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September 17, 2019

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

We have reviewed the audit report of the Center of Workforce Innovations, Inc. which was opined upon by Comer, Nowling and Associates, P.C., Independent Public Accountants, for the period July 1, 2017 to June 30, 2018. 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, 2018 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Comer, Nowling and Associates, P.C. prepared the audit report in accordance with 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, CPA
State Examiner

**THE CENTER
OF WORKFORCE
INNOVATIONS, INC.**

=====
**Financial Statements
For the Years Ended
June 30, 2018 and 2017
(With Single Audit Section)**

COMER  NOWLING

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Certified Public Accountants

THE CENTER OF WORKFORCE INNOVATIONS, INC.

FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
The Center of Workforce Innovations, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of The Center of Workforce Innovations, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years 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 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit 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, 2018 and 2017 and the 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

Our audit was conducted for the purpose of forming an opinion on the financial statements of The Center of Workforce Innovations, Inc. as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the financial statements. The schedule of expenditures of state and local awards is presented for purposes of additional analysis as required by the Indiana State Board of Accounts. 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 March 15, 2019 on our consideration of The Center of Workforce Innovations, 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 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* and should be read in conjunction with this report in considering the results of our audit.

Comer, Nowling And Associates, P.C.

Comer, Nowling And Associates, P.C.
Indianapolis, Indiana
March 15, 2019

THE CENTER OF WORKFORCE INNOVATIONS, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2018 AND 2017

ASSETS		2018	2017
		<u>2018</u>	<u>2017</u>
CURRENT ASSETS:			
Cash		\$ 904,850	\$ 930,482
Certificate of deposit		237,302	234,645
Grants receivable		1,292,162	1,611,408
Accounts receivable		171,531	56,664
Prepaid expenses		11,673	6,867
	Total current assets	<u>2,617,518</u>	<u>2,840,066</u>
	Total assets	<u>\$ 2,617,518</u>	<u>\$ 2,840,066</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES:			
Accounts payable		\$ 577,319	\$ 550,374
Accrued payroll and related expenses		258,252	251,617
Deferred revenue		67,179	78,007
Due to service providers		495,803	740,568
	Total current liabilities	<u>1,398,553</u>	<u>1,620,566</u>
NET ASSETS:			
Unrestricted		1,062,153	1,054,371
Temporarily restricted		156,812	165,129
	Total net assets	<u>1,218,965</u>	<u>1,219,500</u>
	Total liabilities and net assets	<u>\$ 2,617,518</u>	<u>\$ 2,840,066</u>

See accompanying notes to financial statements.

THE CENTER OF WORKFORCE INNOVATIONS, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2018		
	Unrestricted	Temporarily Restricted	Total
REVENUE AND SUPPORT			
Federal grant revenue	\$ 8,887,620	\$ -	\$ 8,887,620
Non-federal grant and contract revenue	2,373,531	-	2,373,531
Other grant revenue	38,729	5,000	43,729
Miscellaneous income	4,431	-	4,431
Total revenue and support	<u>11,304,311</u>	<u>5,000</u>	<u>11,309,311</u>
Net assets released from restrictions	<u>13,317</u>	<u>(13,317)</u>	<u>-</u>
Total revenue, support and net assets released from restrictions	<u>11,317,628</u>	<u>(8,317)</u>	<u>11,309,311</u>
EXPENSES			
Program activities:			
Adult	2,643,619	-	2,643,619
Youth	2,424,000	-	2,424,000
Dislocated worker	1,325,995	-	1,325,995
Jobs for America's Graduates	298,433	-	298,433
State adult education	1,452,995	-	1,452,995
Federal adult education	696,276	-	696,276
Other programs	1,618,576	-	1,618,576
Total program activities	<u>10,459,894</u>	<u>-</u>	<u>10,459,894</u>
Supportive services:			
Management and general	849,952	-	849,952
	849,952	-	849,952
Total expenses	<u>11,309,846</u>	<u>-</u>	<u>11,309,846</u>
CHANGE IN NET ASSETS	<u>7,782</u>	<u>(8,317)</u>	<u>(535)</u>
NET ASSETS, BEGINNING OF YEAR	<u>1,054,371</u>	<u>165,129</u>	<u>1,219,500</u>
NET ASSETS, END OF YEAR	<u>\$ 1,062,153</u>	<u>\$ 156,812</u>	<u>\$ 1,218,965</u>

See accompanying notes to financial statements.

