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STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

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

March 9, 2016

Board of Directors
The Center of Workforce Innovations, Inc.
2804 Boilermaker Court
Suite E
Valparaiso, IN 46383

We have reviewed the audit report prepared by Wipfli, LLP, for the period July 1, 2013 to June 30, 2014. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountants' opinion, the financial statements included in the report present fairly the financial condition of The Center of Workforce Innovations, Inc., as of June 30, 2014, and the results of its operations for the period then ended, on the basis of accounting described in the report.

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

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

**The Center of Workforce
Innovations, Inc.**

Valparaiso, Indiana

Financial Statements and Supplementary Information
Year Ended June 30, 2014

The Center of Workforce Innovations, Inc.

Financial Statements and Supplementary Information
Year Ended June 30, 2014

Table of Contents

Independent Auditor's Report	1
Financial Statements	
Statement of Financial Position.....	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows.....	7
Notes to Financial Statements.....	8
Supplementary Information	
Schedule of Expenditures of Federal Awards.....	13
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters.....	15
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance	17
Schedule of Findings and Questioned Costs	19



Independent Auditor's Report

Board of Directors
The Center of Workforce Innovations, Inc.
Valparaiso, Indiana

Report on Financial Statements

We have audited the accompanying financial statements of The Center of Workforce Innovations, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States 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 from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Center of Workforce Innovations, Inc. as of June 30, 2014, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States.

Other Matters

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2015, on our consideration of The Center of Workforce Innovations, Inc.'s internal control over financial reporting and on 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 financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Center of Workforce Innovations, Inc.'s internal control over financial reporting and compliance.

Wipfli LLP

Wipfli LLP

January 15, 2015
Madison, Wisconsin

The Center of Workforce Innovations, Inc.

Statement of Financial Position

June 30, 2014

Assets

Current assets:

Cash	\$	511,144
Investments - Certificates of deposit		552,436
Grants receivable		808,659
Accounts receivable		40,853
Prepaid expenses		11,168

Total current assets		1,924,260
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Equipment, net		299
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TOTAL ASSETS	\$	1,924,559
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Liabilities and Net Assets

Current liabilities:

Accounts payable	\$	139,731
Accrued payroll and related expenses		108,903
Grant funds received in advance		62,851
Due to service providers		500,187

Total current liabilities		811,672
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Net assets:

Unrestricted		920,870
Temporarily restricted		192,017

Total net assets		1,112,887
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TOTAL LIABILITIES AND NET ASSETS	\$	1,924,559
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The Center of Workforce Innovations, Inc.

Statement of Activities

Year Ended June 30, 2014

	Unrestricted	Temporarily Restricted	Total
Revenue:			
Federal grant and contract revenue	\$ 0	\$ 7,179,671	\$ 7,179,671
Non-federal grant and contract revenue	0	2,106,240	2,106,240
Program income	0	31,390	31,390
Other income	105,285	0	105,285
Net assets released from restriction through satisfaction of program restrictions	9,336,891	(9,336,891)	0
Total revenue	9,442,176	(19,590)	9,422,586
Expenses:			
Program activities:			
Adult	2,061,177	0	2,061,177
Youth	1,693,620	0	1,693,620
Dislocated worker	1,278,484	0	1,278,484
Business Services	348,953	0	348,953
State adult education	1,411,118	0	1,411,118
Federal adult education	690,995	0	690,995
Other programs	1,134,423	0	1,134,423
Total program expenses	8,618,770	0	8,618,770
Supportive services:			
Management and general	812,531	0	812,531
Fund-raising	19,332	0	19,332
Total support expenses	831,863	0	831,863
Total expenses	9,450,633	0	9,450,633
Change in net assets	(8,457)	(19,590)	(28,047)
Net assets - Beginning of the year	929,327	211,607	1,140,934
Net assets - End of the year	\$ 920,870	\$ 192,017	\$ 1,112,887

See accompanying notes to financial statements.

The Center of Workforce Innovations, Inc.

