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August 30, 2017

Board of Directors
JobWorks, Inc.
7832 Bluffton Road
Fort Wayne, IN 46809

We have reviewed the audit report prepared by Comer, Nowling and Associates, PC, for the period July 1, 2014 to June 30, 2015. 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 JobWorks, Inc., as of June 30, 2015, 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

JobWorks, Inc. and Subsidiaries



**Consolidated Financial Statements
For The Years Ended
June 30, 2015 and 2014
(With Single Audit Section)**

COMER  NOWLING

INDUSTRY ESTABLISHED | FOCUSED ON QUALITY

Certified Public Accountants

JOBWORKS, INC. AND SUBSIDIARIES
(Fort Wayne, Indiana)
CONSOLIDATED FINANCIAL STATEMENTS

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Independent Auditor's Report

To the Board of Directors of
JobWorks, Inc. and Subsidiaries

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of JobWorks, Inc. (a nonprofit organization) and Subsidiaries, which comprise the consolidated statements of financial position as of June 30, 2015 and 2014, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated 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 of America; 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 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 audits 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of JobWorks, Inc. and Subsidiaries as of June 30, 2015 and 2014, and the consolidated changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements of JobWorks, Inc. and Subsidiaries as a whole. The accompanying schedule of expenditures of federal awards, as required by 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. The 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 of America. 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, 2016 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, 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 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 JobWorks, Inc.'s internal control over financial reporting and compliance.

Comer, Nowling And Associates, P.C.

Comer, Nowling And Associates, P.C.

Indianapolis, Indiana

January 15, 2016

JOBWORKS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2015 AND 2014

ASSETS		<u>2015</u>	<u>2014</u>
CURRENT ASSETS:			
Cash		\$ 286,540	\$ 314,847
Investments		88,231	85,538
Grants receivable		1,722,848	1,186,067
Accounts receivable		36,927	101,314
Prepaid expenses		129,890	125,233
Total current assets		<u>2,264,436</u>	<u>1,812,999</u>
PROPERTY AND EQUIPMENT:			
Furniture and equipment		115,644	113,556
		115,644	113,556
Less accumulated depreciation		<u>(113,908)</u>	<u>(113,556)</u>
Total fixed assets, net		<u>1,736</u>	<u>-</u>
Total assets		<u>\$ 2,266,172</u>	<u>\$ 1,812,999</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES:			
Accounts payable		\$ 454,286	\$ 383,837
Accrued payroll taxes and related expenses		652,704	508,421
Total current liabilities		<u>1,106,990</u>	<u>892,258</u>
Total liabilities		<u>1,106,990</u>	<u>892,258</u>
NET ASSETS:			
Unrestricted		<u>1,159,182</u>	<u>920,741</u>
Total liabilities and unrestricted net assets		<u>\$ 2,266,172</u>	<u>\$ 1,812,999</u>

See accompanying notes to consolidated financial statements.

JOBWORKS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF ACTIVITIES
AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	2015	2014
REVENUE AND OTHER SUPPORT		
Grant revenue	\$ 12,550,711	\$ 11,961,122
Corporate revenue	81,309	129,099
Investment income	2,693	14,900
Total revenue and other support	12,634,713	12,105,121
OPERATING EXPENSES		
Adult	3,420,463	3,512,801
Dislocated worker	2,508,777	2,550,873
Youth	2,697,095	2,138,677
Integrated services	27,196	79,111
State JAG	907,446	748,327
WorkINdiana	79,061	136,360
WIA Incentive	3,734	-
Business consultant	119,285	118,823
Fee for service	1,531,850	1,649,185
Other	282,117	58,725
Management and general	732,583	820,156
Training Division	86,665	54,728
Total operating expenses	12,396,272	11,867,766
INCREASE IN NET ASSETS	238,441	237,355
NET ASSETS - BEGINNING OF YEAR	920,741	683,386
NET ASSETS - END OF YEAR	\$ 1,159,182	\$ 920,741

See accompanying notes to consolidated financial statements.

