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September 15, 2020

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

We have reviewed the audit report of JobWorks, 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 JobWorks, 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 the guidelines established by the State Board of Accounts.

The audit 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

**JobWorks, Inc.  
and Subsidiaries**

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**Consolidated 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*

**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, 2019 and 2018, 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, 2019 and 2018, 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 November 27, 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  
November 27, 2019

**JOBWORKS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2019 AND 2018**

<b>ASSETS</b>		<u>2019</u>	<u>2018</u>
<b>CURRENT ASSETS:</b>			
Cash		\$ 496,529	\$ 535,622
Grants receivable		1,355,906	1,703,484
Accounts receivable		228,574	157,252
Prepaid expenses		135,634	157,321
Investments		<u>124,884</u>	<u>118,272</u>
Total current assets		<u>2,341,527</u>	<u>2,671,951</u>
<b>PROPERTY AND EQUIPMENT:</b>			
Furniture and equipment		124,137	124,137
Less accumulated depreciation		<u>(123,733)</u>	<u>(122,223)</u>
Total fixed assets, net		<u>404</u>	<u>1,914</u>
Total assets		<u>\$ 2,341,931</u>	<u>\$ 2,673,865</u>
<b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT LIABILITIES:</b>			
Accounts payable		\$ 354,776	\$ 754,037
Accrued payroll taxes and related expenses		459,014	501,627
Deferred revenue		<u>-</u>	<u>36,789</u>
Total current liabilities		<u>813,790</u>	<u>1,292,453</u>
Total liabilities		<u>813,790</u>	<u>1,292,453</u>
<b>NET ASSETS:</b>			
Without donor restrictions		<u>1,528,141</u>	<u>1,381,412</u>
Total liabilities and net assets		<u>\$ 2,341,931</u>	<u>\$ 2,673,865</u>

See accompanying notes to consolidated financial statements.

**JOBWORKS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

	<b>2019</b>	<b>2018</b>
<b>REVENUE AND OTHER SUPPORT</b>		
Grant revenue	\$ 11,297,949	\$ 14,628,226
Corporate revenue	553,971	332,974
Investment income	6,612	13,757
Other income	10,592	16,829
	<u>11,869,124</u>	<u>14,991,786</u>
<b>OPERATING EXPENSES</b>		
Adult	1,377,173	1,912,250
Dislocated worker	735,048	984,823
Youth	2,115,282	2,340,233
Ready to Work / America's Promise	1,396,123	3,020,838
State JAG	1,278,217	1,484,610
WorkINdiana	77,689	83,399
TANF JAG/Youth	897,619	905,566
Fee for service	1,613,906	1,698,773
Other	980,412	1,372,357
Management and general	746,212	726,197
Training division	504,714	333,574
	<u>11,722,395</u>	<u>14,862,620</u>
<b>INCREASE IN NET ASSETS</b>	<b>146,729</b>	<b>129,166</b>
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS - BEGINNING OF YEAR</b>	<u>1,381,412</u>	<u>1,252,246</u>
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS - END OF YEAR</b>	<u>\$ 1,528,141</u>	<u>\$ 1,381,412</u>

See accompanying notes to consolidated financial statements.

**JOBWORKS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	Adult	Dislocated Worker	Youth	Ready to Work America's Promise	State JAG
<b>OPERATING EXPENSES</b>					
Wages and benefits	\$ 915,261	\$ 492,430	\$ 1,306,471	\$ 623,795	\$ 1,019,655
Travel and staff development	13,479	3,220	53,381	9,087	39,633
Facility costs	31,893	23,554	23,989	3,903	7,063
Equipment and depreciation	4,621	2,257	4,480	723	617
Communications	10,470	8,376	6,883	6,294	4,561
Supplies, postage and printing	6,190	3,000	12,076	6,236	27,655
Professional fees and dues	7,701	4,025	13,033	5,217	10,237
Regional support	-	-	10,620	-	-
Client benefits	387,558	198,186	684,349	740,868	168,796
Total operating expenses	<u>\$ 1,377,173</u>	<u>\$ 735,048</u>	<u>\$ 2,115,282</u>	<u>\$ 1,396,123</u>	<u>\$ 1,278,217</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 &amp; General</u>	<u>Training Division</u>	<u>2019 Total</u>
\$ 4,868	\$ 758,118	\$ 1,577,278	\$ 734,654	\$ 555,550	\$ 195,302	\$ 8,183,382
135	24,267	318	2,407	14,626	41,652	202,205
-	4,713	7,525	149,937	43,881	25,191	321,649
-	3,079	400	8,614	19,768	2,216	46,775
-	1,850	10,591	13,825	5,396	10,256	78,502
-	8,662	1,819	11,575	13,668	4,659	95,540
-	7,817	15,975	5,671	92,127	5,367	167,170
-	11,993	-	-	-	-	22,613
<u>72,686</u>	<u>77,120</u>	<u>-</u>	<u>53,729</u>	<u>1,196</u>	<u>220,071</u>	<u>2,604,559</u>
<u>\$ 77,689</u>	<u>\$ 897,619</u>	<u>\$ 1,613,906</u>	<u>\$ 980,412</u>	<u>\$ 746,212</u>	<u>\$ 504,714</u>	<u>\$ 11,722,395</u>