Statement of Functional Expenses

Year Ended June 30, 2014

	Adult	Youth	Dislocated Worker	Jobs for America's Graduates	State Adult Education	Federal Adult Education
Operating Expenses						
Salaries and benefits	\$ 702,311	\$ 229,913	\$ 573,762	\$ 48,755	\$ 0	\$ 0
Operating expenses	173,927	98,920	129,206	22,708	0	0
Operating supplies	70,514	37,108	53,398	10,134	0	0
Purchased services	66,706	34,217	51,825	10,019	0	0
Service provider expense	1,047,530	1,293,405	470,138	257,327	0	0
Miscellaneous	189	57	155	10	0	0
Adult education expenditures	0	0	0	0	1,411,118	690,995
Total operating expenses	\$ 2,061,177	\$ 1,693,620	\$ 1,278,484	\$ 348,953	\$ 1,411,118	\$ 690,995

See accompanying notes to financial statements.

The Center of Workforce Innovations, Inc.

Statement of Functional Expenses (Continued)

Year Ended June 30, 2014

	Other	Total Programs	Management & General	Fund Raising	Total
Operating Expenses					
Salaries and benefits	\$ 249,068	\$ 1,803,809	\$ 653,907	\$ 19,332	\$ 2,477,048
Operating expenses	298,389	723,150	85,690	0	808,840
Operating supplies	7,344	178,498	14,257	0	192,755
Purchased services	142,284	305,051	52,778	0	357,829
Service provider expense	352,883	3,421,283	0	0	3,421,283
Miscellaneous	68,352	68,764	5,899	0	74,662
Adult education expenditures	16,103	2,118,216	0	0	2,118,216
Total operating expenses	\$ 1,134,423	\$ 8,618,771	\$ 812,531	\$ 19,332	\$ 9,450,633

See accompanying notes to financial statements.

The Center of Workforce Innovations, Inc.

Statement of Cash Flows

Year Ended June 30, 2014

Increase (decrease) in cash:

Cash flows from operating activities:

Change in net assets (\$ 28,047)

Adjustments to reconcile change in net assets to net cash provided by operating activities:

Depreciation 598

Changes in operating assets and liabilities:

Grants receivable 51,228

Accounts receivable 91,739

Prepaid expenses (686)

Accounts payable 76,114

Accrued payroll and related expenses 55,758

Grant funds received in advance (16,452)

Due to service providers (101,475)

Net cash provided by operating activities 128,777

Cash flows from investing activities:

Purchase of certificates of deposit (301,746)

Proceeds from the maturity of certificates of deposit 298,680

Net cash used in investing activities (3,066)

Change in cash 125,711

Cash - Beginning of the year 385,433

Cash - End of the year \$ 511,144

The Center of Workforce Innovations, Inc.

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies

Nature of Operations

The Center of Workforce Innovations, Inc. (the "Organization") was organized as a nonprofit corporation in 2000. The Organization was formed to assist in meeting the training and employment needs of workers and employers in Jasper, Lake, Laporte, Newton, Porter, Pulaski, and Starke counties in Indiana. The Organization is primarily supported through federal and state government grants. Approximately 68% of the funding is federal pass-through funds received from the State of Indiana Department of Workforce Development (DWD).

Basis of Presentation

All financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States.

Classification of Net Assets

Net assets and revenue, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that may or may not be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are transferred to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes. Currently, the Organization does not have any permanently restricted net assets.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

The Center of Workforce Innovations, Inc.

Notes to Financial Statements

Note 1 **Summary of Significant Accounting Policies (Continued)**

Revenue Recognition

Contributions that are restricted by the donor are reported as increases in temporarily restricted net assets.

All other contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and nature of any donor restrictions.

Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award.

A. Grant Awards That Are Contributions

Grants that qualify as contributions are recorded as invoiced to the funding sources. Revenue is recognized in the accounting period when the related allowable expenses are incurred. Amounts received in excess of expenses are reflected as grant funds received in advance.

B. Grant Awards That Are Exchange Transactions

Exchange transactions reimburse based on a predetermined rate for services performed. The revenue is recognized in the period the service is performed.

Income Taxes

The Organization is a nonprofit organization under Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and Indiana income taxes.

