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September 23, 2019

Board of Directors
JobWorks, Inc.
7230 Engle Road, Suite 213
Fort Wayne, IN 46804

We have reviewed the report prepared by JobWorks, Inc. and opined upon by Comer, Nowling and Associates, PC, 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 JobWorks, 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, PC 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, CPA
State Examiner

**JobWorks, Inc.
and Subsidiaries**



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

COMER  NOWLING

INDUSTRY ESTABLISHED | FOCUSED ON QUALITY

Certified Public Accountants

**JOBWORKS, INC. AND SUBSIDIARIES
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, 2018 and 2017, 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, 2018 and 2017, 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

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, 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, is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of state and local awards, as required by the Indiana State Board of Accounts, is presented for additional analysis and is not required to be 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 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 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 consolidated 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 14, 2019 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 14, 2019

JOBWORKS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2018 AND 2017

ASSETS		2018	2017
CURRENT ASSETS:			
Cash	\$	535,622	\$ 459,071
Grants receivable		1,703,484	1,371,014
Accounts receivable		157,252	116,004
Prepaid expenses		157,321	124,882
Investments		118,272	104,515
Total current assets		2,671,951	2,175,486
PROPERTY AND EQUIPMENT:			
Furniture and equipment		124,137	122,940
Less accumulated depreciation		(122,223)	(118,076)
Total fixed assets, net		1,914	4,864
Total assets		\$ 2,673,865	\$ 2,180,350
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES:			
Accounts payable	\$	754,037	\$ 337,847
Accrued payroll taxes and related expenses		501,627	499,148
Deferred revenue		36,789	91,109
Total current liabilities		1,292,453	928,104
Total liabilities		1,292,453	928,104
NET ASSETS:			
Unrestricted		1,381,412	1,252,246
Total liabilities and unrestricted net assets		\$ 2,673,865	\$ 2,180,350

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, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
REVENUE AND OTHER SUPPORT		
Grant revenue	\$ 14,628,226	\$ 10,144,625
Corporate revenue	332,974	249,075
Investment income	13,757	14,251
Other income	16,829	(150)
	<u>14,991,786</u>	<u>10,407,801</u>
OPERATING EXPENSES		
Adult	1,912,250	1,427,488
Dislocated worker	984,823	1,062,949
Youth	2,340,233	2,466,109
Ready to Work / America's Promise	3,020,838	78,203
State JAG	1,484,610	874,701
WorkINdiana	83,399	78,808
TANF JAG/Youth	905,566	689,674
Fee for service	1,698,773	1,634,888
Other	1,372,357	945,687
Management and general	726,197	746,529
Training division	333,574	322,849
	<u>14,862,620</u>	<u>10,327,885</u>
INCREASE IN NET ASSETS	129,166	79,916
NET ASSETS - BEGINNING OF YEAR	<u>1,252,246</u>	<u>1,172,330</u>
NET ASSETS - END OF YEAR	<u>\$ 1,381,412</u>	<u>\$ 1,252,246</u>

See accompanying notes to consolidated financial statements.

JOBWORKS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018

	Adult	Dislocated Worker	Youth	Ready to Work America's Promise	State JAG
OPERATING EXPENSES					
Wages and benefits	\$ 1,126,353	\$ 622,049	\$ 1,436,862	\$ 786,560	\$ 1,159,460
Travel and staff development	32,294	7,934	57,368	11,849	77,252
Facility costs	29,246	20,535	19,586	3,964	6,672
Equipment and depreciation	3,797	2,773	3,407	1,494	311
Communications	14,871	12,513	12,023	5,793	4,491
Supplies, postage and printing	6,018	4,061	13,395	15,412	32,312
Professional fees and dues	22,357	12,261	39,427	11,864	17,626
Regional support	-	-	16,903	-	-
Client benefits	677,314	302,697	741,262	2,183,902	186,486
Total operating expenses	<u>\$ 1,912,250</u>	<u>\$ 984,823</u>	<u>\$ 2,340,233</u>	<u>\$ 3,020,838</u>	<u>\$ 1,484,610</u>

See accompanying notes to consolidated financial statements.

