

The Boston Private Industry Council, Inc.

Audited Financial Statements and Reports
Required for Audits in Accordance with *Government
Auditing Standards* and OMB Circular A-133
June 30, 2010

McGladrey & Pullen

Certified Public Accountants

McGladrey & Pullen, LLP is a member firm of RSM International –
an affiliation of separate and independent legal entities.

The Boston Private Industry Council, Inc.

Audited Financial Statements and Reports
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June 30, 2010

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McGladrey & Pullen

Certified Public Accountants

Independent Auditor's Report

Board of Directors
The Boston Private Industry Council, Inc.
Boston, Massachusetts

We have audited the accompanying statement of financial position of The Boston Private Industry Council, Inc. (the "Council") as of June 30, 2010, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Council'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 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 includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control over financial reporting. Accordingly, we express no such opinion. 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 the Council 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2010 on our consideration of the Council'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 considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

McGladrey & Pullen, LLP

Boston, Massachusetts
October 19, 2010

The Boston Private Industry Council, Inc.

Statement of Financial Position

June 30, 2010

Assets

Current Assets

Cash and cash equivalents	\$	1,297,847
Contracts and grants receivable (Note 2)		868,634
Contributions receivable (Note 3)		595,011
Prepaid expenses		388,412
Total current assets		<u>3,149,904</u>

Property and Equipment, net (Note 4)

35,220

Total assets

\$ 3,185,124

Liabilities and Net Assets

Current Liabilities

Accounts payable	\$	524,387
Accrued expenses		268,712
Deferred revenue (Note 5)		195,943
Total liabilities		<u>989,042</u>

Commitments (Notes 9 and 10)

Net Assets

Unrestricted		714,805
Temporarily restricted (Note 6)		1,481,277
Total net assets		<u>2,196,082</u>
Total liabilities and net assets	\$	<u>3,185,124</u>

The Boston Private Industry Council, Inc.

Statement of Activities

Year Ended June 30, 2010

	Unrestricted	Temporarily Restricted	Total
Revenues and Other Support			
Contracts	\$ 5,273,356	\$ -	\$ 5,273,356
Grants	75,000	-	75,000
Fees for service	263,737	-	263,737
Contributions	108,733	1,483,079	1,591,812
Other income (Note 11)	202,528	-	202,528
Net assets released from restrictions (Note 7)	1,715,787	(1,715,787)	-
Total revenues and other support	7,639,141	(232,708)	7,406,433
Expenses (Notes 8 and 9)			
Workforce Investment Board			
Reginal Employment Board	229,354	-	229,354
Career Center	1,682,862	-	1,682,862
Ex-Offender Re-Entry	271,201	-	271,201
Workforce Investment Board: Other	443,188	-	443,188
School-to-Career			
WIA Recovery	224,991	-	224,991
Collaborative	851,770	-	851,770
Connecting Activities	669,544	-	669,544
Youth Transitions Grant	124,467	-	124,467
Classroom at the Workplace	284,416	-	284,416
Transitional Employment Grant	271,258	-	271,258
School-to-Career: Other	734,079	-	734,079
Boston Summer Jobs	960,351	-	960,351
Management and general	888,163	-	888,163
Total expenses	7,635,644	-	7,635,644
Change in net assets	3,497	(232,708)	(229,211)
Net assets - beginning of year	711,308	1,713,985	2,425,293
Net assets - end of year	\$ 714,805	\$ 1,481,277	\$ 2,196,082

See Notes to Financial Statements.

The Boston Private Industry Council, Inc.

