



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

B39517

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

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

October 13, 2011

Board of Directors
JobWorks, Inc.
201 E. Rudisill Blvd., Ste. 301
Fort Wayne, IN 46806

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

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

We call your attention to the findings in the report. Pages 31 through 35 contain two current audit findings and management's corrective action plan.

STATE BOARD OF ACCOUNTS

JobWorks, Inc.

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



Certified Public Accountants

JOBWORKS, INC.
TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1
 FINANCIAL STATEMENTS	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	6
Statements of Cash Flows.....	10
Notes to Financial Statements.....	11
 SUPPLEMENTARY INFORMATION	
Schedule of Expenditures of Federal Awards.....	21
Note to Schedule of Expenditures of Federal Awards.....	24
Summary Schedule of Prior Audit Findings.....	25
Report on Internal Control Over Financial Reporting and on Compliance And Other Matters based on an Audit of Financial Statements Performed In Accordance with <i>Government Auditing Standards</i>	26
Report on Compliance with Requirements Applicable to Each Major Program And on Internal Control Over Compliance in Accordance with OMB Circular A-133	28
Schedule of Findings and Questioned Costs.....	30



BUSINESS PLANNING
FINANCIAL STATEMENTS
BUSINESS VALUATIONS
TAX PLANNING
TAX PREPARATION

Independent Auditor's Report

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

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

We conducted our 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 JobWorks, Inc. as of June 30, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 09, 2010 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, grants agreements and other matters. 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 JobWorks, Inc. taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated, in all material aspects, in relation to the basic financial statements taken as a whole.

Comer, Nowling And Associates, P. C.

Comer, Nowling And Associates, P.C.

March 09, 2010

JOBWORKS, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2009

ASSETS		
	2009	2008
CURRENT ASSETS:		
Cash	\$ 1,438,844	\$ 703,929
Investments	64,019	73,669
Grants receivable	4,245,208	1,728,391
Accounts receivable	28,721	49,040
Prepaid expenses	64,918	93,492
Total current assets	5,841,710	2,648,521
FIXED ASSETS:		
Vehicles	98,194	98,194
Furniture and equipment	112,186	112,186
	210,380	210,380
Less accumulated depreciation	(161,363)	(127,972)
Total fixed assets, net	49,017	82,408
Total assets	\$ 5,890,727	\$ 2,730,929
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	\$ 3,983,650	\$ 1,569,193
Accrued payroll taxes and related expenses	1,113,698	813,392
Line of credit - Tower Bank	490,000	-
Unearned revenue	15,301	9,828
Current portion - long term debt	11,966	20,714
Total current liabilities	5,614,615	2,413,127
LONG TERM DEBT, NET OF CURRENT PORTION	14,152	26,119
Total liabilities	5,628,767	2,439,246
NET ASSETS:		
Unrestricted	261,960	291,683
Total liabilities and unrestricted net assets	\$ 5,890,727	\$ 2,730,929

See accompanying notes to financial statements.

JOBWORKS, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

	2009		
	Unrestricted	Temporarily Restricted	Total
REVENUE AND OTHER SUPPORT			
Grant revenue	\$ -	26,825,371	\$ 26,825,371
Corporate revenue	47,913	-	47,913
Investment income	(9,651)	-	(9,651)
	<u>38,262</u>	<u>26,825,371</u>	<u>26,863,633</u>
Net assets released from restrictions through satisfaction of program restrictions	26,825,371	(26,825,371)	-
Total revenue, other support and net assets released from restrictions	<u>26,863,633</u>	<u>-</u>	<u>26,863,633</u>
OPERATING EXPENSES			
General fund	40,829	-	40,829
Profiling	17,328	-	17,328
Adult	6,905,707	-	6,905,707
Dislocated worker	8,656,782	-	8,656,782
Youth	5,321,528	-	5,321,528
TANF and food stamps	8,524	-	8,524
Discretionary	2,628,529	-	2,628,529
Reed Act	-	-	-
Veterans	460,330	-	460,330
Fee for service	52,283	-	52,283
Other	1,159,449	-	1,159,449
Management and general	1,642,067	-	1,642,067
Total operating expenses	<u>26,893,356</u>	<u>-</u>	<u>26,893,356</u>
INCREASE (DECREASE) IN NET ASSETS			
	(29,723)	-	(29,723)
NET ASSETS - BEGINNING OF YEAR			
	<u>291,683</u>	<u>-</u>	<u>291,683</u>
NET ASSETS - END OF YEAR			
	<u>\$ 261,960</u>	<u>\$ -</u>	<u>\$ 261,960</u>

See accompanying notes to financial statements.

