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STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

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November 10, 2014

Board of Directors
JobWorks, Inc.
7832 Bluffton Road
Fort Wayne, IN 46809

We have reviewed the audit report prepared by Comer, Nowling and Associates, P.C., for the period July 1, 2012 to June 30, 2013. 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 JobWorks, Inc., as of June 30, 2013, 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.

Paul D. Joyce

Paul D. Joyce, CPA
State Examiner

JobWorks, Inc.
and Subsidiaries

Consolidated Financial Statements
For The Years Ended
June 30, 2013 and 2012
(With Single Audit Section)

COMER NOWLING

INDUSTRY ESTABLISHED | FOCUSED ON QUALITY

Certified Public Accountants

JOBWORKS, INC. AND SUBSIDARIES
(Fort Wayne, Indiana)
CONSOLIDATED FINANCIAL STATEMENTS

CONTENTS

COMER NOWLING

INDUSTRY ESTABLISHED | FOCUSED ON QUALITY

Independent Auditor's Report

To the Board of Directors of
JobWorks, Inc. and Subsidiaries

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of JobWorks, Inc. (a nonprofit organization) and Subsidiaries, which comprise the consolidated statements of financial position as of June 30, 2013 and 2012, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of JobWorks, Inc. and Subsidiaries as of June 30, 2013 and 2012, and the consolidated 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.

Comer, Nowling and Associates, P.C. | 8606 Allisonville Road, Suite 120 | Indianapolis, Indiana 46250 | 317.841.3393 office | www.comernowling.com

Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements of JobWorks, Inc. and Subsidiaries as a whole. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations,* is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards,* we have also issued our report dated January 17, 2014 on our consideration of JobWorks, 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 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 JobWorks, Inc.'s internal control over financial reporting and compliance.

Comer, Nowling And Associates, P.C.

Comer, Nowling And Associates, P.C.
Indianapolis, Indiana
January 17, 2014

JOBWORKS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2013 AND 2012

ASSETS

	2013	2012
CURRENT ASSETS:		
Cash	$ 337,023	$ 59,721
Investments	70,638	67,423
Grants receivable	1,325,951	1,874,912
Accounts receivable	19,131	9,175
Prepaid expenses	12,724	29,215
Total current assets	1,765,467	2,040,446
FIXED ASSETS:		
Vehicles	21,851	41,393
Furniture and equipment	113,556	113,556
	135,407	154,949
Less accumulated depreciation	(135,407)	(152,344)
Total fixed assets, net	-	2,605
Total assets	$ 1,765,467	$ 2,043,051

LIABILITIES AND NET ASSETS

	2013	2012
CURRENT LIABILITIES:		
Accounts payable	$ 568,037	$ 588,811
Accrued payroll taxes and related expenses	514,044	352,902
Line of credit - Tower Bank	-	461,000
Unearned revenue	-	1,779
Total current liabilities	1,082,081	1,404,492
Total liabilities	1,082,081	1,404,492
NET ASSETS:		
Unrestricted	683,386	638,559
Total liabilities and unrestricted net assets	$ 1,765,467	$ 2,043,051

See accompanying notes to financial statements.

JOBWORKS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF ACTIVITIES
AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

	2013	2012
REVENUE AND OTHER SUPPORT		
Grant revenue	$ 13,362,906	$ 13,610,082
Corporate revenue	9,182	1,631
Investment income	3,539	163
Total revenue and other support	13,375,627	13,611,876
OPERATING EXPENSES		
Profiling	-	44,200
Adult	3,922,808	3,656,608
Dislocated worker	3,263,839	2,900,430
Youth	2,671,268	2,351,338
TANF and food stamps	134,400	36,527
Integrated services	285,641	251,360
Veterans	-	104,079
Transitional jobs	28,546	374,225
Adult basic education	98,680	-
State Energy Sector Partnership	99,935	-
Business consultant	119,238	-
Fee for service	1,740,137	1,718,699
Other	126,962	1,186,501
Management and general	831,545	895,893
Subsidiaries	7,801	-
Total operating expenses	13,330,800	13,519,860
INCREASE IN NET ASSETS	44,827	92,016
NET ASSETS - BEGINNING OF YEAR	638,559	546,543
NET ASSETS - END OF YEAR	$ 683,386	$ 638,559

See accompanying notes to financial statements.

JOBWORKS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2013

	Adult	Dislocated Worker	Youth	TANF & Food Stamps	Integrated Services	Transitional Jobs
OPERATING EXPENSES						
Wages and benefits	$ 2,765,331	$ 2,605,903	$ 1,805,494	$ 22,091	$ -	$ 3,041
Travel and staff development	50,092	39,673	61,763	1,939	-	-
Facility costs	139,795	76,849	86,401	100	210,791	1,750
Equipment and depreciation	22,514	26,759	14,857	3	4,298	-
Communications	45,859	31,108	39,362	533	67,634	6
Supplies, postage and printing	13,718	8,756	12,348	-	2,918	-
Professional fees and dues	143,312	145,641	39,739	1,885	-	1,401
Bad Debt	-	-	-	-	-	-
Regional support	156,768	91,764	150,651	8,415	-	-
Client benefits	585,419	237,386	454,641	99,434	-	22,348
Subcontractors	-	-	6,012	-	-	-
Total operating expenses	$ 3,922,808	$ 3,263,839	$ 2,671,268	$ 134,400	$ 285,641	$ 28,546

See accompanying notes to financial statements.