The Organization is required to assess whether it is more likely than not that a tax position will be sustained upon examination on the technical merits of the position assuming the taxing authority has full knowledge of all information. If the tax position does not meet the more likely than not recognition threshold, the benefit of that position is not recognized in the financial statements. The Organization has determined there are no amounts to record as assets or liabilities related to uncertain tax positions. Federal returns for the fiscal years ended June 30, 2011, and beyond remain subject to examination by the Internal Revenue Service.

The Center of Workforce Innovations, Inc.

Notes to Financial Statements

Note 1 **Summary of Significant Accounting Policies (Continued)**

Accounts Receivable

Accounts receivable consist primarily of amounts billed under performance contracts and amounts due from various one-stop partners. The Organization analyzes the receivables and records an allowance for doubtful accounts based on prior collection, experience, and specific customer attributes. When all collection efforts have been exhausted, the Organization writes off receivables against the allowance for doubtful accounts. There was no allowance for doubtful accounts at June 30, 2014.

Property and Equipment

Property and equipment are capitalized at cost and depreciated over their estimated useful lives using the straight-line method. The Organization considers property and equipment to be items with a cost of \$500 or more and a useful life of over one year.

Property and equipment purchased with grant funds are held in trust by the Organization for the benefit of the people of the State of Indiana while used in the program for which they were purchased or in other future authorized programs and; therefore, are not recorded in these financial statements. Their disposition, as well as the ownership of any proceeds therefrom, is subject to funding source regulations. The cumulative cost of equipment purchased with grant funds is \$534,661.

Cost Allocation

Joint costs are allocated to benefiting programs throughout the year using employee direct labor hours. Joint costs are those costs incurred for the common benefit of all agency programs, which cannot be readily identified with a final cost objective.

Subsequent Events

Subsequent events have been evaluated through January 15, 2015, which is the date the financial statements were available to be issued.

Note 2 **Concentration of Credit Risk**

The Organization maintains depository relationships with four area financial institutions. Balances at times may exceed Federal Deposit Insurance Corporation (FDIC) limits. The Organization maintains both interest-bearing and noninterest-bearing accounts. The Organization has not experienced any losses with these accounts. Management believes the Organization is not exposed to any significant credit risk on its cash.

The Center of Workforce Innovations, Inc.

Notes to Financial Statements

Note 3 Grants Receivable

Grants receivable at June 30, 2014, consisted of the following:

State of Indiana: Department of Workforce Development (DWD)	\$ 764,053
State of Indiana: Various sources	44,606
<u>Total</u>	<u>\$ 808,659</u>

Note 4 Property and Equipment

A summary of the property and equipment as of June 30, 2014, is as follows:

Furniture	\$ 2,991
<u>Accumulated depreciation</u>	<u>(2,692)</u>
<u>Property and equipment, net</u>	<u>\$ 299</u>

Note 5 Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

Encore program - Admin	\$ 10,174
Local funds for adult education	27,489
Porter County adult education - Admin	43,631
Lumina	13,137
Ready Indiana	49,151
Donaldson	15,175
<u>Other programs</u>	<u>33,260</u>
<u>Total</u>	<u>\$ 192,017</u>

Note 6 Retirement Plan

The Organization maintains a retirement plan that covers all employees who have completed one year of service and are over 18 years old. Employer contributions are made at the discretion of the Board and are up to 7% of participating employee's annual compensation. The retirement benefit is immediately vested upon employee enrollment. The contribution for the year ended June 30, 2014 is \$38,653.

The Center of Workforce Innovations, Inc.

Notes to Financial Statements

Note 7 Operating Leases

The Organization leases various facilities and equipment for operation of its programs. The operating lease payments for the year ended June 30, 2014, were \$409,003. Future minimum lease payments on leases with noncancelable terms beyond one year are as follows:

2015	\$459,876
2016	392,440
2017	395,425
2018	243,446
2019	237,446
Thereafter	72,417
Total	\$1,801,050

Note 8 Commitments and Contingencies

The Organization participates in a number of federally assisted and state grant programs. These programs are subject to program compliance audits by the grantors and their representatives. Any disallowed costs may constitute a liability of the Organization. The Organization believes that it is in substantial compliance with all grant requirements, including those related to matching and disallowed costs, and any noncompliance, if any, would not be significant.