<u>WorkINdiana</u>	<u>TANF JAG/Youth</u>	<u>Fee For Service</u>	<u>Other</u>	<u>Management & General</u>	<u>Training Division</u>	<u>2018 Total</u>
\$ 4,433	\$ 744,879	\$ 1,659,186	\$ 857,226	\$ 555,265	\$ 164,999	\$ 9,117,272
260	28,829	155	9,738	12,868	29,492	268,039
-	7,158	6,303	188,356	30,842	6,922	319,584
-	3,863	-	9,772	8,832	3,833	38,082
-	1,209	9,103	18,916	4,463	5,498	88,880
-	11,056	1,220	16,524	13,456	7,539	120,993
-	9,910	22,806	11,755	98,442	73,874	320,322
-	18,810	-	-	-	-	35,713
78,706	79,852	-	260,070	2,029	41,417	4,553,735
<u>\$ 83,399</u>	<u>\$ 905,566</u>	<u>\$ 1,698,773</u>	<u>\$ 1,372,357</u>	<u>\$ 726,197</u>	<u>\$ 333,574</u>	<u>\$ 14,862,620</u>

JOBWORKS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2017

	Adult	Dislocated Worker	Youth	Ready to Work America's Promise	State JAG
OPERATING EXPENSES					
Wages and benefits	\$ 722,434	\$ 555,651	\$ 1,436,360	\$ 39,349	\$ 611,497
Travel and staff development	19,876	6,350	53,514	-	45,597
Facility costs	79,261	71,377	66,742	15,620	2,307
Equipment and depreciation	4,965	3,869	4,453	995	65
Communications	12,733	9,688	10,365	18,407	2,593
Supplies, postage and printing	5,978	4,684	15,316	3,832	26,189
Professional fees and dues	10,493	7,348	37,560	-	15,312
Regional support	-	-	22,928	-	-
Client benefits	571,748	403,982	818,871	-	171,141
Total operating expenses	<u>\$ 1,427,488</u>	<u>\$ 1,062,949</u>	<u>\$ 2,466,109</u>	<u>\$ 78,203</u>	<u>\$ 874,701</u>

See accompanying notes to consolidated financial statements.

<u>WorkINdiana</u>	<u>TANF JAG/Youth</u>	<u>Fee For Service</u>	<u>Other</u>	<u>Management & General</u>	<u>Training Division</u>	<u>2017 Total</u>
\$ -	\$ 559,809	\$ 1,603,685	\$ 612,787	\$ 539,001	\$ 165,468	\$ 6,846,041
-	18,296	635	10,330	23,568	24,563	202,729
-	4,884	4,887	60,757	30,947	7,163	343,945
-	2,306	-	4,532	22,140	5,389	48,714
-	872	1,050	7,238	6,115	3,364	72,425
-	2,299	2,214	9,504	14,870	6,378	91,264
-	14,597	22,417	11,917	108,288	71,923	299,855
-	5,169	-	-	-	-	28,097
78,808	81,442	-	228,622	1,600	38,601	2,394,815
<u>\$ 78,808</u>	<u>\$ 689,674</u>	<u>\$ 1,634,888</u>	<u>\$ 945,687</u>	<u>\$ 746,529</u>	<u>\$ 322,849</u>	<u>\$ 10,327,885</u>

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JOBWORKS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets	\$ 129,166	\$ 79,916
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Depreciation	4,146	3,039
Net unrealized (gain) loss on investments	(6,636)	(9,114)
Increase (decrease) in cash from changes in:		
Grants receivable	(332,470)	(273,161)
Accounts receivable	(41,248)	(49,150)
Prepaid expenses	(32,439)	(23,980)
Accounts payable	416,190	6,026
Accrued payroll and payroll expenses	2,479	(202,593)
Deferred revenue	(54,320)	91,109
	<u>84,868</u>	<u>(377,908)</u>
Net cash provided by (used in) operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	(1,197)	(7,296)
Purchase of investments	(7,120)	(5,187)
	<u>(8,317)</u>	<u>(12,483)</u>
Net cash provided by (used in) investing activities		
NET INCREASE (DECREASE) IN CASH	76,551	(390,391)
CASH, BEGINNING OF YEAR	459,071	849,462
CASH, END OF YEAR	<u>\$ 535,622</u>	<u>\$ 459,071</u>
Supplemental disclosures of Cash Flow Information:		
Cash paid during the year for interest	<u>\$ 276</u>	<u>\$ 46</u>

See accompanying notes to consolidated financial statements.

JOBWORKS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

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 Cass, Clark, Crawford, Dubois, Floyd, Gibson, Harrison, Howard, Jasper, Knox, Lake, LaPorte, Miami, Newton, Perry, Pike, Porter, Posey, Pulaski, Scott, Spencer, Starke, Tipton, Vanderburgh, Warrick and Washington counties in Indiana, Darke, Defiance, Henry, Miami, Paulding, Preble, Shelby, and Williams counties in Ohio, 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, 2018 and 2017, 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, 2018 and 2017, 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 CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

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, 2018 and 2017, the Organization did not have temporarily or permanently restricted net assets.

