,527	18,677
-	712	-	-	-	712	17,667
-	2,541	-	-	-	2,541	16,793
-	-	-	1,100	110	1,210	14,760
-	138	-	1,878	-	2,016	13,165
-	225	100	-	-	325	9,991
-	-	-	-	-	-	9,781
-	-	-	769	769	1,538	5,291
-	-	-	-	767	767	783
-	-	-	-	-	-	514
\$ 17,085	\$ 258,326	\$ 95,907	\$390,025	\$ 38,750	\$7,923,303	\$8,499,689

See independent auditors' report on supplementary financial information.

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REPORTING UNDER *GOVERNMENT AUDITING STANDARDS* AND THE UNIFORM GUIDANCE



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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

To the Board of Directors
TRWIB, Inc. and Affiliate
Pittsburgh, Pennsylvania

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 combined financial statements of TRWIB, Inc. and Affiliate (Organization), which comprise the combined statement of financial position as of June 30, 2016 and the related combined statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the combined financial statements, and have issued our report thereon dated December 22, 2016.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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 might exist that have not been identified.

Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Schneider Downs & Co., Inc.

Pittsburgh, Pennsylvania
December 22, 2016

TRWIB, INC. AND AFFILIATE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
Department of Labor Direct Programs				
Workforce Innovation Fund	17.283	N/A	\$ 51,500	\$ 51,831
Reentry Employment Opportunities	17.270	N/A	-	390
Sub-Total Department Of Labor Direct Programs			51,500	52,221
WIA/WIOA Cluster				
Department of Labor Pass-Through Programs				
Pennsylvania Department of Labor and Industry				
WIA/WIOA Adult Program	17.258	005-14-3001	23,554	36,177
WIA/WIOA Adult Program	17.258	005-14-3011	353,000	474,162
WIA/WIOA Adult Program	17.258	005-14-3013	551,788	583,450
WIA/WIOA Adult Program	17.258	005-15-3001	114,021	126,690
WIA/WIOA Adult Program	17.258	005-15-3011	625,043	717,077
WIA/WIOA Adult Program	17.258	095-14-3001	-	5,334
WIA/WIOA Adult Program	17.258	095-14-3011	189,097	267,648
WIA/WIOA Adult Program	17.258	095-14-3013	660,586	725,636
			2,517,089	2,936,174
WIA/WIOA Youth Activities	17.259	005-14-3301	1,349,890	1,496,424
WIA/WIOA Youth Activities	17.259	005-14-3341	79,841	92,082
WIA/WIOA Youth Activities	17.259	005-15-3301	356,411	466,949
WIA/WIOA Youth Activities	17.259	095-15-3301	642,837	788,063
WIA/WIOA Youth Activities	17.259	095-14-3301	980,563	1,053,063
			3,409,542	3,896,581
WIA/WIOA Dislocated Worker Formula Grants	17.278	005-13-4051	7,507	8,101
WIA/WIOA Dislocated Worker Formula Grants	17.278	005-13-4161	3,174	3,174
WIA/WIOA Dislocated Worker Formula Grants	17.278	005-14-4001	1,240	23,024
WIA/WIOA Dislocated Worker Formula Grants	17.278	005-14-4011	246,698	344,894
WIA/WIOA Dislocated Worker Formula Grants	17.278	005-14-4152	-	58,059
WIA/WIOA Dislocated Worker Formula Grants	17.278	005-14-4155	95,714	98,772
WIA/WIOA Dislocated Worker Formula Grants	17.278	005-15-4001	171,945	205,011
WIA/WIOA Dislocated Worker Formula Grants	17.278	005-15-4011	42,222	52,560
WIA/WIOA Dislocated Worker Formula Grants	17.278	005-15-4052	2,200	2,200
WIA/WIOA Dislocated Worker Formula Grants	17.278	005-15-4152	-	80,123
WIA/WIOA Dislocated Worker Formula Grants	17.278	095-13-4160	819,656	1,096,926
WIA/WIOA Dislocated Worker Formula Grants	17.278	095-13-4161	11,325	11,395
WIA/WIOA Dislocated Worker Formula Grants	17.278	095-14-4001	77,138	101,984
Sub-Total WIA/WIOA Dislocated Worker Formula Grants			1,478,819	2,086,223
Sub-Total WIA/WIOA Cluster			7,405,450	8,918,978

See accompanying schedule of expenditures of federal awards.