**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
<b>OPERATING EXPENSES</b>					
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 &amp; 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
<u>78,706</u>	<u>79,852</u>	<u>-</u>	<u>260,070</u>	<u>2,029</u>	<u>41,417</u>	<u>4,553,735</u>
<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>

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**JOBWORKS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

	<b>2019</b>	<b>2018</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Increase (decrease) in net assets	\$ 146,729	\$ 129,166
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Depreciation	1,510	4,146
Net unrealized (gain) loss on investments	3,300	(6,636)
Increase (decrease) in cash from changes in:		
Grants receivable	347,578	(332,470)
Accounts receivable	(71,322)	(41,248)
Prepaid expenses	21,687	(32,439)
Accounts payable	(399,261)	416,190
Accrued payroll and payroll expenses	(42,613)	2,479
Deferred revenue	(36,789)	(54,320)
	<u>(29,181)</u>	<u>84,868</u>
Net cash provided by (used in) operating activities		
	<u>(29,181)</u>	<u>84,868</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of fixed assets	-	(1,197)
Purchase of investments	(9,912)	(7,120)
	<u>(9,912)</u>	<u>(8,317)</u>
Net cash provided by (used in) investing activities		
	<u>(9,912)</u>	<u>(8,317)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>(39,093)</b>	<b>76,551</b>
<b>CASH, BEGINNING OF YEAR</b>	<b>535,622</b>	<b>459,071</b>
	<u>535,622</u>	<u>459,071</u>
<b>CASH, END OF YEAR</b>	<b>\$ 496,529</b>	<b>\$ 535,622</b>
	<u>\$ 496,529</u>	<u>\$ 535,622</u>
<b>Supplemental disclosures of Cash Flow Information:</b>		
Cash paid during the year for interest	\$ 39	\$ 46
	<u>\$ 39</u>	<u>\$ 46</u>

See accompanying notes to consolidated financial statements.

**JOBWORKS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

**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, and Shelby 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, 2019 and 2018, 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, 2019 and 2018, 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, 2019 AND 2018**

**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. Per the applicable standards, JobWorks, 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 JobWorks, 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 JobWorks, Inc. is limited by donor-imposed stipulations that either expire by passage of time, can be fulfilled and removed by actions of JobWorks, 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.

For the years ended June 30, 2019 and 2018, the Organization had no net assets with donor restrictions or board designated net assets.

**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.

The Organization reports grants and 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 a 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 consolidated statements of activities as net assets released from restrictions. However, grants and contributions received with donor-imposed restrictions in which restrictions are satisfied in the same reporting period received are reported as net assets without donor restrictions

**JOBWORKS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

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

**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.

**GRANTS, CONTRIBUTIONS AND ACCOUNTS RECEIVABLE**

Support funded by grants is recognized as the Organization performs the contracted services under grant agreements. Grant revenue is recognized as eligible expenses are incurred. The grants receivable represent amounts the Organization has filed claims for the year ended and were awaiting payment. A substantial majority of receivables are due from government sources. The amount deemed uncollectible is zero. Therefore, no bad debt allowance is considered necessary.