2017

<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
\$ 7,962,354	\$ -	\$ 7,962,354
2,761,014	-	2,761,014
45,832	13,857	59,689
58,254	-	58,254
<u>10,827,454</u>	<u>13,857</u>	<u>10,841,311</u>
<u>93,609</u>	<u>(93,609)</u>	<u>-</u>
<u>10,921,063</u>	<u>(79,752)</u>	<u>10,841,311</u>
1,926,007	-	1,926,007
2,163,368	-	2,163,368
1,376,173	-	1,376,173
360,837	-	360,837
1,315,984	-	1,315,984
881,065	-	881,065
1,914,771	-	1,914,771
<u>9,938,205</u>	<u>-</u>	<u>9,938,205</u>
886,868	-	886,868
886,868	-	886,868
<u>10,825,073</u>	<u>-</u>	<u>10,825,073</u>
<u>95,990</u>	<u>(79,752)</u>	<u>16,238</u>
<u>958,381</u>	<u>244,881</u>	<u>1,203,262</u>
<u>\$ 1,054,371</u>	<u>\$ 165,129</u>	<u>\$ 1,219,500</u>

**THE CENTER OF WORKFORCE INNOVATIONS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Adult</u>	<u>Youth</u>	<u>Dislocated Worker</u>	<u>Jobs for America's Graduates</u>	<u>State Adult Education</u>
OPERATING EXPENSES					
Salaries and benefits	\$ 1,139,260	\$ 401,833	\$ 725,771	\$ 90,454	\$ 110,359
Operating expenses	290,536	74,768	185,660	1,381	6,984
Operating supplies	126,696	32,236	95,283	190	1,214
Purchased services	943,190	48,402	235,927	200	5,275
Service provider expense	-	1,745,994	-	203,896	-
Miscellaneous	8,122	7,454	4,502	89	353
Indirect costs	135,815	113,313	78,852	2,223	6,183
Adult education expenditure	-	-	-	-	1,322,627
Total expenses	<u>\$ 2,643,619</u>	<u>\$ 2,424,000</u>	<u>\$ 1,325,995</u>	<u>\$ 298,433</u>	<u>\$ 1,452,995</u>

See accompanying notes to financial statements.

<u>Federal Adult Education</u>	<u>Other</u>	<u>Total Program</u>	<u>Management and General</u>	<u>2018 Totals</u>
\$ -	\$ 542,191	\$ 3,009,868	\$ 785,291	\$ 3,795,159
774	87,079	647,182	209,027	856,209
-	31,776	287,395	81,543	368,938
-	895,575	2,128,569	159,425	2,287,994
-	-	1,949,890	-	1,949,890
-	(6,349)	14,171	4,837	19,008
158	53,627	390,171	(390,171)	-
<u>695,344</u>	<u>14,677</u>	<u>2,032,648</u>	<u>-</u>	<u>2,032,648</u>
<u>\$ 696,276</u>	<u>\$ 1,618,576</u>	<u>\$ 10,459,894</u>	<u>\$ 849,952</u>	<u>\$ 11,309,846</u>

THE CENTER OF WORKFORCE INNOVATIONS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Adult</u>	<u>Youth</u>	<u>Dislocated Worker</u>	<u>Jobs for America's Graduates</u>	<u>State Adult Education</u>
OPERATING EXPENSES					
Salaries and benefits	\$ 1,056,042	\$ 276,148	\$ 873,275	\$ 62,301	\$ -
Operating expenses	277,648	69,747	223,008	1,143	-
Operating supplies	83,053	9,733	41,118	202	-
Purchased services	380,775	59,602	130,527	2,144	-
Service provider expense	-	1,721,564	1,855	295,000	-
Miscellaneous	-	-	-	-	-
Indirect costs	128,489	26,574	106,390	47	-
Adult education expenditure	-	-	-	-	1,315,984
Total expenses	<u>\$ 1,926,007</u>	<u>\$ 2,163,368</u>	<u>\$ 1,376,173</u>	<u>\$ 360,837</u>	<u>\$ 1,315,984</u>

See accompanying notes to financial statements.

