



STATE OF INDIANA
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November 18, 2009

Board of Directors
Workforce Network, Inc.
630 Wabash Ave., Ste. 205
Terre Haute, IN 47807

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 Workforce Network, 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.

We call your attention to the finding in the report. Page 13 contains the status of one prior audit finding.

STATE BOARD OF ACCOUNTS

**Workforce Network,
Inc.**

**Financial Statements
For The Year Ended
June 30, 2008**



**COMER
NOWLING &
ASSOCIATES, P.C.**

Certified Public Accountants

WORKFORCE NETWORK, INC.

**FINANCIAL STATEMENTS
JUNE 30, 2008**

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Workforce Network, Inc.
Terre Haute, Indiana

We have audited the accompanying statement of financial position of Workforce Network, Inc. (the "Organization") as of June 30, 2008 and the related statement of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Workforce Network, Inc.'s management. 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 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 Workforce Network, Inc. as of June 30, 2008, and the changes in its net assets and cash flows for the year 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 February 4, 2009 on our consideration of the Organization'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 read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the Organization 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 audit 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.

February 4, 2009

WORKFORCE NETWORK, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2008

ASSETS

CURRENT ASSETS:

Cash	\$ 96,745
Grants receivable	310,982
Prepaid expenses	<u>6,864</u>
Total current assets	<u>414,591</u>
Total assets	<u><u>\$ 414,591</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts payable	\$ 102,938
Due to subcontractor	56,823
Accrued payroll and taxes	<u>12,644</u>
Total current liabilities	<u>172,405</u>

NET ASSETS - UNRESTRICTED

	<u>242,186</u>
Total liabilities and net assets	<u><u>\$ 414,591</u></u>

See accompanying notes to financial statements.

WORKFORCE NETWORK, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

REVENUE

Federal grant revenue	\$ 2,675,433
Other grant revenue	200,643
Miscellaneous	<u>1,661</u>
Total revenue	<u>2,877,737</u>

EXPENSES

Program activities	2,664,148
Management and general	<u>230,928</u>
Total expenses	<u>2,895,076</u>

DECREASE IN NET ASSETS (17,339)

UNRESTRICTED NET ASSETS, AT BEGINNING OF YEAR 259,525

UNRESTRICTED NET ASSETS, AT END OF YEAR \$ 242,186

See accompanying notes to financial statements.

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

OPERATING EXPENSES	<u>Program</u>	<u>Management and General</u>	<u>Totals</u>
Salaries	\$ 154,704	\$ 17,659	\$ 172,363
Employee Benefits	56,978	5,618	62,596
Travel	18,260	623	18,883
Facilities	15,844	4,444	20,288
Communications	17,894	1,783	19,677
Office Supplies	69,337	3,710	73,047
Office Equipment	36,845	-	36,845
Professional fees	79,357	197,091	276,448
Sub-contractor expenses	2,214,929	-	2,214,929
	<hr/>	<hr/>	<hr/>
Total expenses	<u>\$ 2,664,148</u>	<u>\$ 230,928</u>	<u>\$ 2,895,076</u>

See accompanying notes to financial statements.

**WORKFORCE NETWORK, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2008**

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ (17,339)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
(Increase) decrease in cash from changes in:	
Grants receivable	473,296
Prepaid and other assets	714
Increase (decrease) in cash from changes in:	
Accounts payable	(297,115)
Due to subcontractor	(94,530)
Accrued payroll and vacation	(8,290)
	56,736
Net cash provided by operating activities	40,009
CASH, BEGINNING OF YEAR	40,009
CASH, END OF YEAR	\$ 96,745

See accompanying notes to financial statements.

WORKFORCE NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

Workforce Network, Inc. (the “Organization”) was organized as a nonprofit corporation in 1999. The Organization was formed to administer and subcontract grants that prepare youth, unskilled adults, and dislocated workers for entry into the workforce and to provide economically disadvantaged individuals and others facing barriers to employment with job training in Clay, Vigo, Vermillion, Putnam, and Parke counties in Indiana. The Organization is primarily supported through federal and state government grants. Substantially, all of the Organization’s funding is federal pass-through funds received from the Region 7 Regional Workforce Board, Inc.