Accounts receivable 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 \$5,000 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 \$1,510 and \$4,146 for the years ended June 30, 2019 and 2018, respectively. The Subsidiaries owned no fixed assets during the years ended June 30, 2019 and 2018.

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.

**JOBWORKS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

**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, 2016.

Income tax expense for the Subsidiary 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, 2019 and 2018. For the years ended June 30, 2019 and 2018, there were no provisions for income taxes due to the lack of activity in the Subsidiary.

**JOBWORKS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

**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, 2019 AND 2018**

**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 November 27, 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, 2019 and 2018. At June 30, 2019 and 2018, bank balances in excess of FDIC coverage in place for those years were \$346,618 and \$657,057, 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>2019</u>	<u>2018</u>
Government sources	\$ 1,222,204	\$ 1,506,088
Fee for service	131,321	193,021
Other	2,381	4,375
	<u>\$ 1,355,906</u>	<u>\$ 1,703,484</u>

**JOBWORKS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

**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, 2019 and 2018:

	Cost or Original Donated <u>Value</u>	Fair <u>Value</u>	Cumulative Unrealized <u>Gain (loss)</u>
As of June 30, 2019:			
Stocks and mutual funds	<u>\$ 105,034</u>	<u>\$ 124,884</u>	<u>\$ 19,850</u>
As of June 30, 2018:			
Stocks and mutual funds	<u>\$ 95,121</u>	<u>\$ 118,272</u>	<u>\$ 23,151</u>

The cumulative appreciation since the inception of these investments was \$19,850 and \$23,151 for the years ended June 30, 2019 and 2018. The net unrealized gain (loss) for the one year period ended June 30, 2019 and 2018 was \$(3,300) and \$6,636, 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, 2019 and 2018, has available a secure line of credit with Old National Bank. For the years ended June 30, 2019 and 2018, the line of credit limit was \$950,000. The line of credit had an outstanding balance of \$0 and \$0 at June 30, 2019 and 2018. Interest is equal to the banks' prime rate and matures June 2020. 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, 2019 and 2018 was \$258,536 and \$252,234, respectively. Future minimum lease payments on leases having non-cancelable terms beyond June 30, 2019 are as follows:

2020	\$ 230,215
2021	120,556
2022	116,226
2023	114,398
2024	42,614
Thereafter	<u>439</u>
	<u>\$ 624,448</u>

**JOBWORKS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

**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, 2019 and 2018 were \$97,241 and \$95,293, respectively.

**NOTE 8 – INFORMATION ON LIQUIDITY**

The Organization is funded through cost reimbursable government grants pass-through various nonprofit grantors. In addition, training contracts are becoming an expanding source of revenue. The Organization financial assets consist of cash, receivables and investments. None of these assets are designated by the board of directors or restricted by donors for any purpose. As noted in Note 5, the Organization also has a \$950,000 line of credit available to meet cash needs.

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.

Financial assets available for cash needs for general expenditures within one year are \$2,204,917 and \$2,514,630 for the years ending June 30, 2019 and 2018, respectively.

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## 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, 2019 and 2018 and have issued our report thereon dated November 27, 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  
November 27, 2019

**JOBWORKS, INC. AND SUBSIDIARIES**  
**SCHEDULES OF DIVISIONAL FINANCIAL POSITION**  
**JUNE 30, 2019 AND 2018**

ASSETS	2019			
	JobWorks	Training Division	Eliminations	Total
<b>CURRENT ASSETS:</b>				
Cash	\$ 494,938	\$ 1,591	\$ -	\$ 496,529
Grants receivable	1,355,906	-	-	1,355,906
Accounts receivable	319,055	208,402	(298,883)	228,574
Prepaid expenses	135,634	-	-	135,634
Investments	124,884	-	-	124,884
Notes receivable	20,000	-	(20,000)	-
Total current assets	<u>2,450,417</u>	<u>209,993</u>	<u>(318,883)</u>	<u>2,341,527</u>
<b>PROPERTY AND EQUIPMENT:</b>				
Furniture and equipment	124,137	-	-	124,137
	<u>124,137</u>	<u>-</u>	<u>-</u>	<u>124,137</u>
Less accumulated depreciation	(123,733)	-	-	(123,733)
	<u>(123,733)</u>	<u>-</u>	<u>-</u>	<u>(123,733)</u>
Total Property and Equipment	<u>404</u>	<u>-</u>	<u>-</u>	<u>404</u>
Total assets	<u>\$ 2,450,821</u>	<u>\$ 209,993</u>	<u>\$ (318,883)</u>	<u>\$ 2,341,931</u>
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES:</b>				
Accounts payable	\$ 353,800	\$ 299,859	\$ (298,883)	\$ 354,776
Accrued payroll taxes and related expenses	459,014	-	-	459,014
Deferred revenue	-	-	-	-
Notes payable	-	20,000	(20,000)	-
Total current liabilities	<u>812,814</u>	<u>319,859</u>	<u>(318,883)</u>	<u>813,790</u>
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	<u>1,638,007</u>	<u>(109,866)</u>	<u>-</u>	<u>1,528,141</u>
Total liabilities and net assets	<u>\$ 2,450,821</u>	<u>\$ 209,993</u>	<u>\$ (318,883)</u>	<u>\$ 2,341,931</u>