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.

JOBWORKS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

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

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.

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 \$4,146 and \$3,039 for the years ended June 30, 2018 and 2017, respectively. The Subsidiaries owned no fixed assets during the years ended June 30, 2018 and 2017.

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. Disposition of equipment purchased with the use of various grant funds may be restricted.

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.

CONTRIBUTED SERVICES

Contributions of services are recognized as revenue at their estimated fair value only when the services received create or enhance non-financial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated. No amounts have been reflected in the financial statements for donated services. The Organization pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs, solicitations, and various committee assignments.

JOBWORKS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

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

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.

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.

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).

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, 2015.

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, 2018 and 2017. For the years ended June 30, 2018 and 2017, there were no provisions for income taxes due to the lack of activity in each Subsidiary.

JOBWORKS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

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

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.

FAIR VALUE OF FINANCIAL INSTRUMENTS

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

JOBWORKS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

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

RECLASSIFICATIONS

Certain prior year financial information has been reclassified to conform to the current year's presentation.

SUBSEQUENT EVENTS

Subsequent events have been evaluated through January 14, 2019 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, 2018 and 2017. At June 30, 2018 and 2017, bank balances in excess of FDIC coverage in place for those years were \$657,057 and \$358,167, 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.

NOTE 3 – GRANTS RECEIVABLE

Grants receivable consisted of the following:

As of June 30:	<u>2018</u>	<u>2017</u>
Government sources	\$ 1,506,088	\$ 1,099,684
Fee for service	193,021	270,080
Other	4,375	1,250
	<u><u>\$ 1,703,484</u></u>	<u><u>\$ 1,371,014</u></u>

JOBWORKS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

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 and are summarized as follows at June 30, 2018 and 2017:

	Cost or Original Donated <u>Value</u>	Fair <u>Value</u>	Cumulative Unrealized <u>Gain (loss)</u>
As of June 30, 2018:			
Stocks and mutual funds	<u>\$ 95,121</u>	<u>\$ 118,272</u>	<u>\$ 23,151</u>
As of June 30, 2017:			
Stocks and mutual funds	<u>\$ 87,999</u>	<u>\$ 104,515</u>	<u>\$ 16,516</u>

The cumulative appreciation since the inception of these investments was \$23,151 and \$16,516 for the years ended June 30, 2018 and 2017. The net unrealized gain (loss) for the one year period ended June 30, 2018 and 2017 was \$6,636 and \$9,114, respectively. These net unrealized gains and losses are included in the investment income on the statements of activities.

NOTE 5 – LINE OF CREDIT – BANK

The Organization at June 30, 2018 and 2017, has available a secure line of credit with Old National Bank. For the years ended June 30, 2018 and 2017, the line of credit limit was \$950,000. The line of credit had an outstanding balance of \$0 and \$0 at June 30, 2018 and 2017. Interest is .25% under the banks' prime rate. The line of credit is secured by all assets of the Organization.

NOTE 6 – OPERATING LEASES

JobWorks, Inc. leases various facilities and for use in the operation of its programs. Lease expense for the year ended June 30, 2018 and 2017 was \$252,234 and \$295,657, respectively. Future minimum lease payments on leases having non-cancelable terms beyond June 30, 2018 are as follows:

2019	\$ 249,828
2020	132,726
2021	91,994
2022	92,976
2023	95,237
Thereafter	<u>36,184</u>
	<u>\$ 698,945</u>

JOBWORKS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 7 – 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 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, 2018 and 2017 were \$95,293 and \$51,565, respectively.



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, 2018 and 2017 and have issued our report thereon dated January 14, 2019, 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 14, 2019

