



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

B38343

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2765

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

January 13, 2011

Board of Directors
The Center of Workforce Innovations, Inc.
2804 Boilermaker Court, Ste. E.
Valparaiso, IN 46383

We have reviewed the audit report prepared by Comer, Nowling and Associates, PC, Independent Public Accountants, for the period July 1, 2008 to June 30, 2009. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountants' opinion, the financial statements included in the report present fairly the financial condition of The Center of Workforce Innovations, Inc., as of June 30, 2009, and the results of its operations for the period then ended, on the basis of accounting described in the report.

The Independent Public Accountants' report is filed with this letter in our office as a matter of public record.

STATE BOARD OF ACCOUNTS

**The Center of Workforce
Innovations, Inc.**

**Financial Statements
For The Years Ended
June 30, 2009 and 2008
(With Single Audit Section)**



Certified Public Accountants

THE CENTER OF WORKFORCE INNOVATIONS, INC.

FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

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Independent Auditor's Report

To the Board of Directors of
The Center of Workforce Innovations, Inc.
Valparaiso, Indiana

We have audited the accompanying statements of financial position of The Center of Workforce Innovations, Inc. (a nonprofit organization) as of June 30, 2009 and 2008, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Center of Workforce Innovations, Inc. as of June 30, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 19, 2010, on our consideration of The Center of Workforce Innovations, Inc.'s internal control over financial reporting and 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 the internal control over the financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of The Center of Workforce Innovations, Inc. taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated, in all material aspects, in relation to the basic financial statements taken as a whole.

Comer, Nowling And Associates, P.C.

Comer, Nowling And Associates, P.C.

March 19, 2010

THE CENTER OF WORKFORCE INNOVATIONS, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2009 AND 2008

ASSETS		2009	2008
CURRENT ASSETS:			
Cash		\$ 580,691	\$ 331,636
Investments - certificates of deposit		522,120	507,048
Grants receivable		718,650	933,419
Accounts receivable		47,865	7,358
Prepaid expenses		-	200
Total current assets		1,869,326	1,779,661
Total assets		\$ 1,869,326	\$ 1,779,661

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:			
Accounts payable		\$ 137,414	\$ 118,720
Accrued payroll and related expenses		85,209	54,712
Grant funds received in advance		255,952	132,790
Due to service providers		614,904	673,945
Total current liabilities		1,093,479	980,167
NET ASSETS:			
Unrestricted		775,847	799,494
Total liabilities and unrestricted net assets		\$ 1,869,326	\$ 1,779,661

See accompanying notes to financial statements.

THE CENTER OF WORKFORCE INNOVATIONS, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

	2009		
	Unrestricted	Temporarily Restricted	Total
REVENUE AND OTHER SUPPORT			
Federal grant and contract revenue	\$ -	\$ 9,289,927	\$ 9,289,927
Non-federal grant and contract income	-	103,999	103,999
Program income	-	3,764	3,764
Other income	39,440	-	39,440
	<u>39,440</u>	<u>9,397,690</u>	<u>9,437,130</u>
Net assets released from restrictions through satisfaction of program restrictions	9,397,690	(9,397,690)	-
Total revenue, other support and net assets released from restrictions	<u>9,437,130</u>	<u>-</u>	<u>9,437,130</u>
OPERATING EXPENSES			
Adult	3,664,510	-	3,664,510
Youth	2,628,553	-	2,628,553
Dislocated Worker	576,791	-	576,791
Strategic Skills Initiative	263,423	-	263,423
NER	-	-	-
Rapid Response	228,098	-	228,098
Integrate Services	314,878	-	314,878
Career Advancement	260,696	-	260,696
Multiple Educations Blueprint	248,071	-	248,071
Other	544,154	-	544,154
Management and general	731,603	-	731,603
Total operating expenses	<u>9,460,777</u>	<u>-</u>	<u>9,460,777</u>
INCREASE (DECREASE) IN NET ASSETS	(23,647)	-	(23,647)
NET ASSETS - BEGINNING OF YEAR	799,494	-	799,494
NET ASSETS - END OF YEAR	<u>\$ 775,847</u>	<u>\$ -</u>	<u>\$ 775,847</u>

See accompanying notes to financial statements.