Adult Basic Education	State Energy Sector Partnership	Business Consultant	Fee For Service	Other	Management & General	Subsidiaries	2013 Total
$ -	$ 43,324	$ 110,582	$ 1,709,172	$ 85,051	$ 479,852	$ 6,047	$ 9,635,888
-	1,346	7,102	3,707	2,786	40,246	16	208,670
-	17	215	3,502	1,726	37,018	686	558,850
-	-	-	52	259	43,103	202	112,047
-	131	356	1,778	1,038	13,950	91	201,846
-	-	631	110	221	6,303	183	45,188
-	21	352	21,816	827	162,086	576	517,656
-	-	-	-	-	43,123	-	43,123
-	-	-	-	2,018	-	-	409,616
98,680	55,096	-	-	33,036	5,864	-	1,591,904
-	-	-	-	-	-	-	6,012
$ 98,680	$ 99,935	$ 119,238	$ 1,740,137	$ 126,962	$ 831,545	$ 7,801	$ 13,330,800

JOBWORKS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2012

	Profiling	Adult	Dislocated Worker	Youth	TANF & Food Stamps	Integrated Services
OPERATING EXPENSES						
Wages and benefits	$ -	$ 2,094,809	$ 1,854,773	$ 1,421,629	$ 6,729	$ -
Travel and staff development	-	55,544	45,789	46,687	1,058	-
Facility costs	-	653,090	570,764	184,828	2,557	205,584
Equipment and depreciation	-	29,431	24,305	15,936	1	808
Communications	-	98,813	61,128	36,055	67	44,198
Supplies, postage and printing	-	31,506	23,664	31,763	526	770
Other administrative costs	-	-	-	-	-	-
Professional fees and dues	44,200	42,954	52,658	41,813	147	-
Regional support	-	161,953	41,880	77,775	-	-
Client benefits	-	488,508	225,469	488,832	25,442	-
Subcontractors	-	-	-	6,020	-	-
Total operating expenses	$ 44,200	$ 3,656,608	$ 2,900,430	$ 2,351,338	$ 36,527	$ 251,360

See accompanying notes to financial statements.

Veterans	Transitional Jobs	Fee For Service	Other	Management & General	Subsidiaries	2012 Total
$ 34,443	$ 93,075	$ 1,685,745	$ 812,432	$ 615,925	$ -	$ 8,619,560
677	1,481	3,290	23,427	33,127	-	211,080
81	4,200	4,365	103,001	53,729	-	1,782,199
8	-	639	11,229	19,444	-	101,801
76	197	3,435	16,178	16,917	-	277,064
6	-	822	11,592	15,365	-	116,014
-	-	-	-	20,831	-	20,831
455	5,050	20,403	10,880	117,826	-	336,386
-	-	-	27,646	-	-	309,254
68,333	270,222	-	170,116	2,729	-	1,739,651
-	-	-	-	-	-	6,020
$ 104,079	$ 374,225	$ 1,718,699	$ 1,186,501	$ 895,893	$ -	$ 13,519,860

JOBWORKS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in net assets	$ 44,827	$ 92,016
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Depreciation	2,605	456
Net unrealized gain on investments	(3,524)	(130)
Gain on sale of fixed assets	(800)	(3,525)
Increase (decrease) in cash from changes in:		
Grants receivable	548,961	1,271,733
Accounts receivable	(9,956)	92,062
Prepaid expenses	16,491	34,641
Accounts payable	(20,774)	(1,065,772)
Accrued payroll and payroll expenses	161,142	(572,134)
Funds drawn in excess of bank balance	-	(14,953)
Unearned revenue	(1,779)	(8,832)
Net cash provided by (used in) operating activities	737,193	(174,438)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of fixed assets	800	3,526
Receipts on notes receivable	-	4,666
Proceeds from sale of investments	35,323	-
Purchase of investments	(35,014)	(33)
Net cash provided by investing activities	1,109	8,159
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments against notes payable	-	(4,666)
Proceeds from (payments on) line of credit	(461,000)	226,000
Net cash provided by (used in) financing activities	(461,000)	221,334
NET INCREASE IN CASH	277,302	55,055
CASH, BEGINNING OF YEAR	59,721	4,666
CASH, END OF YEAR	$ 337,023	$ 59,721
Supplemental disclosures of Cash Flow Information:		
Cash paid during the year for interest	$ 21,873	$ 18,065

See accompanying notes to financial statements.

