

Metro South/West
**REGIONAL
EMPLOYMENT
B O A R D**

**FINANCIAL STATEMENTS
JUNE 30, 2009
TOGETHER WITH
ACCOUNTANTS' REVIEW REPORT**

METRO SOUTH/WEST REGIONAL EMPLOYMENT BOARD, INC.

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JUNE 30, 2009**

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Alexander, Aronson, Finning & Co., P.C.

21 East Main Street, Westborough, MA 01581-1461 (508) 366-9100
Boston, MA (617) 205-9100 Wellesley, MA (781) 965-9100
www.aafcpa.com FAX (508) 366-9789 info@aafcpa.com

To the Board of Directors of
Metro South/West Regional Employment Board, Inc.:

We have reviewed the accompanying statement of financial position of Metro South/West Regional Employment Board, Inc. (a Massachusetts corporation, not for profit) as of June 30, 2009, and the related statements of activities and changes in net assets and cash flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of Metro South/West Regional Employment Board, Inc.

A review consists principally of inquiries of agency personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

Alexander, Aronson, Finning & Co., P.C.

Wellesley, Massachusetts
December 3, 2009

METRO SOUTH/WEST REGIONAL EMPLOYMENT BOARD, INC.

**STATEMENT OF FINANCIAL POSITION
JUNE 30, 2009**

(See Accountants' Review Report)

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 230,861
Accounts receivable	10,124
Prepaid expenses and other	541
	<hr/>
Total current assets	\$ 241,526
	<hr/> <hr/>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES -

Accounts payable and accrued expenses	\$ 26,265
	<hr/>

NET ASSETS:

Unrestricted	109,759
Temporarily restricted	105,502
	<hr/>
Total net assets	215,261
	<hr/>
Total liabilities and net assets	\$ 241,526
	<hr/> <hr/>

The accompanying notes are an integral part of these statements.

METRO SOUTH/WEST REGIONAL EMPLOYMENT BOARD, INC.

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2009**

(See Accountants' Review Report)

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
SUPPORT AND REVENUES:			
Program service revenue	\$ 158,877	\$ -	\$ 158,877
Grants and contributions	-	141,981	141,981
Interest and other	7,494	-	7,494
Net assets released from restrictions	<u>207,559</u>	<u>(207,559)</u>	<u>-</u>
Total support and revenues	373,930	(65,578)	308,352
EXPENSES	<u>376,904</u>	<u>-</u>	<u>376,904</u>
Changes in net assets	(2,974)	(65,578)	(68,552)
NET ASSETS, beginning of year, as restated	<u>112,733</u>	<u>171,080</u>	<u>283,813</u>
NET ASSETS, end of year	<u>\$ 109,759</u>	<u>\$ 105,502</u>	<u>\$ 215,261</u>

The accompanying notes are an integral part of these statements.

METRO SOUTH/WEST REGIONAL EMPLOYMENT BOARD, INC.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2009
(See Accountants' Review Report)**

CASH FLOWS FROM OPERATING ACTIVITIES:	
Changes in net assets	\$ (68,552)
Adjustments to reconcile changes in net assets to net cash used in operating activities:	
Changes in operating assets and liabilities -	
Accounts receivable	(10,124)
Prepaid expenses and other	(169)
Accounts payable and accrued expenses	<u>(3,586)</u>
Net cash used in operating activities	<u>(82,431)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(82,431)
CASH AND CASH EQUIVALENTS, beginning of year	<u>313,292</u>
CASH AND CASH EQUIVALENTS, end of year	<u><u>\$ 230,861</u></u>

The accompanying notes are an integral part of these statements.

METRO SOUTH/WEST REGIONAL EMPLOYMENT BOARD, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

(See Accountants' Review Report)

(1) OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES

OPERATIONS AND NONPROFIT STATUS

Metro South/West Regional Employment Board, Inc. (REB, Inc.) is a nonprofit organization formed in September, 2000. REB, Inc. explores and initiates actions that will increase involvement of the private sector in employment and training activities for the benefit of economically disadvantaged, unemployed and under employed persons, as well as youth and adults in need of training, retraining or re-employment services.

All directors of REB, Inc. are elected annually. The Board is a non-profit 501(c)(3) organization that provides policy guidance and oversight for all training and placement programs within its jurisdiction that are funded under the Work Force Investment Act of 1998, other Federal and state legislation, foundation grants and corporate contributions.

REB, Inc. is exempt from Federal income taxes as an organization (not a private foundation) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code. REB, Inc. is also exempt from state income taxes. Donors may deduct contributions made to REB, Inc. within the Internal Revenue Code requirements.

SIGNIFICANT ACCOUNTING POLICIES

Unrestricted Net Assets

Unrestricted net assets are those net resources that bear no external restrictions and are generally available for use by REB, Inc.