<u>Federal Adult Education</u>	<u>Other</u>	<u>Total Program</u>	<u>Management and General</u>	<u>2017 Totals</u>
\$ -	\$ 594,427	\$ 2,862,193	\$ 794,825	\$ 3,657,018
-	289,265	860,811	191,144	1,051,955
-	(8,739)	125,367	73,549	198,916
-	942,957	1,516,005	132,351	1,648,356
-	-	2,018,419	-	2,018,419
41,850	(90)	41,760	6,189	47,949
-	58,771	320,271	(320,271)	-
839,215	38,180	2,193,379	9,081	2,202,460
<u>\$ 881,065</u>	<u>\$ 1,914,771</u>	<u>\$ 9,938,205</u>	<u>\$ 886,868</u>	<u>\$ 10,825,073</u>

THE CENTER OF WORKFORCE INNOVATIONS, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (535)	\$ 16,238
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Increase (decrease) in cash from changes in:		
Grants receivable	319,246	(838,888)
Accounts receivable	(114,867)	(13,671)
Prepaid expenses	(4,806)	11,683
Accounts payable	26,945	102,683
Accrued payroll and related expenses	6,635	30,701
Deferred revenue	(10,828)	42,158
Accrued expenses	(244,765)	424,705
	<u> </u>	<u> </u>
Net cash provided by (used in) operating activities	<u>(22,975)</u>	<u>(224,391)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from the maturity of certificates of deposit	234,645	358,322
Purchase of certificate of deposit	(237,302)	(234,645)
	<u> </u>	<u> </u>
Net cash provided by (used in) investing activities	<u>(2,657)</u>	<u>123,677</u>
Net increase (decrease) in cash	(25,632)	(100,714)
CASH, BEGINNING OF YEAR	<u>930,482</u>	<u>1,031,196</u>
CASH, END OF YEAR	<u>\$ 904,850</u>	<u>\$ 930,482</u>

See accompanying notes to financial statements.

THE CENTER OF WORKFORCE INNOVATIONS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

The Center of Workforce Innovations, Inc. (the “Organization”) is a non-profit corporation based out of Indiana. CWI works with individuals in Jasper, Lake, Laporte, Newton, Porter, Pulaski, and Starke counties in Indiana. The Organization is primarily supported through federal and state grants. Approximately 98% of the funding is federal pass-through received from the State of Indiana Department of Workforce Development (DWD).

BASIS OF ACCOUNTING

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

FINANCIAL STATEMENT PRESENTATION

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. A description of the unrestricted, temporarily and permanently restricted net asset classes follows:

Unrestricted net assets represent the portion of net assets of the Organization 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 the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization 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 Organization 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.

As of June 30, 2018 and 2017, the Organization had \$156,812 and \$165,129 in temporarily restricted and no permanently restricted net assets, all respectively. See Note 6 for further information regarding temporarily restricted net assets.

EXPENSE ALLOCATION

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

THE CENTER OF WORKFORCE INNOVATIONS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

GOVERNMENT GRANTS

Support funded by grants is recognized as the Organization performs the contracted services under grant agreements. Grant revenue is recognized as earned as the eligible expenses are incurred. No allowance for uncollectible grants has been recorded. Grant expenditures are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required. Amounts received prior to expenditures being incurred are reflected as unearned revenue on the statement of financial position.