2008		
Unrestricted	Temporarily Restricted	Total
\$ -	\$ 8,221,430	\$ 8,221,430
-	104,641	104,641
-	21,491	21,491
29,097	-	29,097
29,097	8,347,562	8,376,659
8,347,562	(8,347,562)	-
8,376,659	-	8,376,659
3,301,414	-	3,301,414
2,369,278	-	2,369,278
693,890	-	693,890
368,837	-	368,837
110,684	-	110,684
154,409	-	154,409
212,475	-	212,475
-	-	-
-	-	-
472,025	-	472,025
697,699	-	697,699
8,380,711	-	8,380,711
(4,052)	-	(4,052)
803,546	-	803,546
\$ 799,494	\$ -	\$ 799,494

THE CENTER OF WORKFORCE INNOVATIONS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Adult</u>	<u>Youth</u>	<u>Dislocated Worker</u>	<u>SSI</u>	<u>Rapid Response</u>
OPERATING EXPENSES					
Salaries and benefits	\$ 211,855	\$ 126,020	\$ 48,290	\$ 67,309	\$ 7,456
Operating expenses	34,284	21,974	8,867	11,924	2,218
Operating supplies	19,295	11,518	3,109	2,806	429
Purchased services	63,199	46,112	16,875	111,323	534
Service provider expense	3,335,257	2,417,785	499,445	-	217,299
Miscellaneous	620	5,144	205	70,061	162
Total operating expenses	<u>\$ 3,664,510</u>	<u>\$2,628,553</u>	<u>\$ 576,791</u>	<u>\$263,423</u>	<u>\$228,098</u>

See accompanying notes to financial statements.

<u>IS</u>	<u>Career Advancement</u>	<u>MBP</u>	<u>Other</u>	<u>Management & General</u>	<u>2009 Total</u>
\$ -	\$ 1,087	\$ 18,620	\$ 84,273	\$ 429,407	\$ 994,317
19,312	249	8,844	15,191	79,403	202,266
278	-	983	57,131	98,112	193,661
1,253	-	219,615	277,676	119,584	856,171
294,035	11,375	-	99,360	-	6,874,556
-	247,985	9	10,523	5,097	339,806
<u>\$ 314,878</u>	<u>\$ 260,696</u>	<u>\$ 248,071</u>	<u>\$ 544,154</u>	<u>\$ 731,603</u>	<u>\$ 9,460,777</u>

**THE CENTER OF WORKFORCE INNOVATIONS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2008**

	Adult	Youth	Dislocated Worker	SSI	NER
OPERATING EXPENSES					
Salaries and benefits	\$ 113,274	\$ 142,845	\$ 97,452	\$ 42,889	\$ -
Operating expenses	13,587	19,597	13,926	8,077	-
Operating supplies	20,518	29,729	21,510	18,872	-
Purchased services	54,168	63,127	50,900	296,409	-
Service provider expense	3,099,726	2,113,818	509,954	-	110,684
Miscellaneous	141	162	148	2,590	-
Loss on sale of vehicle	-	-	-	-	-
Total operating expenses	<u>\$ 3,301,414</u>	<u>\$2,369,278</u>	<u>\$ 693,890</u>	<u>\$368,837</u>	<u>\$ 110,684</u>

See accompanying notes to financial statements.

