



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

B55393

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

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

July 7, 2020

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

We have reviewed the audit report of Center of Workforce Innovations, Inc. which was opined upon by Comer, Nowling and Associates, PC, Independent Public Accountants, for the period July 1, 2018 to June 30, 2019. 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, 2019 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 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.

A handwritten signature in blue ink that reads "Paul D. Joyce".

Paul D. Joyce, CPA
State Examiner

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

=====

**Financial Statements
For the Years Ended
June 30, 2019 and 2018
(With Single Audit Section)**

COMER  NOWLING

INDUSTRY ESTABLISHED | FOCUSED ON QUALITY

Certified Public Accountants

THE CENTER OF WORKFORCE INNOVATIONS, INC.

**FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR’S REPORT	1
FINANCIAL STATEMENTS	
Statements of Financial Position.....	3
Statements of Activities	4
Statements of Functional Expenses	6
Statements of Cash Flows.....	8
Notes to Financial Statements.....	9
SUPPLEMENTARY INFORMATION	
Schedule of Expenditures of Federal Awards.....	16
Schedule of Expenditures of State and Local Awards.....	18
Notes to Schedule of Expenditures of Federal Awards	19
Summary Schedule of Prior Audit Findings.....	20
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 <i>Government Auditing Standards</i>	21
Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control over Compliance required by the <i>Uniform Guidance</i>	23
Schedule of Findings and Questioned Costs.....	25



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, 2019 and 2018, 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 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 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, 2019 and 2018 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 November 18, 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
November 18, 2019

THE CENTER OF WORKFORCE INNOVATIONS, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018

ASSETS		2019	2018
		<u> </u>	<u> </u>
CURRENT ASSETS:			
Cash		\$ 592,795	\$ 904,850
Certificate of deposit		238,370	237,302
Grants receivable		1,642,526	1,292,162
Accounts receivable		52,988	171,531
Prepaid expenses		<u>77,571</u>	<u>11,673</u>
Total current assets		<u>2,604,250</u>	<u>2,617,518</u>
Total assets		<u><u>\$ 2,604,250</u></u>	<u><u>\$ 2,617,518</u></u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES:			
Accounts payable		\$ 613,148	\$ 577,319
Accrued payroll and related expenses		259,707	258,252
Deferred revenue		10,969	67,179
Due to service providers		<u>485,939</u>	<u>495,803</u>
Total current liabilities		<u>1,369,763</u>	<u>1,398,553</u>
NET ASSETS:			
Without donor restrictions		1,033,122	1,062,153
With donor restrictions		<u>201,365</u>	<u>156,812</u>
Total net assets		<u>1,234,487</u>	<u>1,218,965</u>
Total liabilities and net assets		<u><u>\$ 2,604,250</u></u>	<u><u>\$ 2,617,518</u></u>

See accompanying notes to financial statements.

THE CENTER OF WORKFORCE INNOVATIONS, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2019		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT			
Federal grant revenue	\$ 9,550,937	\$ -	\$ 9,550,937
Non-federal grant and contract revenue	2,298,531	75,000	2,373,531
Other grant revenue	73	-	73
Miscellaneous income	28,008	-	28,008
Total revenue and support	<u>11,877,549</u>	<u>75,000</u>	<u>11,952,549</u>
Net assets released from restrictions	<u>30,447</u>	<u>(30,447)</u>	<u>-</u>
Total revenue, support and net assets released from restrictions	<u>11,907,996</u>	<u>44,553</u>	<u>11,952,549</u>
EXPENSES			
Program activities	10,740,244	-	10,740,244
Management and general	1,196,783	-	1,196,783
Total expenses	<u>11,937,027</u>	<u>-</u>	<u>11,937,027</u>
CHANGE IN NET ASSETS	<u>(29,031)</u>	<u>44,553</u>	<u>15,522</u>
NET ASSETS, BEGINNING OF YEAR	<u>1,062,153</u>	<u>156,812</u>	<u>1,218,965</u>
NET ASSETS, END OF YEAR	<u>\$ 1,033,122</u>	<u>\$ 201,365</u>	<u>\$ 1,234,487</u>

See accompanying notes to financial statements.