Temporarily Restricted Net Assets

REB, Inc. receives grants which are designated by donors for specific purposes. These grants are recorded as temporarily restricted net assets until they are expended for their designated purposes. Temporarily restricted net assets of \$105,502 are purpose restricted at June 30, 2009.

Revenue Recognition

Program service revenue is recorded as services are provided.

Unrestricted grants and contributions are recorded as unrestricted revenue and net assets when received or unconditionally pledged. Restricted grants and contributions are recorded as temporarily restricted revenue and net assets when received or unconditionally pledged. Transfers are made to unrestricted net assets as costs are incurred or if time restrictions or program restrictions have lapsed.

Expense Allocation

Expenses related directly to a program are distributed to that program while other expenses are allocated based upon management's estimate of the percentage attributable to each program.

METRO SOUTH/WEST REGIONAL EMPLOYMENT BOARD, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

(See Accountants' Review Report)

(Continued)

(1) OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES
(Continued)

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Expense Allocation (Continued)

Program and general and administrative expenses for the year ended June 30, 2009, were as follows:

Program expenses	\$351,013
General and administrative	<u>25,891</u>
	<u>\$376,904</u>

Cash and Cash Equivalents

For the purpose of the statement of cash flows, management considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Fair Value

During 2009, REB, Inc. adopted the criteria of Financial Accounting Standards Board Statement No. 157, "*Fair Value Measurements*" (Statement of Financial Accounting Standards 157 (SFAS 157)). SFAS 157 defines fair value, establishes a framework for measuring fair value under generally accepted accounting principles, and expands disclosures about fair value measurements. SFAS 157 establishes a fair value hierarchy that prioritizes the inputs and assumptions used to measure fair value. The three levels of the fair value framework under SFAS 157 are as follows:

Level I: Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

Level II: Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active.

Level III: Inputs that are unobservable.

A qualifying asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement. The implementation of SFAS 157 did not result in any change in the measurement of the carrying value of qualifying assets or liabilities of REB, Inc.

METRO SOUTH/WEST REGIONAL EMPLOYMENT BOARD, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

(See Accountants' Review Report)

(Continued)

(1) **OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES**
(Continued)

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates

The preparation of financial statements in accordance 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.

Subsequent Event

The preparation of financial statements in accordance with generally accepted accounting principles requires management to disclose the date through which subsequent events have been evaluated for possible recognition or disclosure in the accompanying financial statements. Subsequent events are transactions or events that occur after the statement of financial position date, but before the financial statements are issued or available to be issued. The accompanying financial statements include the evaluation of subsequent events that have occurred through December 3, 2009, which is the date the financial statements were available to be issued.

(2) **LEASE AGREEMENT**

REB, Inc. leases its space under an operating agreement that expires in December, 2012, with monthly payments of \$5,319 through June 30, 2012, increasing to \$6,319 through December 31, 2012. In June, 2009, REB, Inc. received a reduction in monthly rent of \$500 from July 1, 2009 through December 31, 2009. After this date, the rent payments will return to their original monthly payment schedule. Rent expense for the year ended June 30, 2009, was \$12,473.

Future minimum lease payments under this agreement for the years ending June 30 are as follows:

2010	\$60,823
2011	\$63,823
2012	\$63,823
2013	\$37,911

METRO SOUTH/WEST REGIONAL EMPLOYMENT BOARD, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

(See Accountants' Review Report)

(Continued)

(3) CONCENTRATIONS OF CREDIT RISK

REB, Inc. maintains its cash balances in certain banks in Massachusetts. The Federal Deposit Insurance Corporation (FDIC) insures balances at each bank up to certain amounts. At times during the year, cash balances exceed the insured amounts. REB, Inc. has not experienced any losses in these accounts and believes it is not exposed to any significant credit risk on its cash and cash equivalents.

REB, Inc. received 27% of its support and revenue from two organizations in fiscal year 2009.

(4) LINE OF CREDIT

REB, Inc. has available up to \$125,000 under a line of credit agreement commencing in May, 2009. Borrowings under the agreement are due on demand and interest is payable monthly at the bank's prime lending rate (3.25% at June 30, 2009) but not less than 4.5%. The line of credit is secured by certain assets of REB, Inc. As of June 30, 2009, there was no outstanding balance under this agreement.

(5) PRIOR PERIOD ADJUSTMENT

During 2009, REB, Inc. determined that certain revenue previously considered temporarily restricted was actually unrestricted. Accordingly, unrestricted and temporarily restricted net assets have been restated as of the beginning of the year ended June 30, 2009, as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Net assets, June 30, 2008, as previously reported	\$ 14,667	\$269,146	\$283,813
Reclassification	<u>98,066</u>	<u>(98,066)</u>	<u>-</u>
Net assets, June 30, 2008, as restated	<u>\$112,733</u>	<u>\$171,080</u>	<u>\$283,813</u>