Statement of Functional Expenses
Year Ended June 30, 2010

	Workforce Investment Board				School-to-Career									Total
	Regional Employment Board	Career Center	Ex-Offender Re-entry	Workforce Investment Board: Other	WIA Recovery	Collaborative	Connecting Activities	Youth Transitions Grant	Classroom at the Workplace	Transitional Employment Grant	School-to- Career: Other	Boston Summer Jobs	Management and General	
Payroll and fringe benefits (Note 8)	\$ 174,108	\$ 167,406	\$ 81,121	\$ 269,144	\$ 204,369	\$ 498,295	\$ 514,662	\$ 76,774	\$ 189,121	\$ 26,665	\$ 635,238	\$ 250,983	\$ 564,573	\$ 3,652,459
Site operations	-	1,449,466	-	-	-	-	-	-	-	-	-	-	-	1,449,466
Professional services	-	8,328	-	1,916	-	1,335	4,980	4,725	78,380	-	45,495	-	91,665	236,824
Student wages	-	-	-	-	-	-	-	-	-	242,405	-	685,127	-	927,532
Program contracts	-	9,639	184,520	167,018	-	75,000	-	15,000	-	-	-	-	-	451,177
Office rental (Note 9)	15,189	36,423	-	3,106	20,000	196,917	71,416	7,726	-	-	21,784	-	77,453	450,014
General operating	24,799	4,782	32	-	622	60,614	43,057	5,220	3,358	2,188	11,501	7,214	76,729	240,116
Student scholarship	-	-	-	-	-	-	-	-	-	-	378	-	-	378
Staff travel	7,335	1,393	565	-	-	9,990	18,916	1,340	5,553	-	17,394	1,812	16,808	81,106
Depreciation and amortization	-	-	-	-	-	-	-	-	-	-	-	-	16,968	16,968
Program supplies and instructional material	2,904	-	4,177	-	-	95	1,400	348	4,267	-	816	15,016	-	29,023
Meetings	1,522	1,214	786	1,195	-	1,621	4,678	11,084	3,347	-	473	199	37,478	63,597
Equipment rental and maintenance (Note 9)	1,283	1,361	-	-	-	7,858	5,660	-	-	-	-	-	5,390	21,552
Participant transportation and training	2,214	2,850	-	809	-	-	4,775	2,250	325	-	1,000	-	-	14,223
Gifts and awards	-	-	-	-	-	45	-	-	65	-	-	-	1,099	1,209
Total expenses	\$ 229,354	\$ 1,682,862	\$ 271,201	\$ 443,188	\$ 224,991	\$ 851,770	\$ 669,544	\$ 124,467	\$ 284,416	\$ 271,258	\$ 734,079	\$ 960,351	\$ 888,163	\$ 7,635,644

See Notes to Financial Statements.

The Boston Private Industry Council, Inc.

Statement of Cash Flows
Year Ended June 30, 2010

Cash Flows from Operating Activities	
Change in net assets	\$ (229,211)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:	
Depreciation	16,968
Change in contracts and grants receivable	29,073
Change in contributions receivable	169,974
Change in prepaid expenses	1,034
Change in accounts payable	(359,838)
Change in accrued expenses	(13,840)
Decrease in deferred revenue	(73,253)
Net cash used in operating activities	<u>(459,093)</u>
Cash Flows from Investing Activities	
Purchases of property and equipment	<u>(17,715)</u>
Net cash used in investing activities	<u>(17,715)</u>
Net change in cash and cash equivalents	(476,808)
Cash and Cash Equivalents:	
Beginning of year	<u>1,774,655</u>
End of year	<u>\$ 1,297,847</u>

The Boston Private Industry Council, Inc.

Notes to Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies

Nature of activities: The Boston Private Industry Council, Inc. (the "Council") is a not-for-profit organization created to increase the participation of the private sector in the planning, operation and evaluation of local education, employment and training programs.

A summary of the Council's significant accounting policies follows:

Classification and reporting of net assets: The Council's financial statement presentation follows accounting principles generally accepted in the United States of America ("GAAP"). Under GAAP, the Council is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. The Council does not have any permanently restricted net assets. A description of the unrestricted and temporarily restricted net asset classes follows:

- Temporarily restricted net assets represent contributions and other inflows of assets whose use by the Council is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Council pursuant to those stipulations.
- Unrestricted net assets represent the portion of net assets of the Council that is not temporarily restricted by donor-imposed stipulations.