2018

<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
\$ 8,500,137	\$ -	\$ 8,500,137
2,761,014	-	2,761,014
38,729	5,000	43,729
4,431	-	4,431
<u>11,304,311</u>	<u>5,000</u>	<u>11,309,311</u>
<u>13,317</u>	<u>(13,317)</u>	<u>-</u>
<u>11,317,628</u>	<u>(8,317)</u>	<u>11,309,311</u>
10,459,894	-	10,459,894
849,952	-	849,952
<u>11,309,846</u>	<u>-</u>	<u>11,309,846</u>
<u>7,782</u>	<u>(8,317)</u>	<u>(535)</u>
<u>1,054,371</u>	<u>165,129</u>	<u>1,219,500</u>
<u>\$ 1,062,153</u>	<u>\$ 156,812</u>	<u>\$ 1,218,965</u>

**THE CENTER OF WORKFORCE INNOVATIONS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019**

OPERATING EXPENSES	<u>Program</u>	<u>Management and General</u>	<u>2019 Totals</u>
Salaries and benefits	\$ 3,199,836	\$ 908,098	\$ 4,107,934
Operating expenses	1,474,540	288,685	1,763,225
Direct participant costs	1,639,301	-	1,639,301
Service provider expense	4,426,567	-	4,426,567
Total expenses	<u>\$ 10,740,244</u>	<u>\$ 1,196,783</u>	<u>\$ 11,937,027</u>

See accompanying notes to financial statements.

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

OPERATING EXPENSES	<u>Program</u>	<u>Management and General</u>	<u>2018 Totals</u>
Salaries and benefits	\$ 3,009,868	\$ 785,291	\$ 3,795,159
Operating expenses	2,088,485	64,661	2,153,146
Direct participant costs	1,402,531	-	1,402,531
Service provider expense	3,959,010	-	3,959,010
Total expenses	<u>\$ 10,459,894</u>	<u>\$ 849,952</u>	<u>\$ 11,309,846</u>

See accompanying notes to financial statements.

THE CENTER OF WORKFORCE INNOVATIONS, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 15,522	\$ (535)
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	(350,364)	319,246
Accounts receivable	118,543	(114,867)
Prepaid expenses	(65,898)	(4,806)
Accounts payable	35,829	26,945
Accrued payroll and related expenses	1,455	6,635
Deferred revenue	(56,210)	(10,828)
Accrued expenses	(9,864)	(244,765)
	<u>(310,987)</u>	<u>(22,975)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from the maturity of certificates of deposit	237,302	234,645
Purchase of certificate of deposit	(238,370)	(237,302)
	<u>(1,068)</u>	<u>(2,657)</u>
Net cash provided by (used in) investing activities		
	<u>(312,055)</u>	<u>(25,632)</u>
CASH, BEGINNING OF YEAR	<u>904,850</u>	<u>930,482</u>
CASH, END OF YEAR	<u>\$ 592,795</u>	<u>\$ 904,850</u>

See accompanying notes to financial statements.

THE CENTER OF WORKFORCE INNOVATIONS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

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 administers and operates employment and training services in a seven-county area of Northwest 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

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board. Per the applicable standards, The Center of Workforce Innovations, Inc. is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. A description of the net asset classes follows:

Net assets without donor restrictions represent the portion of net assets of The Center of Workforce Innovations, Inc. that is not subject to donor-imposed restrictions. Net assets without donor restrictions include expendable funds available for the support of the Organization. Board designated net assets are net assets without donor restrictions with self-imposed designations by action of the governing board.

Net assets with donor restrictions represent contributions and other inflows of assets whose use by The Center of Workforce Innovations, Inc. is limited by donor-imposed stipulations that either expire by passage of time, can be fulfilled and removed by actions of The Center of Workforce Innovations, Inc. pursuant to those stipulations, or net assets that must be held in perpetuity.

Net assets with donor restrictions also include, pursuant to Indiana law, cumulative appreciation and reinvested gains on net assets with donor restrictions that are held in perpetuity, which have not been appropriated by the Board of Directors.

As of June 30, 2019 and 2018, the Organization had \$201,365 and \$156,812 in net assets with donor restrictions, all respectively. See Note 6 for further information regarding net assets with donor restrictions.

THE CENTER OF WORKFORCE INNOVATIONS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 1 – 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 statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Allowable and reasonable costs associated with the administration and operation of programs has been collected into the following general classifications for the purpose of constructing a cost allocation methodology:

Indirect Costs – Are incurred for a common or joint purpose benefiting more than one cost objective and are not readily assignable to the cost objective specifically benefited, without effort disproportionate to the results achieved.

Direct Costs – Can be specifically identified as benefiting a particular cost objective.

Administrative Costs - Functions to be classified as administrative and subject to cost limitation: Accounting, procurement, property management, personnel, management, payroll and audit.

Program Costs - Core, Intensive, Training or other related costs of operational functions.

Administrative and program costs are grouped by function, nature (direct or joint), and funding source (grant/program/cost category) 1) costs directly chargeable to a fund source and 2) joint costs that must be allocated on the basis of an equitable formula or rate. For the purpose of allocating costs, three cost “pools” have been established: an administrative cost pool (ACP) comprised of the costs of administrative functions that are common to all grants and programs; a program cost pool (PCP) comprised of the costs of operational functions that are common to all grants and programs and a cost pool consisting of expenses benefitting the One Stop System.