2008

Unrestricted	Temporarily Restricted	Total
\$ -	\$ 17,063,015	\$ 17,063,015
58,730	-	58,730
3,581	-	3,581
<u>62,311</u>	<u>17,063,015</u>	<u>17,125,326</u>
17,063,015	(17,063,015)	-
<u>17,125,326</u>	<u>-</u>	<u>17,125,326</u>
74,649	-	74,649
51,454	-	51,454
6,345,387	-	6,345,387
2,539,654	-	2,539,654
4,432,540	-	4,432,540
323,905	-	323,905
-	-	-
14,979	-	14,979
455,768	-	455,768
68,569	-	68,569
825,726	-	825,726
2,053,205	-	2,053,205
<u>17,185,836</u>	<u>-</u>	<u>17,185,836</u>
(60,510)	-	(60,510)
<u>352,193</u>	<u>-</u>	<u>352,193</u>
<u>\$ 291,683</u>	<u>\$ -</u>	<u>\$ 291,683</u>

JOBWORKS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2009

	<u>General</u>	<u>Profiling</u>	<u>Adult</u>	<u>Dislocated Worker</u>	<u>Youth</u>
OPERATING EXPENSES					
Wages and benefits	\$ 13,135	\$ 8,643	\$ 4,058,847	\$ 4,269,196	\$ 3,322,838
Travel and staff development	5,216	1,704	87,722	77,162	144,497
Facility costs	-	694	727,365	852,626	253,588
Equipment and depreciation	900	97	58,393	102,501	36,805
Communications	1,279	122	92,217	86,231	75,589
Supplies, postage and printing	875	94	66,607	77,855	57,454
Professional fees and dues	17,692	5,974	93,921	92,691	77,774
Client benefits	1,732	-	1,720,635	3,098,520	1,319,708
Subcontractors	-	-	-	-	33,275
Total operating expenses	<u>\$ 40,829</u>	<u>\$ 17,328</u>	<u>\$ 6,905,707</u>	<u>\$ 8,656,782</u>	<u>\$ 5,321,528</u>

See accompanying notes to financial statements.

<u>TANF & Food Stamps</u>	<u>Discretionary</u>	<u>Veterans</u>	<u>Fee For Service</u>	<u>Other</u>	<u>Management & General</u>	<u>2009 Total</u>
\$ 2,905	\$ 136,300	\$ 201,377	\$ 39,902	\$ 530,374	\$ 1,130,795	\$ 13,714,312
249	-	5,064	2,822	15,486	66,590	406,512
2,440	14,500	3,999	2,295	335,137	107,292	2,299,936
94	-	525	257	5,427	17,994	222,993
321	-	3,024	668	20,833	27,345	307,629
209	19	5,729	1,339	8,387	24,896	243,464
244	-	4,522	5,000	14,775	267,155	579,748
2,062	2,477,710	236,090	-	229,030	-	9,085,487
-	-	-	-	-	-	33,275
<u>\$ 8,524</u>	<u>\$ 2,628,529</u>	<u>\$ 460,330</u>	<u>\$ 52,283</u>	<u>\$ 1,159,449</u>	<u>\$ 1,642,067</u>	<u>\$ 26,893,356</u>

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

	<u>General</u>	<u>Profiling</u>	<u>Adult</u>	<u>Dislocated Worker</u>	<u>Youth</u>
OPERATING EXPENSES					
Wages and benefits	\$ 20,188	\$ 25,634	\$ 3,224,636	\$ 1,493,214	\$ 2,031,591
Travel and staff development	24,742	1,876	58,322	30,357	105,856
Facility costs	100	56	54,888	47,388	178,046
Equipment and depreciation	12,622	302	60,733	43,714	35,697
Communications	2,022	657	51,145	34,680	69,786
Supplies, postage and printing	1,167	414	34,924	28,718	63,106
Professional fees and dues	13,808	22,515	116,497	104,128	73,737
Client benefits	-	-	2,732,446	757,455	1,826,735
Subcontractors	-	-	11,796	-	47,986
Total operating expenses	<u>\$ 74,649</u>	<u>\$ 51,454</u>	<u>\$ 6,345,387</u>	<u>\$ 2,539,654</u>	<u>\$ 4,432,540</u>

See accompanying notes to financial statements.

