

# 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, 2008

**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.

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June 30, 2008

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

Certified Public Accountants

## Independent Auditor's Report

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

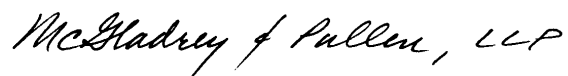
We have audited the accompanying statements of financial position of The Boston Private Industry Council, Inc. (the "Council") as of June 30, 2008 and 2007, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility 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, 2008 and 2007, 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 September 16, 2008 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.



Burlington, Massachusetts  
September 16, 2008

The Boston Private Industry Council, Inc.

Statements of Financial Position

June 30, 2008 and 2007

<b>Assets</b>	<b>2008</b>	<b>2007</b>
Current Assets		
Cash and cash equivalents	\$ 1,020,110	\$ 709,316
Grants and contracts receivable (Notes 9 and 10)	1,139,751	1,521,761
Prepaid expenses	346,921	268,942
<b>Total current assets</b>	<b>2,506,782</b>	<b>2,500,019</b>
Property and Equipment, net (Note 2)	45,073	75,787
<b>Total assets</b>	<b>\$ 2,551,855</b>	<b>\$ 2,575,806</b>
<b>Liabilities and Net Assets</b>		
Current Liabilities		
Accounts payable	\$ 809,371	\$ 795,038
Accrued expenses	278,555	236,936
Deferred revenue (Note 3)	301,640	293,526
<b>Total liabilities</b>	<b>1,389,566</b>	<b>1,325,500</b>
Commitments (Notes 4 and 8)		
Net Assets		
Unrestricted	710,208	878,226
Temporarily restricted (Note 6)	452,081	372,080
<b>Total net assets</b>	<b>1,162,289</b>	<b>1,250,306</b>
<b>Total liabilities and net assets</b>	<b>\$ 2,551,855</b>	<b>\$ 2,575,806</b>

See Notes to Financial Statements.

The Boston Private Industry Council, Inc.

Statements of Activities  
Years Ended June 30, 2008 and 2007

	2008			2007		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>Revenues and Other Support</b>						
Contracts	\$ 6,626,133	\$ -	\$ 6,626,133	\$ 7,161,855	\$ -	\$ 7,161,855
Grants	836,680	-	836,680	1,070,094	-	1,070,094
Fees for service	211,442	-	211,442	225,000	-	225,000
Contributions	136,341	810,726	947,067	142,005	1,049,972	1,191,977
Other income	210,377	-	210,377	308,761	-	308,761
Net assets released from restrictions (Note 5)	730,725	(730,725)	-	734,544	(734,544)	-
<b>Total revenues</b>	<b>8,751,698</b>	<b>80,001</b>	<b>8,831,699</b>	<b>9,642,259</b>	<b>315,428</b>	<b>9,957,687</b>
<b>Expenses (Notes 7 and 8)</b>						
REB	255,094	-	255,094	250,228	-	250,228
Career Center	1,924,550	-	1,924,550	2,100,614	-	2,100,614
BEST III Healthcare	-	-	-	11,953	-	11,953
BEST III Human Services	-	-	-	10,909	-	10,909
Homelessness Grant	378,509	-	378,509	455,246	-	455,246
Workforce Investment Board: Other	632,656	-	632,656	652,962	-	652,962
Career Academy	15,941	-	15,941	27,462	-	27,462
Collaborative	918,704	-	918,704	884,003	-	884,003
Connecting Activities	1,611,847	-	1,611,847	2,066,656	-	2,066,656
Youth Transitions Grant	76,678	-	76,678	199,475	-	199,475
Classroom at the Workplace	356,106	-	356,106	282,471	-	282,471
Transitional Employment Grant (TEP)	689,381	-	689,381	169,769	-	169,769
School-to-Career: Other	471,916	-	471,916	908,845	-	908,845
Boston Summer Jobs	630,718	-	630,718	666,290	-	666,290
Management and general	957,616	-	957,616	944,380	-	944,380
<b>Total expenses</b>	<b>8,919,716</b>	<b>-</b>	<b>8,919,716</b>	<b>9,631,263</b>	<b>-</b>	<b>9,631,263</b>
Change in net assets	(168,018)	80,001	(88,017)	10,996	315,428	326,424
Net assets - beginning of year	878,226	372,080	1,250,306	867,230	56,652	923,882
Net assets - end of year	\$ 710,208	\$ 452,081	\$ 1,162,289	\$ 878,226	\$ 372,080	\$ 1,250,306