See Independent Auditor's Report on Supplementary Information.

**2018**

<u>JobWorks</u>	<u>Training Division</u>	<u>Eliminations</u>	<u>Total</u>
\$ 535,238	\$ 384	\$ -	\$ 535,622
1,703,484	-	-	1,703,484
304,259	135,500	(282,507)	157,252
157,321	-	-	157,321
118,272	-	-	118,272
20,000	-	(20,000)	-
<u>2,838,574</u>	<u>135,884</u>	<u>(302,507)</u>	<u>2,671,951</u>
124,137	-	-	124,137
124,137	-	-	124,137
<u>(122,223)</u>	<u>-</u>	<u>-</u>	<u>(122,223)</u>
1,914	-	-	1,914
<u>\$ 2,840,488</u>	<u>\$ 135,884</u>	<u>\$ (302,507)</u>	<u>\$ 2,673,865</u>

\$ 754,037	\$ 282,507	\$ (282,507)	\$ 754,037
501,627	-	-	501,627
36,789	-	-	36,789
-	20,000	(20,000)	-
<u>1,292,453</u>	<u>302,507</u>	<u>(302,507)</u>	<u>1,292,453</u>
1,548,035	(166,623)	-	1,381,412
<u>\$ 2,840,488</u>	<u>\$ 135,884</u>	<u>\$ (302,507)</u>	<u>\$ 2,673,865</u>

**JOBWORKS, INC. AND SUBSIDIARIES**  
**SCHEDULES OF DIVISIONAL ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

	2019			
	JobWorks	Training Division	Eliminations	Total
<b>REVENUE AND OTHER SUPPORT</b>				
Grant revenue	\$ 11,297,949	\$ -	\$ -	\$ 11,297,949
Corporate revenue	-	553,971	-	553,971
Investment income	6,612	-	-	6,612
Other income	3,092	7,500	-	10,592
	<u>11,307,653</u>	<u>561,471</u>	<u>-</u>	<u>11,869,124</u>
<b>OPERATING EXPENSES:</b>				
Adult	1,377,173	-	-	1,377,173
Dislocated worker	735,048	-	-	735,048
Youth	2,115,282	-	-	2,115,282
Ready to Work / America's Promise	1,396,123	-	-	1,396,123
State JAG	1,278,217	-	-	1,278,217
WorkINdiana	77,689	-	-	77,689
TANF JAG/Youth	897,619	-	-	897,619
Fee for service	1,613,906	-	-	1,613,906
Other	980,412	-	-	980,412
Management and general	746,212	-	-	746,212
Training Division	-	504,714	-	504,714
	<u>11,217,681</u>	<u>504,714</u>	<u>-</u>	<u>11,722,395</u>
	Increase (decrease) in unrestricted net assets	<u>89,972</u>	<u>56,757</u>	<u>-</u>
		<u>146,729</u>		
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>				
<b>AT BEGINNING OF YEAR</b>	<u>1,548,035</u>	<u>(166,623)</u>	<u>-</u>	<u>1,381,412</u>
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>				
<b>AT END OF YEAR</b>	<u>\$ 1,638,007</u>	<u>\$ (109,866)</u>	<u>\$ -</u>	<u>\$ 1,528,141</u>

See Independent Auditor's Report on Supplementary Information.

