

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, 2009

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
Required for Audits in Accordance with *Government
Auditing Standards* and OMB Circular A-133
June 30, 2009**

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

Contents

Independent Auditor's Report

Financial Statements

- Statements of financial position
- Statements of activities
- Statements of functional expenses
- Statements of cash flows
- Notes to financial statements

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 statements of financial position of The Boston Private Industry Council, Inc. (the "Council") as of June 30, 2009 and 2008, and the related statements of activities, functional expenses and cash flows for the years 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit 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 audits provide 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 Boston Private Industry Council, Inc. as of June 30, 2009 and 2008, and the changes in its net assets and its cash flows for the years 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 13, 2009 on our consideration of The Boston Private Industry Council, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Our audits were 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

Burlington, Massachusetts
October 13, 2009

The Boston Private Industry Council, Inc.

Statements of Financial Position

June 30, 2009 and 2008

	2009	2008
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,774,655	\$ 1,020,110
Grants and contracts receivable (Notes 9 and 10)	1,662,692	1,139,751
Prepaid expenses	389,446	346,921
Total current assets	3,826,793	2,506,782
Property and Equipment, net (Note 2)	34,473	45,073
Total assets	\$ 3,861,266	\$ 2,551,855
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 884,225	\$ 809,371
Accrued expenses	282,552	278,555
Deferred revenue (Note 3)	269,196	301,640
Total liabilities	1,435,973	1,389,566
Commitments (Notes 4 and 8)		
Net Assets		
Unrestricted	711,308	710,208
Temporarily restricted (Note 6)	1,713,985	452,081
Total net assets	2,425,293	1,162,289
Total liabilities and net assets	\$ 3,861,266	\$ 2,551,855

See Notes to Financial Statements.

The Boston Private Industry Council, Inc.

Statements of Activities

Years Ended June 30, 2009 and 2008

	2009		2008	
	Unrestricted	Temporarily Restricted	Total	Temporarily Restricted
Revenues and Other Support				
Contracts	\$ 6,085,988	-	\$ 6,085,988	\$ -
Grants	547,770	-	547,770	-
Fees for service	220,137	-	220,137	-
Contributions	42,314	2,216,371	2,258,685	810,726
Other income	189,885	-	189,885	-
Net assets released from restrictions (Note 5)	954,467	(954,467)	-	(730,725)
Total revenues	8,040,561	1,261,904	9,302,465	80,001
			8,751,698	8,831,699
Expenses (Notes 7 and 8)				
REB	242,020	-	242,020	-
Career Center	1,773,944	-	1,773,944	-
Homelessness Grant	87,085	-	87,085	-
Workforce Investment Board: Other	712,130	-	712,130	-
Career Academy	14,538	-	14,538	-
Collaborative	851,770	-	851,770	-
Connecting Activities	1,588,344	-	1,588,344	-
Youth Transitions Grant	88,734	-	88,734	-
Classroom at the Workplace	227,788	-	227,788	-
Transitional Employment Grant (TEP)	466,532	-	466,532	-
School-to-Career	484,323	-	484,323	-
Boston Summer Jobs	736,302	-	736,302	-
Management and general	765,951	-	765,951	-
Total expenses	8,039,461	-	8,039,461	-
			8,919,716	8,919,716
Change in net assets	1,100	1,261,904	1,263,004	80,001
Net assets - beginning of year	710,208	452,081	1,162,289	372,080
Net assets - end of year	\$ 711,308	\$ 1,713,985	\$ 2,425,293	\$ 452,081
			\$ 710,208	\$ 1,162,289

See Notes to Financial Statements.

The Boston Private Industry Council, Inc.