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
	REB	Career Center	Homelessness Grant	Workforce Investment Board: Other	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)	\$ 217,878	\$ 80,421	\$ 57,497	\$ 271,420	\$ -	\$ 526,173	\$ 1,400,440	\$ 39,000	\$ 242,564	\$ 100,192	\$ 441,691	\$ 126,838	\$ 616,677	\$ 4,120,791
Site operations	-	1,737,433	-	-	-	-	-	-	-	-	-	-	-	1,737,433
Professional services	-	27,007	-	154,235	-	83,890	11,038	26,998	89,310	-	150	-	100,292	492,920
Student wages	-	-	-	-	-	-	-	-	-	586,555	-	497,617	-	1,084,172
Program contracts	-	12,171	314,523	195,525	-	-	-	-	-	-	-	-	-	522,219
Office rental (Note 8)	23,196	22,203	-	5,700	-	195,706	94,921	-	-	-	10,000	-	71,872	423,598
General operating expense	11,012	20,279	-	-	115	71,879	57,468	2,012	6,121	2,634	2,281	6,263	79,620	259,684
Student scholarship	-	-	-	4,834	13,444	400	-	-	-	-	-	-	-	18,678
Staff travel	1,345	14,395	6,489	-	1,694	17,959	24,241	3,184	4,045	-	6,567	-	14,647	94,566
Depreciation and amortization expense	-	-	-	-	-	-	-	-	-	-	-	-	30,714	30,714
Program supplies and instructional material	-	27	-	-	-	166	-	1,114	10,001	-	3,001	-	-	14,309
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	8,291	-	-	-	-	-	6,612	26,447
Participant transportation and training	-	6,008	-	775	622	6,375	8,876	-	-	-	95	-	800	23,551
<b>Total expenses</b>	<b>\$ 255,094</b>	<b>\$ 1,924,550</b>	<b>\$ 378,509</b>	<b>\$ 632,656</b>	<b>\$ 15,941</b>	<b>\$ 918,704</b>	<b>\$ 1,611,847</b>	<b>\$ 76,678</b>	<b>\$ 356,106</b>	<b>\$ 689,381</b>	<b>\$ 471,916</b>	<b>\$ 630,718</b>	<b>\$ 957,616</b>	<b>\$ 8,919,716</b>

See Notes to Financial Statements.

The Boston Private Industry Council, Inc.

Statement of Functional Expenses  
Year Ended June 30, 2007

	Workforce Investment Board					School-to-Career											Total
	REB	Career Center	BEST III Healthcare	BEST III Human Services	Homelessness Grant	Workforce Investment Board: Other	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)	\$ 162,754	\$ 185,682	\$ -	\$ 1,115	\$ 93,854	\$ 313,626	\$ -	\$ 530,656	\$ 1,570,123	\$ 99,531	\$ 216,920	\$ 17,141	\$ 693,227	\$ 125,389	\$ 671,447	\$ 4,681,465	
Site operations	-	1,833,941	-	-	-	-	-	-	-	-	-	-	-	-	-	1,833,941	
Professional services	799	19,616	1,993	633	17,465	265,758	-	86,376	13,048	43,500	58,734	-	157,130	-	103,475	768,527	
Student wages	-	-	-	-	-	-	-	-	-	-	-	150,276	-	536,527	-	686,803	
Program contracts	308	9,014	-	8,577	328,803	71,391	-	-	-	50,000	-	-	-	-	-	468,093	
Office rental (Note 8)	36,967	24,051	-	-	-	-	-	103,390	271,770	-	-	-	-	-	41,121	477,299	
General operating expense	31,212	7,765	-	256	-	-	-	101,426	123,838	820	1,967	2,352	2,597	4,374	46,776	323,383	
Student scholarship	-	-	7,527	-	-	2,187	23,222	-	35,972	-	-	-	-	-	-	68,908	
Staff travel	11,153	10,760	-	-	11,877	-	2,693	33,546	26,518	1,455	2,027	-	7,258	-	9,070	116,357	
Depreciation and amortization expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	35,045	35,045	
Program supplies and instructional material	-	979	1,963	-	-	-	-	4,482	4,494	-	1,063	-	47,052	-	-	60,033	
Meetings	4,696	4,468	470	161	3,247	-	1,547	20,059	2,008	3,679	1,610	-	1,581	-	31,806	75,332	
Equipment rental, maintenance and equipment (Note 8)	2,239	1,413	-	20	-	-	-	3,106	15,025	-	-	-	-	-	4,740	26,543	
Participant transportation and training	100	2,925	-	147	-	-	-	862	3,860	490	-	-	-	-	-	8,384	
Gifts and awards	-	-	-	-	-	-	-	100	-	-	150	-	-	-	900	1,150	
<b>Total expenses</b>	<b>\$ 250,228</b>	<b>\$ 2,100,614</b>	<b>\$ 11,953</b>	<b>\$ 10,909</b>	<b>\$ 455,246</b>	<b>\$ 652,962</b>	<b>\$ 27,462</b>	<b>\$ 884,003</b>	<b>\$ 2,066,656</b>	<b>\$ 199,475</b>	<b>\$ 282,471</b>	<b>\$ 169,769</b>	<b>\$ 908,845</b>	<b>\$ 666,290</b>	<b>\$ 944,380</b>	<b>\$ 9,631,263</b>	