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

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of JobWorks, Inc. (the "Organization"), and its wholly-owned subsidiaries: HCM Solutions by JobWorks, LLC and JobWorks Education & Training Systems, LLC. All material inter-company transactions have been eliminated in consolidation.

NATURE OF OPERATIONS

JobWorks, Inc. was organized as an Indiana nonprofit corporation in 1983. The Organization was formed to prepare youth and unskilled adults for entry into the workforce and to provide economically disadvantaged individuals and others facing barriers to employment with job training in Boone, Cass, Clark, Crawford, Floyd, Hamilton, Hancock, Harrison, Hendricks, Howard, Jasper, Johnson, Lake, LaPorte, Miami, Morgan, Newton, Porter, Pulaski, Scott, Shelby, Starke, Tipton, and Washington counties in Indiana, Auglaize, Defiance, Fulton, Hardin, Henry, Mercer, Van Wert, and Williams counties in Ohio, Philadelphia in Pennsylvania and the San Diego Metro Region in California. The Organization is primarily supported through federal and state government grants.

In January 2010, the Organization formed HCM Solutions by JobWorks, LLC ("HCM") for the purpose of providing outplacement and human capital management consulting services to small non-public businesses with $5 million to $75 million in annual revenue and 25 to 75 employees. This subsidiary was established as a single-member limited liability company under the laws of the State of Indiana and is 100% owned by the Organization.

Effective for the year ended December 31, 2010, HCM has elected to be treated as a limited liability company for income tax purposes and, accordingly, is not responsible for payment of federal income taxes, which is the responsibility of the sole limited liability company member, JobWorks, Inc. As a limited liability company, the subsidiary must report on a calendar year basis for tax purposes. As of June 30, 2010, its mission was considered to be related to the employment and training mission of JobWorks, Inc. and therefore, no provision for unrelated business income tax has been made for federal income taxes. In addition, an operating loss had been incurred by HCM as of June 30, 2010. In July 2012, HCM ceased operation and remaining funds were returned to JobWorks.

In June 2007, the Organization formed JobWorks Education & Training Systems, LLC ("JETS") for the purpose of providing training, event planning, and technical assistance services. This subsidiary was established as a single-member limited liability company under the laws of the State of Indiana and is 100% owned by the Organization.

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

NATURE OF OPERATIONS (continued)

Effective for the year ended December 31, 2007, JETS has elected to be treated as a limited liability company for income tax purposes and, accordingly, is not responsible for payment of federal income taxes, which is the responsibility of the sole limited liability company member, JobWorks, Inc. As a limited liability company, the subsidiary must report on a calendar year basis for tax purposes. As of June 30, 2007, its mission was considered to be related to the employment and training mission of JobWorks, Inc. and therefore, no provision for unrelated business income tax has been made for federal income taxes. In addition, as of June 30, 2013 and 2012, no revenue had been earned or expenses incurred by JETS.

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 FASB in its SFAS, *Financial Statements of Not-for-Profit Organizations*. Under this standard, JobWorks, 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 JobWorks, 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 JobWorks, Inc. is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of JobWorks, Inc. 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 JobWorks, Inc. is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

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

FINANCIAL STATEMENT PRESENTATION (continued)

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 activities, and changes in net assets as net assets released from restriction.

For the years ended June 30, 2013 and 2012, the Organization did not have temporarily 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, it 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).

GRANTS RECEIVABLE

The grants receivable represent amounts the Organization has filed claims for the year ended and were awaiting payment. A substantial majority of receivables are due from government sources. The amount deemed uncollectible is zero. Therefore, no bad debt allowance is considered necessary.

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.

REVENUE RECOGNITION

The Organization receives grants from the States of Indiana, Ohio, California and other sources to carry out certain program activities. The grants are received under contracts which require the Organization to submit to the funding sources appropriate records of services provided to eligible individuals and/or expenses incurred. Amounts received or receivable in excess of expenses incurred are reflected as unearned revenue.

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

PROPERTY AND EQUIPMENT

Corporate funded property and equipment costing five hundred dollars or more are stated at cost. Donated property and equipment are recorded at fair market value at the time of donation. Expenditures for repairs and maintenance are generally expensed in the period incurred. Expenditures for renewals and improvements are generally capitalized. Depreciation expense is calculated using the straight-line method over estimated useful lives of five years for vehicles, and three to ten years for furniture and equipment. Depreciation expense on corporate owned property and equipment totaled $2,605 and $456 for the years ended June 30, 2013 and 2012, respectively. The Subsidiaries owned no fixed assets during the years ended June 30, 2013 and 2012.

In addition the Organization maintains property which was purchased with funds provided by the State of Indiana and therefore is owned by the State. These State funded assets are not presented in the Organization's financial statements.