<u>TANF & Food Stamps</u>	<u>Reed Act</u>	<u>Veterans</u>	<u>Fee For Service</u>	<u>Other</u>	<u>Management & General</u>	<u>2008 Total</u>
\$ 205,192	\$ 11,256	\$ 151,179	\$ 37,827	\$ 342,961	\$ 1,243,088	\$ 8,786,766
2,450	-	7,166	2,819	14,003	103,886	351,477
20,534	-	2,137	72	5,803	306,235	615,259
2,000	-	70	355	11,135	32,475	199,103
3,419	3,685	1,420	526	3,122	106,064	276,526
3,902	-	4,250	5,495	11,791	59,735	213,502
41,397	38	5,419	21,475	74,852	201,722	675,588
45,011	-	284,127	-	362,059	-	6,007,833
-	-	-	-	-	-	59,782
<u>\$ 323,905</u>	<u>\$ 14,979</u>	<u>\$ 455,768</u>	<u>\$ 68,569</u>	<u>\$ 825,726</u>	<u>\$ 2,053,205</u>	<u>\$ 17,185,836</u>

This page intentionally left blank

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

	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (29,723)	\$ (60,510)
Adjustments to reconcile decrease in net assets to net cash provided by operating activities:		
Depreciation expense	33,389	32,906
Net unrealized (gain) loss on investments	9,652	4,289
Increase (decrease) in cash from changes in:		
Grants receivable	(2,516,817)	807,032
Accounts receivable	20,319	(7,925)
Prepaid expenses	28,574	(2,123)
Accounts payable	2,414,457	(360,026)
Accrued payroll taxes and related expenses	300,306	374,182
Unearned revenue	5,473	(46,183)
Net cash provided by (used in) operating activities	<u>265,630</u>	<u>741,642</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	-	(35,884)
Purchase of investments	-	(3,581)
Net cash provided by (used in) investing activities	<u>-</u>	<u>(39,465)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments against notes payable	(20,715)	(28,799)
Proceeds from notes payable	-	28,959
Proceeds from line of credit	490,000	-
Payments against line of credit	-	(264,990)
Net cash provided by (used in) financing activities	<u>469,285</u>	<u>(264,830)</u>
NET INCREASE IN CASH	734,915	437,347
CASH, BEGINNING OF YEAR	<u>703,929</u>	<u>266,582</u>
CASH, END OF YEAR	<u>\$ 1,438,844</u>	<u>\$ 703,929</u>
Supplemental Disclosure:		
Cash paid for interest	<u>\$ 17,785</u>	<u>\$ 11,094</u>

See accompanying notes to financial statements.

JOBWORKS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

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

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 Adams, Allen, Bartholomew, Blackford, Cass, Clark, Crawford, Dearborn, Decatur, Dekalb, Delaware, Elkhart, Fayette, Floyd, Franklin, Fulton, Grant, Harrison, Henry, Howard, Huntington, Jackson, Jay, Jefferson, Jennings, Kosciusko, LaGrange, Lake, LaPorte, Marion, Marshall, Miami, Noble, Ohio, Porter, Randolph, Ripley, Rush, Scott, St. Joseph, Steuben, Switzerland, Tipton, Union, Wabash, Washington, Wayne, Wells and Whitley counties in Indiana, Auglaize, Hardin, Mercer and Van Wert counties in Ohio and the San Diego Metro Region in California. The organization is primarily supported through federal and state government grants.

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, 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.

JOBWORKS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - FINANCIAL STATEMENT PRESENTATION
(continued)

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.

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, 2009 and 2008, the Organization did not have 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.

JOBWORKS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

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 \$33,389 and \$32,906 for the years ended June 30, 2009 and 2008, 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.

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.