Use of estimates: The preparation of financial statements in conformity with 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash equivalents: The Council defines cash equivalents as short-term, highly liquid investments with original maturities of three months or less and is recorded at cost which approximates fair value.

Contract and grant revenue and receivable: The Council receives significant contracts and grants from federal, state and local governments. Entitlement to the resources is generally conditional upon compliance with terms and conditions of the contract and grant agreements and applicable governmental regulations.

Contracts and grants are evaluated to determine whether they constitute an exchange contract (fee for service agreements) or are granted for a specific purpose or time period. If they are exchange contracts, they are recorded as revenue as the service is performed and deferred revenue if they are received in advance of the service being performed. If they are not exchange contracts, they are treated in the same manner as contributions described below.

Contracts and grants receivable are recognized as unrestricted revenues as the related expenditures are incurred. Administrative expenses are allocated to the benefiting programs by applying an indirect cost rate to the total restricted expenses, net of programs which have predetermined cost rates. The costs, both direct and indirect charged to these contracts are subject to audit by the granting agency. The Council believes that any audit adjustments would not have a material effect on the Council's financial condition or operating results.

Notes to Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies (continued)

Contributions revenue and receivable: Contributions, including unconditional promises to give, are recognized as revenues in the period the promise is received. Conditional promises to give are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their fair value.

Contributions to be received after one year are discounted at a risk free rate after an allowance for uncollectible contributions is determined. An allowance for uncollectible contributions receivable is determined based upon management's judgment of potential defaults. The determination includes such factors as prior collection history, type of contribution and nature of fund raising activity. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

Contributions of property and equipment without donor stipulations concerning the use of such long-lived assets are reported as revenues of the unrestricted net asset class. Contributions of cash or other assets to be used to acquire property and equipment with donor stipulations are reported as revenues of the temporarily restricted net asset class; the restrictions are considered to be released at the time of acquisition of such long-lived assets.

Contributions of services are reported as revenues and expenses of the unrestricted net asset class at the fair value of the services received only if the services create or enhance a nonfinancial asset or would typically need to be purchased by the Council if they had not been provided by contribution, require specialized skills, and provided by individuals with those skills. Contributions of goods and space to be used in program operations are reported as revenues and expenses of the unrestricted net asset class at the time the goods or space are received.

All donor-restricted support is reported as an increase in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted support is reported as an increase in temporarily restricted net assets. When a restriction expires, temporarily restricted net assets are released to unrestricted net assets.

Property and equipment: Property and equipment acquisitions are recorded at cost. Depreciation and amortization of property and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis as follows:

<u>Description</u>	<u>Years</u>
Equipment and furniture	5
Leasehold improvements	5

Expenditures for major renewals and improvements are capitalized, while expenditures for maintenance and repairs are expensed as incurred.

Functional expenses: The Council allocates its expenses on a functional basis among its various programs and management and general. Expenses that can be identified with a specific program and management and general are charged directly. Other indirect costs have been allocated among the programs and supporting services based on direct costs, usage and other factors.

The Boston Private Industry Council, Inc.

Notes to Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies (continued)

Tax status: The Council is a non-profit organization generally exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code (the "Code").

The Financial Accounting Standards Board ("FASB") issued new guidance on accounting for uncertainty in income taxes. The Council adopted this new guidance for the year ended June 30, 2010. Management evaluated the Council's tax positions and concluded that the Council had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. With few exceptions, the Council is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years before 2006.

Advertising costs: The Council expenses advertising costs as incurred.

Concentration of credit risk and significant donors: The Council maintains its cash balances and reserves in bank deposit accounts, which, at times, may exceed federally insured limits. Accounts at these financial institutions are insured up to \$250,000 per depositor by the Federal Deposit Insurance Corporation ("FDIC").

The Council has not experienced any losses in such accounts, and monitors the credit-worthiness of the financial institutions with which it conducts business. The Council believes it is not exposed to any significant credit risk on its cash balances and reserves.