When property is sold, retired or otherwise disposed of, the related cost and accumulated depreciation are eliminated from the accounts and any resulting gain or loss is credited or charged to income. Expenditures for maintenance and repairs are expensed when incurred. Disposition of equipment purchased with the use of various grant funds may be restricted.

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.

TAX BENEFITS

Effective July 1, 2009, the Organization adopted the accounting policy to 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. The Organization has examined this issue and has determined there are no material contingent tax liabilities.

Income tax expense for the Subsidiary will include federal and state taxes currently payable and deferred taxes arising from temporary differences between income for financial reporting and income tax purposes. No such differences existed as of June 30, 2013 and 2012. For the years ended June 30, 2013 and 2012, there were no provisions for income taxes due to the losses incurred by each Subsidiary.

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

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 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 using various allocation methods depending on the type of joint cost being allocated. Joint costs are those costs incurred for the common benefit of all agency programs, which cannot be readily identified with a final cost objective. Cost allocation methods are as follows:

<u>Administrative cost pool</u>
Agency administrative costs are allocated based on a two step process involving administrative staff time in each region and direct staff time.

<u>Training cost pool</u>
Training costs are allocated based on a one-step process involving direct staff time.

<u>Other joint costs</u>
Other joint costs are charged to agency programs based on the amounts used by each program or other appropriate methodology.

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

SUBSEQUENT EVENTS

Subsequent events have been evaluated through January 17, 2014, which is the date the financial statements were available to be issued.

NOTE 2 – CONCENTRATION OF RISK

The Organization maintains its cash balance at a bank. The account at the institution is insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 for the years ended June 30, 2013 and 2012. At June 30, 2013 and 2012, bank balances were not in excess of FDIC coverage in place for those years.

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 – LINE OF CREDIT – BANK

The Organization at June 30, 2013 and 2012, had available a secured line of credit with Tower Bank. For the years ended June 30, 2013 and 2012, the line credit limit was $1,000,000 for both years. The line of credit had an outstanding balance of $-0- and $461,000 at June 30, 2013 and 2012. Interest is at the bank's prime rate plus 1%. The interest rate at June 30, 2013 and 2012 was 4.25%. The line of credit is secured by all assets of the Organization.

NOTE 4 – INVESTMENTS

Investments consist of corporate stocks and mutual funds, and are stated at fair value based on quoted prices in active markets. Investments are measured at fair value using Level 1 inputs (see Note 10) and are summarized as follows at June 30, 2013 and 2012:

	Cost or Original Donated Value	Fair Value	Gross Unrealized Gain (loss)
As of June 30, 2013:			
Stocks and mutual funds	$ 69,785	$ 70,638	$ 853
As of June 30, 2012:			
Stocks and mutual funds	$ 76,823	$ 67,423	$ (9,400)

NOTE 4 – INVESTMENTS (continued)

The cumulative unrealized gain since the inception of these investments was $853 for the year ended June 30, 2013. The cumulative unrealized loss since the inception of these investments was $9,400 for the year ended June 30, 2012. The net unrealized gain for the one year period ended June 30, 2013 was $10,253 and the net unrealized gain for the one year period ended June 30, 2012 was $130. These net unrealized gains and losses are included in the investment income balance in the statements of activities.

NOTE 5 – ACCOUNTING FOR IMPAIRMENT

The SFAS, *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. This standard has not materially affected the Organization's net change in unrestricted net assets, statement of financial position or statement of cash flows.

NOTE 6 – RETIREMENT PLAN

JobWorks, Inc. maintains a 401(k) Profit Sharing Plan. Employees who have completed one year of service and are 21 years old will become plan members on their entry date. For purposes of both the 401(k) plan and the profit sharing plan, the plan entry date is the first day of the plan year or the first day of the seventh month of the plan year coinciding with, or next following the date the employee satisfied the eligibility requirements. On this entry date, the employee will be eligible to make 401(k) contributions to the safe harbor 401(k) plan. These employee contributions will be matched by JobWorks, Inc. at the rate of 100% for the first 3% of the employee contribution and at the rate of 50% of the employee contribution between 3% and 5%. These contributions will be calculated on a per pay period basis. The JobWorks, Inc. safe harbor contributions are immediately 100% vested. Employees may contribute a portion of their salary up to the annual Internal Revenue Service limit. Profit sharing contributions may be made on a discretionary basis and will be subject to a vesting schedule that covers a five year period with vesting occurring at the rate of 20% after one year of service and 20% per year thereafter.

The employer contributions for the years ended June 30, 2013 and 2012 were $64,782 and $108,188, respectively.

