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April 11, 2018

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

We have reviewed the report prepared by Center of Workforce Innovations, Inc. and opined upon by Wipfli LLP, Independent Public Accountants, for the period July 1, 2015 to June 30, 2016. Per the *Independent Auditor's Report* the financial statements included in the report present fairly the financial condition of Center of Workforce Innovations, Inc. as of June 30, 2016 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Wipfli LLP prepared all required independent auditor's reports in accordance with generally accepted auditing standards and guidelines established by the State Board of Accounts.

The 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, 2016

The Center of Workforce Innovations, Inc.

Financial Statements and Supplementary Information
Year Ended June 30, 2016

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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, 2016, 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, 2016, and the changes in its net assets and its 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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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. 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 November 23, 2016, 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

November 23, 2016
Madison, Wisconsin

The Center of Workforce Innovations, Inc.

Statement of Financial Position

June 30, 2016

<i>Assets</i>	
Current assets:	
Cash	\$ 1,031,196
Investments - Certificates of deposit	358,322
Grants receivable	772,520
Accounts receivable	42,993
Prepaid expenses	18,550
<hr/>	
Total current assets	2,223,581
<hr/>	
TOTAL ASSETS	\$ 2,223,581
<hr/>	
<i>Liabilities and Net Assets</i>	
Current liabilities:	
Accounts payable	\$ 447,691
Accrued payroll and related expenses	220,916
Grant funds received in advance	35,849
Due to service providers	315,863
<hr/>	
Total current liabilities	1,020,319
<hr/>	
Net assets:	
Unrestricted	958,381
Temporarily restricted	244,881
<hr/>	
Total net assets	1,203,262
<hr/>	
TOTAL LIABILITIES AND NET ASSETS	\$ 2,223,581
<hr/>	

See accompanying notes to financial statements.

The Center of Workforce Innovations, Inc.

Statement of Activities

Year Ended June 30, 2016

	Unrestricted	Temporarily Restricted	Total
Revenue:			
Federal grant and contract revenue	\$ 0	\$ 8,320,187	\$ 8,320,187
Non-federal grant and contract revenue	0	2,234,824	2,234,824
Program income	0	37,231	37,231
Other income	59,037	0	59,037
Net assets released from restriction through satisfaction of program restrictions	10,594,986	(10,594,986)	0
Total revenue	10,654,023	(2,744)	10,651,279
Expenses:			
Program activities:			
Adult	2,887,109	0	2,887,109
Youth	2,246,694	0	2,246,694
Dislocated worker	1,741,627	0	1,741,627
Jobs for America's Graduates	342,987	0	342,987
State adult education	1,271,189	0	1,271,189
Federal adult education	407,504	0	407,504
Other programs	876,929	0	876,929
Total program expenses	9,774,039	0	9,774,039
Supportive services:			
Management and general	784,900	0	784,900
Fund-raising	63,600	0	63,600
Total support expenses	848,500	0	848,500
Total expenses	10,622,539	0	10,622,539
Change in net assets	31,484	(2,744)	28,740
Net assets - Beginning of the year	926,897	247,625	1,174,522
Net assets - End of the year	\$ 958,381	\$ 244,881	\$ 1,203,262

See accompanying notes to financial statements.

The Center of Workforce Innovations, Inc.

Statement of Functional Expenses Year Ended June 30, 2016

	Adult	Youth	Dislocated Worker	Jobs for America's Graduates	State Adult Education	Federal Adult Education
Operating Expenses						
Salaries and benefits	\$ 1,269,142	\$ 348,288	\$ 1,053,436	\$ 70,809	\$ 0	\$ 0
Operating expenses	280,975	65,636	223,442	2,777	0	0
Operating supplies	91,943	9,667	83,598	1,796	0	0
Purchased services	1,116,021	47,941	273,573	2,975	0	0
Service provider expense	0	1,746,945	0	263,964	0	0
Miscellaneous	135	130	3	0	0	0
Indirect Costs	128,893	28,087	107,575	666	0	0
Adult education expenditures	0	-	0	0	1,271,189	407,504
Total operating expenses	<u>\$ 2,887,109</u>	<u>\$ 2,246,694</u>	<u>\$ 1,741,627</u>	<u>\$ 342,987</u>	<u>\$ 1,271,189</u>	<u>\$ 407,504</u>

The Center of Workforce Innovations, Inc.

Statement of Functional Expenses (Continued)

Year Ended June 30, 2016

	<u>Other</u>	<u>Total Programs</u>	<u>Management & General</u>	<u>Fund Raising</u>	<u>Total</u>
Operating Expenses					
Salaries and benefits	\$ 205,345	\$ 2,947,020	\$ 690,540	\$ 63,600	\$ 3,701,160
Operating expenses	276,254	849,084	196,379	0	1,045,463
Operating supplies	28,644	215,648	39,533	0	255,181
Purchased services	268,980	1,709,490	118,152	0	1,827,642
Service provider expense	0	2,010,909	5,000	0	2,015,909
Miscellaneous	63,617	63,885	6,030	0	69,915
Indirect Costs	9,313	274,534	(274,534)	0	0
Adult education expenditures	24,776	1,703,469	3,800	0	1,707,269
Total operating expenses	<u>\$ 876,929</u>	<u>\$ 9,774,039</u>	<u>\$ 784,900</u>	<u>\$ 63,600</u>	<u>\$ 10,622,539</u>

See accompanying notes to financial statements.