<u>IS</u>	<u>Rapid Response</u>	<u>Other</u>	<u>Management & General</u>	<u>2008 Total</u>
\$ -	\$ 42,015	\$ 89,367	\$ 402,253	\$ 930,095
-	10,285	21,119	73,750	160,341
-	2,927	196,354	84,361	374,271
-	99,127	46,605	122,653	732,989
212,475	-	91,934	-	6,138,591
-	55	26,646	8,371	38,113
-	-	-	6,311	6,311
<u>\$ 212,475</u>	<u>\$154,409</u>	<u>\$ 472,025</u>	<u>\$ 697,699</u>	<u>\$ 8,380,711</u>

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THE CENTER OF WORKFORCE INNOVATIONS, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (23,647)	\$ (4,052)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation expense	-	4,253
Loss on sale of vehicle	-	6,311
Increase (decrease) in cash from changes in:		
Grants receivable	214,769	(168,240)
Accounts receivable	(40,507)	(3,924)
Accounts payable	18,694	(49,927)
Prepaid expenses	200	(200)
Accrued payroll and related expenses	30,497	15,549
Grant funds received in advance	123,162	82,015
Due to service providers	(59,041)	94,123
Net cash provided by (used in) operating activities	264,127	(24,092)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Increase in investments	(15,072)	81,023
Sale of fixed assets	-	7,321
Net cash provided by (used in) investing activities	(15,072)	88,344
CASH, BEGINNING OF YEAR	331,636	267,384
CASH, END OF YEAR	\$ 580,691	\$ 331,636

See accompanying notes to financial statements.

THE CENTER OF WORKFORCE INNOVATIONS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

The Center of Workforce Innovations, Inc. (CWI or the "Organization"), a Workforce Investment Board, was organized as a nonprofit corporation in 2000. CWI works with individuals in Jasper, Lake, Laporte, Newton, Porter, Pulaski, and Starke counties in Indiana. The Organization is primarily supported through federal and state grants. Approximately 98% of the funding is federal pass-through received from the State of Indiana Department of Workforce Development (DWD).

BASIS OF ACCOUNTING

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

FINANCIAL STATEMENT PRESENTATION

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, The Center of Workforce Innovations, Inc. 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. A description of the unrestricted, temporarily and permanently restricted net asset classes follows:

Unrestricted net assets represent the portion of net assets of The Center of Workforce Innovations, Inc. that is neither permanently restricted nor temporarily restricted by donor-imposed stipulations. Unrestricted net assets include expendable funds available for the support of the Organization.

Temporarily restricted net assets represent contributions and other inflows of assets whose use by The Center of Workforce Innovations, Inc. is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations.

Temporarily restricted net assets also include, pursuant to Indiana law, cumulative appreciation and reinvested gains on permanently restricted net assets, which has not been appropriated by the Board of Directors.

Permanently restricted net assets represent contributions and other inflows of assets whose use by The Center of Workforce Innovations, Inc. is limited by

THE CENTER OF WORKFORCE INNOVATIONS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

FINANCIAL STATEMENT PRESENTATION (continued)

donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

The classification of temporarily restricted net assets includes grant awards as the grant funds are restricted to specific programs/expenses as defined in the awards. Also included in temporarily restricted net assets is program income that is generated as part of the grant activity. When expenses are incurred against grant funds and related program income, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of revenue, expenses, and changes in net assets as net assets released from restriction.

As of June 30, 2009 and 2008, the Organization did not have temporarily restricted or permanently restricted net assets.

INCOME TAX STATUS

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

REVENUE RECOGNITION

The Organization receives grants from the State of Indiana (State) to carry out certain program activities. The grants are received under contracts that require the Organization to submit to the State appropriate records of services provided to eligible individuals and/or expenses incurred. Revenues under the contracts are recognized as the services are provided and/or expenses incurred. Amounts received or receivable in excess of expenses incurred are reflected as grant funds received in advance.

ACCOUNTS RECEIVABLE

Accounts receivable are amounts due from various one-stop partners and other customers. Based on collection history, amounts have been deemed as fully collectible and no allowance for uncollectible accounts has been recorded.

INVESTMENTS

The Organization's investments consist of certificates of deposit with maturities ranging from six months to two years. They are carried at fair value.