Delegate Agencies

The Organization delegates the operation of a portion of its funding to several other not-for-profit organizations. Other auditors audit these delegate agencies. The delegate agencies' audits are financial and compliance audits completed in accordance with the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The Organization receives the delegate agency audit reports within nine months after the end of the delegate's fiscal year. Any deficiency, discrepancy, or questioned costs in the delegate agencies' financial and compliance audits are addressed and resolved by the Organization. As of the date of this report, most of the delegate agencies' audits for the Organization's fiscal year ended June 30, 2014, have not been received. Any deficiencies, discrepancies, or questioned costs, if any, of the delegate audit reports will be addressed by the Organization in the period when they are received.

Note 9 Grant Awards

At June 30, 2014, the Organization had received future funding commitments under various grants of approximately \$3,630,000. These commitments are not recognized in the accompanying financial statements as revenue and receivables as they are conditional awards.

Supplementary Information

The Center of Workforce Innovations, Inc.

Schedule A-1 Schedule of Expenditures of Federal Awards Year Ended June 30, 2014

CFDA Number	Grant Number	Program Name	Grantor Agency	Program Period	Program or Award Amount	Federal Expenditures
ASSISTANCE PROGRAMS AS IDENTIFIED IN THE CATALOG OF FEDERAL DOMESTIC ASSISTANCE						
Department of Labor						
17.207	BC-3-01	Business Consultant	Indiana Dept. of Workforce Development	07/01/13-06/30/14	\$ 45,000	\$ 45,000
17.207	DEI-2-01	Disability Grant	Indiana Dept. of Workforce Development	01/01/13-09/30/15	216,062	55,809
17.207	IS-2-01	Integrated services	Indiana Dept. of Workforce Development	10/01/12-09/30/14	654,163	309,091
		Subtotal CFDA #17.207 (Includes subcontracted expenses of \$37,033)				409,900
17.258	WIB-2-01	WIA Adult Program	Indiana Dept. of Workforce Development	07/01/12-06/30/14	2,117,274	1,097,772
17.258	WIB-2-01	WIA Adult Program - Administration	Indiana Dept. of Workforce Development	07/01/12-06/30/14	181,115	127,260
17.258	WIB-3-01	WIA Adult Program	Indiana Dept. of Workforce Development	07/01/13-06/30/15	2,283,715	958,693
17.258	WIB-3-01	WIA Adult Program - Administration	Indiana Dept. of Workforce Development	07/01/13-06/30/15	253,746	56,683
		Subtotal CFDA #17.258 (Includes subcontracted expenses of \$1,047,530)				2,240,408
17.259	WIB-2-01	WIA Youth Program	Indiana Dept. of Workforce Development	07/01/12-06/30/14	1,707,615	518,924
17.259	WIB-2-01	WIA Youth Program - Administration	Indiana Dept. of Workforce Development	07/01/12-06/30/14	189,735	143,985
17.259	WIB-3-01	WIA Youth Program	Indiana Dept. of Workforce Development	07/01/13-06/30/15	1,773,146	1,160,346
17.259	WIB-3-01	WIA Youth Program - Administration	Indiana Dept. of Workforce Development	07/01/13-06/30/15	197,016	44,010
17.259	JAG-3-01	JAG Manager	Indiana Dept. of Workforce Development	07/01/13-06/30/14	404,140	380,851
17.259	BC-2-01	Business Consultant	Indiana Dept. of Workforce Development	07/01/12-06/30/13	16,200	161
		Subtotal CFDA #17.259 (Includes subcontracted expenses of \$1,550,732)				2,248,277
17.278	WIB-3-01	WIA Dislocated Worker Program	Indiana Dept. of Workforce Development	07/01/12-06/30/14	1,136,862	683,671
17.278	WIB-2-01	WIA Dislocated Worker Program - Administration	Indiana Dept. of Workforce Development	07/01/12-06/30/14	180,454	160,107
17.278	WIB-3-01	WIA Dislocated Worker Program	Indiana Dept. of Workforce Development	07/01/13-06/30/15	1,325,182	592,819
17.278	WIB-2-01	WIA Dislocated Worker Program - Administration	Indiana Dept. of Workforce Development	07/01/13-06/30/15	147,242	32,892
17.278	BC-3-01	Business Consultant	Indiana Dept. of Workforce Development	07/01/13-06/30/15	85,000	58,598
		Subtotal CFDA #17.278 (Includes subcontracted expenses of \$470,138)				1,528,087
		Subtotal Cluster CFDA #17.258, #17.259, and #17.278				6,016,772

The Center of Workforce Innovations, Inc.