REVENUE RECOGNITION

The Organization receives grants from the State of Indiana (State) and the federal government to carry out certain program activities. The grants are received under contracts which require the Organization to submit to the State appropriate records of services provided to eligible individuals. Revenues under the contracts are recognized as the services are provided.

CWI reports contributions of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires (that is, when stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. However, if donor-imposed restrictions are satisfied in the same reporting period, they are reported as unrestricted support.

INCOME TAX STATUS

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

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 for the years ended June 30, 2018 and 2017.

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.

THE CENTER OF WORKFORCE INNOVATIONS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

PROPERTY AND EQUIPMENT

As of June 30, 2018 and 2017, all property and equipment acquired by the Organization was purchased with funds provided by the State of Indiana and therefore are owned by the State of Indiana. Expenditures for maintenance and repairs are expenses when incurred. See Note 4 for additional information on state owned property and equipment.

SUBSEQUENT EVENTS

Subsequent events are evaluated through March 15, 2019, which is the date the financial statements were available to be issued.

NOTE 2 – GRANTS RECEIVABLE

Grants receivable as of June 30, 2018 and 2017 consisted of the following:

	<u>2018</u>	<u>2017</u>
Indiana Department of Workforce Development	\$ 1,136,204	\$ 1,520,423
Employ Milwaukee	35,349	-
Chicago Cook Workforce Partnership	101,955	90,985
	<u>\$ 1,273,508</u>	<u>\$ 1,611,408</u>

NOTE 3 – CONCENTRATION OF CREDIT RISK

The Organization maintains its cash balance in four area financial institutions. The accounts at these institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Balances at times may exceed the 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 Organization receives a substantial amount of its support from federal and state governments. A significant reduction of the level of support, if this were to occur, may have a significant effect on the Organization’s programs and activities.

Financial awards from federal, state and local governmental entities in the form of grants are subject to financial and compliance audits by funding agencies. Such audits could result in claims against the Organization for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date.

THE CENTER OF WORKFORCE INNOVATIONS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 4 – STATE OWNED PROPERTY AND EQUIPMENT

During the year ended June 30, 2016, the Indiana Department of Workforce Development changed its policies regarding reporting and tracking of State-owned equipment and furniture, increasing the value of assets required to be recorded and reported from \$500 to \$5,000. As of June 30, 2018 and 2017, the Organization controlled State owned equipment and furniture costing \$16,837 and \$0, respectively. Per contract and grant agreements, title to any assets purchased with State funds remains with the State and are reported as assets in the financial statements of the State of Indiana. Therefore, assets purchased with State funds are not reflected in the financial statements of the Organization.

NOTE 5 – EMPLOYEE RETIREMENT PLAN

The Organization maintains a retirement plan that covers all employees with at least one-full year of employment 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 Organization’s contributions for the years ended June 30, 2018 and 2017 were \$91,541 and \$72,516, respectively

NOTE 6 – TEMPORARILY RESTRICTED NET ASSETS

The restrictions on assets as of June 30, 2018 and 2017 primarily relate to non-federal grants specific assistance to the Organization and its programs, as specified by the donors. Those restrictions are considered to expire when payments are made.

As of June 30, 2018 and 2017, temporarily restricted net assets summarized by restriction are as follows:

	<u>2018</u>	<u>2017</u>
Encore program	\$ 16,553	\$ 14,489
Local funds for adult education	121,575	78,642
Porter County adult education	-	9,540
EWIN-Health Care Apprenticeship	4,579	-
Ready Indiana	14,105	11,131
Donaldson	-	11,795
Vincennes	-	14,098
Other programs	-	25,434
	<u>\$ 156,812</u>	<u>\$ 165,129</u>

THE CENTER OF WORKFORCE INNOVATIONS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 7 – OPERATING LEASES

The Organization leases space at multiple locations for operation of its programs. Rent expense for the years ended June 30, 2018 and 2017 was \$533,431 and \$493,746, respectively. Future minimum lease payments on non-cancelable leases with terms beyond June 30, 2018, are as follows:

2019	576,387
2020	436,633
2021	259,642
2022	109,545
2023	32,155
Thereafter	-
Total	<u><u>\$ 1,414,362</u></u>

SUPPLEMENTARY INFORMATION

**THE CENTER OF WORKFORCE INNOVATIONS, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018**

Federal Grantor Agency Pass-Through Entity Cluster Title/Program	Federal CFDA Number	Grant Identifying Number	Grant Award (in Dollars \$)	Federal Expenditure	Sub-recipient Pass-through
U.S. Department of Labor					
Indiana Department of Workforce Development ("DWD")					
Workforce Investment Act Cluster (WIA)					
WIOA Adult Program	17.258	WIOA 6-01	2,370,653	\$ 719,603	\$ -
WIOA Adult - Admin - WIB Board	17.258	WIOA 6-01		15,759	-
WIOA Adult Program - Admin	17.258	WIOA 6-01	263,404	194,130	-
WIOA Adult Program	17.258	WIOA 7-01	2,652,335	1,615,861	-
WIOA Adult Program - Admin	17.258	WIOA 7-01	294,703	125,979	-
WIOA Adult - Admin - WIB Board	17.258	WIOA 7-01		24	-
Employer Focused Business Partnership	17.258	EFBPG-6-01	9,507	4,923	-
Business Consultant	17.258	BC 7-01	36,000	36,000	-
				<u>2,712,279</u>	-
WIOA Youth Program	17.259	WIOA 6-01	2,513,063	1,088,387	714,522
WIOA Youth Prog - Admin	17.259	WIOA 6-01	279,229	272,256	-
WIOA Youth Program	17.259	WIOA 7-01	2,848,267	1,093,063	1,031,473
WIOA Youth Prog - Admin	17.259	WIOA 7-01	316,474	98,879	-
WIOA Youth Program - Admin	17.259	EFBPG-6-01	85,560	60,615	-
				<u>2,613,200</u>	<u>1,745,995</u>
WIOA Dislocated Worker Program	17.278	WIOA 6-01	1,544,411	357,345	-
WIOA Dislocated Worker Program - Admin	17.278	WIOA 6-01	171,601	145,632	-
WIOA Dislocated Worker Program	17.278	WIOA 7-01	1,480,490	963,756	-
WIOA Dislocated Worker Program - Admin	17.278	WIOA 7-01	164,498	56,987	-
Work Ethic Certificate	17.278	WEC-6-01	55,000	24,790	-
Business Consultant	17.278	BC 7-01	44,000	44,000	-
Rapid Response	17.278	RR-6-01	141,350	40,418	-
				<u>1,632,928</u>	-
Total WIA Cluster passed through DWD				<u>6,958,407</u>	<u>1,745,995</u>
Employment Service Cluster					
Employment Service/Wagner-Peyser Funded Activities	17.207	BC-7-01	40,000	40,000	-
Total for Employment Service Cluster passed through DWD				<u>40,000</u>	-
Unemployment Insurance Recovery					
Unemployment Insurance Recovery	17.225	RESEA-6-01	531,950	459,092	-
Unemployment Insurance Recovery	17.225	RESEA-7-01	479,000	159,232	-
				<u>618,324</u>	-
Trade Adjustment Assistance	17.245	TAACM 7-01	34,650	20,765	-
Total passed through DWD				<u>7,637,496</u>	<u>1,745,995</u>
Employ Milwaukee					
H1-B Job Training Grants					
America's Promise	17.268		440,000	95,291	-
Total for U.S. Department of Labor				<u>7,732,787</u>	<u>1,745,995</u>

THE CENTER OF WORKFORCE INNOVATIONS, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - (continued)
FOR THE YEAR ENDED JUNE 30, 2018