**2018**

<u>JobWorks</u>	<u>Training Division</u>	<u>Eliminations</u>	<u>Total</u>
\$ 14,628,226	\$ -	\$ -	\$ 14,628,226
-	332,974	-	332,974
13,757	-	-	13,757
9,329	7,500	-	16,829
<u>14,651,312</u>	<u>340,474</u>	<u>-</u>	<u>14,991,786</u>
1,912,250	-	-	1,912,250
984,823	-	-	984,823
2,340,233	-	-	2,340,233
3,020,838	-	-	3,020,838
1,484,610	-	-	1,484,610
83,399	-	-	83,399
905,566	-	-	905,566
1,698,773	-	-	1,698,773
1,372,357	-	-	1,372,357
726,197	-	-	726,197
-	333,574	-	333,574
<u>14,529,046</u>	<u>333,574</u>	<u>-</u>	<u>14,862,620</u>
<u>122,266</u>	<u>6,900</u>	<u>-</u>	<u>129,166</u>
<u>1,425,769</u>	<u>(173,523)</u>	<u>-</u>	<u>1,252,246</u>
<u>\$ 1,548,035</u>	<u>\$ (166,623)</u>	<u>\$ -</u>	<u>\$ 1,381,412</u>

**JOBWORKS, INC. AND SUBSIDIARIES**  
**SCHEDULE OF DIVISIONAL CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

	2019			
	JobWorks	Training Division	Eliminations	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Increase (decrease) in net assets	\$ 89,972	\$ 56,757	\$ -	\$ 146,729
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:				
Depreciation	1,510	-	-	1,510
Net realized and unrealized loss (gain) on investments	3,300	-	-	3,300
Transfers	-	-	-	-
Increase (decrease) in cash from changes in:				
Grants receivable	347,578	-	-	347,578
Accounts receivable	(14,796)	(72,902)	16,376	(71,322)
Prepaid expenses	21,687	-	-	21,687
Accounts payable	(400,237)	17,352	(16,376)	(399,261)
Accrued payroll and payroll expenses	(42,613)	-	-	(42,613)
Deferred revenue	(36,789)	-	-	(36,789)
Net cash provided by (used in) operating activities	<u>(30,388)</u>	<u>1,207</u>	<u>-</u>	<u>(29,181)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Purchase of fixed assets	-	-	-	-
Purchase of investments	(9,912)	-	-	(9,912)
Net cash provided by (used in) investing activities	<u>(9,912)</u>	<u>-</u>	<u>-</u>	<u>(9,912)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	(40,300)	1,207	-	(39,093)
<b>CASH, BEGINNING OF YEAR</b>	535,238	384	-	535,622
<b>CASH, END OF YEAR</b>	<u>\$ 494,938</u>	<u>\$ 1,591</u>	<u>\$ -</u>	<u>\$ 496,529</u>
<b>Supplemental disclosures of Cash Flow Information:</b>				
Cash paid during the year for interest	<u>\$ 39</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39</u>

See Independent Auditor's Report on Supplementary Information.

2018

<u>JobWorks</u>	<u>Training Division</u>	<u>Eliminations</u>	<u>Total</u>
\$ 122,266	\$ 6,900	\$ -	\$ 129,166
4,146	-	-	4,146
(6,636)	-	-	(6,636)
-	-	-	-
(332,470)	-	-	(332,470)
(28,470)	(60,850)	48,072	(41,248)
(32,439)	-	-	(32,439)
416,190	48,072	(48,072)	416,190
2,479	-	-	2,479
(46,820)	(7,500)	-	(54,320)
<u>98,246</u>	<u>(13,378)</u>	<u>-</u>	<u>84,868</u>
(1,197)	-	-	(1,197)
(7,120)	-	-	(7,120)
<u>(8,317)</u>	<u>-</u>	<u>-</u>	<u>(8,317)</u>
89,929	(13,378)	-	76,551
<u>445,309</u>	<u>13,762</u>	<u>-</u>	<u>459,071</u>
<u>\$ 535,238</u>	<u>\$ 384</u>	<u>\$ -</u>	<u>\$ 535,622</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, 2019**