JOBWORKS, INC. AND SUBSIDIARIES
SCHEDULES OF DIVISIONAL FINANCIAL POSITION
JUNE 30, 2018 AND 2017

ASSETS	2018			
	JobWorks	Training Division	Eliminations	Total
CURRENT ASSETS:				
Cash	\$ 535,238	\$ 384	\$ -	\$ 535,622
Grants receivable	1,703,484	-	-	1,703,484
Accounts receivable	304,259	135,500	(282,507)	157,252
Prepaid expenses	157,321	-	-	157,321
Investments	118,272	-	-	118,272
Notes receivable	20,000	-	(20,000)	-
Total current assets	<u>2,838,574</u>	<u>135,884</u>	<u>(302,507)</u>	<u>2,671,951</u>
PROPERTY AND EQUIPMENT:				
Furniture and equipment	124,137	-	-	124,137
	124,137	-	-	124,137
Less accumulated depreciation	<u>(122,223)</u>	<u>-</u>	<u>-</u>	<u>(122,223)</u>
Total Property and Equipment	<u>1,914</u>	<u>-</u>	<u>-</u>	<u>1,914</u>
Total assets	<u>\$ 2,840,488</u>	<u>\$ 135,884</u>	<u>\$ (302,507)</u>	<u>\$ 2,673,865</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES:				
Accounts payable	\$ 754,037	\$ 282,507	\$ (282,507)	\$ 754,037
Accrued payroll taxes and related expenses	501,627	-	-	501,627
Deferred revenue	36,789	-	-	36,789
Notes payable	-	20,000	(20,000)	-
Total current liabilities	<u>1,292,453</u>	<u>302,507</u>	<u>(302,507)</u>	<u>1,292,453</u>
UNRESTRICTED NET ASSETS	<u>1,548,035</u>	<u>(166,623)</u>	<u>-</u>	<u>1,381,412</u>
Total liabilities and net assets	<u>\$ 2,840,488</u>	<u>\$ 135,884</u>	<u>\$ (302,507)</u>	<u>\$ 2,673,865</u>

See Independent Auditor's Report on Supplementary Information.

2017

JobWorks	Training Division	Eliminations	Total
\$ 445,309	\$ 13,762	\$ -	\$ 459,071
1,371,014	-	-	1,371,014
275,789	74,650	(234,435)	116,004
124,882	-	-	124,882
104,515	-	-	104,515
20,000	-	(20,000)	-
2,341,509	88,412	(254,435)	2,175,486
122,940	-	-	122,940
122,940	-	-	122,940
(118,076)	-	-	(118,076)
4,864	-	-	4,864
\$ 2,346,373	\$ 88,412	\$ (254,435)	\$ 2,180,350
\$ 337,847	\$ 234,435	\$ (234,435)	\$ 337,847
499,148	-	-	499,148
83,609	7,500	-	91,109
-	20,000	(20,000)	-
920,604	261,935	(254,435)	928,104
1,425,769	(173,523)	-	1,252,246
\$ 2,346,373	\$ 88,412	\$ (254,435)	\$ 2,180,350

JOBWORKS, INC. AND SUBSIDIARIES
SCHEDULES OF DIVISIONAL ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2018			
	JobWorks	Training Division	Eliminations	Total
REVENUE AND OTHER SUPPORT				
Grant revenue	\$ 14,628,226	\$ -	\$ -	\$ 14,628,226
Corporate revenue	-	332,974	-	332,974
Investment income	13,757	-	-	13,757
Other income	9,329	7,500	-	16,829
Total revenue and other support	<u>14,651,312</u>	<u>340,474</u>	<u>-</u>	<u>14,991,786</u>
OPERATING EXPENSES:				
Adult	1,912,250	-	-	1,912,250
Dislocated worker	984,823	-	-	984,823
Youth	2,340,233	-	-	2,340,233
Ready to Work / America's Promise	3,020,838	-	-	3,020,838
State JAG	1,484,610	-	-	1,484,610
WorkINdiana	83,399	-	-	83,399
TANF JAG/Youth	905,566	-	-	905,566
Fee for service	1,698,773	-	-	1,698,773
Other	1,372,357	-	-	1,372,357
Management and general	726,197	-	-	726,197
Training Division	-	333,574	-	333,574
Total operating expenses	<u>14,529,046</u>	<u>333,574</u>	<u>-</u>	<u>14,862,620</u>
Increase (decrease) in unrestricted net assets	<u>122,266</u>	<u>6,900</u>	<u>-</u>	<u>129,166</u>
UNRESTRICTED NET ASSETS AT BEGINNING OF YEAR				
Transfers	1,425,769	(173,523)	-	1,252,246
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
UNRESTRICTED NET ASSETS AT END OF YEAR				
	<u>\$ 1,548,035</u>	<u>\$ (166,623)</u>	<u>\$ -</u>	<u>\$ 1,381,412</u>

See Independent Auditor's Report on Supplementary Information.