Statement of Functional Expenses
Year Ended June 30, 2009

REB	Workforce Investment Board										School-to-Career					Total
	Career Center	Homelessness Grant	Workforce Investment Board: Other	Career Academy	Collaborative	Connecting Activities	Youth Transitions Grant	Classroom at the Workplaces	TEP	School-to-Career: Other	Boston Summer Jobs	Management and General				
\$ 165,898	\$ 156,232	\$ 22,603	\$ 404,508	\$ -	\$ 540,247	\$ 1,327,477	\$ 49,761	\$ 172,391	\$ 41,640	\$ 430,860	\$ 161,873	\$ 459,807	\$ 3,885,287			
4,523	1,535,058	-	-	-	-	-	-	94,630	-	-	-	-	1,535,058			
-	10,565	-	77,354	-	1,230	80,120	14,713	14,713	-	29,174	-	67,440	379,749			
-	-	-	305	-	-	-	4,848	-	419,989	-	568,478	-	993,620			
-	9,729	64,482	214,333	-	-	-	1,920	-	-	-	-	-	290,364			
17,815	46,266	-	-	204,180	62,333	-	-	-	-	17,683	-	75,960	444,237			
32,066	5,046	-	-	75,979	51,488	-	6,069	4,295	2,903	1,613	5,951	83,056	268,468			
-	-	-	14,885	-	-	-	-	-	-	-	-	-	27,359			
16,448	4,929	-	-	18,490	25,688	-	2,479	312	-	2,353	-	13,463	84,162			
-	-	-	-	-	-	-	-	-	-	-	-	18,983	18,983			
23	750	-	-	-	690	-	428	1,126	-	914	-	-	3,921			
3,217	2,124	-	-	39	3,584	7,854	8,203	4,762	-	1,476	-	42,331	73,590			
1,551	945	-	-	7,910	6,516	-	-	-	-	-	-	5,144	22,066			
479	2,300	-	400	150	6,188	-	413	128	-	-	-	165	12,248			
-	-	-	345	-	-	-	-	154	-	250	-	-	749			
\$ 242,020	\$ 1,773,944	\$ 87,085	\$ 712,130	\$ 14,538	\$ 851,770	\$ 1,588,344	\$ 88,734	\$ 227,788	\$ 466,532	\$ 484,323	\$ 736,302	\$ 765,951	\$ 8,039,461			

See Notes to Financial Statements.

The Boston Private Industry Council, Inc.

Statement of Functional Expenses
Year Ended June 30, 2008

	Workforce Investment Board				School-to-Career							Total	
	Career Center	Homelessness Grant	Workforce Investment Board: Other	Workforce Investment Board: Career Academy	Collaborative	Connecting Activities	Youth Transitions Grant	Classroom at the Workplace	TEP	School-to-Career: Other	Boston Summer Jobs		Management and General
Payroll and fringe benefits (Note 7)	\$ 86,421	\$ 57,487	\$ 271,420	\$ -	\$ 526,173	\$ 1,400,440	\$ 39,000	\$ 242,364	\$ 100,192	\$ 441,691	\$ 126,838	\$ 616,677	\$ 4,120,791
Site operations	1,737,433	-	-	-	-	-	-	88,310	-	150	-	-	1,737,433
Professional services	21,007	-	154,235	-	83,890	11,038	26,998	-	586,555	-	487,617	100,282	1,084,172
Student wages	-	-	195,525	-	-	-	-	-	-	-	-	-	522,418
Program contracts	12,171	314,523	5,700	-	195,706	94,321	-	-	-	10,000	-	71,672	423,996
Office rental (Note 8)	23,196	22,203	5,700	115	71,679	57,468	2,012	6,121	2,634	2,281	6,263	79,620	259,684
General operating expense	11,012	20,279	-	4,834	13,444	400	-	-	-	-	-	-	18,678
Student scholarship	-	-	-	-	17,869	24,241	3,184	4,045	-	6,567	-	14,647	94,566
Staff travel	1,345	14,395	6,489	1,694	-	-	-	-	-	-	-	30,714	30,714
Depreciation and amortization expense	-	-	-	-	-	-	-	-	-	-	-	-	-
Program supplies and instructional material	-	-	-	-	166	-	1,114	10,001	-	3,001	-	-	14,399
Meetings	523	3,362	167	66	6,996	6,572	4,370	4,065	-	8,131	-	36,382	70,634
Equipment rental, maintenance and equipment (Note 8)	1,140	1,244	-	-	9,160	8,281	-	-	-	-	-	6,612	26,447
Participant transportation and training	-	-	775	622	6,375	6,676	-	-	-	95	-	800	23,551
Total expenses	\$ 1,924,550	\$ 378,569	\$ 612,656	\$ 15,941	\$ 918,704	\$ 1,611,947	\$ 76,678	\$ 356,106	\$ 689,381	\$ 471,916	\$ 630,718	\$ 957,616	\$ 8,919,716

The Boston Private Industry Council, Inc.