Passthrough Agency Program Title	Federal CFDA Number	Grant or Identifying Number	Grant Award (in dollars \$)	Federal Expenditures
<b>U.S. DEPARTMENT OF LABOR</b>				
Passed through the Indiana Department of Workforce Development (DWD) and The Center of Workforce Innovations, Inc:				
WIOA JAG	17.259	CWI-19-36	495,811	\$ 312,641
WIOA Older Youth	17.259	CWI-19-36	1,009,551	628,489
WIOA Adult	17.258	CWI-19-36	10,000	7,976
				<u>949,106</u>
				<u>949,106</u>
Passed through the Indiana Department of Workforce Development (DWD) and the Tecumseh Area Partnership:				
WIOA Adult	17.258	JW-WIB-44-7-04	1,039,639	283,692
WIOA Adult	17.258	JW-WIB-44-7-04	238,275	238,275
WIOA Adult - OSO	17.258	JW-WIB-44-7-04	6,338	5,057
WIOA Dislocated Worker	17.278	JW-WIB-44-7-04	704,500	287,695
WIOA Dislocated Worker - OSO	17.278	JW-WIB-44-7-04	4,133	4,753
WIOA Performance Grant	17.278	JW-WIOASP-44-8-04	33,223	19,994
WIOA DW Case Management	17.278	JW-WIOACM-44-8-04	15,000	5,733
WIOA In School Youth	17.259	JW-WIB-44-7-04	179,821	71,884
WIOA In School Youth - OSO	17.259	JW-WIB-44-7-04	2,631	233
WIOA Out of School Youth	17.259	JW-WIB-44-2-04	992,401	358,391
WIOA Out of School Youth - OSO	17.259	JW-WIB-44-7-04	4,622	5,075
				<u>1,280,782</u>
TAA Case Management	17.245	JW-TAACM-44-7-04	31,646	7,565
TAA Case Management	17.245	JW-TAACM-44-8-04	44,820	21,531
RESEA	17.225	JW-RESEA-44-6-04	312,400	86,598
RESEA	17.225	JW-RESEA-44-7-04	311,000	230,454
				<u>346,148</u>
Passed through Tecumseh Area Partnership:				
Ready To Work	17.268	JW-RTW-44-5-04	3,707,127	842,779
America's Promise Grant	17.268	JW-APG-44-7-04	4,734,991	623,754
				<u>1,466,533</u>
				<u>3,093,463</u>

See accompanying notes to Schedule of Expenditures of Federal Awards

**JOBWORKS, INC. AND SUBSIDIARIES**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2019**

FEDERAL GRANTOR AGENCY Passthrough Agency Program Title	Federal CFDA Number	Grant or Identifying Number	Grant Award (in dollars \$)	Federal Expenditures
<b>U.S. DEPARTMENT OF LABOR (continued)</b>				
Passed through the Indiana Department of Workforce Development (DWD) and Region 10 Workforce Investment Board, Inc.				
WIOA Adult	17.258	None	138,764	79,025
WIOA Adult	17.258	None	340,000	340,000
WIOA Adult Performance	17.258	None	82,500	56,743
WIOA Dislocated Worker	17.278	None	240,957	189,494
Rapid Response	17.278	None	168,563	33,905
WIOA DW Case Management	17.278	None	85,548	6,338
	17.258,			
Business Focus Partnership	17.259	None	37,200	36,420
WIOA Youth	17.259	None	291,242	234,977
WIOA Youth Performance Support	17.259	None	35,000	-
				<u>976,902</u>
TAA Case Management	17.245	None	82,000	11,217
TAA Case Management	17.245	None	93,298	16,534
RESEA	17.225	None	41,040	33,273
RESEA	17.225	None	30,520	30,520
OSO One-Stop Operator	17.245	None		6,287
	17.207,			
	17.801,			
OSO One-Stop Operator	17.804	None	60,000	45,932
				<u>143,763</u>
				<u>1,120,665</u>
Passed through the Indiana Department of Workforce Development (DWD) and Grow Southwest Indiana Workforce Board, Inc.				
WIOA Adult	17.258	WDB-18-01	638,220	497,194
WIOA Adult Performance Grant	17.258	WDB-18-08	26,333	18,333
WIOA Dislocated Worker	17.278	WDB-18-01	302,500	245,147
WIOA DW Case Management	17.278	WDB-18-20	58,876	2,640
WIOA In School Youth	17.259	WDB-18-01	178,643	137,316
WIOA Out of School Youth	17.259	WDB-18-01	267,968	199,838
WIOA Youth Performance Grant	17.259	WDB-18-08	82,667	55,790
				<u>1,156,258</u>
TAA Case Management - Carry-in	17.245	WDB-17-010	134,200	3,138
TAA Case Management	17.245	WDB-18-06	62,019	9,662
RESEA	17.225	WDB-19-01	137,175	7,938
RESEA	17.225	WDB-17-18	153,225	116,955
	17.207	WDB-17-01		
	17.801	WBD-17-16		
Infrastructure Contract	17.804	WBD-18-03	99,828	99,828
		WDB-17-01		
		WBD-17-16		
Infrastructure Contract	17.245	WBD-18-03	28,246	28,246
		WDB-17-01		
		WBD-17-16		
Infrastructure Contract	17.225	WBD-18-03	31,504	31,504
				<u>297,271</u>
				<u>1,453,529</u>