2017

JobWorks	Training Division	Eliminations	Total
\$ 10,144,625	\$ -	\$ -	\$ 10,144,625
-	249,075	-	249,075
14,251	-	-	14,251
(150)	-	-	(150)
<u>10,158,726</u>	<u>249,075</u>	<u>-</u>	<u>10,407,801</u>
1,427,488	-	-	1,427,488
1,062,949	-	-	1,062,949
2,466,109	-	-	2,466,109
78,203	-	-	78,203
874,701	-	-	874,701
78,808	-	-	78,808
689,674	-	-	689,674
1,634,888	-	-	1,634,888
945,687	-	-	945,687
746,529	-	-	746,529
-	322,849	-	322,849
<u>10,005,036</u>	<u>322,849</u>	<u>-</u>	<u>10,327,885</u>
<u>153,690</u>	<u>(73,774)</u>	<u>-</u>	<u>79,916</u>
1,267,739	(95,409)	-	1,172,330
4,340	(4,340)	-	-
<u>\$ 1,425,769</u>	<u>\$ (173,523)</u>	<u>\$ -</u>	<u>\$ 1,252,246</u>

JOBWORKS, INC. AND SUBSIDIARIES
SCHEDULE OF DIVISIONAL CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2018			
	JobWorks	Training Division	Eliminations	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Increase (decrease) in net assets	\$ 122,266	\$ 6,900	\$ -	\$ 129,166
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:				
Depreciation	4,146	-	-	4,146
Net realized and unrealized loss (gain) on investments	(6,636)	-	-	(6,636)
Transfers	-	-	-	-
Increase (decrease) in cash from changes in:				
Grants receivable	(332,470)	-	-	(332,470)
Accounts receivable	(28,470)	(60,850)	48,072	(41,248)
Prepaid expenses	(32,439)	-	-	(32,439)
Accounts payable	416,190	48,072	(48,072)	416,190
Accrued payroll and payroll expenses	2,479	-	-	2,479
Deferred revenue	(46,820)	(7,500)	-	(54,320)
Net cash provided by (used in) operating activities	<u>98,246</u>	<u>(13,378)</u>	<u>-</u>	<u>84,868</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchase of fixed assets	(1,197)	-	-	(1,197)
Purchase of investments	(7,120)	-	-	(7,120)
Net cash provided by (used in) investing activities	<u>(8,317)</u>	<u>-</u>	<u>-</u>	<u>(8,317)</u>
NET INCREASE (DECREASE) IN CASH	89,929	(13,378)	-	76,551
CASH, BEGINNING OF YEAR	<u>445,309</u>	<u>13,762</u>	<u>-</u>	<u>459,071</u>
CASH, END OF YEAR	<u>\$ 535,238</u>	<u>\$ 384</u>	<u>\$ -</u>	<u>\$ 535,622</u>
Supplemental disclosures of Cash Flow Information:				
Cash paid during the year for interest	<u>\$ 276</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 276</u>

See Independent Auditor's Report on Supplementary Information.

2017

JobWorks	Training Division	Eliminations	Total
\$ 153,690	\$ (73,774)	\$ -	\$ 79,916
3,039	-	-	3,039
(9,114)	-	-	(9,114)
4,340	(4,340)	-	-
(273,161)	-	-	(273,161)
(163,917)	(69,235)	184,002	(49,150)
(23,980)	-	-	(23,980)
41,692	148,336	(184,002)	6,026
(202,593)	-	-	(202,593)
83,609	7,500	-	91,109
<u>(386,395)</u>	<u>8,487</u>	<u>-</u>	<u>(377,908)</u>
(7,296)	-	-	(7,296)
(5,187)	-	-	(5,187)
<u>(12,483)</u>	<u>-</u>	<u>-</u>	<u>(12,483)</u>
(398,878)	8,487	-	(390,391)
844,187	5,275	-	849,462
<u>\$ 445,309</u>	<u>\$ 13,762</u>	<u>\$ -</u>	<u>\$ 459,071</u>
<u>\$ 46</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 46</u>

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JOBWORKS, INC. AND SUBSIDIARIES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2018

