

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

**FINANCIAL STATEMENTS  
JUNE 30, 2010  
TOGETHER WITH  
INDEPENDENT AUDITOR'S REPORT**

**METRO SOUTH/WEST REGIONAL EMPLOYMENT BOARD, INC.**

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JUNE 30, 2010**

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CERTIFIED PUBLIC ACCOUNTANTS  
& BUSINESS ADVISORS

*Where Every Client Is A Valued Client*

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## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statement of financial position of Metro South/West Regional Employment Board, Inc. (a Massachusetts corporation, not for profit) as of June 30, 2010, and the related statements of activities and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of REB, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Metro South/West Regional Employment Board, Inc. as of June 30, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

Wellesley, Massachusetts  
November 9, 2010

**METRO SOUTH/WEST REGIONAL EMPLOYMENT BOARD, INC.**

**STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2010**

**ASSETS**

**CURRENT ASSETS:**

Cash and cash equivalents	\$ 237,029
Accounts receivable	80,976
Prepaid expenses and other	<u>7,635</u>
Total current assets	<u>\$ 325,640</u>

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES:**

Accounts payable and accrued expenses	\$ 100,258
Deferred revenue	<u>43,567</u>
Total current liabilities	<u>143,825</u>

**NET ASSETS:**

Unrestricted	108,885
Temporarily restricted	<u>72,930</u>
Total net assets	<u>181,815</u>
Total liabilities and net assets	<u>\$ 325,640</u>

*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, 2010**

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
<b>SUPPORT AND REVENUES:</b>			
Contracts	\$ 916,330	\$ -	\$ 916,330
Grants and contributions	27,600	229,829	257,429
Program service revenue	228,027	-	228,027
Interest and other	3,947	-	3,947
Net assets released from restrictions	<u>262,401</u>	<u>(262,401)</u>	<u>-</u>
Total support and revenues	<u>1,438,305</u>	<u>(32,572)</u>	<u>1,405,733</u>
<b>EXPENSES:</b>			
Program	1,405,197	-	1,405,197
General and administrative	<u>33,982</u>	<u>-</u>	<u>33,982</u>
Total expenses	<u>1,439,179</u>	<u>-</u>	<u>1,439,179</u>
Changes in net assets	(874)	(32,572)	(33,446)
<b>NET ASSETS, beginning of year</b>	<u>109,759</u>	<u>105,502</u>	<u>215,261</u>
<b>NET ASSETS, end of year</b>	<u>\$ 108,885</u>	<u>\$ 72,930</u>	<u>\$ 181,815</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, 2010**

<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Changes in net assets	\$ (33,446)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
Changes in operating assets and liabilities -	
Accounts receivable	(70,852)
Prepaid expenses and other	(7,094)
Accounts payable and accrued expenses	73,993
Deferred revenue	43,567
	<hr/>
Net cash provided by operating activities	6,168
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>6,168</b>
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<b>230,861</b>
	<hr/>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<b>\$ 237,029</b>
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*The accompanying notes are an integral part of these statements.*

**METRO SOUTH/WEST REGIONAL EMPLOYMENT BOARD, INC.**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010**

**(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**

REB, Inc. prepares its financial statements in accordance with generally accepted accounting standards and principles established by the Financial Accounting Standards Board (FASB). References to U.S. GAAP in these footnotes are to the FASB Accounting Standards Codification.

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 \$72,930 are purpose restricted at June 30, 2010.

Revenue Recognition

Program service revenue is recorded as services are provided.

Contract revenue is recorded over the contract period as services are provided. Unrestricted grants and contributions are recorded as unrestricted revenue 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. All other revenue is recorded when earned.

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, 2010

(Continued)

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

(Continued)

**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

REB, Inc. follows the *Fair Value Measurements and Disclosures* standards. These standards define fair value, establish a framework for measuring fair value under U.S. GAAP, and expand disclosures about fair value measurements. This policy establishes a fair value hierarchy that prioritizes the inputs and assumptions used to measure fair value. REB, Inc. values its qualifying assets and liabilities using Level I inputs. Level I inputs reflect unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date. 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.

Estimates

The preparation of financial statements in accordance with U.S. GAAP 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 Events

The preparation of financial statements in accordance with U.S. GAAP 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 November 9, 2010, which is the date the financial statements were available to be issued.

Income Taxes

During the fiscal year ended June 30, 2010, REB, Inc. adopted the *Accounting for Uncertainty in Income Taxes* standard which requires REB, Inc. to report uncertain tax positions, related interest and penalties, and to adjust its assets and liabilities related to unrecognized tax benefits and accrued interest and penalties accordingly. As of June 30, 2010, REB, Inc. determined that there are no material unrecognized tax benefits to report.

Information returns filed for the years ended June 30, 2009, 2008 and 2007, remain subject to examination by the Internal Revenue Service and the Commonwealth of Massachusetts. REB, Inc. does not expect that the amounts of unrecognized tax benefits will change significantly within the next twelve months.



**METRO SOUTH/WEST REGIONAL EMPLOYMENT BOARD, INC.**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010  
(Continued)**

**(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 returned to their original monthly payment schedule. Rent expense for the year ended June 30, 2010, was \$66,462.

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

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

**(3) FUNDING**

REB, Inc. received approximately 18% and 14% of its funding from various departments of the Commonwealth of Massachusetts and a not for profit agency, respectively, under cost reimbursement contracts. Payments to REB, Inc. are subject to audit by the funder. In the opinion of management, the results of such audits, if any, will not have a material effect on the financial position of REB, Inc. as of June 30, 2010, or on its results of operations for the year then ended.

Approximately 26% and 42% of REB, Inc.'s accounts receivable at June 30, 2010, are due from the Commonwealth of Massachusetts and the not for profit agency, respectively.

**(4) CONCENTRATIONS OF CREDIT RISK**

REB, Inc. maintains its cash balances in a bank 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.

**(5) LINE OF CREDIT**

REB, Inc. has available up to \$125,000 under a line of credit agreement that renews annually in May. 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, 2010), but not less than 4.5%. The line of credit is secured by certain assets of REB, Inc. As of June 30, 2010, there was no outstanding balance under this agreement.