See accompanying notes to Schedule of Expenditures of Federal Awards

**JOBWORKS, INC. AND SUBSIDIARIES**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2019**

FEDERAL GRANTOR AGENCY Passthrough Agency Program Title	Federal CFDA Number	Grant or Identifying Number	Grant Award (in dollars \$)	Federal Expenditures
<b>U.S. DEPARTMENT OF LABOR (continued)</b>				
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	4,263	1,712
Ohio Area 7 - Defiance County WIOA Youth - OSY	17.259	None	15,737	4,495
				<u>6,207</u>
Passed through the Ohio Department of Jobs and Family Services and the Henry County Commissioners:				
Ohio Area 7 - Henry County-CCMEP WIOA ISY	17.259	None	3,000	2,451
Ohio Area 7 - Henry County-CCMEP WIOA OSY	17.259	None	27,000	4,422
				<u>6,873</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	3,605	1,446
Ohio Area 7 - Paulding County WIOA Youth - OSY	17.259	None	16,395	5,094
				<u>6,540</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	4,343	2,018
Ohio Area 7 - Miami County WIOA OSY	17.259	None	67,657	60,379
				<u>62,397</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	4,107	2,234
Ohio Area 7 - Preble County WIOA OSY	17.259	None	51,219	45,944
				<u>48,178</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	1,218	1,218
Ohio Area 7 - Shelby County WIOA OSY	17.259	None	43,782	37,070
				<u>38,288</u>
Total WIOA cluster				<u>4,531,531</u>
Total Expenditures U.S. Department of Labor				<u>5,318,713</u>

See accompanying notes to Schedule of Expenditures of Federal Awards

**JOBWORKS, INC. AND SUBSIDIARIES**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2019**

FEDERAL GRANTOR AGENCY Passthrough Agency Program Title	Federal CFDA Number	Grant or Identifying Number	Grant Award (in dollars \$)	Federal Expenditures
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				
Passed through the Indiana Department of Workforce Development (DWD) and The Center of Workforce Innovations, Inc:				
TANF JAG - JAGT501	93.558	CW1-19-36	156,789	156,789
TANF JAG - JAGT501	93.558	CW1-19-36	325,000	325,000
				<u>481,789</u>
Passed through the Indiana Department of Workforce Development (DWD) and the Tecumseh Area Partnership:				
TANF JAG	93.558	JW-JAGT-44-7-04	45,000	28,998
Passed through the Indiana Department of Workforce Development (DWD) and the Region 10 Workforce Board:				
TANF JAG	93.558	None	176,000	50,326
TANF JAG	93.558	None	232,320	180,581
				<u>230,907</u>
Passed through the Indiana Department of Workforce Development (DWD) and Grow Southwest Indiana Workforce Board:				
JAG TANF	93.558	WDB-18-10	90,720	43,434
TANF WIN-carry-in	93.558	WDB-17-17	13,500	2,660
TANF WIN	93.558	WDB-18-03	12,513	12,435
				<u>58,529</u>
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	25,000	11,516
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	100,000	3,770
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	25,000	10,456
Passed through the Ohio Department of Jobs and Family Services and the Miami County Commissioners:				
Ohio Area 7 - Miami County CCMEP TANF	93.558	None	100,000	88,347
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	85,059	57,363
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	55,000	49,212
Total Expenditures U.S. Department of Health and Human Services				<u>1,020,887</u>