ADOPTION OF NEW ACCOUNTING STANDARDS

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

Upon adoption of FIN 48, the Organization will recognize a tax benefit only if it is more likely than not the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized will be the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the more-likely-than-not test, no tax benefit will be recorded. Currently, the Organization accounts for contingencies associated with certain tax positions in accordance with SFAS No. 5, *Accounting for Contingencies*, which provides the recording of a contingency based on the probability of certain events to transpire that

JOBWORKS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - ADOPTION OF NEW ACCOUNTING STANDARDS - (continued)

range from probable to remote as opposed to applying a more likely than not recognition threshold. The Organization has examined this issue and has determined there are no material contingent tax liabilities.

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

The Organization adopted applicable portions of this standard for the year ended June 30, 2009. Additional disclosure is provided in Note 14.

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:

JOBWORKS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

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

Administrative cost pool

Agency administrative costs are allocated based on a two step process involving administrative staff time in each region and direct staff time.

Training cost pool

Training costs are allocated based on a one-step process involving direct staff time.

Other joint costs

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

SUBSEQUENT EVENTS

Subsequent events have been evaluated through March 9, 2010, 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 year ended June 30, 2009 and \$100,000 for the year ended June 30, 2008. At June 30, 2009 and 2008, bank balances were \$626,428 and \$739,940, respectively, in excess of FDIC coverage in place for that year.

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, 2009 and 2008, had available a secured line of credit with Tower Bank. As of June 30, 2009 and 2008, the line had a credit limit of \$500,000. The line of credit had an outstanding balance of \$490,000 and zero as of June 30, 2009 and 2008, respectively. Interest is at the bank's prime rate plus 1%. The interest rate was 4.25% at June 30, 2009. The line of credit is secured by all assets of the Organization.

JOBWORKS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

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 14) and are summarized as follows at June 30, 2009 and 2008:

	Cost or Original Donated Value	Fair Value	Gross Unrealized Gain (loss)
As of June 30, 2009:			
Stocks and mutual funds	<u>\$ 74,292</u>	<u>\$ 64,019</u>	<u>\$ (10,910)</u>
As of June 30, 2008:			
Stocks and mutual funds	<u>\$ 72,836</u>	<u>\$ 73,669</u>	<u>\$ 833</u>

The cumulative unrealized loss since the inception of these investments was \$10,910 for the year ended June 30, 2009. The cumulative unrealized gain since the inception of these investments was \$833 for the year ended June 30, 2008. The net unrealized loss for the one year period ended June 30, 2009 was \$11,743 and the net unrealized gain for the one year period ended June 30, 2008 was \$4,289. These net unrealized gains and losses are included in the investment income balance in the statements of activities.

**NOTE 5 - STATEMENTS OF FINANCIAL ACCOUNTING STANDARDS (SFAS)
- 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 6 – RETIREMENT PLAN

JobWorks, Inc. maintains a 401(k) profit sharing plan. Employees who have completed three months of service and are 21 years old are eligible for the 401(k) portion of the plan, and employees who have completed six months of service and are 21 years of age are eligible for the profit sharing portion of the plan. The employee contributions are 100% vested, and employer matching contributions vest over a five-year period with

JOBWORKS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

NOTE 6 -- RETIREMENT PLAN (continued)

vesting occurring 20% per year after one year and 20% per year thereafter. Employees may contribute a portion of their salary up to the annual Internal Revenue Service limit, and the Organization will contribute either a matching amount or discretionary amount. The employer contributions for the years ended June 30, 2009 and 2008 were \$302,486 and \$256,452, respectively.

NOTE 7 -- GRANTS RECEIVABLE

Grants receivable consisted of the following:

As of June 30,:	<u>2009</u>	<u>2008</u>
Indiana Department of Workforce Development	\$3,938,607	\$1,426,345
Indiana Family and Social Service Administration	-0-	12,800
Fee for service and local grants	200,069	289,246
Other	106,532	-0-
	<u>\$4,245,208</u>	<u>\$1,728,391</u>

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, 2009 and 2008 was \$1,751,646 and \$522,790, respectively. Future minimum lease payments on leases having non-cancelable terms beyond June 30, 2009 are as follows:

2010	\$ 1,682,163
2011	444,048
2012	336,548
2013	60,288
2014	-0-
Thereafter	-0-
	<u>\$ 2,523,047</u>

NOTE 9 -- RECLASSIFICATIONS

Certain reclassifications have been made to the 2008 financial statements to conform to the 2009 presentation.

