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June 30, 2009

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, 2007 to June 30, 2008. 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, 2008, 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, 2008 and 2007  
(With Single Audit Section)**



*Certified Public Accountants*

THE CENTER OF WORKFORCE INNOVATIONS, INC.  
(Valparaiso, Indiana)

FINANCIAL STATEMENTS  
JUNE 30, 2008 AND 2007

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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, 2008 and 2007, 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, 2008 and 2007, 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 November 11, 2008, 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.

November 11, 2008

THE CENTER OF WORKFORCE INNOVATIONS, INC.  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2008 AND 2007

ASSETS		2008	2007
<b>CURRENT ASSETS:</b>			
Cash		\$ 331,636	\$ 267,384
Investments - certificates of deposit		507,048	588,071
Grants receivable		933,419	765,179
Accounts receivable		7,358	3,434
Prepaid expenses		200	-
Total current assets		1,779,661	1,624,068
<b>FIXED ASSETS:</b>			
Vehicle		-	25,693
Less accumulated depreciation		-	(7,808)
Total fixed assets, net		-	17,885
Total assets		\$ 1,779,661	\$ 1,641,953

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES:</b>			
Accounts payable		\$ 118,720	\$ 168,647
Accrued payroll taxes and related expenses		54,712	39,163
Grant funds received in advance		132,790	50,775
Due to service providers		673,945	579,822
Total current liabilities		980,167	838,407
<b>NET ASSETS:</b>			
Unrestricted		799,494	803,546
Total liabilities and unrestricted net assets		\$ 1,779,661	\$ 1,641,953

See accompanying notes to financial statements.

THE CENTER OF WORKFORCE INNOVATIONS, INC.  
 STATEMENTS OF ACTIVITIES  
 FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

	2008		
	Unrestricted	Temporarily Restricted	Total
<b>REVENUE AND OTHER SUPPORT</b>			
Federal grant and contract revenue	\$ -	\$ 8,221,430	\$ 8,221,430
Non-federal grant and contract income	-	104,641	104,641
Program income	-	21,491	21,491
Other income	29,097	-	29,097
Net assets released from restriction through satisfaction of program restrictions	8,347,562	(8,347,562)	-
Total revenue and other support	<u>8,376,659</u>	<u>-</u>	<u>8,376,659</u>
<b>OPERATING EXPENSES</b>			
Adult	3,301,414	-	3,301,414
Youth	2,369,278	-	2,369,278
Dislocated worker	693,890	-	693,890
SSI	368,837	-	368,837
NER	110,684	-	110,684
IS	212,475	-	212,475
Rapid response	154,409	-	154,409
Other	472,025	-	472,025
Management and general	697,699	-	697,699
Total operating expenses	<u>8,380,711</u>	<u>-</u>	<u>8,380,711</u>
<b>INCREASE IN NET ASSETS</b>	(4,052)	-	(4,052)
<b>NET ASSETS - BEGINNING OF YEAR</b>	<u>803,546</u>	<u>-</u>	<u>803,546</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 799,494</u>	<u>\$ -</u>	<u>\$ 799,494</u>

See accompanying notes to financial statements.

2007		
Unrestricted	Temporarily Restricted	Total
\$ -	\$ 6,663,776	\$ 6,663,776
-	38,870	38,870
-	25,003	25,003
31,622	-	31,622
<u>6,727,649</u>	<u>(6,727,649)</u>	<u>-</u>
<u>6,759,271</u>	<u>-</u>	<u>6,759,271</u>
2,459,571	-	2,459,571
1,741,132	-	1,741,132
1,002,848	-	1,002,848
320,535	-	320,535
-	-	-
182,773	-	182,773
252,567	-	252,567
455,117	-	455,117
328,058	-	328,058
<u>6,742,601</u>	<u>-</u>	<u>6,742,601</u>
16,670	-	16,670
<u>786,876</u>	<u>-</u>	<u>786,876</u>
<u>\$ 803,546</u>	<u>\$ -</u>	<u>\$ 803,546</u>

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

	<u>Adult</u>	<u>Youth</u>	<u>Dislocated Worker</u>	<u>SSI</u>	<u>NER</u>
<b>OPERATING EXPENSES</b>					
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 &amp; 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>

THE CENTER OF WORKFORCE INNOVATIONS, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2007

	Adult	Youth	Dislocated Worker	SSI	NER
<b>OPERATING EXPENSES</b>					
Salaries and benefits	\$ 154,002	\$ 133,347	\$ 108,009	\$ 24,378	\$ -
Operating expenses	20,526	20,384	14,490	4,907	-
Operating supplies	30,894	33,215	30,570	11,599	-
Purchased services	18,581	16,213	14,259	279,565	-
Service provider expense	2,234,614	1,533,339	834,699	-	-
Miscellaneous	954	4,634	821	86	-
Total operating expenses	<u>\$2,459,571</u>	<u>\$1,741,132</u>	<u>\$ 1,002,848</u>	<u>\$320,535</u>	<u>\$ -</u>

See accompanying notes to financial statements.