THE CENTER OF WORKFORCE INNOVATIONS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

NOTE 1 – SUMMARY NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

PROPERTY AND EQUIPMENT

Property and equipment purchased with corporate funds are capitalized at cost and depreciated over their estimated useful life using the straight-line method. The Organization considers property and equipment to be items with a cost of \$500 or more and useful life of greater than one year. As of June 30, 2009 and 2008, there were no property and equipment purchased with corporate funds.

Property and equipment purchased with grant funds is held in trust by each respective entity for the benefit of the People of the State of Indiana while used in the program for which it was purchased or in other future authorized programs and therefore not recorded in these financial statements. Its disposition, as well as the ownership of any proceeds there from, is subject to funding source regulations. As of June 30, 2009 and 2008, the cumulative cost of equipment purchased with grant funds is \$110,202 and \$114,911, respectively.

EXPENSE ALLOCATION

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses.

CONTRIBUTED SERVICES

Contributions of services are recognized as revenue at their estimated fair value only when the services received create or enhance non-financial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated. No amounts have been reflected in the financial statements for donated services.

THE CENTER OF WORKFORCE INNOVATIONS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

CONTRIBUTED SERVICES (continued)

The Organization pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs, solicitations, and various committee assignments.

COST ALLOCATION

Joint costs are allocated to benefiting programs throughout the year using employee direct labor hours. Joint costs are those costs incurred for the common benefit of all agency programs, which cannot be readily identified with a final cost objective.

STATEMENT OF FINANCIAL ACCOUNTING STANDARD NO. 144

SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*, requires that long-lived assets and certain identifiable intangibles held and used by an entity be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. SFAS No. 144 has not materially affected the Organization's net change in unrestricted net assets, statement of financial position or statement of cash flows.

ADOPTION OF NEW ACCOUNTING STANDARDS

FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* (FIN 48), issued July 2006, was effective as of January 1, 2007. The Organization has elected to defer adoption of FIN 48, in accordance with the provisions of FASB Staff Position No. FIN 48-3, which permits certain nonpublic enterprises to delay adoption until fiscal years beginning after December 15, 2008.

Upon adoption of FIN 48, the Organization will recognize a tax benefit only if it is more likely than not the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized will be the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the more-likely-than-not test, no tax benefit will be recorded. Currently, the Organization accounts for contingencies associated with certain tax positions in accordance with SFAS No. 5, *Accounting for Contingencies*, which provides the recording of a contingency based on the probability of certain events to transpire that range from probable to remote as opposed to applying a more likely than not recognition threshold. The Organization has examined this issue and has determined there are no material contingent tax liabilities.

THE CENTER OF WORKFORCE INNOVATIONS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ADOPTION OF NEW ACCOUNTING STANDARDS (continued)

In 2006, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 157, *Fair Value Measurements* (SFAS No. 157). SFAS No. 157 defines fair value, provides enhanced guidance for using fair value to measure assets and liabilities under current U.S. GAAP standards and expands the disclosure of the methods used and the effect of fair value measurements on earnings.

The Organization adopted applicable portions of this standard for the year ended June 30, 2009. Additional disclosure is provided in Note 7.

SUBSEQUENT EVENTS

Subsequent events have been evaluated through March 19, 2010, which is the date the financial statements were available to be issued.

NOTE 2 – CONCENTRATIONS OF RISK

The Organization maintains cash balances and certificates of deposit at four banks. The bank accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 as of June 30, 2009 and \$100,000 as of June 30, 2008. The total uninsured balances in these accounts were \$483,685 and \$542,452 at June 30, 2009 and 2008, respectively.

Financial awards from federal, state and local governmental entities in the form of grants are subject to financial and compliance audits by funding agencies. Such audits could result in claims against the Organization for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date.