The Council earned 53% of its revenues from three grantors or donors during the year ended June 30, 2010. In addition The Council had approximately 71% of its outstanding accounts receivable from four grantors or donors at June 30, 2010.

The Council had approximately 76% of its outstanding accounts payable from three vendors at June 30, 2010.

Codification: In June 2009, FASB approved the FASB Accounting Standards Codification ("Codification") as the single source of authoritative nongovernmental U.S. GAAP on July 1, 2009. The Codification does not change current U.S. GAAP, but is intended to simplify user access to all authoritative U.S. GAAP by providing all the authoritative literature related to a particular topic in one place. All existing accounting standard documents will be superseded and all other accounting literature not included in the Codification will be considered non-authoritative. The Codification is effective and has been adopted by the Council as of June 30, 2010. The Codification does not have an impact on the Council's financial condition or results of operations. However, because the Codification completely replaces existing standards, it will affect the way U.S. GAAP is referenced within the Council's financial statements.

Note 2. Contracts and Grants Receivable

The Council evaluated the available information on the contracts and grants and estimated that \$868,634 at June 30, 2010 was collectible. There was no reserve for contracts and grants as of June 30, 2010.

The Boston Private Industry Council, Inc.

Notes to Financial Statements

Note 3. Contributions Receivable

Contributions receivable consisted of the following as of June 30:

Due within one year	\$ 616,913
Due within one to two years	-
Total	<u>616,913</u>
Less present value discount (approximating 3.5%)	<u>(21,902)</u>
	<u>\$ 595,011</u>

Note 4. Property and Equipment

Property and equipment consisted of the following at June 30:

Furniture and equipment	\$ 676,691
Leasehold improvements	<u>62,335</u>
Total	739,026
Less accumulated depreciation	<u>(703,806)</u>
Property and equipment, net	<u>\$ 35,220</u>

Note 5. Deferred Revenue

The Council received amounts in advance for contracts, that it expects to spend on program implementation in the subsequent fiscal year, and consisted of the following:

<u>Program</u>	
Career Center	\$ 96,829
Classroom at the Workplace	54,420
Boston Public Schools Pass-through	2,020
City Lab	8,755
Re-entry/Ex-Offender	<u>33,919</u>
	<u>\$ 195,943</u>

Note 6. Temporarily Restricted Net Assets

Temporarily restricted net assets are comprised of contributions with the following restricted purposes:

Boston Summer Jobs Program	\$ 289,403
College Success Initiative	387,852
Dropout Recovery Initiative	419,842
Career Academy	34,912
Connecting Activity	<u>349,268</u>
	<u>\$1,481,277</u>

The Boston Private Industry Council, Inc.

Notes to Financial Statements

Note 6. Temporarily Restricted Net Assets (continued)

The temporarily restricted net assets of the Council at June 30, 2010 consisted of the following:

Contributions receivable	\$ 595,011
Contributions restricted for purpose	<u>886,266</u>
Total Temporarily Restricted Net Assets	<u>\$1,418,277</u>

Note 7. Net Assets Released from Restrictions

Following is a summary of temporarily restricted net assets released from their restrictions after incurring expenses that satisfied the restricted purposes for the years ended June 30:

Boston Summer Jobs Program	\$1,055,197
College Success Initiative	290,790
Dropout Recovery Initiative	360,629
Career Academy	<u>9,171</u>
	<u>\$1,715,787</u>

Note 8. Retirement Plan

The Council maintains three tax-deferred defined contribution retirement plans under Section 403(b) of the Code covering all full-time employees over twenty-one years of age. Employees are eligible to contribute to the 403(b) plans and are automatically vested in those contributions. As of January 1, 2009 these three plans were terminated, and one new tax-deferred defined contribution retirement plan was established covering all full-time employees over twenty-one years of age.

Upon six months of service, the Council matches up to three percent of participant salaries and makes contributions to the plan through the date of termination of employment. Participants become fully vested in the matching portion on their two-year anniversary of participation in the plan. The Council made matching contributions of \$63,743 for the year ended June 30, 2010, which is included in payroll and fringe benefits in the accompanying statements of functional expenses.