JOBWORKS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

NOTE 10 – CONTINGENCY

JobWorks, Inc. merged with Workforce Development Services, Inc. (WDS, Inc.) effective September 1, 2002. As a result of the merger, the surviving corporation was JobWorks, Inc. The Internal Revenue Service claims that JobWorks, Inc. owes a penalty of approximately \$41,000 due to WDS, Inc.'s failure to file in timely fashion Form 990 for the short year July 1, 2002 through and inclusive of August 31, 2002. JobWorks, Inc. has retained the services of legal counsel to assist in the resolution of the matter. The final determination of the actual penalty amount, if any, to be paid cannot be determined at this time. Accordingly, these financial statements do not reflect any liability, which may arise as a result of the penalty assessment.

NOTE 11 – LONG-TERM DEBT

Long-term debt consists of the following as of June 30,:

	<u>2009</u>	<u>2008</u>
Note payable – 5.75% payable in monthly payments of \$515.49 including interest. The agreement was entered into on September 12, 2005 and matures on March 12, 2009. Note collateralized by a vehicle.	\$-0-	\$4,529
Note payable – 5.75% payable in monthly payments of \$557.68 including interest. The agreement was entered into on September 12, 2005 and matures on March 12, 2009. Note collateralized by a vehicle.	-0-	4,900
Note payable – 5.50% payable in monthly payments of \$419.19 including interest. The agreement was entered into on December 23, 2005 and matures on December 22, 2010. Note collateralized by a vehicle.	7,217	11,698
Note payable – 5.99% payable in monthly payments of \$679.96 including interest. The agreement was entered into on December 28, 2007 and matures on December 28, 2011. Note collateralized by a vehicle.	<u>18,901</u>	<u>25,706</u>
Total long-term debt	<u>\$26,118</u>	<u>\$46,833</u>

JOBWORKS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

NOTE 11 -- LONG-TERM DEBT (continued)

The following are the maturities of these notes payable for each of the next five years:

June 30,:	
2010	\$ 11,966
2011	10,143
2012	<u>4,009</u>
	<u>\$ 26,118</u>

NOTE 12 – IMPACT CONTRACT LEGAL ACTION

On September 27, 2006, a prior employee of the Organization was indicted on charges of theft related to the period of October 1, 2001 through September 30, 2003 at which time he managed the Indianapolis office of the Organization located in Marion County, Indiana. On September 22, 2005, the Indiana Family and Social Services Administration (FSSA) terminated the Organization's Marion County Indiana Manpower Placement and Comprehensive Training (IMPACT) contracts for fiscal years 2005 and 2006. The cause of this termination related to an FSSA investigation of the 2002 and 2003 JobWorks' IMPACT contract years. The investigation, which was completed in September 2006, resulted in the indictment against the past employee.

The past employee left the employment of the JobWorks in September 2004. However, to ensure that no additional IMPACT contract deficiencies existed subsequent to the period covered by the FSSA investigation, the Organization commissioned agreed-upon-procedures to be performed on IMPACT contract claims submitted from October 1, 2004 through December 31, 2006. These agreed-upon-procedures identified no material deficiencies or findings.

The final results of the charges, if any, on the financial statements of the Organization cannot be determined at this time. Accordingly, these financial statements do not reflect any liability, which may arise as a result of the investigation.

NOTE 13 -- FOR-PROFIT SUBSIDIARY

In June 2007, the Organization formed JobWorks Education & Training Systems, LLC (the "subsidiary") for the purpose of providing training, event planning, and technical assistance services. The 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 and has been inactive during the years ended June 30, 2009 and 2008.

JOBWORKS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

NOTE 13 – FOR-PROFIT SUBSIDIARY (continued)

Effective for the year ended December 31, 2007, the subsidiary 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, 2009 and 2008, no revenue had been earned or expenses incurred by the subsidiary.

NOTE 14 - FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

The Organization holds an investment portfolio described in Note 4. Investments classified as Level 1 all have publicly traded daily values which may be obtained.