GOVERNMENT GRANTS

Support funded by reimbursable 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.

THE CENTER OF WORKFORCE INNOVATIONS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

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

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), net assets with donor restrictions are reclassified to net assets without donor restrictions 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 net assets without donor restrictions.

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, 2019 and 2018.

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).

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.

CASH AND CASH EQUIVALENTS

The Organization considers time deposits, certificates of deposit, and other highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

THE CENTER OF WORKFORCE INNOVATIONS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

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

PROPERTY AND EQUIPMENT

As of June 30, 2019 and 2018, 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.

RECLASSIFICATION

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

SUBSEQUENT EVENTS

Subsequent events are evaluated through November 18, 2019, which is the date the financial statements were available to be issued.

RECENT ACCOUNTING PRONOUNCEMENTS

Leases

In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. The new standard is effective for fiscal years beginning after December 15, 2019, and interim periods for years beginning after December 15, 2020. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Organization is currently evaluating the impact the adoption of this guidance will have on the financial statements.

Revenue Recognition from Contract with Customers

In May 2014, FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This standard outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The core principle of the revenue model is that revenue is recognized when a customer obtains control of a good or service. Transfer of control is not the same as transfer of risks and rewards, as it is considered in current guidance. The Organization will also need to apply new guidance to determine whether revenue should be recognized over time or at a point in time. ASU 2014-09, as deferred by ASU 2015-14, will be effective for annual reporting periods beginning after December 15, 2018, using either of two methods: (a) retrospective to each prior reporting period presented with the option to elect certain practical expedients as defined within ASU 2014-09; or (b) retrospective with the cumulative effect of initially applying ASU 2014-09 recognized at the date of initial application and providing certain additional disclosures as defined in ASU 2014-09. The Organization has not yet selected a transition method and is currently evaluating the impact of the pending adoption of ASU 2014-09 on the financial statements.

THE CENTER OF WORKFORCE INNOVATIONS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 2 – GRANTS RECEIVABLE

Grants receivable as of June 30, 2019 and 2018 consisted of the following:

	<u>2019</u>	<u>2018</u>
Indiana Department of Workforce Development	\$ 1,536,046	\$ 1,154,858
Employ Milwaukee	96,480	35,349
Chicago Cook Workforce Partnership	10,000	101,955
	<u>\$ 1,642,526</u>	<u>\$ 1,292,162</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.

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, 2019 and 2018, the Organization controlled State owned equipment and furniture costing \$175,204 and \$16,837, 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.

THE CENTER OF WORKFORCE INNOVATIONS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

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, 2019 and 2018 were \$80,413 and \$91,541, respectively.

NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS

The restrictions on assets as of June 30, 2019 and 2018 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, 2019 and 2018, net assets with donor restrictions are summarized as follows:

	<u>2019</u>	<u>2018</u>
Encore program	\$ 13,103	\$ 16,553
Local funds for adult education	120,603	121,575
JP Morgan Chase	65,839	-
EWIN-Health Care Apprenticeship	1,820	4,579
Ready Indiana	-	14,105
	<u>\$ 201,365</u>	<u>\$ 156,812</u>

NOTE 7 – OPERATING LEASES

The Organization leases space at multiple locations for operation of its programs. Rent expense for the years ended June 30, 2019 and 2018 was \$581,981 and \$533,431, respectively. Future minimum lease payments on non-cancelable leases with tiers beyond June 30, 2019, are as follows:

2020	434,910
2021	309,606
2022	284,234
2023	83,899
2024	13,074
Thereafter	-
Total	<u>\$ 1,125,723</u>

THE CENTER OF WORKFORCE INNOVATIONS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 8 – INFORMATION ABOUT LIQUIDITY

The Organization’s main funding sources are cost reimbursement government grants and contracts. Liquid assets include cash, certificates of deposit, and receivables. There are no board designations regarding these assets.

For the purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing program and support activities to be general expenditures.