Schedule A-2 Schedule of Expenditures of Federal Awards Year Ended June 30, 2014

CFDA Number	Grant Number	Program Name	Grantor Agency	Program Period	Program or Award Amount	Federal Expenditures
ASSISTANCE PROGRAMS AS IDENTIFIED IN THE CATALOG OF FEDERAL DOMESTIC ASSISTANCE (Continued)						
Department of Education	AE-3-01	Adult Education	Indiana Department of Education	07/01/13-06/30/14	781,129	722,705
84.002						
TOTAL FEDERAL PROGRAMS						\$ 7,149,377

Notes to the Schedule of Expenditures of Federal Awards

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of The Center of Workforce Innovations, Inc. under programs of the federal government for the year ended June 30, 2014. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of The Center of Workforce Innovations, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of The Center of Workforce Innovations, Inc.

Note 2 - Summary of Significant Accounting Policies

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

See Independent Auditor's Report.



Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

Board of Directors
The Center of Workforce Innovations, Inc.
Valparaiso, Indiana

We have audited, in accordance with the auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of The Center of Workforce Innovations, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 15, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered The Center of Workforce Innovations, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Center of Workforce Innovations, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of The Center of Workforce Innovations, Inc.'s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and in considering The Center of Workforce Innovations, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wipfli LLP

Wipfli LLP

January 15, 2015
Madison, Wisconsin



Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance

Board of Directors
The Center of Workforce Innovations, Inc.
Valparaiso, Indiana

Report on Compliance for Each Major Federal Program

We have audited The Center of Workforce Innovations Inc.'s compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014. The Center of Workforce Innovations Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management of The Center of Workforce Innovations Inc. is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of The Center of Workforce Innovations Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and *OMB Circular A-133* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about The Center of Workforce Innovations Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide legal determination The Center of Workforce Innovations Inc.'s compliance with those requirements.

Opinion on Each Major Program

In our opinion, The Center of Workforce Innovations Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of The Center of Workforce Innovations Inc. is responsible for establishing and maintaining effective internal control over compliance ("internal control") with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered The Center of Workforce Innovations Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program in order to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with *OMB Circular A-133*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of The Center of Workforce Innovations Inc.'s internal control.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of *OMB Circular A-133*. Accordingly, this report is not suitable for any other purpose.

Wipfli LLP

Wipfli LLP

January 15, 2015
Madison, Wisconsin

The Center of Workforce Innovations, Inc.

Schedule of Findings and Questioned Costs

A. Summary of Auditor's Results

1. The auditor's report expresses an unmodified opinion on the financial statements of The Center of Workforce Innovations, Inc.
2. No significant deficiencies or material weaknesses relating to the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters.
3. No instances of noncompliance material to the financial statements of The Center of Workforce Innovations, Inc. were disclosed during the audit.
4. No significant deficiencies or material weaknesses were disclosed during the audit of the major federal award program as reported in the Independent Auditor's Report on Compliance For Each Major Federal Program and on Internal Control Over Compliance.
5. The auditor's report on compliance for the major federal award programs for The Center of Workforce Innovations, Inc. expresses an unmodified opinion.
6. There were no audit findings relative to the major federal award program for The Center of Workforce Innovations, Inc.
7. The programs tested as major programs were:
 - U.S. Department of Labor
 - Workforce Investment Act, CFDA Cluster #17.258, #17.259, and #17.278
 - Employment Service/Wagner-Peyser Funded Activities, CFDA #17.207
 - U.S. Department of Education
 - Adult Education, CFDA #84.002
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. The Center of Workforce Innovations, Inc. was determined to be a low-risk auditee.

B. Findings - Financial Statements Audit

Finding: No matters to be reported

C. Findings and Questioned Costs - Major Federal Award Programs Audit

Questioned Costs: No matters to be reported

Finding: No matters to be reported

D. Prior Year Findings:

No matters to be reported