JOBWORKS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2015

	Adult	Dislocated Worker	Youth	Integrated Services	State JAG
OPERATING EXPENSES					
Wages and benefits	\$ 2,453,035	\$ 2,136,126	\$ 1,735,244	\$ -	\$ 760,158
Travel and staff development	36,841	20,570	82,387	-	35,504
Facility costs	92,169	71,261	66,663	13,642	-
Equipment and depreciation	6,426	3,451	2,554	2,139	89
Communications	16,297	12,351	15,086	11,160	4,884
Supplies, postage and printing	11,477	8,756	12,187	255	4,939
Professional fees and dues	113,294	114,112	41,385	-	15,911
Legal settlements/lawsuit loss	-	-	-	-	-
Regional support	-	-	20,171	-	-
Client benefits	690,924	142,150	721,418	-	85,961
Total operating expenses	<u>\$ 3,420,463</u>	<u>\$ 2,508,777</u>	<u>\$ 2,697,095</u>	<u>\$ 27,196</u>	<u>\$ 907,446</u>

See accompanying notes to consolidated financial statements.

<u>WorkIndiana</u>	<u>WIA Incentive</u>	<u>Business Consultant</u>	<u>Fee For Service</u>	<u>Other</u>	<u>Management & General</u>	<u>Training Division</u>	<u>2015 Total</u>
\$ -	\$ -	\$ 111,731	\$ 1,502,247	\$ 144,976	\$ 505,389	\$ 23,469	\$ 9,372,375
-	-	6,125	63	1,463	44,921	10,041	237,915
-	-	218	2,285	19,828	37,366	1,814	305,246
-	-	-	-	22,186	22,326	1,413	60,584
-	-	422	1,709	3,003	8,076	506	73,494
-	-	378	1,000	724	12,086	2,282	54,084
-	4	411	24,546	32,768	102,419	29,547	474,397
-	-	-	-	20,726	-	-	20,726
-	-	-	-	-	-	-	20,171
79,061	3,730	-	-	36,443	-	17,593	1,777,280
<u>\$ 79,061</u>	<u>\$ 3,734</u>	<u>\$ 119,285</u>	<u>\$ 1,531,850</u>	<u>\$ 282,117</u>	<u>\$ 732,583</u>	<u>\$ 86,665</u>	<u>\$12,396,272</u>

JOBWORKS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2014

	Adult	Dislocated Worker	Youth	Integrated Services	State JAG	WorkINDiana
OPERATING EXPENSES						
Wages and benefits	\$ 2,616,716	\$ 2,226,944	\$ 1,424,695	\$ 35,870	\$ 631,544	\$ -
Travel and staff development	40,870	33,697	57,056	-	20,739	-
Facility costs	33,167	32,175	43,994	18,056	955	-
Equipment and depreciation	34,399	7,374	6,594	2,861	125	-
Communications	23,967	15,238	23,159	20,710	3,965	-
Supplies, postage and printing	8,767	5,606	6,737	1,614	2,128	-
Professional fees and dues	65,648	59,049	30,996	-	9,265	-
Regional support	-	-	25,640	-	-	-
Client benefits	689,267	170,790	519,806	-	79,606	136,360
 Total operating expenses	 <u>\$ 3,512,801</u>	 <u>\$ 2,550,873</u>	 <u>\$ 2,138,677</u>	 <u>\$ 79,111</u>	 <u>\$ 748,327</u>	 <u>\$ 136,360</u>

See accompanying notes to consolidated financial statements.

Business Consultant	Fee For Service	Other	Management & General	Training Division	2014 Total
\$ 110,056	\$ 1,618,657	\$ 20,894	\$ 533,420	\$ 11,713	\$ 9,230,509
6,876	255	30	50,405	2,993	212,921
248	4,105	-	41,806	799	175,305
-	-	-	43,977	398	95,728
601	2,499	3,254	21,010	201	114,604
488	51	-	7,708	1,177	34,276
554	23,618	500	131,758	21,965	343,353
-	-	-	-	-	25,640
-	-	34,047	(9,928)	15,482	1,635,430
<u>\$ 118,823</u>	<u>\$ 1,649,185</u>	<u>\$ 58,725</u>	<u>\$ 820,156</u>	<u>\$ 54,728</u>	<u>\$ 11,867,766</u>