NOTE 7 – GRANTS RECEIVABLE

Grants receivable consisted of the following:

As of June 30,:	2013	2012
Indiana Department of Workforce Development	$ 894,727	$ 1,131,753
Fee for service and local grants	412,251	15,184
Other	18,973	727,975
	$ 1,325,951	$ 1,874,912

NOTE 8 – OPERATING LEASES

JobWorks, Inc. leases various facilities and for use in the operation of its programs. Lease expense for the year ended June 30, 2013 and 2012 was $463,207 and $1,266,925, respectively. Future minimum lease payments on leases having non-cancelable terms beyond June 30, 2013 are a follows:

2014	$ 55,668
2015	38,364
2016	12,448
2017	-0-
2018	-0-
Thereafter	-0-
	$ 106,480

NOTE 9 – RECLASSIFICATIONS

Certain reclassifications have been made to the 2012 financial statements to conform to the 2013 presentation.

NOTE 10 - FAIR VALUE OF FINANCIAL INSTRUMENTS

The Statement of Financial Accounting Standard, *"Fair Value Measurements"*, 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.

NOTE 10 - FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

This standard 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.
>
> 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.

Investments held by the Organization are considered level 1 and are traded in active exchange markets, such as the New York Stock Exchange.

SUPPLEMENTARY INFORMATION

Independent Auditor's Report on Supplementary Information

Board of Directors
JobWorks, Inc. and Subsidiaries
Fort Wayne, Indiana

We have audited the consolidated financial statements of JobWorks, Inc. and Subsidiaries as of and for the years ended June 30, 2013 and 2012 and have issued our report thereon dated January 17, 2014, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplementary information (shown on pages 20 through 25) is presented for purposes of additional analysis of the consolidated financial statements rather than to present the statements of financial position and results of activities of the individual organizations. 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or the consolidated financial statements themselves, and other additional procedures in accordance with audit standards generally accepted in the Unites States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

Comer, Nowling And Associates, P.C.

Comer, Nowling And Associates, P.C.
January 17, 2014

JOBWORKS, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2013 AND 2012

ASSETS	2013			
	Parent	Subsidiaries	Eliminations	Consolidated Total
CURRENT ASSETS:				
Cash	$ 334,565	$ 2,458	$ -	$ 337,023
Investments	70,638	-	-	70,638
Grants receivable	1,325,951	-	-	1,325,951
Accounts receivable	21,890	-	(2,759)	19,131
Prepaid expenses	12,724	-	-	12,724
Notes receivable	7,500	-	(7,500)	-
Total current assets	1,773,268	2,458	(10,259)	1,765,467
PROPERTY AND EQUIPMENT:				
Vehicles	21,851	-	-	21,851
Furniture and equipment	113,556	-	-	113,556
	135,407	-	-	135,407
Less accumulated depreciation	(135,407)	-	-	(135,407)
Total Property and Equipment	-	-	-	-
Total assets	$ 1,773,268	$ 2,458	$ (10,259)	$ 1,765,467
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES:				
Accounts payable	$ 568,037	$ 2,759	$ (2,759)	$ 568,037
Accrued payroll taxes and related expenses	514,044	-	-	514,044
Notes payable	-	7,500	(7,500)	-
Line of credit - Tower Bank	-	-	-	-
Unearned revenue	-	-	-	-
Total current liabilities	1,082,081	10,259	(10,259)	1,082,081
UNRESTRICTED NET ASSETS	691,187	(7,801)	-	683,386
Total liabilities and net assets	$ 1,773,268	$ 2,458	$ (10,259)	$ 1,765,467

See Independent Auditor's Report on Supplementary Information on page 19.

2012			
Parent	**Subsidiaries**	**Eliminations**	**Consolidated Total**
$ 59,721	$ -	$ -	$ 59,721
67,423	-	-	67,423
1,874,912	-	-	1,874,912
9,175	-	-	9,175
29,215	-	-	29,215
-	-	-	-
2,040,446	-	-	2,040,446
41,393	-	-	41,393
113,556	-	-	113,556
154,949	-	-	154,949
(152,344)	-	-	(152,344)
2,605	-	-	2,605
$ 2,043,051	$ -	$ -	$ 2,043,051
$ 588,811	$ -	$ -	$ 588,811
352,902	-	-	352,902
-	-	-	-
461,000	-	-	461,000
1,779	-	-	1,779
1,404,492	-	-	1,404,492
638,559	-	-	638,559
$ 2,043,051	$ -	$ -	$ 2,043,051