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 year ended June 30, 2008, the organization did not have any temporarily restricted or permanently restricted net assets.

EXPENSE ALLOCATION

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

WORKFORCE NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

GOVERNMENT GRANTS

Support funded by grants is recognized as the Organization performs the contracted services under grant agreements. Grant revenue is recognized as earned as the eligible expenses are incurred. No allowance for uncollectible grants has been recorded. Grant expenditures are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required. Amounts required prior to expenditures being incurred are reflected as unearned revenue on the statement of financial position.

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).

CONTRIBUTIONS

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. If a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as unrestricted. The Organization did not receive contributions during the year ended June 30, 2008.

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. The volunteer's time does not meet the requirements for recognition under Statement of Financial Accounting Standards (SFAS) No. 116 "*Accounting for Contributions Received and Contributions Made*".

WORKFORCE NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 1 – 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.

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.

PROPERTY AND EQUIPMENT

As of June 30, 2008, all property and equipment acquired by the Organization was purchased with funds provided by the State of Indiana and therefore owned by the State of Indiana. Expenditures for maintenance and repairs are expensed when incurred.

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 – GRANTS RECEIVABLE

Grants receivable as of June 30, 2008 consisted of the following:

Region 7 Regional Workforce Board, Inc.

\$ 310,982

WORKFORCE NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 3 – CONCENTRATION OF CREDIT RISK

The Organization maintains a cash balance at a single bank. The account is insured the Federal Deposit Insurance Corporation up to \$100,000. At times throughout the year, the balance in this account may exceed \$100,000.

The Organization receives a substantial amount of its support from federal and state governments. A significant reduction of the level of support, if this were to occur, may have a significant effect on the Organization's programs and activities.

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 4 – STATE OWNED PROPERTY AND EQUIPMENT

As of June 30, 2008, the Organization, in its management capacity for the Region 7 Regional Workforce Board, Inc. controlled State owned equipment and furniture costing \$359,539. These assets were purchased with funds provided by the State of Indiana. Per contract and grant agreements, title to any assets purchased with State funds remains with the State and are reported as assets in the financial statements of the State of Indiana. Therefore, assets purchased with State funds are not reflected in the financial statements of the Organization.

NOTE 5 – EMPLOYEE RETIREMENT PLAN

Pension contributions for the staff of the Organization are made to individual money purchase plans. Upon completion of one (first) year of employment, a pension contribution is made retroactively to the employee start date, with contributions proceeding on a continuous basis thereafter. If employment ends prior to the completion of one (first) full year, all first year contributions are forfeited. Contributions to the plan for the year ended June 30, 2008, were \$13,828.

WORKFORCE NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 6 – OPERATING LEASES

The Organization leases space for operation of its programs. Rent expense is \$1,230 per month and rent expense for the year ended June 30, 2008, was \$14,760. Future minimum lease payments on leases with terms beyond June 30, 2008, are as follows:

2009	\$ 7,380
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NOTE 7 – SUBSEQUENT EVENT

Subsequent to June 30, 2008, the Organization, with the concurrence of the Region 7 Regional Workforce Board, terminated their service provider contract with Western Indiana Employment and Training Services, Inc. (WIETS). Effective August 1, 2008, the Organization entered into a thirty (30) day transitional contract with Ivy Tech Community College to begin the transition to service provider. Subsequent to this transition period, Ivy Tech was awarded the service provider contract to run through June 30, 2010, with a third year option.

NOTE 8 – RELATED PARTIES

The Organization has obtained services from related parties for service provider expenses, training, and annual membership fees. Of these related parties, all represent companies affiliated with board members. During the year ended June 30, 2008, these companies were paid \$2,055,127 for service provider expenses, \$159,802 for training, and \$5,000 for annual membership fees.