<u>Passthrough Agency Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant or Identifying Number</u>	<u>Grant Award (in dollars \$)</u>	<u>Federal Expenditures</u>
U.S. DEPARTMENT OF LABOR				
Passed through the Indiana Department of Workforce Development (DWD) and The Center of Workforce Innovations, Inc:				
WIOA JAG	17.259	CWI-WIOA-17-04	393,750	\$ 180,381
WIOA Older Youth	17.259	CWI-WIOA-17-04	851,250	630,460
				<u>810,841</u>
Passed through the Indiana Department of Workforce Development (DWD) and the Tecumseh Area Partnership:				
WIOA Adult	17.258	JW-WIB-44-2-04	599,640	143,347
WIOA Adult	17.258	JW-WIB-44-7-04	780,832	665,659
WIOA Adult - OSO	17.258	JW-WIB-44-7-04	10,338	918
WIOA Dislocated Worker	17.278	JW-WIB-44-2-04	430,681	84,944
WIOA Dislocated Worker	17.278	JW-WIB-44-7-04	426,471	370,701
WIOA Dislocated Worker - OSO	17.278	JW-WIB-44-7-04	5,647	633
WIOA In School Youth	17.259	JW-WIB-44-2-04	174,977	11,067
WIOA In School Youth	17.259	JW-WIB-44-7-04	194,759	39,683
WIOA In School Youth - OSO	17.259	JW-WIB-44-7-04	2,579	52
WIOA Out of School Youth	17.259	JW-WIB-44-2-04	558,063	121,977
WIOA Out of School Youth	17.259	JW-WIB-44-7-04	486,175	510,950
WIOA Out of School Youth - OSO	17.259	JW-WIB-44-7-04	6,436	1,006
				<u>1,950,937</u>
TAA Case Management	17.245	JW-TAACM-44-7-04	98,265	24,081
Ready To Work	17.268	JW-RTW-44-5-04	3,707,127	1,442,002
RESEA	17.225	JW-RESEA-44-6-04	358,131	298,731
RESEA	17.225	JW-RESEA-44-7-04	129,000	80,546
America's Promise Grant	17.268	JW-APG-44-7-04	4,734,991	1,663,837
				<u>3,509,197</u>
				<u>5,460,134</u>
Passed through the Indiana Department of Workforce Development (DWD) and Region 10 Workforce Investment Board, Inc.				
WIOA Adult	17.258	None	545,000	454,106
WIOA Dislocated Worker	17.278	None	317,986	289,459
WIOA Youth	17.259	None	432,000	316,405
				<u>1,059,970</u>
TAA Case Management	17.245	None	82,000	45,533
RESEA	17.225	None	85,093	85,093
	17.207,			
	17.801,			
OSO One-Stop Operator	17.804	None	51,600	16,431
OSO One-Stop Operator	17.245	None	8,400	2,676
				<u>149,733</u>
				<u>1,209,703</u>

JOBWORKS, INC. AND SUBSIDIARIES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2018

FEDERAL GRANTOR AGENCY	Federal	Grant or	Grant	Federal
Passed through Agency	CFDA	Identifying	Award	Expenditures
Program Title	Number	Number	(in dollars \$)	
U.S. DEPARTMENT OF LABOR (continued)				
Passed through the Indiana Department of Workforce Development (DWD) and Grow Southwest Indiana Workforce Board, Inc.				
WIOA Adult	17.258	WDB-17-01	823,019	727,946
WIOA Dislocated Worker	17.278	WDB-17-01	344,421	279,588
WIOA In School Youth	17.259	WDB-17-01	119,264	111,296
WIOA Out of School Youth	17.259	WDB-17-01	362,792	286,346
Employer Based Contract	17.258, 17.259	WDB-17-13	30,000	28,665
				<u>1,433,841</u>
TAA Case Management	17.245	WDB-17-010	134,200	46,809
RESEA	17.225	WIB-16-14	176,614	176,614
RESEA	17.225	WIB-7-18	66,500	36,270
	17.207, 17.801,			
Infrastructure Contract	17.804	WBD-17-16	107,781	97,767
Infrastructure Contract	17.245	WBD-17-16	11,630	10,550
Infrastructure Contract	17.225	WBD-17-16	70,019	63,514
Infrastructure Contract	17.258	WBD-17-16	7,491	6,795
				<u>438,319</u>
				<u>1,872,160</u>
Passed through the Ohio Department of Jobs and Family Services and the Defiance County Commissioners:				
Ohio Area 7 - Defiance County WIOA Youth - ISY	17.259	None	3,000	1,902
Ohio Area 7 - Defiance County WIOA Youth - OSY	17.259	None	27,000	13,509
				<u>15,411</u>
Passed through the Ohio Department of Jobs and Family Services and the Henry County Commissioners:				
Ohio Area 7 - Henry County	17.259	None	4,650	191
Ohio Area 7 - Henry County	17.259	None	45,350	3,388
Ohio Area 7 - Henry County-CCMEP WIOA ISY	17.259	None	3,000	1,794
Ohio Area 7 - Henry County-CCMEP WIOA OSY	17.259	None	27,000	9,128
				<u>14,501</u>
Passed through the Ohio Department of Jobs and Family Services and the Paulding Country Commissioners:				
Ohio Area 7 - Paulding County WIOA Youth - ISY	17.259	None	3,000	1,009
Ohio Area 7 - Paulding County WIOA Youth - OSY	17.259	None	27,000	11,381
				<u>12,390</u>
Passed through the Ohio Department of Jobs and Family Services and the Williams County Commissioners:				
Ohio Area 7 - Williams County ISY	17.259	None	664	555
Ohio Area 7 - Williams County OSY	17.259	None	48,540	31,391
				<u>31,946</u>