Note 9. Operating Leases

The Council maintains lease agreements for two program sites through February 2017. Future minimum lease payments due under these agreements are as follows:

<u>Year ending June 30,</u>	
2010	\$ 357,909
2012	362,897
2013	372,810
2014	133,393
2015	87,550
Thereafter	<u>151,300</u>
	<u>\$ 1,465,859</u>

The Boston Private Industry Council, Inc.

Notes to Financial Statements

Note 9. Operating Leases (continued)

The respective facility leases provide for annual escalation charges for real estate taxes and building operating expenses as stipulated in the lease agreements.

Monthly lease payments approximate \$30,000. Rent expense has been determined on a straight-line basis, totaling \$450,014 for the year ended June 30, 2010. A prepaid expense asset of \$349,269 has been recorded reflecting the deferred portion of the rent expenses as of June 30, 2010 to offset annual payment escalations.

In addition the Council leases a vehicle and copiers under non-cancellable leases through February 2013 and November 2010, respectively. Monthly payments for the leases are \$343 and \$1,249, respectively. Future minimum lease payments due under these lease arrangements are as follows:

Year ending June 30,

2011	\$ 9,113
2012	4,117
2013	<u>2,745</u>
	<u>\$ 15,975</u>

Note 10. Line of Credit

On March 9, 2005, the Council entered into a demand line of credit agreement with a bank for up to \$350,000. On April 1, 2009 the maximum line of credit amount increased to \$500,000 and was renewed with no specific expiration date. Outstanding principal is due upon demand by the bank. The line is secured by all assets of the Council. Interest is charged on outstanding borrowings at the 30-day LIBOR advantage plus 3.00% (3.35% at June 30, 2010). There was no outstanding balance at or during the year June 30, 2010.

Note 11. Related Party Transactions

For the year ended June 30, 2010 the Council received \$170,000, of revenue for corporate membership dues. That revenue is included in other income in the Statement of Activities.

Note 12. Subsequent Events

The Council has evaluated subsequent events through October 19, 2010, when the financial statements were available to be issued.

The Boston Private Industry Council, Inc.

Reports Required for Audits in Accordance with *Government Auditing Standards* and OMB Circular A-133
June 30, 2010

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Schedule of Expenditures of Federal Awards

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*

Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on
Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133

Schedule of Findings and Questioned Costs

Summary Schedule of Prior Audit Findings

The Boston Private Industry Council, Inc.

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2010

<u>Federal Grantor/Pass-Through Grantor/ Program Title/Pass-Through Identifying Number</u>	<u>CFDA Number</u>	<u>Expenditures</u>
U.S. Department of Labor		
Pass-Through Commonwealth of Massachusetts,		
Department of Employment and Training:		
Employment Service/Wagner-Peyser Funded Activities	17.207	\$ 619,842
ARRA	17.207	<u>227,842</u>
		<u>847,684</u>
Pass-Through City of Boston,		
Economic Development and Industrial Corporation:		
WIA Adult Program		
101-039-110	17.258	35,251
121-039-110	17.258	14,850
127-039-310 (ARRA)	17.258	47,685
Re-entry	17.258	159,600
Healthcare	17.258	<u>2,405</u>
		<u>259,791</u>
WIA Youth Activities		
102-039-110	17.259	13,581
122-039-110	17.259	38,038
128-039-310 (ARRA)	17.259	158,870
ARRA Out of School Youth	17.259	204,638
Re-entry	17.259	125,161
Healthcare	17.259	<u>5,935</u>
		<u>546,223</u>
WIA Dislocated Workers		
103-039-110	17.260	30,608
123-039-110	17.260	19,493
129-039-110 (ARRA)	17.260	47,685
Healthcare	17.260	<u>4,436</u>
		<u>102,222</u>
Total pass-through from the City of Boston		<u>908,236</u>
U.S. Department of Housing and Urban Development		
Pass-through from the City of Boston		
Economic Development and Industrial Corporation:		
Empowerment Zones Program		
154-039-018	14.244	57,103
State Department of Employment & Training		
State Administrative Matching Grants for the		
Supplemental Nutrition Assistance Program		
CT EOL 3250 08OSCC08BPIC01000000	10.561	<u>55,653</u>
Total Expenditures of Federal Awards		<u>\$1,868,676</u>

The Boston Private Industry Council, Inc.