The Center of Workforce Innovations, Inc.

Statement of Cash Flows

Year Ended June 30, 2016

Increase (decrease) in cash:

Cash flows from operating activities:

Change in net assets \$ 28,740

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

Changes in operating assets and liabilities:

Grants receivable	424,598
Accounts receivable	35,395
Prepaid expenses	15,562
Accounts payable	(60,068)
Accrued payroll and related expenses	20,209
Grant funds received in advance	(55,491)
Due to service providers	(39,759)

Net cash provided by operating activities 369,186

Cash flows from investing activities:

Proceeds from the maturity of certificates of deposit 17,392

Net cash provided by investing activities 17,392

Change in cash 386,578

Cash - Beginning of the year 644,618

Cash - End of the year \$ 1,031,196

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 78% of the funding is federal pass-through funds received from the State of Indiana Department of Workforce Development (DWD).

Basis of Presentation

The 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 accordance 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.

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, 2016.

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 \$531,670.

Cost Allocation

Joint costs are allocated to benefiting programs throughout the year using employee direct labor dollars. 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 December 18, 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, 2016, consisted of the following:

Department of Workforce Development (DWD)	\$ 716,627
Indiana Works Council	22,000
Chicago Cook Workforce Partnership	33,893
<hr/>	
Total	\$ 772,520

Note 4 **Temporarily Restricted Net Assets**

Temporarily restricted net assets are available for the following purposes:

Encore program - Admin	\$ 14,347
Local funds for adult education	35,940
Porter County adult education - Admin	52,130
Lumina	56,425
Ready Indiana	2,279
Donaldson	11,795
Vincennes	14,098
Other programs	57,867
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Total	\$ 244,881

Note 5 **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, 2016 is \$65,743.

The Center of Workforce Innovations, Inc.

Notes to Financial Statements

Note 6 Operating Leases

The Organization leases various facilities and equipment for operation of its programs. The operating lease payments for the year ended June 30, 2016, were \$487,529. Future minimum lease payments on leases with noncancelable terms beyond one year are as follows:

2017	\$486,381
2018	333,493
2019	331,996
2020	171,694
2021	16,679
<hr/>	
Total	<u>\$1,340,243</u>

Note 7 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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. 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, 2016, 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 8 Grant Awards

At June 30, 2016, the Organization had received future funding commitments under various grants of approximately \$3,559,000. Additionally, the Organization had commitments for funding under various grant awards to subrecipients at June 30, 2016 of approximately \$467,000. 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, 2016