Statements of Cash Flows

Years Ended June 30, 2009 and 2008

	2009	2008
Cash Flows from Operating Activities		
Change in net assets	\$ 1,263,004	\$ (88,017)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	18,583	30,714
Change in grants and contracts receivable	(522,941)	382,010
Change in prepaid expenses	(42,525)	(77,979)
Change in accounts payable	74,854	14,333
Change in accrued expenses	3,997	41,619
Change in deferred revenue	(32,444)	8,114
Net cash provided by operating activities	<u>762,528</u>	<u>310,794</u>
Cash Flows from Investing Activities		
Purchases of property and equipment	(7,983)	-
Net cash used in investing activities	<u>(7,983)</u>	<u>-</u>
Net increase in cash and cash equivalents	754,545	310,794
Cash and Cash Equivalents:		
Beginning of year	1,020,110	709,316
End of year	<u>\$ 1,774,655</u>	<u>\$ 1,020,110</u>

See Notes to Financial Statements.

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 the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards ("SFAS") No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, 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:

- Unrestricted net assets represent the portion of net assets of the Council that is neither permanently restricted nor temporarily restricted by donor-imposed stipulations.
- 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.

Recognition of donor restrictions: 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 or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 and cash equivalents: The Council defines cash equivalents as short-term, highly liquid investments with original maturities of three months or less.

Contracts receivable: Contracts 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 grants and 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.

The Boston Private Industry Council, Inc.

Notes to Financial Statements

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

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 or lease terms 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.

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

Contributions and grants: 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 estimated 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. All contributions receivable are expected to be collected within one year.

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.

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 above.

Notes to Financial Statements

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

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 expenses that are common to several functions are allocated using various statistical bases.

Tax status: The Council is a non-profit organization exempt from income taxes under Section 501(c)(3) of the United States Internal Revenue Code. Contributions to the Council are tax deductible within the limitations prescribed by the Code. No provision for federal or state income taxes is required.

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 67% and 52% of its revenues from three donors during the year ended June 30, 2009 and 2008, respectively. In addition The Council had approximately 69% and 55% of its outstanding accounts receivable from four and three donors, respectively, at June 30, 2008.

Recent Accounting Pronouncements: The Financial Accounting Standards Board ("FASB") has issued Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* ("FIN 48"). FIN No. 48 clarifies the accounting for uncertainty in income taxes recognized in the Council's financial statements in accordance with FASB Statement No. 109, *Accounting for Income Taxes*. FIN No. 48 also prescribes a recognition threshold and measurement standard for the financial statement recognition and measurement of an income tax position taken or expected to be taken in a tax return. In addition, FIN No. 48 provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition.

The effective date of this new accounting standard has been deferred, and is now required for entities reporting on annual periods beginning after December 15, 2008. The provisions of FIN No. 48 are to be applied to all tax positions upon initial application of this standard. Only tax positions that meet the more-likely-than-not recognition threshold at the effective date may be recognized or continue to be recognized upon adoption.

The cumulative effect of applying the provisions of FIN No. 48 will be reported as an adjustment to the opening balance of retained earnings in the year of adoption. The Council does not feel that the provisions of FIN No. 48 will have a significant impact on the financial statements.

The Boston Private Industry Council, Inc.

Notes to Financial Statements

Note 2. Property and Equipment

At June 30, 2009 and 2008, property and equipment consists of the following:

	<u>2009</u>	<u>2008</u>
Furniture and equipment	\$ 658,976	\$ 650,993
Leasehold improvements	62,335	62,335
Total	721,311	713,328
Less accumulated depreciation	(686,838)	(668,255)
Property and equipment, net	<u>\$ 34,473</u>	<u>\$ 45,073</u>

Note 3. Deferred Revenue

At June 30, 2009 and 2008, the Council recorded amounts related to unexpended contracts, which it expects to spend on program implementation in the subsequent fiscal years as follows:

	<u>2009</u>	<u>2008</u>
<u>Grantee</u>		
Career Center I	\$ 105,359	\$ 62,419
Classroom at the Workplace	82,251	-
Youth Transitions Group	-	30,577
TechBoston	55,390	-
Boston Public Schools Pass-through	19,116	17,277
City Lab	7,080	1,071
Career Center II	-	25,296
Merck Foundation	-	40,000
Mott Foundation	-	125,000
	<u>\$ 269,196</u>	<u>\$ 301,640</u>

Note 4. 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 through March 2010. The line is secured by all business assets of the Council. Interest is charged on outstanding balances at the bank's prime rate (3.31% at June 30, 2009). There was no outstanding balance at June 30, 2009 and June 30, 2008.