SUPPLEMENTARY INFORMATION

JOBWORKS, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2009

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):			
Profiling	17.xxx	C1-08-JKF-7-24-07-J	\$ 18,357
Passed through the Indiana Department of Workforce Development (DWD), the Partners for Workforce Solutions, Inc.:			
WIA Adult Program	17.258	JW5001-2008	569,890
Career Advancement Account	17.258	JW5001-2008	33,186
WIA Youth Program	17.259	JW5001-2008	640,979
WIA Dislocated Worker Program	17.260	JW5001-2008	225,447
Rapid Response	17.260	JW5001-2008	1,290,911
Tier II	17.260	JW5001-2008	133,107
WIA Youth Program--JAG	17.259	JW5001-2008	296,782
ARRA Summer Youth	17.259	JW5001-2008	7,772
NEG	17.260	JW5001-2008	50,230
Navigator	17.266	JW5001-2008	44,322
			<u>3,292,626</u>
Passed through the Indiana Department of Workforce Development (DWD), the Workforce Development Group, Inc.:			
DISC	17.255	8821	2,653,773
WIA Adult Program	17.258	8821	260,000
WIA Youth Program	17.259	8825	605,930
WIA Youth Program--JAG	17.259	8825	476,220
ARRA Summer Youth	17.259	8825	8,333
WIA Dislocated Workers Program	17.260	8821	1,030,458
Rapid Response	17.260	8855	1,032,851
NEG	17.260	8850	1,445,111
			<u>7,512,676</u>
Passed through the Indiana Department of Workforce Development (DWD) and the Center of Workforce Innovations, Inc.:			
WIA Adult Program	17.258	CWI-06-WIA-AYD-01	100,579
Rapid Response	17.258	CWI-06-WIA-AYD-01	18,877
WIA Youth Program	17.259	CWI-06-WIA-AYD-01	467,913
WIA Youth Program--JAG	17.259	CWI-06-WIA-AYD-01	432,979
ARRA Summer Youth	17.259	CWI-06-WIA-AYD-01	12,394
WIA Dislocated Workers Program	17.260	CWI-06-WIA-AYD-01	122,047
NEG	17.260	CWI-06-WIA-AYD-01	10,910
NEG Flood	17.260	CWI-06-WIA-AYD-01	11,972
			<u>1,177,671</u>

JOBWORKS, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2009

FEDERAL GRANTOR AGENCY Passthrough Agency Program Title	Federal CFDA Number	Grant or Identifying Number	Federal Expenditures
Passed through the Indiana Department of Workforce Development (DWD), the Tecumseh Area Partnership:			
WIA Adult Program	17.258	WIA6-44	712,785
WIA Youth Program	17.259	WIA6-44	559,076
ARRA Summer Youth	17.259	JW-SYARRA-8-04	4,650
WIA Dislocated Workers Program	17.260	WIA6-44	268,029
Tier II	17.260	RRS6-44	83,856
Rapid Response	17.260	WIA6-44	137,474
Navigator	17.266	NAV8-44	20,766
			<u>1,786,636</u>
Passed through the Mercer County Commissioners:			
WIA Youth Program	17.259	07-1287	125,696
WIA Youth Program	17.259	08-1106	213,607
ARRA Ohio Stimulus summer Youth	17.259	09-540	58,518
			<u>397,821</u>
Passed through the Indiana Department of Workforce Development (DWD) and the Indianapolis Private Industry Council, Inc.:			
WIA Adult Program	17.258	S1001-WAD-05-FE	2,777,453
WIA Youth Program-JAG	17.259	S1001-WI-07-Y	291,265
WIA Youth Program	17.259	S1001-WO-07-Y	571,752
WIA Dislocated Worker	17.260	S1001-WAD-05-FE	783,397
			<u>4,423,867</u>
Passed through the Indianapolis Private Industry Council, Inc.:			
ARRA-Youth Program	17.259	S1001-ARRA-08-SY	121,382
Homeless Initiative	17.261	P1001-WD-08-H	1,385
Hi Growth	17.261	none	2,196
Apollo 13	17.261	S1001-WD-07-X	133,297
			<u>258,260</u>
Passed through the San Diego Workforce Partnership:			
WIA Adult	17.258	190-01	1,213,479
WIA Dislocated Worker	17.260	190-01	1,386,213
Rapid Response	17.260	190-01	18,022
NEG Mortgage	17.260	190-01	15,365
Military Spouse	17.260	190-01	107,754
			<u>2,740,833</u>