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JOBWORKS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in net assets	\$ 238,441	\$ 237,355
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Depreciation	475	-
Net unrealized (gain) loss on investments	2,861	(11,287)
Gain on sale of fixed assets	3,962	(3,450)
Increase (decrease) in cash from changes in:		
Grants receivable	(536,781)	139,884
Accounts receivable	64,387	(82,183)
Prepaid expenses	(4,657)	(112,509)
Accounts payable	70,449	(184,200)
Accrued payroll and payroll expenses	144,283	(5,623)
	<u>(16,580)</u>	<u>(22,013)</u>
Net cash provided by (used in) operating activities		
	<u>(16,580)</u>	<u>(22,013)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	(6,800)	-
Proceeds from sale of fixed assets	625	3,450
Purchase of investments	(5,552)	(3,613)
	<u>(11,727)</u>	<u>(163)</u>
Net cash provided by (used in) investing activities		
	<u>(11,727)</u>	<u>(163)</u>
NET INCREASE (DECREASE) IN CASH	(28,307)	(22,176)
CASH, BEGINNING OF YEAR	314,847	337,023
CASH, END OF YEAR	\$ 286,540	\$ 314,847
	<u>\$ 286,540</u>	<u>\$ 314,847</u>
Supplemental disclosures of Cash Flow Information:		
Cash paid during the year for interest	\$ 3,955	\$ 12,886
	<u>\$ 3,955</u>	<u>\$ 12,886</u>

See accompanying notes to consolidated financial statements.

JOBWORKS, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

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

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of JobWorks, Inc. (the “Organization”), and its wholly-owned subsidiary, JobWorks Education & Training Systems, LLC. All material inter-company transactions have been eliminated in consolidation.

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 Boone, Cass, Clark, Crawford, Dubois, Floyd, Gibson, Hamilton, Hancock, Harrison, Hendricks, Howard, Jasper, Johnson, Knox, Lake, LaPorte, Miami, Morgan, Newton, Perry, Pike, Porter, Posey, Pulaski, Scott, Shelby, Spencer, Starke, Tipton, Vanderburgh, Warrick and Washington counties in Indiana, Defiance, Fulton, Henry, and Williams counties in Ohio, Philadelphia in Pennsylvania and the San Diego Metro Region in California. The Organization is primarily supported through federal and state government grants.

In June 2007, the Organization formed JobWorks Education & Training Systems, LLC (“JETS”) for the purpose of providing training, event planning, and technical assistance services. This 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. During the years ended June 30, 2015 and 2014, no activity was incurred by this subsidiary.

Effective for the year ended December 31, 2007, JETS 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, 2015 and 2014, no revenue had been earned or expenses incurred by JETS.

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.

JOBWORKS, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

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

FINANCIAL STATEMENT PRESENTATION

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Presentation of Financial Statement Topic of the FASB Accounting Standards Codification. Under this standard, 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.

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, 2015 and 2014, the Organization did not have temporarily or permanently restricted net assets.

JOBWORKS, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

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

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.

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.

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 \$475 and \$-0- for the years ended June 30, 2015 and 2014, respectively. The Subsidiaries owned no fixed assets during the years ended June 30, 2015 and 2014.

JOBWORKS, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

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

PROPERTY AND EQUIPMENT (continued)

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.

TAX BENEFITS

Effective July 1, 2009, the Organization adopted the accounting policy to 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. The Organization has examined this issue and has determined there are no material contingent tax liabilities. With a few exceptions, the Organization is generally no longer subject to examination by tax authorities for fiscal years before June 30, 2012.

Income tax expense for the Subsidiaries will include federal and state taxes currently payable and deferred taxes arising from temporary differences between income for financial reporting and income tax purposes. No such differences existed as of June 30, 2015 and 2014. For the years ended June 30, 2015 and 2014, there were no provisions for income taxes due to the lack of activity in each Subsidiary.

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

JOBWORKS, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

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

CONTRIBUTED SERVICES (continued)

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:

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 January 15, 2016, 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 years ended June 30, 2015 and 2014. At June 30, 2015 and 2014, bank balances in excess of FDIC coverage in place for those years were \$36,415 and \$243,664, respectively.

Financial awards from federal, state and local governmental entities in the form of grants are subject to financial and compliance audits by funding agencies. Such audits could result in claims against the Organization for disallowed costs or noncompliance with grantor restrictions.