See Notes to Financial Statements.



The Boston Private Industry Council, Inc.

Statements of Cash Flows

Years Ended June 30, 2008 and 2007

	2008	2007
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ (88,017)	\$ 326,424
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	30,714	35,045
Change in grants and contracts receivable	382,010	235,742
Change in prepaid expenses	(77,979)	(218,716)
Change in accounts payable	14,333	176,680
Change in accrued expenses	41,619	(13,376)
Change in deferred revenue	8,114	(242,900)
<b>Net cash provided by operating activities</b>	<b>310,794</b>	<b>298,899</b>
<b>Cash Flows from Investing Activities</b>		
Purchases of property and equipment	-	(49,431)
<b>Net cash used in investing activities</b>	<b>-</b>	<b>(49,431)</b>
<b>Net increase in cash and cash equivalents</b>	<b>310,794</b>	<b>249,468</b>
<b>Cash and Cash Equivalents:</b>		
Beginning of year	709,316	459,848
End of year	<b>\$ 1,020,110</b>	<b>\$ 709,316</b>

See Notes to Financial Statements.

## Notes to Financial Statements

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### 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 maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Council has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

The Council defines cash equivalents as short-term, highly liquid investments with original maturities of three months or less.

**Grants and contracts receivable:** Grants and 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.

Notes to Financial Statements

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**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

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### 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 support services. Expenses that can be identified with a specific program and support service 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 \$100,000 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 Company earned 52% of its revenues from three donors during the year ended June 30, 2008. These customers also represented approximately 55% of outstanding accounts receivable at June 30, 2008.

**Impairment of long-lived assets:** The Council reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the fair value is less than the carrying amount of the asset, an impairment loss is recognized for the difference. No impairment has been recognized as of June 30, 2008.

**Conditional Asset Retirement:** The Council has adopted FASB Interpretation 47 (FIN 47), *Accounting for Conditional Asset Retirement Obligations*. This standard requires that a liability be recorded for the fair value of an asset retirement obligation specific to certain legal environmental obligations such as asbestos, medical waste removal, and lead paint removal. The recording of a liability is required if such conditions exist and the obligation can be reasonably estimated. As of June 30, 2008, the Council is unaware of any such obligations. The Council will recognize a liability in the period in which it becomes aware of such liability and sufficient information is available to reasonably estimate the fair value.

**Recent Accounting Pronouncements:** The Financial Accounting Standards Board (FASB) has issued Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* (FIN 48). FIN 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 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 48 provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition.

## The Boston Private Industry Council, Inc.

### Notes to Financial Statements

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

**Recent Accounting Pronouncements (continued):** The provisions of FIN 48 will be effective for the Council on July 1, 2008. The provisions of FIN 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 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 48 will have a significant impact on the financial statements.

#### Note 2. Property and Equipment

At June 30, 2008 and 2007, property and equipment consists of the following:

	<u>2008</u>	<u>2007</u>
Furniture and equipment	\$ 650,993	\$ 650,993
Leasehold improvements	62,335	62,335
Total	713,328	713,328
Less accumulated depreciation and amortization	(668,255)	(637,541)
Property and equipment, net	<u>\$ 45,073</u>	<u>\$ 75,787</u>

#### Note 3. Deferred Revenue

At June 30, 2008 and 2007, the Council recorded amounts related to unexpended grants and contracts, which it expects to spend on program implementation in the subsequent fiscal years as follows:

	<u>2008</u>	<u>2007</u>
<u>Grantee</u>		
Mott Foundation	\$ 125,000	\$ -
Career Center I	62,419	-
Merck Foundation	40,000	-
Youth Transitions Group	30,577	56,040
Career Center II	25,296	87,006
Boston Public Schools Pass-through	17,277	6,549
City Lab	1,071	21,667
Classroom at the Workplace	-	103,000
TechBoston	-	18,529
Intermediary Network	-	735
	<u>\$ 301,640</u>	<u>\$ 293,526</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. The line is secured by all business assets of the Council. Interest is charged on outstanding balances at the bank's prime rate (5% at June 30, 2008). The agreement expired in February 2008 and was renewed through March 2009. There was no outstanding balance at June 30, 2008 and June 30, 2007.