SUPPLEMENTARY INFORMATION

WORKFORCE NETWORK, 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
U.S. DEPARTMENT OF LABOR			
Passed through the Indiana Department of Workforce Development (DWD)			
Workforce Investment Act (WIA) Cluster			
WIA Adult Program (F06)	17.258	RWB-6-07	\$ 172,883
WIA Adult Program (F07)	17.258	RWB-7-07	664,689
WIA Incentive	17.258	RWB-6-07	79,073
			<u>916,645</u>
WIA Youth Program (F06)	17.259	RWB-6-07	232,724
WIA Youth Program (F07)	17.259	RWB-7-07	618,622
			<u>851,346</u>
WIA Dislocated Worker	17.260	RWB-6-07	168,211
WIA Dislocated Worker	17.260	RWB-7-07	315,433
Rapid Response (F05)	17.260	RWB-6-07	34,651
Rapid Response (F06)	17.260	RR7-07	23,800
Rapid Response (F06)	17.260	RR7A-07	11,335
WIA Incentive	17.260	RWB-7-07	45,636
BC Rapid Response	17.260	BC-7-07	9,826
			<u>608,892</u>
Administration (F06)	17.258-.260	RWB-6-07	145,195
Administration (F07)	17.258-.260	RWB-7-07	74,262
			<u>219,457</u>
WIA SSI	17.258-.260	SSI-6-07	46,433
WIA SSI Admin	17.258-.260	SSI-6-07	2,612
			<u>49,045</u>
Sub-total for WIA Cluster			<u>2,645,385</u>
Navigator	17.266	NAV-6-07	16,448
Workforce Literacy	17.267	WL-7-07	13,600
			<u>30,048</u>
Total U.S. Department of Labor			<u>2,675,433</u>
Total Expenditures of Federal Awards			<u>\$ 2,675,433</u>

See accompanying notes to Schedule of Expenditures of Federal Awards

WORKFORCE NETWORK, 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 Workforce Network, 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

Workforce Network, 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	\$ 804,465
Youth Program	17.259	725,509
Dislocated Worker Program	17.260	412,735
WIA Incentive	17.258	95,687
Rapid Response	17.260	51,823
Navigator	17.266	14,795
Workforce Literacy	17.267	8,953
Total		<u>\$ 2,113,967</u>

WORKFORCE NETWORK, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2008

Financial Statement Audit Finding—2007—Material Adjustments

Condition: Prior auditor proposed an adjusting journal entry for expenses and accounts payable, and a corresponding offset to grants receivable and grant revenue, which were deemed to be material in relation to the financial statements. Since the Organization's internal controls did not discover these adjustments prior to the audit, it was considered a significant deficiency.

Recommendation: It was recommended that the Organization implement procedures to provide sufficient internal control over account balance adjustments.

Updated Management Response: The accounts payable section of the Workforce Network, Inc. Accounting Procedures Manual has been revised to include a process that requires all payments made during a period that begins with the end of the fiscal year and ends with the issuance of the final audited financial statements to be evaluated in order to determine whether the activity or goods received should be applied to the prior year's reported expenses in accordance with generally accepted accounting principles.

The revised policy requires the WNI financial officer to create a tracking spreadsheet which lists each check issued during the identified period. Entry detail will include the date, check number, vendor, amount, account charged and the identification of the program year that was charged. The tracking spreadsheet will assure increased focus in the determination of the correct program year. In addition, it will also provide management with the ability to easily review the status of these transitional payments.

Auditor Update: During the audit period ending June 30, 2008, no material adjustments were found. Additionally, the spreadsheet described above was provided which tracked disbursements and increased the focus on the determination of the correct program year.



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
Workforce Network, Inc.
Terre Haute, Indiana

We have audited the financial statements of Workforce Network, Inc. (a nonprofit organization), as of and for the year ended June 30, 2008, and have issued our report thereon dated February 4, 2009. 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 Workforce Network, 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 Workforce Network, 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.

February 4, 2009



**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
Workforce Network, Inc.
Terre Haute, Indiana

Compliance

We have audited the compliance of Workforce Network, 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. Workforce Network, 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 Workforce Network, Inc.'s management. Our responsibility is to express an opinion on Workforce Network, 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 Workforce Network, 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 Workforce Network, Inc.'s compliance with those requirements.

In our opinion, Workforce Network, 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 Workforce Network, 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 Workforce Network, 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 Workforce Network, 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.

February 4, 2009

WORKFORCE NETWORK, 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

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

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

Auditee qualified as low-risk auditee? Yes ___ No x

WORKFORCE NETWORK, 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.