JOBWORKS, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2009

FEDERAL GRANTOR AGENCY Passthrough Agency Program Title	Federal CFDA Number	Grant or Identifying Number	Federal Expenditures
Passed through the Indiana Department of Workforce Development (DWD) and Alliance for Strategic Growth:			
WIA Adult Program	17.258	EIRWB-6-08-JW	1,506,421
Career Advancement Accounts	17.258	CAA-6-06-JW	247,404
WIA Youth Program-JAG	17.259	C1-9-JAG-8-06-JW	46,708
WIA Youth Program	17.259	EIRWB-6-08-JW	906,149
ARRA-Youth Program	17.259	C1-9-SYARRA-8-06-JW	30,048
WIA Dislocated Worker	17.260	EIRWB-6-08-JW	320,809
Rapid Response	17.260	C1-9-RR-06-JW	291,566
Tier II	17.260	C1-7-RRS-6-06-JW	306,559
SSI	17.258-.260	SSI-6-06-JW	9,671
Integrated Services	17.207/17.225	IS-8-06-JW	375,423
Navigator	17.266	C1-9-NAV-8-06-JW	6,232
			<u>4,046,990</u>
Passed through the Indiana Department of Workforce Development (DWD) and the Interlocal Association:			
Veteran's Employment Program	17.802	PY08-CR-01-IA	<u>483,737</u>
Passed through the Indiana Department of Workforce Development (DWD) and REACH, Inc.:			
Region 9 Transition Grant	17.259	None	<u>1,422</u>
Passed through the Indiana Department of Workforce Development (DWD) and Workforce Development Associates, Inc.:			
Region 10 Transition Grant	17.258-.260	None	<u>20,298</u>
Total Expenditures of Federal Awards			<u><u>\$ 26,161,194</u></u>

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, and accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Jobworks' 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 an instance of noncompliance that is required to be reported under *Government Auditing Standard* and which is described in the accompanying schedule of findings and questioned costs as Finding 2009-01.

Jobworks' response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Jobworks' response and, accordingly, we express no opinion on it.

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

Comer, Nowling And Associates, P.C.

Comer, Nowling And Associates, P.C.

March 09, 2010



BUSINESS PLANNING
FINANCIAL STATEMENTS
BUSINESS VALUATIONS
TAX PLANNING
TAX PREPARATION

**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
Jobworks, Inc.
Fort Wayne, Indiana

Compliance

We have audited the compliance of Jobworks, Inc. (Jobworks) (a nonprofit organization) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the year ended June 30, 2009. Jobworks' 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 Jobworks' management. Our responsibility is to express an opinion on Jobworks' 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 Jobworks' 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 Jobworks' compliance with those requirements.

In our opinion, Jobworks complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompany schedule of findings and questioned costs as Findings 2009-01 and 2009-02.

Internal Control Over Compliance

The management of Jobworks 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 Jobworks' internal control over compliance with requirements that could have a direct and material effect on a major federal program 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 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 Jobworks' ability to administer a 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as Findings 2009-01 and 2009-02 to be a significant deficiencies.

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. We do not consider the deficiencies described in the accompany schedule of findings and questioned costs to be a material weakness.

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. However, as discussed above, we identified a deficiency in internal control over compliance that we consider to be a significant deficiency.

Jobworks' response to the finding identified in our audit is included in the accompanying schedule of findings and questioned costs. We did not audit Jobwork's response and, accordingly, we express no opinion on it.

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

Comer, Nowling And Associates, P.C.

Comer, Nowling And Associates, P.C.

March 09, 2010

JOBWORKS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2009

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unqualified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

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

Type of auditors report issued: Unqualified

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

Programs tested as major program:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
17.255	U.S. Department of Labor—DISC
17.258*	U.S. Department of Labor—Workforce Investment Act, Adult Program
17.259*	U.S. Department of Labor—Workforce Investment Act, Youth Program
17.259*	U.S. Department of Labor—ARRA Workforce Investment Act, Youth Program
17.260*	U.S. Department of Labor—Workforce Investment Act, Dislocated Workers Program

*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 \$783,506

Auditee qualified as low-risk auditee? Yes No

JOBWORKS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
YEAR ENDED JUNE 30, 2009

Section II – Financial Statement Findings (continued)

Finding 2009-01, Consistent Application of Procurement Policies and Procedures (continued)

Recommendation: Internal policies and procedures need to be comprehensively reviewed and strengthened by documenting them in greater detail and effectively communicating them to all relevant parties. Additionally, spending thresholds should be established within the procurement process to limit the organization's financial exposure if the procedures are not followed in the future. To better segregate duties, evaluations of bids and proposals should be completed by more than one person to increase the accuracy of the evaluation, and should be approved by a person in management.