See accompanying notes to Schedule of Expenditures of Federal Awards

**JOBWORKS, INC. AND SUBSIDIARIES**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2019**

FEDERAL GRANTOR AGENCY Passthrough Agency Program Title	Federal CFDA Number	Grant or Identifying Number	Grant Award (in dollars \$)	Federal Expenditures
<b>U.S. DEPARTMENT OF EDUCATION</b>				
Passed through the Indiana Department of Workforce Development (DWD) and the Region 10 Workforce Board; OSO One-Stop Operator	83.126	None	1,031	<u>1,031</u>
Passed through the Indiana Department of Workforce Development (DWD) and Grow Southwest Indiana Workforce Board:				
Infrastructure Contract	84.126	WDB-17-01 WBD-17-16 WBD-18-03	162	<u>162</u>
Total Expenditures U.S. Department of Education				<u>1,193</u>
<b>Total Expenditures of Federal Awards</b>				<u>\$ 6,340,793</u>

**JOBWORKS, INC. AND SUBSIDIARIES**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2019**

**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, 2019**

<u>Passthrough Agency Program Title</u>	<u>Grant or Identifying Number</u>	<u>Grant Award (in dollars \$)</u>	<u>Expenditures</u>	<u>Remaining</u>
Passed through the Indiana Department of Workforce Development (DWD) and The Center of Workforce Innovations, Inc:				
SJAG	CWI-19-36	555,000	\$ 333,358	\$ 221,642
MIS Support	None	105,747	105,747	-
WorkIN Adult Education	CWI-19-036	5,000	5,000	-
			<u>444,105</u>	<u>221,642</u>
Passed through the Indiana Department of Workforce Development (DWD) and the Tecumseh Area Partnership:				
SkillUP 3	JW-SkillUP4-44-7-04	69,447	49,018	20,429
State JAG	Jobworks-JAG-44-7-04	743,732	86,000	657,732
State JAG	Jobworks-JAG-44-8-04	487,064	423,276	63,788
State JAG	JAGMS704	5,000	500	4,500
JAG Master Specialist	Jobworks-JFH-44-7-04	37,525	5,784	31,741
			<u>564,578</u>	<u>778,190</u>
Passed through the Indiana Department of Workforce Development (DWD) and Region 10 Workforce Investment Board, Inc.				
WorkINdiana-carry-in	None	11,602	9,457	2,145
WorkINdiana	None	34,973	19,216	15,757
State JAG	None	74,933	74,933	-
State JAG	None	168,350	30,221	138,129
Harrison County Foundation-Hand Up	None	5,980	2,344	3,636
Clark/Floyd ITA Gap Hands Up	None	9,099	1,977	7,122
Washington County Foundation-Hands Up	None	2,230	-	2,230
Jobs for Hoosiers	None	10,110	3,892	6,218
AT&ZT-OSY Gas Cards	None	3,000	585	2,415
AT&T-JAG Field Trips	None	4,000	753	3,247
			<u>143,378</u>	<u>17,902</u>
Passed through the Indiana Department of Workforce Development (DWD) and Grow Southwest Indiana Workforce Board, Inc.				
WorkINdiana	WDB-18-02	61,856	28,917	32,939
State JAG	WDB-18-04	448,916	419,720	29,196
State JAG-carry-in	WDB-17-03	448,916	9,672	439,244
IFA-Adult Education	None	499	499	-
IFA-Hoosier initiative for Re-entry Staff	None	12,985	12,985	-
IFA-Field Resource Specilist/WorkKeys	None	12,288	12,288	-
Jobs for Hoosiers	WDB-17-15	26,030	4,329	21,701
			<u>488,410</u>	<u>501,379</u>
			<u>\$ 1,640,471</u>	<u>\$ 1,519,113</u>

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

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



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

To the Board of Directors  
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, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 27, 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  
November 27, 2019



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**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, 2019. 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, 2019.

### **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  
November 27, 2019

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

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

\*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, 2019**

**Section II – Financial Statement Findings**

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

**Section III – Federal Award Findings and Questioned Costs**

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