No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date.

JOBWORKS, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 3 – LINE OF CREDIT – BANK

The Organization at June 30, 2015 and 2014, had available a secured line of credit with Tower Bank as of June 30, 2013 and then Old National Bank at June 30, 2014. Old National Bank acquired Tower Bank during the year ended June 30, 2014. For the years ended June 30, 2015 and 2014, the line credit limit was \$1,000,000 for both years. The line of credit had an outstanding balance of \$-0- and \$-0- at June 30, 2015 and 2014. Interest is at the banks' prime rate plus 1%. The interest rate at June 30, 2015 and 2014 was 4.25%. The line of credit is secured by all assets of the Organization.

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 10) and are summarized as follows at June 30, 2015 and 2014:

	Cost or Original Donated <u>Value</u>	Fair Value	Cumulative Unrealized Gain (loss)
As of June 30, 2015:			
Stocks and mutual funds	\$ <u>78,952</u>	\$ <u>88,231</u>	\$ <u>9,279</u>
As of June 30, 2014:			
Stocks and mutual funds	\$ <u>73,398</u>	\$ <u>85,538</u>	\$ <u>12,140</u>

The cumulative unrealized gain since the inception of these investments was \$9,279 for the year ended June 30, 2015. The cumulative unrealized gain since the inception of these investments was \$12,140 for the year ended June 30, 2014. The net unrealized loss for the one year period ended June 30, 2015 was \$2,861 and the net unrealized gain for the one year period ended June 30, 2014 was \$11,287. These net unrealized gains and losses are included in the investment income balance in the statements of activities.

NOTE 5 – RETIREMENT PLAN

JobWorks, Inc. maintains a 401(k) Profit Sharing Plan. Employees who have completed one year of service and are 21 years old will become plan members on their entry date. For purposes of both the 401(k) plan and the profit sharing plan, the plan entry date is the first day of the plan year or the first day of the seventh month of the plan year coinciding with, or next following the date the employee satisfied the eligibility requirements. On this entry date, the employee will be eligible to make 401(k) contributions to the safe harbor 401(k) plan. These employee contributions will be matched by JobWorks, Inc. at the rate of 100% for the first 3% of the employee contribution and at the rate of 50% of the employee contribution between 3% and 5%. These contributions will be calculated on a per pay period basis. The JobWorks, Inc. safe harbor

JOBWORKS, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 5 – RETIREMENT PLAN (continued)

contributions are immediately 100% vested. Employees may contribute a portion of their salary up to the annual Internal Revenue Service limit. Profit sharing contributions may be made on a discretionary basis and will be subject to a vesting schedule that covers a five year period with vesting occurring at the rate of 20% after one year of service and 20% per year thereafter.

The employer contributions for the years ended June 30, 2015 and 2014 were \$67,825 and \$75,645, respectively.

NOTE 6 – GRANTS RECEIVABLE

Grants receivable consisted of the following:

As of June 30,:	<u>2015</u>	<u>2014</u>
Indiana Department of Workforce Development	\$ 972,587	\$ 1,002,641
Fee for service and local grants	511,452	149,043
Other	238,809	34,383
	<u>\$1,722,848</u>	<u>\$ 1,186,067</u>

NOTE 7 – OPERATING LEASES

JobWorks, Inc. leases various facilities and for use in the operation of its programs. Lease expense for the year ended June 30, 2015 and 2014 was \$255,841 and \$78,301, respectively. Future minimum lease payments on leases having non-cancelable terms beyond June 30, 2015 are as follows:

2016	\$ 323,213
2017	250,056
2018	244,443
2019	224,211
2020	20,700
Thereafter	82,800
	<u>\$ 1,145,423</u>

JOBWORKS, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 8 – RECLASSIFICATIONS

Certain reclassifications have been made to the 2014 financial statements to conform to the 2015 presentation.

NOTE 9 - FAIR VALUE OF FINANCIAL INSTRUMENTS

The FASB Accounting Standards Codification Topic, “*Fair Value Measurements*”, 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.

This standard 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 of the entire fair value measurement in the hierarchy.

Investments held by the Organization are considered level 1 and are traded in active exchange markets, such as the New York Stock Exchange.