Management's Corrective Action Plan:

As a result of the circumstances surrounding Finding 2009-1, JobWorks is taking the following steps:

- Procurement policies will be reviewed.
- Procurement policies and procedures will be revised to contain greater detail.
- JobWorks will establish a procurement threshold and submit that policy to Comer, Nowling, & Associates.
- JobWorks will modify its procurement policy to contain increased and sufficient detail on the procurement and selection process.
- JobWorks will conduct internal training on our procurement policy and the procurement process. This training will include not only a review of the procurement policy, it will include a discussion of the actual steps followed in a procurement with examples.
- The revised procurement policy will be posted on JobWorks' intranet and it will be discussed with managers in all regions through our weekly communications meetings.

We believe these steps will provide the necessary training and internal controls to reduce the likelihood of this happening in the future.

Section III – Federal Awards Findings

Finding 2009-01, Consistent Application of Procurement Policies and Procedures—Applies to all CFDA's—See Detailed Finding in Financial Statement Findings Section Above

Condition: There is a lack of oversight in the procurement selection and documentation process. Additionally, the Organization's Procurement Procedures do not include detailed instructions, thresholds, or detailed guidelines for selections. A potential instance of noncompliance was identified subsequent to the entity's fiscal year-ending June 30, 2009. Upon consideration of the root cause, it was determined that the internal control deficiency existed prior to year-end.

JOBWORKS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
YEAR ENDED JUNE 30, 2009

Finding 2009-01, Consistent Application of Procurement Policies and Procedures (continued)

Recommendation: Internal policies and procedures need to be comprehensively reviewed and strengthened by documenting them in greater detail and effectively communicating them to all relevant parties. Additionally, spending thresholds should be established within the procurement process to limit the organization's financial exposure if the procedures are not followed in the future. To better segregate duties, evaluations of bids and proposals should be completed by more than one person to increase the accuracy of the evaluation, and should be approved by a person in management.

Management's Corrective Action Plan:

As a result of the circumstances surrounding Finding 2009-1, JobWorks is taking the following steps:

- Procurement policies will be reviewed.
- Procurement policies and procedures will be revised to contain greater detail.
- JobWorks will establish a procurement threshold and submit that policy to Comer, Nowling, & Associates.
- JobWorks will modify its procurement policy to contain increased and sufficient detail on the procurement and selection process.
- JobWorks will conduct internal training on our procurement policy and the procurement process. This training will include not only a review of the procurement policy, it will include a discussion of the actual steps followed in a procurement with examples.
- The revised procurement policy will be posted on JobWorks' intranet and it will be discussed with managers in all regions through our weekly communications meetings.

We believe these steps will provide the necessary training and internal controls to reduce the likelihood of this happening in the future.

Finding 2009-02--CFDA 17.260, National Emergency Grant--Ineligible Participant Services Charged to National Emergency Grant for the Recreational Vehicle Industry

Condition: During our review of the Regional Operator monitoring reports it was noted that National Emergency Grant (NEG) funds were used to provide services to dislocated recreational vehicle (RV) industry workers who were dislocated from companies that were not included in the RV NEG service pool.

Although eligible companies were listed on the Indiana Department of Workforce Development (IDWD) website, there appeared to be confusion as to any new companies that may have been added to the list. Ultimately, the Organization provided services to a few participants who were not eligible for NEG funding.

JOBWORKS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
YEAR ENDED JUNE 30, 2009

Section III -- Federal Awards Findings (continued)

Finding 2009-02--CFDA 17.260, National Emergency Grant--Ineligible Participant Services Charged to National Emergency Grant for the Recreational Vehicle Industry (continued)

Recommendation: Expanded written procedures, better training of in-take staff and improved dissemination of Regional Operator monitoring reports should be implemented to ensure that only eligible costs are charged against federal grants.

Management's Corrective Action Plan:

Client data was reviewed in Track One to determine eligibility for NEG and WIA DW funding. Costs in question were reviewed in the Fundware data set to determine which funding stream paid for the expense. This data was cross referenced to the Track One data. Adjustments will be made in the current program year to correct NEG and WIA DW charges that were expensed to incorrect funding streams.