Note 5. Net Assets Released from Restrictions

Following is a summary of net assets released from restrictions after incurring expenses that satisfied the restricted purposes:

	<u>2009</u>	<u>2008</u>
Boston Summer Jobs Program	\$ 782,487	\$ 712,711
Dropout Recovery Initiative	89,221	-
Youth Transitions	68,220	-
Career Academy	14,539	18,014
Total temporarily restricted net assets released from restrictions	<u>\$ 954,467</u>	<u>\$ 730,725</u>

The Boston Private Industry Council, Inc.

Notes to Financial Statements

Note 6. Temporarily Restricted Net Assets

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

	<u>2009</u>	<u>2008</u>
Boston Summer Jobs Program	\$ 215,340	\$ 128,583
Dropout Recovery Initiative	771,971	
College Success Initiative	366,780	
Career Academy	20,082	34,620
Connecting Activity	339,812	288,878
	<u>\$1,713,985</u>	<u>\$ 452,081</u>

Note 7. 403(b) Retirement Plan

The Council maintained three tax-deferred defined contribution retirement plans under Section 403(b) of the Internal Revenue Code covering all full-time employees over twenty-one years of age. Employees were eligible to contribute upon employment in the 403(b) plans and were automatically vested in those contributions. As of January 1, 2009 the three tax-deferred defined contribution retirement plans under Section 403(b) of the Internal Revenue Code 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. Participants become fully vested in the matching portion on their two-year anniversary of participation in the plan. The Council made contributions of \$62,840 and \$63,012 for the years ended June 30, 2009 and 2008, respectively, which is included in payroll and fringe benefits in the accompanying statements of functional expenses.

Note 8. 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	\$ 430,708
2011	357,909
2012	362,897
2013	372,810
2014	133,393
Thereafter	<u>238,850</u>
	<u>\$ 1,896,567</u>

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

Monthly payments for rent expense approximate \$37,639. Rent expense has been determined on a straight-line basis, totaling \$444,237 and \$423,598 for the years ended June 30, 2009 and 2008, respectively. An asset of \$339,812 and \$288,877 has been recorded reflecting the deferred portion of the rent expenses as of June 30, 2009 and 2008, respectively, to offset future payment escalations.

The Boston Private Industry Council, Inc.

Notes to Financial Statements

Note 9. Contributions Receivable

At June 30, 2009 and 2008, grants and contracts receivable consist of the following:

	<u>2009</u>	<u>2008</u>
Due within one year	\$ 1,355,181	\$1,139,751
Due within two years	329,413	-
Total	1,684,594	1,139,751
Less discount for the time value of money (3.5%)	<u>(21,902)</u>	<u>-</u>
	<u>\$ 1,662,692</u>	<u>\$1,139,751</u>

Note 10. Related Party Transactions

As of June 30, 2009 and 2008 the Council has \$107,250 and \$112,750, respectively of related party revenue for Corporate Membership Dues. In addition, as of June 30, 2008 the Council has \$42,750, of related party grants and contracts receivable for Corporate Membership Dues while none remains receivable as of June 30, 2009.

The Boston Private Industry Council, Inc.

Reports Required for Audits in Accordance with *Government Auditing Standards* and OMB Circular A-133
June 30, 2009

Contents

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 Applicable to 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, 2009

<u>Federal Grantor/Pass-through Grantor/ Program Title/Pass-Through Identification Number</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
<u>Major Program</u>		
U.S. Department of Labor		
Pass-through from the Commonwealth of Massachusetts		
Department of Employment & Training:		
	17.207	\$ <u>795,482</u>
 <u>Other Federal Assistance</u>		
Pass-through from the City of Boston		
Economic Development and Industrial Corporation:		
WIA Cluster		
WIA Adult Program		
101-039-028	17.258	60,928
121-039-028	17.258	<u>3,639</u>
		<u>64,567</u>
WIA Youth Activities		
102-039-028	17.259	6,733
122-039-028	17.259	57,834
CTEOL325008OSCC08BPIC01000000	17.259	<u>34,447</u>
		<u>99,014</u>
WIA Dislocated Workers		
103-039-028	17.260	42,695
123-039-028	17.260	21,873
CTEOL325008OSCC08BPIC01000000	17.260	<u>1,500</u>
		<u>66,068</u>
Total pass-through from the City of Boston		<u>229,649</u>
Balance Forward		<u>\$1,025,131</u>

The Boston Private Industry Council, Inc.