JOBWORKS, INC. AND SUBSIDIARIES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2018

FEDERAL GRANTOR AGENCY	Federal	Grant or	Grant	Federal
Passthrough Agency	CFDA	Identifying	Award	Expenditures
Program Title	Number	Number	(in dollars \$)	
U.S. DEPARTMENT OF LABOR (continued)				
Passed through the Ohio Department of Jobs and Family Services and the Darke County Commissioners:				
Ohio Area 7 - Darke County WIOA ISY	17.259	None	4,500	1,578
Ohio Area 7 - Darke County WIOA OSY	17.259	None	85,500	13,739
				<u>15,317</u>
Passed through the Ohio Department of Jobs and Family Services and the Miami County Commissioners:				
Ohio Area 7 - Miami County WIOA ISY	17.259	None	10,100	7,814
Ohio Area 7 - Miami County WIOA OSY	17.259	None	149,900	112,941
				<u>120,755</u>
Passed through the Ohio Department of Jobs and Family Services and the Preble County Commissioners:				
Ohio Area 7 - Preble County WIOA ISY	17.259	None	4,654	4,383
Ohio Area 7 - Preble County WIOA ISY	17.259	None	51,651	34,604
				<u>38,987</u>
Passed through the Ohio Department of Jobs and Family Services and the Shelby County Commissioners:				
Ohio Area 7 - Shelby County WIOA ISY	17.259	None	885	494
Ohio Area 7 - Shelby County WIOA OSY	17.259	None	35,915	35,908
Ohio Area 7 - Shelby County WIOA ISY	17.259	None	1,135	329
Ohio Area 7 - Shelby County WIOA OSY	17.259	None	21,365	5,316
				<u>42,047</u>
Total WIOA cluster				<u>5,546,943</u>
Total Expenditures U.S. Department of Labor				<u>9,644,192</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through the Indiana Department of Workforce Development (DWD) and The Center of Workforce Innovations, Inc:				
TANF JAG - JAGT701	93.558	CWI-WIOA-17-04	454,307	417,518
TANF JAG - JAGT501	93.558	CWI-WIOA-17-04	83,609	83,609
				<u>501,127</u>
Passed through the Indiana Department of Workforce Development (DWD) and the Tecumseh Area Partnership:				
JAG TANF	93.558	JW-JAGT-44-5-04	182,140	70,840
Passed through the Indiana Department of Workforce Development (DWD) and the Region 10 Workforce Board:				
JAG TANF	93.558	None	176,000	125,674
Passed through the Indiana Department of Workforce Development (DWD) and Grow Southwest Indiana Workforce Board:				
JAG TANF	93.558	WDB-15-07	46,624	46,624
TANF WIN	93.558	WDB-17-17	13,500	4,502
				<u>51,126</u>

JOBWORKS, INC. AND SUBSIDIARIES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2018

FEDERAL GRANTOR AGENCY Passed through Agency Program Title	Federal CFDA Number	Grant or Identifying Number	Grant Award (in dollars \$)	Federal Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)				
Passed through the Ohio Department of Jobs and Family Services and the Defiance County Commissioners:				
Ohio Area 7-Defiance County-CCMEP TANF	93.558	None	100,000	<u>31,234</u>
Passed through the Ohio Department of Jobs and Family Services and the Henry County Commissioners:				
Ohio Area 7 - Henry County-CCMEP TANF	93.558	None	45,570	8,277
Ohio Area 7 - Henry County-CCMEP TANF	93.558	None	100,000	<u>19,996</u>
				<u>28,273</u>
Passed through the Ohio Department of Jobs and Family Services and the Paulding Country Commissioners:				
Ohio Area 7 - Paulding County - CCMEP TANF	93.558	None	100,000	<u>23,538</u>
Passed through the Ohio Department of Jobs and Family Services and the Williams County Commissioners:				
Ohio Area 7 - Williams County-CCMEP TANF	93.558	None	71,467	<u>18,909</u>
Passed through the Ohio Department of Jobs and Family Services and the Darke County Commissioners:				
Ohio Area 7 - Darke County-CCMEP TANF	93.558	None	45,000	<u>1,114</u>
Passed through the Ohio Department of Jobs and Family Services and the Miami County Commissioners:				
Ohio Area 7 - Miami County TANF Youth	93.558	None	40,000	<u>32,345</u>
Passed through the Ohio Department of Jobs and Family Services and the Preble County Commissioners:				
Ohio Area 7 - Preble County-CCMEP TANF	93.558	None	129,080	78,463
Ohio Area 7 - Preble County-TANF Summer	93.558	None	46,717	<u>8,803</u>
				87,266
Passed through the Ohio Department of Jobs and Family Services and the Shelby County Commissioners:				
Ohio Area 7 - Shelby County-CCMEP TANF	93.558	None	37,500	21,072
Ohio Area 7 - Shelby County-CCMEP TANF	93.558	None	37,500	<u>19,214</u>
				<u>40,286</u>
Total Expenditures U.S. Department of Health and Human Services				<u>1,011,732</u>
Total Expenditures of Federal Awards				<u><u>\$ 10,655,924</u></u>