SUPPLEMENTARY INFORMATION

Independent Auditor's Report on Supplementary Information

Board of Directors
JobWorks, Inc. and Subsidiaries
Fort Wayne, Indiana

We have audited the consolidated financial statements of JobWorks, Inc. and Subsidiaries as of and for the years ended June 30, 2015 and 2014 and have issued our report thereon dated January 15, 2016, which contained an unmodified opinion on those financial statements. Our audits were performed for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplementary information (shown on pages 19 through 24) is presented for purposes of additional analysis of the consolidated financial statements and presents the activity of the two divisions of JobWorks. 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or the consolidated financial statements themselves, and other additional procedures in accordance with audit standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

Comer, Nowling And Associates, P.C.

Comer, Nowling And Associates, P.C.
Indianapolis, Indiana
January 15, 2016

JOBWORKS, INC. AND SUBSIDIARIES
SCHEDULES OF DIVISIONAL FINANCIAL POSITION
JUNE 30, 2015 AND 2014

ASSETS	2015			
	JobWorks	Training Division	Eliminations	Total
CURRENT ASSETS:				
Cash	\$ 226,674	\$ 59,866	\$ -	\$ 286,540
Investments	88,231	-	-	88,231
Grants receivable	1,722,848	-	-	1,722,848
Accounts receivable	38,137	14,440	(15,650)	36,927
Prepaid expenses	129,890	-	-	129,890
Notes receivable	20,000	-	(20,000)	-
Total current assets	<u>2,225,780</u>	<u>74,306</u>	<u>(35,650)</u>	<u>2,264,436</u>
PROPERTY AND EQUIPMENT:				
Furniture and equipment	115,644	-	-	115,644
	<u>115,644</u>	<u>-</u>	<u>-</u>	<u>115,644</u>
Less accumulated depreciation	(113,908)	-	-	(113,908)
Total Property and Equipment	<u>1,736</u>	<u>-</u>	<u>-</u>	<u>1,736</u>
Total assets	<u>\$ 2,227,516</u>	<u>\$ 74,306</u>	<u>\$ (35,650)</u>	<u>\$ 2,266,172</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES:				
Accounts payable	\$ 454,286	\$ 15,650	\$ (15,650)	\$ 454,286
Accrued payroll taxes and related expenses	652,704	-	-	652,704
Notes payable	-	20,000	(20,000)	-
Total current liabilities	<u>1,106,990</u>	<u>35,650</u>	<u>(35,650)</u>	<u>1,106,990</u>
UNRESTRICTED NET ASSETS	<u>1,120,526</u>	<u>38,656</u>	<u>-</u>	<u>1,159,182</u>
Total liabilities and net assets	<u>\$ 2,227,516</u>	<u>\$ 74,306</u>	<u>\$ (35,650)</u>	<u>\$ 2,266,172</u>

See Independent Auditor's Report on Supplementary Information on page 18.

2014

<u>JobWorks</u>	<u>Training Division</u>	<u>Eliminations</u>	<u>Total</u>
\$ 285,183	\$ 29,664	\$ -	\$ 314,847
85,538	-	-	85,538
1,186,067	-	-	1,186,067
66,257	85,742	(50,685)	101,314
125,233	-	-	125,233
20,000	-	(20,000)	-
<u>1,768,278</u>	<u>115,406</u>	<u>(70,685)</u>	<u>1,812,999</u>
113,556	-	-	113,556
113,556	-	-	113,556
(113,556)	-	-	(113,556)
-	-	-	-
<u>\$ 1,768,278</u>	<u>\$ 115,406</u>	<u>\$ (70,685)</u>	<u>\$ 1,812,999</u>
\$ 383,837	\$ 50,685	\$ (50,685)	\$ 383,837
508,421	-	-	508,421
-	20,000	(20,000)	-
<u>892,258</u>	<u>70,685</u>	<u>(70,685)</u>	<u>892,258</u>
876,020	44,721	-	920,741
<u>\$ 1,768,278</u>	<u>\$ 115,406</u>	<u>\$ (70,685)</u>	<u>\$ 1,812,999</u>

JOBWORKS, INC. AND SUBSIDIARIES
SCHEDULES OF DIVISIONAL ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2015 AND 2014