Schedule of Expenditures of Federal Awards - Continued
Year Ended June 30, 2009

<u>Federal Grantor/Pass-through Grantor/ Program Title/Pass-Through Identification Number</u> Other Federal Assistance - continued	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
Balance Forward		\$1,025,131
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	118,489
U.S. Department of Health and Human Services Pass-through from the City of Boston Economic Development and Industrial Corporation: Temporary Assistance for Needy Families 131-039-028	93.558	1,957
U.S. Department of Labor Disability Employment Policy Development E-9-4-3-0111	17.720	97,971
State Department of Employment & Training State Administrative Matching Grants for the Supplemental Nutrition Assistance Program CT EOL 3250 08OSCC08BPIC01000000	10.561	<u>111,307</u>
Total Expenditures of Federal Awards		<u>\$1,354,855</u>

The Boston Private Industry Council, Inc.

**Notes to Schedule of Expenditures of Federal Awards - Continued
For the Year Ended June 30, 2009**

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, 2008 through June 30, 2009 was 13% of salaries and wages. The Council recovered \$40,996 in indirect costs for the year ended June 30, 2009.

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. as of and for the year ended June 30, 2009, and have issued our report thereon dated October 13, 2009. 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 Boston Private Industry Council, Inc.'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 Boston Private Industry Council, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of The Boston Private Industry Council, Inc.'s internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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 Boston Private Industry Council, Inc.'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 Boston Private Industry Council, Inc. in a separate letter dated October 13, 2009.

This report is intended solely for the information and use of the Finance Committee, 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

Burlington, Massachusetts
October 13, 2009

McGladrey & Pullen

Certified Public Accountants

Independent Auditor's Report on Compliance with Requirements Applicable to 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. with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The Boston Private Industry Council, Inc.'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 Boston Private Industry Council, Inc.'s management. Our responsibility is to express an opinion on The Boston Private Industry Council, Inc.'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 Boston Private Industry Council, Inc.'s compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on The Boston Private Industry Council, Inc.'s compliance with those requirements.

In our opinion, The Boston Private Industry Council, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control over Compliance

The management of The Boston Private Industry Council, Inc. 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 Boston Private Industry Council, Inc.'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 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 Boston Private Industry Council, Inc.'s internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by any entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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 Finance Committee, 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

Burlington, Massachusetts
October 13, 2009

The Boston Private Industry Council, Inc.

Schedule of Findings and Questioned Costs
Year Ended June 30, 2009

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:

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, 2009**

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

The audit of compliance of the financial statements of Boston Private Industry Council, Inc. as of and for the year ended June 30, 2009 disclosed no material weakness(es) or significant deficiency(ies) in internal control findings.

B. Compliance Findings

The audit of compliance of the financial statements of Boston Private Industry Council, Inc. as of and for the year ended June 30, 2009 disclosed no compliance findings.

III. Findings and Questioned Costs for Federal Awards

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

The audit of compliance of the financial statements of Boston Private Industry Council, Inc. as of and for the year ended June 30, 2009 disclosed no material weakness(es) or significant deficiency(ies) in internal control findings.

B. Compliance Findings

The audit of compliance of the financial statements of Boston Private Industry Council, Inc. as of and for the year ended June 30, 2009 disclosed no compliance findings.

The Boston Private Industry Council, Inc.

**Summary Schedule of Prior Audit Findings
Year Ended June 30, 2009**

I. 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

The audit of compliance of the financial statements of The Boston Private Industry Council, Inc. as of and for the year ended June 30, 2008 disclosed no material weakness(es) or significant deficiency(ies) in internal control findings.

B. Compliance Findings

The audit of compliance of the financial statements of The Boston Private Industry Council, Inc. as of and for the year ended June 30, 2008 disclosed no compliance findings.

II. Findings and Questioned Costs for Federal Awards

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

The audit of compliance of the financial statements of The Boston Private Industry Council, Inc. as of and for the year ended June 30, 2008 disclosed no material weakness(es) or significant deficiency(ies) in internal control findings.

B. Compliance Findings

The audit of compliance of the financial statements of The Boston Private Industry Council, Inc. as of and for the year ended June 30, 2008 disclosed no compliance findings.