Federal Grantor Agency Pass-Through Entity Cluster Title/Program	Federal CFDA Number	Grant Identifying Number	Grant Award (in Dollars \$)	Federal Expenditure	Sub-recipient Pass-through
Department of Health and Human Services					
Indiana Department of Education					
Work Indiana	93.558	WIN-6-01	10,000	3,850	-
JAG TANF	93.558	JAGT-5-01	494,904	190,381	190,307
JAG TANF	93.558	JAGT-7-01	384,000	264,000	264,000
Total for Department of Health and Human Services				<u>458,231</u>	<u>454,307</u>
Department of Education					
Indiana Department of Education					
Adult Education	84.002	AE-7-01	883,940	696,602	564,432
Total for Department of Education Programs				<u>696,602</u>	<u>564,432</u>
Total Expenditures of Federal Awards				<u>\$ 8,887,620</u>	<u>\$ 2,764,734</u>

THE CENTER OF WORKFORCE INNOVATIONS, INC.
SCHEDULE OF EXPENDITURES OF STATE AND LOCAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

STATE/LOCAL GRANTOR AGENCY Program Title	Grant or Identifying Number	Grant Award (in Dollars \$)	State and Local Expenditures
Indiana Department of Workforce Development:			
Jobs for Amerian Graduates	JAG 6-01	383,933	\$ 58,848
Jobs for Amerian Graduates	JAG 7-01	568,965	239,557
Skill UP	Skill UP-5-01	427,571	104,332
Skill UP	Skill UP-7-01	677,000	1,034
WorkINdiana	WIN-6-01	144,915	29,148
WorkINdiana	WIN-7-01	87,500	65,846
Adult Basic Education	AE-7-01	1,506,673	1,452,868
Total passed through DWD			<u>1,951,633</u>
Total Expenditures of State and Local Awards			<u>\$ 1,951,633</u>

THE CENTER OF WORKFORCE INNOVATIONS, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of The Center of Workforce Innovations, Inc. under programs of the federal government for the year ended June 30, 2018. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. 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 Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

NOTE 3 – INDIRECT COST RATE

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

**THE CENTER OF WORKFORCE INNOVATIONS, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018**

Section II – Financial Statement Findings

There were no financial statement findings for the year ended June 30, 2017.

Section III – Federal Awards Findings and Questioned Costs

There were no federal award findings for the year ended June 30, 2017.



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**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
The Center of Workforce Innovations, Inc.

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 The Center of Workforce Innovations, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, 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 March 15, 2019.

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 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 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 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

March 15, 2019



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE *UNIFORM GUIDANCE***

To the Board of Directors
The Center of Workforce Innovations, Inc.

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 *OMB Compliance Supplement* that could have a direct and material effect on each of The Center of Workforce Innovations, Inc.'s major federal programs for the year ended June 30, 2018. 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 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 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 of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of *Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and 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 a legal determination of The Center of Workforce Innovations, Inc.'s compliance.

Opinion on Each Major Federal 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, 2018.

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

Comer, Nowling And Associates, P.C.

Comer, Nowling And Associates, P.C.

Indianapolis, Indiana

March 15, 2019

**THE CENTER OF WORKFORCE INNOVATIONS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

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

Type of auditor’s report issued: Unmodified

Any audit findings disclosed required to be reported in Accordance with 2 CFR section 200.516(a) Yes No

Program tested as major program:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
17.258*	U.S. Dept. of Labor - WIOA Adult Program
17.259*	U.S. Dept. of Labor - WIOA Youth Activities
17.278*	U.S. Dept. of Labor - WIOA Dislocated Worker Formula Grants
93.558	U.S. Dept. of Health and Human Services – TANF Cluster

*Represents WIA/WIOA Cluster

Dollar threshold used to distinguish between type A and type B programs \$750,000

Auditee qualified as low-risk auditee? Yes No

THE CENTER OF WORKFORCE INNOVATIONS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – (continued)
FOR THE YEAR ENDED JUNE 30, 2018

Section II – Financial Statement Findings

There were no financial statement findings for the current year ended June 30, 2018.

Section III – Federal Award Findings and Questioned Costs

There were no federal award findings for the current year ended June 30, 2018.