	2015			Total
	JobWorks	Training Division	Eliminations	
REVENUE AND OTHER SUPPORT				
Grant revenue	\$ 12,550,711	\$ -	\$ -	\$ 12,550,711
Corporate revenue	709	80,600	-	81,309
Investment income	2,693	-	-	2,693
Total revenue and other support	<u>12,554,113</u>	<u>80,600</u>	<u>-</u>	<u>12,634,713</u>
OPERATING EXPENSES:				
Adult	3,420,463	-	-	3,420,463
Dislocated worker	2,508,777	-	-	2,508,777
Youth	2,697,095	-	-	2,697,095
Integrated services	27,196	-	-	27,196
State JAG	907,446	-	-	907,446
WorkINdiana	79,061	-	-	79,061
WIA Incentive	3,734	-	-	3,734
Business consultant	119,285	-	-	119,285
Fee for service	1,531,850	-	-	1,531,850
Other	282,117	-	-	282,117
Management and general	732,583	-	-	732,583
Training Division	-	86,665	-	86,665
Total operating expenses	<u>12,309,607</u>	<u>86,665</u>	<u>-</u>	<u>12,396,272</u>
Increase (decrease) in unrestricted net assets	<u>244,506</u>	<u>(6,065)</u>	<u>-</u>	<u>238,441</u>
UNRESTRICTED NET ASSETS AT BEGINNING OF YEAR	<u>876,020</u>	<u>44,721</u>	<u>-</u>	<u>920,741</u>
UNRESTRICTED NET ASSETS AT END OF YEAR	<u>\$ 1,120,526</u>	<u>\$ 38,656</u>	<u>\$ -</u>	<u>\$ 1,159,182</u>

See Independent Auditor's Report on Supplementary Information on page 18.

2014

<u>JobWorks</u>	<u>Training Division</u>	<u>Eliminations</u>	<u>Total</u>
\$ 11,961,122	\$ -	\$ -	\$ 11,961,122
21,849	107,250	-	129,099
14,900	-	-	14,900
<u>11,997,871</u>	<u>107,250</u>	<u>-</u>	<u>12,105,121</u>
3,512,801	-	-	3,512,801
2,550,873	-	-	2,550,873
2,138,677	-	-	2,138,677
79,111	-	-	79,111
748,327	-	-	748,327
136,360	-	-	136,360
-	-	-	-
118,823	-	-	118,823
1,649,185	-	-	1,649,185
58,725	-	-	58,725
820,156	-	-	820,156
-	54,728	-	54,728
<u>11,813,038</u>	<u>54,728</u>	<u>-</u>	<u>11,867,766</u>
184,833	52,522	-	237,355
691,187	(7,801)	-	683,386
<u>\$ 876,020</u>	<u>\$ 44,721</u>	<u>\$ -</u>	<u>\$ 920,741</u>

JOBWORKS, INC. AND SUBSIDIARIES
SCHEDULES OF DIVISIONAL CASH FLOWS
JUNE 30, 2015 AND 2014

	2015			
	JobWorks	Training Division	Eliminations	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Increase (decrease) in net assets	\$ 244,506	\$ (6,065)	\$ -	\$ 238,441
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:				
Depreciation	475	-	-	475
Net realized and unrealized loss (gain) on investments	2,861	-	-	2,861
Loss (Gain) on sale of fixed assets	3,962	-	-	3,962
Increase (decrease) in cash from changes in:				
Grants receivable	(536,781)	-	-	(536,781)
Accounts receivable	28,120	71,302	(35,035)	64,387
Prepaid expenses	(4,657)	-	-	(4,657)
Accounts payable	70,449	(35,035)	35,035	70,449
Accrued payroll and payroll expenses	144,283	-	-	144,283
Net cash provided by (used in) operating activities	<u>(46,782)</u>	<u>30,202</u>	<u>-</u>	<u>(16,580)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchase of fixed assets	(6,800)	-	-	(6,800)
Proceeds from sale of fixed assets	625	-	-	625
Increase in notes receivable	-	-	-	-
Purchase of investments	(5,552)	-	-	(5,552)
Net cash provided by (used in) investing activities	<u>(11,727)</u>	<u>-</u>	<u>-</u>	<u>(11,727)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:				
Proceeds on loans payable	-	-	-	-
Net cash provided by (used in) financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH	(58,509)	30,202	-	(28,307)
CASH, BEGINNING OF YEAR	285,183	29,664	-	314,847
CASH, END OF YEAR	<u>\$ 226,674</u>	<u>\$ 59,866</u>	<u>\$ -</u>	<u>\$ 286,540</u>
Supplemental disclosures of Cash Flow Information:				
Cash paid during the year for interest	<u>\$ 3,955</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,955</u>

See Independent Auditor's Report on Supplementary Information on page 18.