JOBWORKS, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2013 AND 2012

	2013			
	Parent	Subsidiaries	Eliminations	Consolidated Total
REVENUE AND OTHER SUPPORT				
Grant revenue	$ 13,362,906	$ -	$ -	$ 13,362,906
Corporate revenue	9,182	-	-	9,182
Forgiveness of notes payable	-	-	-	-
Investment income	3,539	-	-	3,539
Total revenue and other support	13,375,627	-	-	13,375,627
OPERATING EXPENSES:				
Profiling	-	-	-	-
Adult	3,922,808	-	-	3,922,808
Dislocated worker	3,263,839	-	-	3,263,839
Youth	2,671,268	-	-	2,671,268
TANF and food stamps	134,400	-	-	134,400
Integrated services	285,641	-	-	285,641
Veterans	-	-	-	-
Transitional jobs	28,546	-	-	28,546
Adult basic education	98,680	-	-	98,680
State Energy Sector Partnership	99,935	-	-	99,935
Business consultant	119,238	-	-	119,238
Fee for service	1,740,137	-	-	1,740,137
Other	126,962	-	-	126,962
Management and general	831,545	-	-	831,545
Subsidiaries	-	7,801	-	7,801
Total operating expenses	13,322,999	7,801	-	13,330,800
Increase (decrease) in unrestricted net assets	52,628	(7,801)	-	44,827
UNRESTRICTED NET ASSETS AT BEGINNING OF YEAR	638,559	-	-	638,559
UNRESTRICTED NET ASSETS AT END OF YEAR	$ 691,187	$ (7,801)	$ -	$ 683,386

See Independent Auditor's Report on Supplementary Information on page 19.

2012			
Parent	Subsidiaries	Eliminations	Consolidated Total
$ 13,610,082	$ -	$ -	$ 13,610,082
1,631	-	-	1,631
-	20,334	(20,334)	-
163	-	-	163
13,611,876	20,334	(20,334)	13,611,876
44,200	-	-	44,200
3,656,608	-	-	3,656,608
2,900,430	-	-	2,900,430
2,351,338	-	-	2,351,338
36,527	-	-	36,527
251,360	-	-	251,360
104,079	-	-	104,079
374,225	-	-	374,225
-	-	-	-
-	-	-	-
-	-	-	-
1,718,699	-	-	1,718,699
1,186,501	-	-	1,186,501
916,227	-	(20,334)	895,893
-	-	-	-
13,540,194	-	(20,334)	13,519,860
71,682	20,334	-	92,016
566,877	(20,334)	-	546,543
$ 638,559	$ -	$ -	$ 638,559

JOBWORKS, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENTS OF CASH FLOWS
JUNE 30, 2013 AND 2012

	2013			
	Parent	Subsidiaries	Eliminations	Consolidated Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Increase (decrease) in net assets	$ 52,628	$ (7,801)	$ -	$ 44,827
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:				
Depreciation	2,605	-	-	2,605
Net realized and unrealized gain on investments	(3,524)	-	-	(3,524)
Gain on sale of fixed assets	(800)	-	-	(800)
Forgiveness of note payable	-	-	-	-
Increase (decrease) in cash from changes in:				
Grants receivable	548,961	-	-	548,961
Accounts receivable	(12,715)	-	2,759	(9,956)
Prepaid expenses	16,491	-	-	16,491
Accounts payable	(20,774)	2,759	(2,759)	(20,774)
Accrued payroll and payroll expenses	161,142	-	-	161,142
Funds drawn in excess of bank balance	-	-	-	-
Unearned revenue	(1,779)	-	-	(1,779)
Net cash provided by (used in) operating activities	742,235	(5,042)	-	737,193
CASH FLOWS FROM INVESTING ACTIVITIES:				
Proceeds from sale of fixed assets	800	-	-	800
Receipts on notes receivable	-	-	-	-
Increase in notes receivable	(7,500)	-	7,500	-
Proceeds from sale of investments	35,323	-	-	35,323
Purchase of investments	(35,014)	-	-	(35,014)
Net cash provided by (used in) investing activities	(6,391)	-	7,500	1,109
CASH FLOWS FROM FINANCING ACTIVITIES:				
Principal payments against notes payable	-	-	-	-
Proceeds on loans payable	-	7,500	(7,500)	-
Proceeds from (payments on) line of credit	(461,000)	-	-	(461,000)
Net cash provided by (used in) financing activities	(461,000)	7,500	(7,500)	(461,000)
NET INCREASE (DECREASE) IN CASH	274,844	2,458	-	277,302
CASH, BEGINNING OF YEAR	59,721	-	-	59,721
CASH, END OF YEAR	$ 334,565	$ 2,458	$ -	$ 337,023
Supplemental disclosures of Cash Flow Information:				
Cash paid during the year for interest	$ 21,873	$ -	$ -	$ 21,873

See Independent Auditor's Report on Supplementary Information on page 19.

2012			
Parent	Subsidiaries	Eliminations	Consolidated Total
$ 71,682	$ 20,334	$ -	$ 92,016
456	-	-	456
(130)	-	-	(130)
(3,525)	-	-	(3,525)
20,334	(20,334)	-	-
1,271,733	-	-	1,271,733
92,062	-	-	92,062
34,641	-	-	34,641
(1,065,772)	-	-	(1,065,772)
(572,134)	-	-	(572,134)
(14,953)	-	-	(14,953)
(8,832)	-	-	(8,832)
(174,438)	-	-	(174,438)
3,526	-	-	3,526
4,666	-	-	4,666
-	-	-	-
-	-	-	-
(33)	-	-	(33)
8,159	-	-	8,159
-	(4,666)	-	(4,666)
-	-	-	-
226,000	-	-	226,000
226,000	(4,666)	-	221,334
59,721	(4,666)	-	55,055
-	4,666	-	4,666
$ 59,721	$ -	$ -	$ 59,721
$ 18,065	$ -	$ -	$ 18,065