NOTE 3 – GRANTS RECEIVABLE

Grants receivable consists of amounts due from Indiana Department of Workforce Development for expenses incurred. Grants receivable consisted of the following:

As of June 30,:	<u>2009</u>	<u>2008</u>
Indiana Department of Workforce Development	\$ <u>718,650</u>	\$ <u>933,419</u>

THE CENTER OF WORKFORCE INNOVATIONS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

NOTE 4 – RETIREMENT PLAN

The Organization has a retirement plan that covers all employees who have completed two years of service and have worked 1,040 service hours in the designated six-month period and are at least 18 years old. The retirement benefits vest immediately. Employer contributions are made at the discretion of the Board and are up to 7% of participating employees' annual compensation. The contribution for the years ended June 30, 2009 and 2008 was \$32,205 and \$27,719, respectively.

NOTE 5 – OPERATING LEASES

The Organization leases various facilities and equipment for operation of its programs. Rent expense for the years ended June 30, 2009 and 2008 was \$154,034 and \$39,484, respectively. Future minimum lease payments on leases having non-cancelable terms beyond June 30, 2009 amounts to \$68,508, which is payable in 2010.

NOTE 6 – RECLASSIFICATIONS

Certain amounts in the 2008 financial statements have been reclassified to conform to the 2009 presentation.

NOTE 7 - FAIR VALUE OF FINANCIAL INSTRUMENTS

Statement of Financial Accounting Standard No. 157, *Fair Value Measurements* (SFAS No. 157), defines fair value as the price that would be received for an asset or paid to transfer a liability (an exit price) in the Organization's principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

SFAS No. 157 establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

THE CENTER OF WORKFORCE INNOVATIONS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

NOTE 7 - FAIR VALUE OF FINANCIAL INSTRUMENTS

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement the entire fair value measurement in the hierarchy.

The Organization maintains certificates of deposit as described in Note 1, which is classified as a Level 1 investment.

NOTE 8 - STATE REORGANIZATION PLAN

Effective in the fiscal year beginning July 1, 2006, the State of Indiana changed the infrastructure of workforce development throughout the state. The change included organizing the State into two Workforce Investment Boards (WIBs) overseen by the Governor of Indiana. The first WIB was established for Marion County, Indiana. The second was established for the remainder of the State and consists of eleven (11) regions with regional boards created to oversee work performed within each region. Northwest Indiana was organized into a seven county region including: Lake, Porter, LaPorte, Starke, Newton, Jasper and Pulaski counties. The previous WIBs were dissolved (except for Marion County) and new regional boards were appointed to oversee the new seven county regional strategy. The new regional boards are responsible for competitively procuring regional operators to support the work of the new boards and to oversee the WorkOne system and fiscal agents within each region. These regional operators then competitively procure the service providers for each area. The Organization was selected as the regional operator and fiscal agent for Northwest Indiana.

SINGLE AUDIT SECTION

THE CENTER OF WORKFORCE INNOVATIONS, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2009

FEDERAL GRANTOR AGENCY	Federal	Grant or	
Passthrough Agency	CFDA	Identifying	Federal
Program Title	Number	Number	Expenditures
U.S. DEPARTMENT OF LABOR			
Passed through the Indiana Department of Workforce Development (DWD), the Northwest Indiana Workforce Investment Board, Inc.:			
Business Consultant	17.207	BC-8-01	\$ 13,965
Integrated Employment and Training Services	17.207	IS-8-01	<u>319,291</u>
			<u>333,256</u>
WIA Adult Program	17.258	RWB-7/8-01	4,010,323
WIA Youth Program	17.259	RWB-7/8-01	2,877,187
ARRA Youth Program--YHCC	17.259	ARRA-8-01	12,677
WIA Dislocated Worker Program	17.260	RWB-7/8-01	635,004
National Emergency Grant (NEG)	17.260	ATA-8-01	20,441
Communities at Work	17.260	DR-8-01	290,662
Rapid Response	17.258	RR-8-01	228,087
Indiana Strategic Skills Initiative	17.260	SSI-6-01	299,889
Subtotal--WIA Cluster			<u>8,374,270</u>
Career Advancement Account	17.258/.261	CAA-6-01	277,964
Navigator	17.260/.266	NAV-8-01	32,641
Passed through the City of Gary:			
Multiple Educations Blueprint	17.261	MEP	<u>271,796</u>
Total Expenditures of Federal Awards			<u><u>\$ 9,289,927</u></u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