2014

<u>JobWorks</u>	<u>Training Division</u>	<u>Eliminations</u>	<u>Total</u>
\$ 184,833	\$ 52,522	\$ -	\$ 237,355
-	-	-	-
(11,287)	-	-	(11,287)
(3,450)	-	-	(3,450)
139,884	-	-	139,884
(44,367)	(85,742)	47,926	(82,183)
(112,509)	-	-	(112,509)
(184,200)	47,926	(47,926)	(184,200)
(5,623)	-	-	(5,623)
<u>(36,719)</u>	<u>14,706</u>	<u>-</u>	<u>(22,013)</u>
-	-	-	-
3,450	-	-	3,450
(12,500)	-	12,500	-
(3,613)	-	-	(3,613)
<u>(12,663)</u>	<u>-</u>	<u>12,500</u>	<u>(163)</u>
<u>-</u>	<u>12,500</u>	<u>(12,500)</u>	<u>-</u>
<u>-</u>	<u>12,500</u>	<u>(12,500)</u>	<u>-</u>
(49,382)	27,206	-	(22,176)
334,565	2,458	-	337,023
<u>\$ 285,183</u>	<u>\$ 29,664</u>	<u>\$ -</u>	<u>\$ 314,847</u>
<u>\$ 12,886</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,886</u>

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SINGLE AUDIT SECTION

JOBWORKS, INC. AND SUBSIDIARIES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

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) and The Center of Workforce Innovations, Inc:			
WIA Adult	17.258	CWI-14-WIA-ADY-01	\$ 8,005
WIA Dislocated Worker	17.278	CWI-14-WIA-ADY-01	2,839
WIA Younger Youth	17.259	CWI-14-WIA-ADY-01	180,469
WIA Older Youth	17.259	CWI-14-WIA-ADY-01	466,934
WIA Younger Youth-JAG	17.259	CWI-14-WIA-ADY-01	3,938
			<u>662,185</u>
Passed through the Indiana Department of Workforce Development (DWD) and the Tecumseh Area Partnership:			
WIA Adult	17.258	JW-WIB-44-2-04	479,570
WIA Dislocated Worker	17.278	JW-WIB-44-2-04	206,709
WIA In School Youth	17.259	JW-WIB-44-2-04	216,048
WIA Out of School Youth	17.259	JW-WIB-44-2-04	222,015
			<u>1,124,342</u>
NEG	17.277	JW-NEGDWT-44-3-04	13,848
Disability Employment Initiative	17.207	JW-DEIMG-44-3-04	21,095
			<u>34,943</u>
WorkIndiana Incentive	17.267	Jobworks-WIAIN-44-04	1,639
Integrated Services - WP/UI	17.207	None	4,185
			<u>1,165,109</u>
Passed through the Indiana Department of Workforce Development (DWD) and Region 10 Workforce Investment Board, Inc.			
WIA Adult	17.258	None	618,069
WIA Dislocated Worker	17.278	None	207,883
WIA In School Youth	17.259	None	49,571
WIA Out of School Youth	17.259	None	219,811
			<u>1,095,334</u>
NEG OJT	17.277	None	6,534
			<u>6,534</u>
			<u>1,101,868</u>
Passed through the Indiana Department of Workforce Development (DWD) and Interlocal Association :			
WIA Adult	17.258	PY12-CR-01-IA	761,092
WIA Dislocated Worker	17.278	PY12-CR-01-IA	537,751
Business Consultant	17.278	PY12-CR-01-IA	70,000
WIA In School Youth	17.259	PY12-CR-03-IA	315,624
WIA Out of School Youth	17.259	PY12-CR-03-IA	374,807
Rapid Response	17.278	PY12-CR-01-IA	20,456
			<u>2,079,730</u>
WorkIndiana Incentive	17.267	PY12-CR-03-IA	2,095
Business Consultant	17.207	PY12-CR-01-IA	45,000
			<u>2,126,825</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