## The Boston Private Industry Council, Inc.

### Notes to Financial Statements

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#### 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>2008</u>	<u>2007</u>
Boston Summer Jobs Program	\$ 712,711	\$ 703,526
Career Academy	18,014	31,018
Total temporarily restricted net assets released from restrictions	<u>\$ 730,725</u>	<u>\$ 734,544</u>

#### Note 6. Temporarily Restricted Net Assets

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

	<u>2008</u>	<u>2007</u>
Boston Summer Jobs Program	\$ 128,583	\$ 124,000
Career Academy	34,620	40,635
Connecting Activity	288,878	207,445
	<u>\$ 452,081</u>	<u>\$ 372,080</u>

#### Note 7. 403(b) Retirement Plan

The Council maintains 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 are eligible to contribute upon employment in the 403(b) plans and are automatically vested in those contributions.

Upon six months of service, the Council matches up to three percent of participant salaries and made contributions to one of the plans. Participants become fully vested in the matching portion on their two-year anniversary of participation in the plan. The Council made contributions of \$63,012 and \$66,063 for the years ended June 30, 2008 and 2007, 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, equipment and a vehicle. Future minimum lease payments due under these agreements are as follows:

<u>Year ending June 30,</u>	
2009	\$ 403,968
2010	421,252
2011	424,708
2012	424,708
2013	424,708
Thereafter	541,003
	<u>\$ 2,640,347</u>

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

Total rent expense for the Council was \$423,598 and \$477,300 for the years ended June 30, 2008 and 2007, respectively.

The Boston Private Industry Council, Inc.

Notes to Financial Statements

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**Note 9. Contributions Receivable**

As of June 30, 2008 and 2007 the Council has \$1,139,751 and \$1,521,761, respectively of grants and contributions receivable due within one year. There are no allowances for uncollectable receivables.

**Note 10. Related Party Transactions**

As of June 30, 2008 and 2007 the Council has \$112,750 and \$187,500, respectively of related party revenue for Corporate Membership Dues. In addition, as of June 30, 2008 and 2007 the Council has \$42,750 and \$150,000, respectively of related party grants and contracts receivable for Corporate Membership Dues.

The Boston Private Industry Council, Inc.

Reports Required for Audits in Accordance with *Government Auditing Standards* and OMB Circular A-133  
June 30, 2008

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The Boston Private Industry Council, Inc.

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2008

<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, 17.801, 17.804	<u>\$ 853,957</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	7,553
121-039-028	17.258	<u>10,000</u>
		<u>17,553</u>
WIA Youth Activities		
102-039-028	17.259	15,847
122-039-028	17.259	<u>124,413</u>
		<u>140,260</u>
WIA Dislocated Workers		
103-039-028	17.260	10,000
123-039-028	17.260	<u>10,000</u>
		<u>20,000</u>
Total pass-through from the City of Boston		<u>177,813</u>
Balance Forward		<u>\$1,031,770</u>

The Boston Private Industry Council, Inc.

Schedule of Expenditures of Federal Awards - Continued  
For the Year Ended June 30, 2008

<u>Federal Grantor/Pass-through Grantor/ Program Title/Pass-Through Identification Number</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
Other Federal Assistance - continued		\$1,031,770
Balance Forward		
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	107,848
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	3,093
U.S. Department of Labor Disability Employment Policy Development E-9-4-3-0111	17.720	<u>425,823</u>
Total Expenditures of Federal Awards		<u>\$1,568,534</u>

The Boston Private Industry Council, Inc.

**Notes to Schedule of Expenditures of Federal Awards - Continued**  
**For the Year Ended June 30, 2008**

**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, 2007 through June 30, 2008 was 13% of salaries and wages. The Council recovered \$73,262 in indirect costs for the year ended June 30, 2008.

# 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, 2008, and have issued our report thereon dated September 16, 2008. 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 September 16, 2008.

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  
September 16, 2008

# 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, 2008. 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, 2008.

### 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  
September 16, 2008

The Boston Private Industry Council, Inc.

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2008

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, 17.801, 17.804

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, 2008**

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

The Boston Private Industry Council, Inc.

Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2008

**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, 2007 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, 2007 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, 2007 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, 2007 disclosed no compliance findings.