JOBWORKS, INC. AND SUBSIDIARIES
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2018

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 Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. 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 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

JobWorks, Inc. has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

JOBWORKS, INC. AND SUBSIDIARIES
SCHEDULE OF EXPENDITURES OF STATE AND LOCAL AWARDS
YEAR ENDED JUNE 30, 2018

Passthrough Agency Program Title	Grant or Identifying Number	Grant Award (in dollars \$)	Expenditures
Passed through the Indiana Department of Workforce Development (DWD) and The Center of Workforce Innovations, Inc:			
SJAG	CWI-WIOA-17-04	365,000	\$ 203,896
WorkIN Adult Education	CWI-17-04	5,000	4,704
			<u>208,600</u>
Passed through the Indiana Department of Workforce Development (DWD) and the Tecumseh Area Partnership:			
SkillUP	JW-SkillUP-44-5-04	410,906	264,540
SkillUP 3	JW-SkillUP4-44-7-04	57,447	5,160
WorkINDiana	JW-WIN-44-6-04	43,015	9,633
State JAG	Jobworks-JAG-44-6-04	657,732	657,732
JAG Master Specialist	JAGMS704	5,000	3,500
			<u>940,565</u>
Passed through the Indiana Department of Workforce Development (DWD) and Region 10 Workforce Investment Board, Inc.			
WorkINDiana	None	11,602	11,602
WorkINDiana	None	22,230	12,572
State JAG	None	67,334	67,334
State JAG	None	168,350	93,416
Jobs for Hoosiers	None	10,110	-
			<u>184,924</u>
Passed through the Indiana Department of Workforce Development (DWD) and Grow Southwest Indiana Workforce Board, Inc.			
WorkINDiana	WDB-17-02	48,996	43,176
State JAG	WDB-16-03	106,610	106,610
State JAG	WDB-17-03	448,916	439,244
Jobs for Hoosiers	WDB-17-15	26,030	177
Adult Education Coordinators	WDB-17-16	19,504	17,692
Hoosier Initiative for Re-Entry	WBD-17-16	13,574	12,313
			<u>619,212</u>
			<u>\$ 1,953,301</u>

**JOBWORKS, INC. AND SUBSIDIARIES
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
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 Award Findings and Questioned Costs

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



INDUSTRY ESTABLISHED | FOCUSED ON QUALITY

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,

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. and Subsidiaries (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 14, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered JobWorks, Inc. and Subsidiaries' 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. and Subsidiaries' 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. 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 14, 2019



INDUSTRY ESTABLISHED | FOCUSED ON QUALITY

**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
JobWorks, Inc. and Subsidiaries

Report on Compliance for Each Major Federal Program

We have audited JobWorks, Inc. and Subsidiaries' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of JobWorks, Inc. and Subsidiaries' major federal programs for the year ended June 30, 2018. JobWorks, Inc. and Subsidiaries' 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. and Subsidiaries' 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 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 JobWorks, Inc. and Subsidiaries' 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. and Subsidiaries' compliance.

Opinion on Each Major Federal Program

In our opinion, JobWorks, Inc. and Subsidiaries 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 JobWorks, Inc. and Subsidiaries 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. and Subsidiaries' 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 JobWorks, Inc. and Subsidiaries' 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

January 14, 2019

**JOBWORKS, INC. AND SUBSIDIARIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
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

Programs tested as major programs:

<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
17.268	U.S. Dept. of Labor – Job Training Grants

*Represents WIOA Cluster

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

Auditee qualified as low-risk auditee? Yes No

JOBWORKS, INC. AND SUBSIDIARIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2018

Section II – Financial Statement Findings

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

Section III – Federal Award Findings and Questioned Costs

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