B35228

STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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November 30, 2009

Board of Directors
Workforce Development
Associates, Inc.
303 Plaza Dr.
P.O. Box 6712
New Albany, IN 47150

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 Development Associates, 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

Workforce Development Associates, Inc.

Financial Statements For The Years Ended June 30, 2008 and 2007

Comer Nowling and Associates, P.C.

Certified Public Accountants

WORKFORCE DEVELOPMENT ASSOCIATES, INC.

FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007

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Board of Directors
Workforce Development Associates, Inc.
New Albany, Indiana

We have audited the accompanying statements of financial position of Workforce Development Associates, Inc. (the "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 Workforce Development Associates, 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. 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 Development Associates, Inc. as of June 30, 2008 and 2007, and the changes in its net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

Comer, Nowling And Associates, P.C.

Comer, Nowling And Associates, P.C.
February 19, 2009

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WORKFORCE DEVELOPMENT ASSOCIATES, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2008 AND 2007

ASSETS

	2008	2007
CURRENT ASSETS:		
Cash	$ 50,386	$ 74,707
Accounts receivable	36,923	15,459
Deposit	6,750	6,750
Total current assets	94,059	96,916
FIXED ASSETS:		
Furniture and equipment	6,988	6,988
Accumulated depreciation	(6,988)	(6,428)
Total fixed assets, net	-	560
Total assets	$ 94,059	$ 97,476

LIABILITIES AND NET ASSETS

	2008	2007
CURRENT LIABILITIES:		
Accounts payable	$ 13,834	$ 17,929
Total current liabilities	13,834	17,929
NET ASSETS - UNRESTRICTED	80,225	79,547
Total liabilities and net assets	$ 94,059	$ 97,476

See accompanying notes to financial statements.

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

	2008	2007
REVENUE		
Grant revenue	$ 418,877	$ 379,789
Interest income	541	501
Total revenue	419,418	380,290
EXPENSES		
Program activities	374,773	343,010
Management and general	43,967	27,102
Total expenses	418,740	370,112
INCREASE IN NET ASSETS	678	10,178
UNRESTRICTED NET ASSETS, AT BEGINNING OF YEAR	79,547	69,369
UNRESTRICTED NET ASSETS, AT END OF YEAR	$ 80,225	$ 79,547

See accompanying notes to financial statements.

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

OPERATING EXPENSES	Program	Management and General	Totals
Salaries	$ 215,728	$ 16,042	$ 231,770
Employee Benefits	54,616	2,435	57,051
Travel	7,030	215	7,245
Building Rent	13,068	574	13,642
Communications	4,631	161	4,792
Office Supplies	8,570	3,208	11,778
Office Equipment	1,731	-	1,731
Professional fees	-	18,146	18,146
Liability Insurance	-	2,626	2,626
Depreciation expense	-	560	560
Sub-contractor expenses	69,399	-	69,399
Total expenses	$ 374,773	$ 43,967	$ 418,740

See accompanying notes to financial statements.

WORKFORCE DEVELOPMENT ASSOCIATES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2007

OPERATING EXPENSES	Program	Management and General	Totals
Salaries	$ 198,894	$ 10,692	$ 209,586
Employee Benefits	49,714	2,540	52,254
Travel	5,050	699	5,749
Building Rent	11,783	1,307	13,090
Communications	5,960	456	6,416
Office Equipment	2,145	-	2,145
Professional fees	-	9,600	9,600
Liability Insurance	1,580	1,051	2,631
Depreciation expense	-	757	757
Sub-contractor expenses	67,884	-	67,884
Total expenses	$ 343,010	$ 27,102	$ 370,112

See accompanying notes to financial statements.

WORKFORCE DEVELOPMENT ASSOCIATES, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 678	$ 10,178
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation expense	560	757
(Increase) decrease in cash from changes in:		
Grants receivable	(21,464)	211,358
Prepaid and other assets	-	19,555
Increase (decrease) in cash from changes in:		
Accounts payable	(4,095)	(311,337)
Accrued payroll and vacation	-	(7,993)
Net cash used in operating activities	(24,321)	(77,482)
CASH, BEGINNING OF YEAR	74,707	152,189
CASH, END OF YEAR	$ 50,386	$ 74,707

See accompanying notes to financial statements.

WORKFORCE DEVELOPMENT ASSOCIATES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS
The Workforce Development Associates, Inc. (the "Organization"), formerly Southern Seven Workforce Investment Board, Inc., was organized as a nonprofit corporation in 2001. The Organization was formed to facilitate effective planning, implementation, and oversight of workforce investment programs in Clark, Crawford, Floyd, Harrison, Scott and Washington counties in Indiana.

As a result of the reorganization of regional service areas throughout the state of Indiana, the Organization is acting as the operations manager for Region 10 Workforce Board, Inc. As operations manager for Region 10, the Organization only receives administrative monies for monitoring the sub-recipient of Region 10 as well as other administrative items that Region 10 determines necessary.

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 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.

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 years ended June 30, 2008 and 2007.

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 DEVELOPMENT ASSOCIATES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007

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

Corporate funded property and equipment costing one-thousand dollars ($1,000) or more are stated at cost. Donated property and equipment are recorded at fair market value. 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 to seven years furniture and equipment. Depreciation expense on corporate owned property and equipment totaled $560 and $757 and for the years ended June 30, 2008 and 2007, respectively.

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.

NOTE 1 – 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 – ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2008 and 2007 consisted of the following:

	2008	2007
Region 10 Workforce Development, Inc.	$ 36,923	$ 15,459

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 and 2007, the Organization, in its management capacity for the Region 10 Workforce Board, Inc. controlled State owned equipment and furniture costing $172,421 and $171,857, respectively. 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

The Organization has a simple IRA plan open to full time employees with at least one-full year of employment. The Organization matches 100% of the first $1,500 of the employees contributions. The Organizations contributions for the years ended June 30, 2008 and 2007 were $3,000 for both years.

NOTE 6 – OPERATING LEASES

The Organization leases space for operation of its programs. For the year ended June 30, 2008, rent expense was $1,090 per month and rent expense for the year was $13,080.

The Organization entered into a new lease agreement in June 2008. The future minimum payments due beyond June 30, 2008, are as follows:

2009	$ 10,640
2010	11,607
	$ 22,247