The following represents financial assets available for cash needs for general expenditures within one year:

	<u>2019</u>	<u>2018</u>
Cash	\$ 592,795	\$ 904,850
Certificate of deposit	238,370	237,302
Grants receivable	1,642,526	1,292,162
Accounts receivable	<u>52,988</u>	<u>171,531</u>
Total financial assets	2,526,679	2,605,845
Less donor restrictions	<u>(201,365)</u>	<u>(156,812)</u>
Financial assets available for cash needs for general expenditures within one year	<u>\$ 2,325,314</u>	<u>\$ 2,449,033</u>

SUPPLEMENTARY INFORMATION

THE CENTER OF WORKFORCE INNOVATIONS, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

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 8-01	3,007,174	\$ 2,424,827	\$ 34,836
WIOA Adult Program - Admin	17.258	WIOA 8-01	334,130	334,130	-
WIOA Adult Program	17.258	WIOA 7-01	2,652,335	1,010,081	-
Employer Focused Business Partnership	17.258	EFBPG-6-01	9,507	364	-
				3,769,402	34,836
WIOA Youth Program	17.259	WIOA 8-01	3,235,828	701,833	515,842
WIOA Youth Program	17.259	WIOA 7-01	2,848,267	1,753,938	1,354,273
WIOA Youth Prog - Admin	17.259	WIOA 7-01	316,474	316,474	-
WIOA Youth Program - Admin	17.259	EFBPG-6-01	85,560	6,540	-
				2,778,785	1,870,115
WIOA Dislocated Worker Program	17.278	WIOA 8-01	1,489,441	501,991	-
WIOA Dislocated Worker Program - Admin	17.278	WIOA 8-01	165,493	49,872	-
WIOA Dislocated Worker Program	17.278	WIOA 7-01	1,480,490	513,575	-
WIOA Dislocated Worker Program - Admin	17.278	WIOA 7-01	164,498	161,562	-
Work Ethic Certificate	17.278	WEC-6-01	55,000	(427)	-
				1,226,573	-
Total WIA Cluster passed through DWD				7,774,760	1,904,951
Employment Service Cluster					
Employment Service/Wagner-Peyser Funded Activities	17.207	BC-8-01	120,000	120,000	-
Total for Employment Service Cluster passed through DWD				120,000	-
Unemployment Insurance Recovery					
Unemployment Insurance Recovery	17.225	RESEA-9-01	450,000	266,284	-
Unemployment Insurance Recovery	17.225	RESEA-7-01	537,000	377,768	-
Total for Unemployment Insurance Recovery				644,052	-
Trade Adjustment Assistance					
Trade Adjustment Assistance	17.245	TAACM 8-01	36,839	10,445	-
Trade Adjustment Assistance	17.245	TAACM 7-01	34,650	179	-
Total for Trade Adjustment Assistance				10,624	-
Total passed through DWD				8,549,436	1,904,951
Employ Milwaukee					
H1-B Job Training Grants					
America's Promise	17.268		440,000	131,132	-
Total for U.S. Department of Labor				8,680,568	1,904,951

See Notes to the Schedule of Expenditures of Federal Awards

THE CENTER OF WORKFORCE INNOVATIONS, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - (continued)
FOR THE YEAR ENDED JUNE 30, 2019

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					
JAG TANF	93.558	JAGT-8-01	352,000	325,262	325,000
JAG TANF	93.558	JAGT-7-01	219,402	120,000	120,000
Total for Department of Health and Human Services				445,262	445,000
Department of Education					
Indiana Department of Education					
Adult Education	84.002	AE-8-01	821,906	819,814	568,591
Total for Department of Education Programs				819,814	568,591
Total Expenditures of Federal Awards				\$ 9,945,644	\$ 2,918,542

**THE CENTER OF WORKFORCE INNOVATIONS, INC.
SCHEDULE OF EXPENDITURES OF STATE AND LOCAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019**

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 America's Graduates	JAG 8-01	623,965	\$ 79,134
Jobs for America's Graduates	JAG 7-01	329,408	329,408
Jobs for Hoosiers	JFH-7-01	58,300	39,986
Skill UP	Skill UP-7-01	677,000	324,829
WorkINDiana	WIN-6-01	13,593	7,444
WorkINDiana	WIN-7-01	87,500	21,012
WorkINDiana	WIN-8-01	99,252	26,021
Adult Basic Education	AE-8-01	1,297,302	1,035,097
Total passed through DWD			<u>1,862,931</u>
			<u>\$ 1,862,931</u>

THE CENTER OF WORKFORCE INNOVATIONS, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

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, 2019. 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, 2019**

Section II – Financial Statement Findings

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

Section III – Federal Awards Findings and Questioned Costs

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



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
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, 2019, 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 November 18, 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
November 18, 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
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, 2019. 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, 2019.

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

November 18, 2019

**THE CENTER OF WORKFORCE INNOVATIONS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019**

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
84.002	U.S. Dept. of Education – Adult Education

*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, 2019

Section II – Financial Statement Findings

There were no financial statement findings for the current year ended June 30, 2019.

Section III – Federal Award Findings and Questioned Costs

There were no federal award findings for the current year ended June 30, 2019.