Notes to Schedule of Expenditures of Federal Awards - Continued
For the Year Ended June 30, 2010

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of The Boston Private Industry Council, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in the schedule may differ from amounts presented in or used in the preparation of the financial statements.

Indirect Costs

Indirect costs are charged to federal grants and contracts at a predetermined rate. The predetermined rate for the period July 1, 2009 through June 30, 2010 was 13% of salaries and wages. The Council recovered \$109,680 in indirect costs for the year ended June 30, 2010.

McGladrey & Pullen

Certified Public Accountants

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*

Board of Directors
The Boston Private Industry Council, Inc.
Boston, Massachusetts

We have audited the financial statements of The Boston Private Industry Council, Inc. (the "Council") as of and for the year ended June 30, 2010, and have issued our report thereon dated October 19, 2010. We conducted our audit 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.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Council's internal control over financial reporting as a basis for designing our auditing procedures 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 Council's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control over financial reporting.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Council's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Council's financial statements are free of 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*.

We noted certain matters that we reported to management of the Council in a separate letter dated October 19, 2010.

This report is intended solely for the information and use of the Board of Directors, management, federal awarding agencies, and pass-through entities, and is not intended to be, and should not be used by anyone other than those specified parties.

McGladrey & Pullen, LLP

Boston, Massachusetts
October 19, 2010

McGladrey & Pullen

Certified Public Accountants

Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133

Board of Directors
The Boston Private Industry Council, Inc.
Boston, Massachusetts

Compliance

We have audited the compliance of The Boston Private Industry Council, Inc. (the "Council") with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. The Council's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Council's management. Our responsibility is to express an opinion on the Council's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 Council'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. Our audit does not provide a legal determination on the Council's compliance with those requirements.

In our opinion, the Council complied, in all material respects, with the 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, 2010.

Internal Control over Compliance

Management of the Council is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Council's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 Council'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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Directors, management, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than those specified parties.

McGladrey & Pullen, LLP

Boston, Massachusetts
October 19, 2010

The Boston Private Industry Council, Inc.

Schedule of Findings and Questioned Costs
Year Ended June 30, 2010

I. Summary of Independent Auditor's Results

Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ Yes X None Reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ Yes X None Reported

Type of auditor's report issued on compliance for major programs: unqualified

- Any audit findings disclosed that are required to be reported in accordance with section 510 (a) of Circular A-133? _____ Yes X No

Identification of major programs.

CFDA Number(s)
17.207

Name of Federal Program or Cluster
U.S. Department of Labor-Pass-through from the Commonwealth of Massachusetts
Department of Employment & Training

17.258, 17.259, 17.260

City of Boston Pass-through from the Economic Development and Industrial Corporation

Dollar threshold used to distinguish between Type A and type B programs

\$300,000

Auditee qualified as low-risk auditee?

X Yes _____ No

Boston Private Industry Council, Inc.

Schedule of Findings and Questioned Costs (continued)
Year Ended June 30, 2010

II. Findings Relating to the Financial Statement Audit as Required to be Reported in Accordance With Generally Accepted Government Auditing Standards

A. Material Weakness(es) and Significant Deficiency(ies) in Internal Control

No matters were reported.

B. Compliance Findings

No matters were reported.

III. Findings and Questioned Costs for Federal Awards

A. Material Weakness(es) and Significant Deficiency(ies) in Internal Control

No matters were reported.

B. Compliance Findings

No matters were reported.

The Boston Private Industry Council, Inc.

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2010

No matters were reported.