**THE CENTER OF WORKFORCE INNOVATIONS, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2009**

Note 1 – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of The Center of Workforce Innovations, Inc. and is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2 – Sub-recipients

The Center of Workforce Innovations, Inc. provided federal awards to sub-recipients as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided</u>
Workforce Investment Act:		
Adult Program	17.258	\$ 3,335,257
Youth Program	17.259	2,417,785
ARRA Youth Program	17.259	12,394
Dislocated Worker Program	17.260	499,445
NEG	17.260	18,410
Communities at Work	17.260	11,972
Rapid Response	17.260	<u>217,299</u>
Subtotal WIA Cluster		6,512,562
Integrated Services	17.207	294,035
Navigator	17.260/.266	29,436
Career Advancement	17.258/.261	<u>11,375</u>
Total		<u>\$ 6,847,408</u>

**THE CENTER OF WORKFORCE INNOVATIONS, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2009**

No matters were reported for the year ended June 30, 2008.



**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
The Center of Workforce Innovations, Inc.
Valparaiso, Indiana

We have audited the financial statements of The Center of Workforce Innovations, Inc. (a nonprofit organization), as of and for the year ended June 30, 2009, and have issued our report thereon dated March 19, 2010. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered The Center of Workforce Innovations, Inc.'s internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of the Organization's financial statements that is more than inconsequential will not be prevented or detected by the Organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Organization's internal control.

Our consideration of internal control was for the limited purpose described in the second paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Center of Workforce Innovations, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the board of directors, management, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Comer, Nowling And Associates, P.C.

Comer, Nowling And Associates, P.C.

March 19, 2010



**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Directors
The Center of Workforce Innovations, Inc.
Valparaiso, Indiana

Compliance

We have audited the compliance of The Center of Workforce Innovations, Inc. (a nonprofit organization) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the year ended June 30, 2009. The Center of Workforce Innovations, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of The Center of Workforce Innovations, Inc.'s management. Our responsibility is to express an opinion on The Center of Workforce Innovations, Inc.'s compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 Center of Workforce Innovations, 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. Our audit does not provide a legal determination of The Center of Workforce Innovations, Inc.'s compliance with those requirements.

In our opinion, The Center of Workforce Innovations, Inc., complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of The Center of Workforce Innovations, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered The Center of Workforce Innovations, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program as a basis in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of

expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects The Center of Workforce Innovations, Inc.'s ability to administer a major federal program such that there is more than a remote likelihood that the Organization's noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the Organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the Organization's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the board of directors, management, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Comer, Nowling And Associates, P.C.

Comer, Nowling And Associates, P.C.

March 19, 2010

THE CENTER OF WORKFORCE INNOVATIONS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2009

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiencies identified? Yes No

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiencies identified? Yes No

Type of auditor’s report issued: Unqualified

Any audit findings disclosed required to be reported in
 Accordance with Section 510(a) of Circular A-133 Yes No

Program tested as major program:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
17.258*	U.S. Dept. of Labor - WIA Adult Program
17.259*	U.S. Dept. of Labor - WIA Youth Activities
17.260*	U.S. Dept. of Labor - WIA Dislocated Workers

* Denotes a program cluster. A cluster of programs is treated as a single program for the purpose of meeting the audit requirements of OMB Circular A-133.

Dollar threshold used to distinguish between type A and type B programs \$300,000

Auditee qualified as low-risk auditee? Yes No

Section II – Financial Statement Findings

There were no financial statement findings for the current year.

Section III – Federal Award Findings and Questioned Costs

There were no federal award findings for the current year.