TRWIB, INC. AND AFFILIATE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016

(Continued)

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
Balance Forward WIA/WIOA Cluster			\$ 7,405,450	\$ 8,918,978
Balance Forward WIA/WIOA Dislocated Worker Formula Grants			1,478,819	2,086,223
WIA/WIOA Dislocated Worker Formula Grants	17.278	095-14-4011	90,055	94,177
WIA/WIOA Dislocated Worker Formula Grants	17.278	095-14-4152	-	36,620
WIA/WIOA Dislocated Worker Formula Grants	17.278	095-14-4155	33,536	33,536
WIA/WIOA Dislocated Worker Formula Grants	17.278	095-15-4001	89,566	99,021
WIA/WIOA Dislocated Worker Formula Grants	17.278	095-15-4011	10,724	10,724
WIA/WIOA Dislocated Worker Formula Grants	17.278	095-15-4152	-	72,978
Total WIA/WIOA Dislocated Worker Formula Grants			<u>1,702,700</u>	<u>2,433,279</u>
Total WIA/WIOA Cluster			<u>7,629,331</u>	<u>9,266,034</u>
WIOA National Dislocated Worker Grants/ WIA National Emergency Grants	17.277	005-14-7200	49,531	53,739
WIOA National Dislocated Worker Grants/ WIA National Emergency Grants	17.277	095-14-7200	17,260	21,495
WIOA National Dislocated Worker Grants/ WIA National Emergency Grants	17.277	095-15-5100	-	33,382
			<u>66,791</u>	<u>108,616</u>
Workforce Innovation Fund	17.283	005-15-2100	2,348	2,348
Workforce Innovation Fund	17.283	005-15-2101	-	1,059
			<u>2,348</u>	<u>3,407</u>
Sub-Total Department Of Labor Pass-Through Programs			<u>7,698,470</u>	<u>9,378,057</u>
Total Department Of Labor			7,749,970	9,430,278
Department of Health and Human Services Pass-Through Programs				
Pennsylvania Department of Labor and Industry				
Temporary Assistance for Needy Families	93.558	005-14-3362	192,603	206,918
Temporary Assistance for Needy Families	93.558	005-15-3361	514,087	575,812
Temporary Assistance for Needy Families	93.558	005-15-3362	61,004	61,004
Temporary Assistance for Needy Families	93.558	095-14-3362	210,912	210,912
Temporary Assistance for Needy Families	93.558	095-15-3361	307,182	366,080
Temporary Assistance for Needy Families	93.558	095-15-3362	131,836	131,836
Total Department of Health and Human Services			<u>1,417,624</u>	<u>1,552,562</u>
Corporation for National and Community Service Pass-Through Programs				
Jobs for the Future, Inc.				
Social Innovation Fund	94.019	14-048	51,218	103,804
Total Expenditures Of Federal Awards			<u>\$ 9,218,812</u>	<u>\$ 11,086,644</u>

See accompanying schedule of expenditures of federal awards.

TRWIB, INC. AND AFFILIATE

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 1 - BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal grant activity of TRWIB, Inc. and Affiliate (Organization) under programs of the federal government for the year ended June 30, 2016. 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 the Organization, it is not intended to and does not present the financial position, activities or cash flows of the Organization.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICY

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. Pass-through entity identifying numbers are presented where available.

NOTE 3 - INDIRECT COST RATE

The Organization has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 4 - RECONCILIATION

A reconciliation between the total expenditures of federal awards and total public funds/government grants revenue is as follows:

Public funds/government grants revenue	\$ 12,194,403
Non-federal revenue	<u>(1,107,759)</u>
Total expenditures of federal awards	\$ <u>11,086,644</u>

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

To the Board of Directors
TRWIB, Inc. and Affiliate
Pittsburgh, Pennsylvania

Report on Compliance for Each Major Federal Program

We have audited the compliance of TRWIB, Inc. and Affiliate (Organization) with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2016. The Organization's major federal 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 federal statutes, regulations and the terms and conditions of its federal awards applicable to its programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

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Report on Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

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

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

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

Schneider Downs & Co., Inc.

Pittsburgh, Pennsylvania
December 22, 2016

TRWIB, INC. AND AFFILIATE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements:

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards:

Internal control over major federal programs:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified? _____ yes X none reported

Type of auditors' report on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes X no

Identification of major federal programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
17.258, 17.259, 17.278	WIA/WIOA Cluster
93.558	Temporary Assistance for Needy Families

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? _____ yes X no

See independent auditors' report on compliance.

TRWIB, INC. AND AFFILIATE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2016

(Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS

This section identifies the significant deficiencies, material weaknesses, fraud, noncompliance with provisions of laws, regulations, contracts and grant agreements, and abuse related to the financial statements for which *Government Auditing Standards* requires reporting.

There were no findings in the current year required to be reported in accordance with *Government Auditing Standards*.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

This section identifies the audit findings required to be reported by 2 CFR 200.516(a), including significant deficiencies, material weaknesses, and material instances of noncompliance, including questioned costs and material abuse.

There were no findings noted in the current year that are required to be reported in accordance with 2 CFR 200.516(a).

See independent auditors' report on compliance.

TRWIB, INC. AND AFFILIATE

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2016

This section identifies the reportable conditions, material weakness, significant deficiency and instances of noncompliance related to the financial statements that were required to be reported in accordance with *Government Auditing Standards* and OMB Circular A-133 in the prior year.

Finding Number	Finding	Status
2015-001	The Organization requested a reimbursement using an estimate that was significantly higher than the actual costs incurred.	No similar finding was noted for the year ended June 30, 2016.
2015-002	The same expenses were used to support two separate requests for reimbursement under two different programs.	No similar finding was noted for the year ended June 30, 2016.

See independent auditors' report on compliance.

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