SINGLE AUDIT SECTION

JOBWORKS, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

FEDERAL GRANTOR AGENCY Passthrough Agency Program Title	Federal CFDA Number	Grant or Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF LABOR			
Passed through the Indiana Department of Workforce Development (DWD) and The Center of Workforce Innovations, Inc:			
WIA Adult	17.258	CWI-09-WIA-ADY-03	$ 1,775,374
WIA Dislocated Worker	17.278	CWI-09-WIA-ADY-03	816,645
WIA Younger Youth	17.259	CWI-09-WIA-ADY-03	446,602
WIA Older Youth	17.259	CWI-09-WIA-ADY-03	605,261
WIA Younger Youth-JAG	17.259	CWI-09-WIA-ADY-03	183,756
DW TAA staffing	17.278	CWI-09-WIA-ADY-03	51,211
RR OJT	17.278	CWI-09-WIA-ADY-03	28,207
			3,907,056
Integrated Services	17.207	CWI-09-WIA-ADY-03	111,235
Integrated Services (LVER)	17.804	CWI-09-WIA-ADY-03	18,017
Integrated Services (DVOP)	17.801	CWI-09-WIA-ADY-03	17,042
			146,294
Integrated Services - Unemployment Insurance	17.225	CWI-09-WIA-ADY-03	110,169
Integrated services - EUC REA	17.225	CWI-09-WIA-ADY-03	9,279
			119,448
Integrated Services - TAA	17.245	CWI-09-WIA-ADY-03	7,718
			4,180,516
Passed through the Indiana Department of Workforce Development (DWD) and the Tecumseh Area Partnership:			
WIA Adult	17.258	JW-WIB-44-2-04	460,480
WIA Dislocated Worker	17.278	JW-WIB-44-2-04	394,803
WIA In School Youth	17.259	JW-WIB-44-2-04	277,094
WIA Out of School Youth	17.259	JW-WIB-44-2-04	150,607
JAG Coordinator	17.259	JW-JAG-44-2-04	13,661
			1,296,645
SE ITA	17.275	JW-SEITA-44-9a-04	184
SE OJT	17.275	JW-SEOJT-44-1-04	99,752
			99,936
Integrated Services - WP/LVER/DVOP	17.207	None	7,709
Integrated Services - Unemployment Insurance	17.225	None	3,304
Integrated Services - TAA	17.245	None	1,224
			1,408,818
Passed through the Indiana Department of Workforce Development (DWD) and Region 10 Workforce Investment Board, Inc.			
WIA Adult	17.258	None	347,564
WIA Dislocated Worker	17.278	None	280,164
WIA Youth	17.259	None	19,165
WIA Youth	17.259	None	231,249
			878,142
Passed through the Indiana Department of Workforce Development (DWD) and Interlocal Association :			
WIA Adult	17.258	PY12-CR-01-IA	634,420
WIA Dislocated Worker	17.278	PY12-CR-01-IA	594,411
Business Consultant	17.278	PY12-CR-01-IA	90,000
WIA In School Youth	17.259	PY12-CR-03-IA	247,996
Business Consultant	17.259	PY12-CR-01-IA	16,200
WIA Out of School Youth	17.259	PY12-CR-03-IA	302,904
JAG Coordinator	17.259	PY12-CR-03-IA	27,321
			1,913,252

See accompanying notes to Schedule of Expenditures of Federal Awards.

JOBWORKS, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2013

FEDERAL GRANTOR AGENCY Passthrough Agency Program Title	Federal CFDA Number	Grant or Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF LABOR (continued)			
Passed through the Indiana Department of Workforce Development (DWD) and Interlocal Association (continued) :			
Business Consultant	17.207	PY12-CR-01-IA	10,200
Business Consultant	17.271	PY12-CR-01-IA	3,600
Passed through the Ohio Department of Jobs and Family Services and the Mercer County Commissioners:			
WIA Younger Youth	17.259	10-1105	59,970
WIA Older Youth	17.259	10-1105	31,888
WIA Adult	17.258	10-1105	331
WIA Dislocated Worker	17.278	10-1105	13
			92,202
Passed through the Ohio Department of Jobs and Family Services and the Defiance County Commissioners:			
Ohio Area 7 - Defiance County	17.259	None	62,583
Passed through the Ohio Department of Jobs and Family Services and the Fulton County Commissioners:			
Ohio Area 7 - Fulton County	17.259	None	98,110
Passed through the Ohio Department of Jobs and Family Services and the Henry County Commissioners:			
Ohio Area 7 - Henry County	17.259	None	42,681
Passed through the Ohio Department of Jobs and Family Services and the Williams County Commissioners:			
Ohio Area 7 - Williams County	17.259	None	81,510
Total WIA cluster			8,372,181
Total Employment Service cluster			164,203
Total Expenditures U.S. Department of Labor			8,771,614
U.S. DEPARTMENT OF EDUCATION			
Passed through the Indiana Department of Workforce Development (DWD) and The Center of Workforce Innovations, Inc:			
AEIN-2-01	84.002	CWI-09-WIA-ADY-03	2,439
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through the Ohio Department of Jobs and Family Services and the Fulton County Commissioners:			
Augalize TANF Youth	93.558	11-516	58,977
Mercer TANF Youth	93.558	11-516	34,383
Van Wert TANF Youth	93.558	11-516	50,007
			143,367
Total Expenditures U.S. Department of Health and Human Services			143,367
Total Expenditures of Federal Awards			$ 8,917,420