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<u>IS</u>	<u>Rapid Response</u>	<u>Other</u>	<u>Management &amp; General</u>	<u>2007 Total</u>
\$ -	\$ 6,124	\$ 126,757	\$ 225,911	\$ 778,528
-	667	15,000	35,437	111,411
-	55	3,190	28,908	138,431
-	727	124,777	35,077	489,199
182,773	244,975	185,092	-	5,215,492
-	19	301	2,725	9,540
<u>\$ 182,773</u>	<u>\$252,567</u>	<u>\$ 455,117</u>	<u>\$ 328,058</u>	<u>\$ 6,742,601</u>

THE CENTER OF WORKFORCE INNOVATIONS, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (4,052)	\$ 16,670
Adjustments to reconcile increase in net assets to net cash used in operating activities:		
Depreciation expense	4,253	5,139
Loss on sale of vehicle	6,311	-
Increase (decrease) in cash from changes in:		
Grants receivable	(168,240)	(611,499)
Accounts receivable	(3,924)	20,781
Accounts payable	(49,927)	122,866
Prepaid expenses	(200)	-
Accrued payroll and payroll taxes	15,549	(10,921)
Grants received in advance	82,015	45,221
Due to service providers	94,123	541,632
	<u>(24,092)</u>	<u>129,889</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Increase in investments	81,023	(20,812)
Sale of fixed assets	7,321	-
	<u>88,344</u>	<u>(20,812)</u>
<b>CASH, BEGINNING OF YEAR</b>	<u>267,384</u>	<u>158,307</u>
<b>CASH, END OF YEAR</b>	<u>\$ 331,636</u>	<u>\$ 267,384</u>

See accompanying notes to financial statements.

**THE CENTER OF WORKFORCE INNOVATIONS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008 AND 2007**

**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, 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 Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. For the years ended, June 30, 2008 and 2007, the Organization did not have any permanently restricted net assets.

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.

**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).

**THE CENTER OF WORKFORCE INNOVATIONS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008 AND 2007**

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

**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.

**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. Depreciation expense for the vehicle purchased with corporate funds amounted to \$4,253 and \$5,139 for the years ended June 30, 2008 and 2007, respectively.

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 therefrom, is subject to funding source regulations. As of June 30, 2008 and 2007, the cumulative cost of equipment purchased with grant funds is \$114,911 and \$100,651, respectively.

**THE CENTER OF WORKFORCE INNOVATIONS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008 AND 2007**

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

**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 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.

THE CENTER OF WORKFORCE INNOVATIONS, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008 AND 2007

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

**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.

**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 \$100,000, which covers state and federal funds for each account. The total uninsured balance in these accounts is \$542,452 and \$555,502 at June 30, 2008 and 2007, 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 consisted of the following:

As of June 30,:	<u>2008</u>	<u>2007</u>
Indiana Department of Workforce Development	<u>\$ 933,419</u>	<u>\$ 765,179</u>

**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, 2008 and 2007 was \$27,719 and \$22,460, respectively.

**THE CENTER OF WORKFORCE INNOVATIONS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008 AND 2007**

**NOTE 5 – OPERATING LEASES**

The Organization leases various facilities and equipment for operation of its programs. Rent expense for the years ended June 30, 2008 and 2007 was \$39,484 and \$39,380, respectively. Future minimum lease payments on leases having non-cancelable terms beyond June 30, 2008, are as follows:

		\$ 3,631
2009		885
2010		<u>4,516</u>
		<u>\$ 4,516</u>

**NOTE 6 – 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.

**NOTE 7 – RECLASSIFICATIONS**

Certain amounts in the 2007 financial statements have been reclassified to conform to the 2008 presentation.

**SINGLE AUDIT SECTION**

THE CENTER OF WORKFORCE INNOVATIONS, INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2008

FEDERAL GRANTOR AGENCY Passthrough Agency Program Title	Federal CFDA Number	Grant or Identifying Number	Federal Expenditures
<b>U.S. DEPARTMENT OF LABOR</b>			
Passed through the Indiana Department of Workforce Development (DWD), the Northwest Indiana Workforce Investment Board, Inc.:			
Integrated Employment and Training Services	17.207	IS-6-01	<u>\$ 216,355</u>
Navigator	17.258	NAV-6-01	74,280
WIA Adult Program	17.258	RWB-7-01	3,713,347
WIA Youth Program	17.259	RWB-7-01	2,565,500
WIA Dislocated Worker Program	17.260	RWB-7-01	879,665
Indiana Strategic Skills Initiative	17.260	SSI-6-01	408,671
Rapid Response	17.260	RR-7-01	25,001
Rapid Response	17.260	RR-7A-01	25,000
Rapid Response	17.260	RR-6-01	6,908
Subtotal--WIA Cluster			<u>7,698,372</u>
Career Advancement Account	17.261	CAA-6-01	<u>31,645</u>
Workplace Skills	17.267	WL-5-76	66,347
Digital Literacy	17.267	WL-7-01	33,327
			<u>99,674</u>
Passed through the City of Gary MEPS	17.261	YF-16297-07-60-18	<u>175,384</u>
<b>Total Expenditures of Federal Awards</b>			<u><u>\$ 8,221,430</u></u>

See accompanying note 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, 2008

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	\$ 3,099,726
Youth Program	17.259	2,113,401
Dislocated Worker Program	17.260	620,639
Rapid Response	17.260	45,775
Integrated Services	17.207	212,475
Navigator	17.258	42,657
Career Advancement	17.261	3,919
Total		<u>\$ 6,138,592</u>

THE CENTER OF WORKFORCE INNOVATIONS, INC.  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED JUNE 30, 2008

No matters were reported for the year ended June 30, 2007.



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, 2008, and have issued our report thereon dated November 11, 2008. 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.

November 11, 2008



COMER  
NOWLING  
ASSOCIATES,  
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, 2008. 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, 2008.

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.

November 11, 2008

THE CENTER OF WORKFORCE INNOVATIONS, INC.  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 YEAR ENDED JUNE 30, 2008

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 x
- Significant deficiencies identified? Yes \_\_\_ No x

Noncompliance material to financial statements noted? Yes \_\_\_ No x

Federal Awards

Internal control over major programs:

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

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 x

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
17.261	U.S. Dept of Labor – Career Advancement Account And MEPS

\* 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 x No \_\_\_

THE CENTER OF WORKFORCE INNOVATIONS, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2008

**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.