CFDA Number	Grant Number	Program Name	Program Period	Program or Award Amount	Passed Through to Subrecipients	Federal Expenditures
ASSISTANCE PROGRAMS AS IDENTIFIED IN THE CATALOG OF FEDERAL DOMESTIC ASSISTANCE						
DEPARTMENT OF LABOR						
Employment Service Cluster						
Passed through the Indiana Department of Workforce Development						
17.207	ES-27489-15-55-A-18	Business Consultant	07/01/15-06/30/16	\$ 36,000	\$ 0	\$ 36,000
17.207	C1-3-DEI-2-01	Disability Employment Initiative	01/01/13-09/30/15	186,062	0	27,554
17.207	C1-5-IS-4-01	Integrated services	10/01/14 -09/30/16	604,694	0	276,717
Total Federal Expenditures CFDA #17.207						0
Total Federal Expenditures Employment Service Cluster CFDA #17.207						0
WIA/WIOA Cluster						
17.258	AA-25352-14-55-A-18	WIA Adult Program	07/01/14-06/30/16	2,364,118	0	768,698
17.258	AA-25352-14-55-A-18	WIA Adult Program - Admin	07/01/14-06/30/16	193,035	0	155,900
17.258	AA-26778-15-55-A-18	Admin - WIB Board	07/01/15-06/30/17	22,800	0	6,345
17.258	AA-26778-15-55-A-18	WIOA Adult Program	07/01/15-06/30/17	2,353,374	0	2,114,699
17.258	AA-26778-15-55-A-18	WIOA Adult Program - Admin	07/01/15-06/30/17	188,152	0	76,267
Total Federal Expenditures CFDA #17.258						0
Total Federal Expenditures CFDA #17.258						3,121,909
17.259	AA-25352-14-55-A-18	WIA Youth Program	07/01/14-06/30/16	2,036,898	560,000	830,929
17.259	AA-25352-14-55-A-18	WIA Youth Program - Admin	07/01/14-06/30/16	200,480	0	168,567
17.259	AA-26778-15-55-A-18	Admin - WIB Board	07/01/15-06/30/17	4,000	0	1,098
17.259	AA-26778-15-55-A-18	WIOA Youth Program	07/01/15-06/30/17	2,140,527	1,172,961	1,411,116
17.259	AA-26778-15-55-A-18	WIOA Youth Prog - Admin	07/01/15-06/30/17	237,836	0	50,898
Total Federal Expenditures CFDA #17.259						1,732,961
Total Federal Expenditures CFDA #17.259						2,462,608
17.278	AA-25352-14-55-A-18	WIA Dislocated Worker Program	07/01/14-06/30/16	1,643,883	0	686,600
17.278	AA-25352-14-55-A-18	WIA Dislocated Worker Program -Adm	07/01/14-06/30/16	201,588	0	139,288
17.278	AA-26778-15-55-A-18	Admin - WIB Board	07/01/15-06/30/17	13,200	0	3,643
17.278	AA-26778-15-55-A-18	WIOA Dislocated Worker Program	07/01/15-06/30/17	1,107,035	0	970,884
17.278	AA-26778-15-55-A-18	WIOA Dislocated Worker Program -Adm	07/01/15-06/30/17	156,337	0	35,019
17.278	AA-25352-14-55-A-18/AA-26778-15-55-A-18	Business Consultant	07/01/15-06/30/16	84,000	0	84,000
Total Federal Expenditures CFDA #17.278						0
Total Federal Expenditures WIA/WIOA Cluster CFDA #17.258, 17.259, 17.278						1,732,961
Total Federal Expenditures WIA/WIOA Cluster CFDA #17.258, 17.259, 17.278						7,503,951
17.245	TA-26723-15-55-A-18	TAA-Case Management	04/01/16-06/30/16	2,700	0	2,700
Total Federal Expenditures CFDA #17.245						0
Total Federal Expenditures CFDA #17.245						2,700
17.267	C1-5-WIAIN-4-01	WIA Incentive	01/01/15-06/30/16	34,573	0	16,567
Total Federal Expenditures CFDA #17.267						0
Total Federal Expenditures CFDA #17.267						16,567
17.277	EM-27352-15-60-A-18	Sector Partnership - NEG	07/01/15-06/30/17	80,000	0	7,637
Total Federal Expenditures CFDA #17.277						0
Total Federal Expenditures CFDA #17.277						7,637
TOTAL DEPARTMENT OF LABOR PROGRAMS					1,732,961	7,871,126

The Center of Workforce Innovations, Inc.

Schedule A-2

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2016

CFDA Number	Grant Number	Program Name	Program Period	Program or Award Amount	Passed Through to Subrecipients	Federal Expenditures
ASSISTANCE PROGRAMS AS IDENTIFIED IN THE CATALOG OF FEDERAL DOMESTIC ASSISTANCE (Continued)						
DEPARTMENT OF EDUCATION						
Passed Through Indiana Department of Education						
84.002	V002A140014/V002A150014	Adult Education	07/01/15-09/30/16	781,370	0	434,211
Total Federal Expenditures CFDA #84.002					0	434,211
TOTAL DEPARTMENT OF EDUCATION PROGRAMS					0	434,211
DEPARTMENT OF HEALTH AND HUMAN SERVICES						
TANF Cluster						
Passed through the Indiana Department of Workforce Development						
93.558	1502INSOSR/49-16-SZ-1181	JAG TANF	07/01/15-07/31/17	454,904	0	14,850
Total Federal Expenditures CFDA #93.558					0	14,850
Total Federal Expenditures TANF Cluster CFDA #93.558					0	14,850
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES PROGRAMS					0	14,850
TOTAL FEDERAL PROGRAMS				\$	1,732,961	\$ 8,320,187

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 award activity of The Center of Workforce Innovations, Inc. under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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 the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3 - Indirect Cost Rate

The Center of Workforce Innovations, Inc. has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.



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, 2016, 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 November 23, 2016.

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 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 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

November 23, 2016
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) Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016. 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 federal statutes, regulations, and the terms and conditions of its grant awards applicable to 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; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 of The Center of Workforce Innovations Inc.'s compliance.

Opinion on Each Major Program

In our opinion, The Center of Workforce Innovations 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, 2016.

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 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 the Uniform Guidance 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 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 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.


Wipfli LLP

November 23, 2016
Madison, Wisconsin

The Center of Workforce Innovations, Inc.

Schedule of Findings and Questioned Costs

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued?	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified?	No
Noncompliance material to financial statements noted?	No

Federal and State Awards

Internal control over major federal and state programs:	
Material weaknesses identified?	No
Significant deficiencies identified?	No
Type of auditor's report issued on compliance for major program	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance [2 CFR 200.516(a)]?	No

Identification of major federal programs:

<u>Name of Federal Major Program or Cluster</u>	<u>CFDA No.</u>
WIA/WIOA Cluster	17.258, 17.259, 17.278

Dollar threshold used to distinguish between Type A and Type B programs:	
Federal	\$750,000
Auditee qualified as low-risk auditee?	Yes

Section II - Financial Statement Findings

None

Section III - Federal and State Award Findings and Questioned Costs

None

Section IV - Summary Schedule of Prior Year Findings

None