See accompanying notes to Schedule of Expenditures of Federal Awards.

JOBWORKS, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2013

Note 1 – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of JobWorks, 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 – Summary of Significant Accounting Policies

Expenditures reported on the Schedule Expenditures of Federal Awards are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-profit Organizations,* wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

JOBWORKS, INC.
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
YEAR ENDED JUNE 30, 2013

Section II – Financial Statement Findings

There were no financial statement findings for the year ended June 30, 2012.

Section III – Federal Award Findings and Questioned Costs

FA-2012-01 – Incorrect documentation regarding Selective Service status

Condition: During the eligibility review of participant files in the TrackOne system, we noted one instance where the Selective Service status was documented as "not required" for a male born after 1959.

Criteria: Per DWD Policy 2007-25 *Eligibility Determination and Data Validation Requirements for Integrated Adult Programs Provided by the WorkOne System:*...Staff must verify that a male participant born after December 31, 1959 is registered with the U.S. Military Selective Service.

Cause: The internal controls over eligibility documentation did not identify and correct the deficiency in a timely manner.

Effect: The documentation requirement of DWD Policy 2007-25 regarding selective service was not met for one participant. After we inquired about this participant, the Organization researched the participant's selective service status and determined that the participant was in compliance.

Recommendation: We recommend that the Selective Service documentation be reviewed as part of the Organization's quality assurance review of participant files. Although the participant was in fact in compliance, the internal control deficiency may result in noncompliance if this instance reoccurs.

Management response: Background: The record referred to above involves a region where eligibility review process was at the Regional Operator level and not a JobWorks funded activity. The applicant eligibility was done by the Regional Operator until July 1, 2012. The client referred to was enrolled (December 2011) prior to the transfer of eligibility review to JobWorks.

Action Taken- As of July 2012, applicant review process takes place at time of WIA enrollment and all associated scanned documents are examined which includes review of selective service for male clients. A secondary level of review is also now in place at time of training entry. The second eligibility review is conducted prior to expenditure of any WIA funds.

Auditor's update: The eligibility review of participant data in Track One system for the year ended June 30, 2013 disclosed no instances of male participants who were not registered for selective service.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
JobWorks, Inc.
Fort Wayne, Indiana

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 consolidated financial statements of JobWorks, Inc. (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2013, and the related consolidated statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 17, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered JobWorks, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of JobWorks, Inc.'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 may exist that have not been identified.

Comer, Nowling and Associates, P.C. | 8606 Allisonville Road, Suite 120 | Indianapolis, Indiana 46250 | 317.841.3393 office | www.comernowling.com

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Comer, Nowling And Associates, P.C.

Comer, Nowling And Associates, P.C.
January 17, 2014

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Board of Directors
JobWorks, Inc.
Fort Wayne, Indiana

Report on Compliance for Each Major Federal Program

We have audited JobWorks, Inc.'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of JobWorks, Inc.'s major federal programs for the year ended June 30, 2013. JobWorks, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of JobWorks, Inc.'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 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 JobWorks, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, JobWorks, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Comer, Nowling and Associates, P.C. | 8606 Allisonville Road, Suite 120 | Indianapolis, Indiana 46250 | 317.841.3393 office | www.comernowling.com

Report on Internal Control over Compliance

Management of JobWorks, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered JobWorks, Inc.'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 OMB Circular A-133, 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 JobWorks, Inc.'s internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Comer, Nowling And Associates, P.C.

Comer, Nowling And Associates, P.C.
January 17, 2014

JOBWORKS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2013

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:

CFDA Number	Name of Federal Program or Cluster
17.258*	U.S. Department of Labor – Workforce Investment Act, Adult Program
17.259*	U.S. Department of Labor – Workforce Investment Act, Youth Program
17.260*	U.S. Department of Labor – Workforce Investment Act, Dislocated Worker Program
17.278*	U.S. Department of Labor – Workforce Investment Act, Dislocated Worker Program

*Denotes 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 ☒

JOBWORKS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2013

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.