JOBWORKS, INC. AND SUBSIDIARIES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

FEDERAL GRANTOR AGENCY Passthrough Agency Program Title	Federal CFDA Number	Grant or Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF LABOR (continued)			
Passed through the Indiana Department of Workforce Development (DWD) and Grow Southwest Indiana Workforce Board :			
WIA Adult	17.258	WIB-14-01	718,125
WIA Dislocated Worker	17.278	WIB-14-01	417,915
WIA In School Youth	17.259	WIB-14-01	343,229
WIA Out of School Youth	17.259	WIB-14-01	282,243
			<u>1,761,512</u>
NEG OJT	17.277	WIB-14-07	600
NEG ITA	17.277	WIB-14-07	3,500
			<u>4,100</u>
Integrated Services - WP/UI	17.207-225	WIB-14-08	23,012
			<u>1,788,624</u>
Passed through the Ohio Department of Jobs and Family Services and the Defiance County Commissioners:			
Ohio Area 7 - Defiance County	17.259	None	68,535
Passed through the Ohio Department of Jobs and Family Services and the Fulton County Commissioners:			
Ohio Area 7 - Fulton County	17.259	None	71,719
Passed through the Ohio Department of Jobs and Family Services and the Henry County Commissioners:			
Ohio Area 7 - Henry County	17.259	None	48,170
Passed through the Ohio Department of Jobs and Family Services and the Williams County Commissioners:			
Ohio Area 7 - Williams County	17.259	None	74,257
Total WIA cluster			<u>6,985,784</u>
Total Employment Service cluster			<u>121,508</u>
Total Expenditures U.S. Department of Labor			<u>7,107,292.00</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through the Indiana Department of Workforce Development (DWD) and Grow Southwest Indiana Workforce Board :			
Community Marriage Builder	93.086	WIB-14-02	47,641
Total Expenditures U.S. Department of Health and Human Services			<u>47,641</u>
Total Expenditures of Federal Awards			<u>\$ 7,154,933</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

JOBWORKS, INC. AND SUBSIDIARIES
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2015

Note 1 – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of JobWorks, Inc. and is presented in accordance with the requirements of *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2 – Summary of Significant Accounting Policies

Expenditures reported on the Schedule Expenditures of Federal Awards 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.

**JOBWORKS, INC. AND SUBSIDIARIES
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
YEAR ENDED JUNE 30, 2015**

Section II – Financial Statement Findings

There were no financial statement findings for the year ended June 30, 2014.

Section III – Federal Award Findings and Questioned Costs

There were no federal award findings for the year ended June 30, 2014.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited, in accordance with the 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, the financial statements of JobWorks, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, 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, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered JobWorks, 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 JobWorks, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the organization'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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the organization'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 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 material weaknesses or significant deficiencies. 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 JobWorks, 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 organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Comer, Nowling And Associates, P.C.

Comer, Nowling And Associates, P.C.
Indianapolis, Indiana
January 15, 2016

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY OMB CIRCULAR A-133**

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

Report on Compliance for Each Major Federal Program

We have audited JobWorks, Inc.'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of JobWorks, Inc.'s major federal programs for the year ended June 30, 2015. JobWorks, 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 is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of JobWorks, 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 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, 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 a legal determination of JobWorks, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, JobWorks, Inc. complied, in all material respects, with the types of 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, 2015.

Report on Internal Control over Compliance

Management of JobWorks, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered JobWorks, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the 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 JobWorks, Inc.'s internal control over compliance.

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 material weaknesses or significant deficiencies. 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 on internal control over compliance 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.

Comer, Nowling And Associates, P.C.

Comer, Nowling And Associates, P.C.

Indianapolis, Indiana

January 15, 2016

JOBWORKS INC. AND SUBSIDIARIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2015

Section II – Financial Statement Findings

There were no financial statement findings for the current year.

Section III – Federal Award Findings and Questioned Costs

There were no federal award findings for the current year.