

# 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, 2011

# 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, 2011

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## C O N T E N T S

Audited Financial Statements

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

# 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, 2011

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## C O N T E N T S

Independent Auditor's Report .....	1
Financial Statements	
Statement of Financial Position .....	2
Statement of Activities.....	3
Statement of Functional Expenses .....	4
Statement of Cash Flows.....	5
Notes to Financial Statements .....	6-11
Schedule of Expenditures of Federal Awards.....	12-13
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 <i>Government Auditing Standards</i> .....	14
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 .....	15-16
Schedule of Findings and Questioned Costs.....	17-18
Summary Schedule of Prior Audit Findings .....	19



## 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, 2011, 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 the Council's 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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, 2011 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 November 11, 2011 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*

November 11, 2011  
Boston, Massachusetts

# The Boston Private Industry Council, Inc.

Statement of Financial Position

June 30, 2011

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## ASSETS

### Current assets:

Cash	\$ 1,293,190
Contracts and grants receivable (Note 2)	1,000,624
Contributions receivable (Note 3)	60,000
Deferred rent	296,835
Prepaid expenses	43,789
Total current assets	<u>2,694,438</u>

Property and equipment, net (Note 4)	<u>19,146</u>
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Total assets	<u><u>\$ 2,713,584</u></u>
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## LIABILITIES AND NET ASSETS

### Current liabilities:

Accounts payable	\$ 671,358
Accrued expenses	208,984
Deferred revenue (Note 5)	270,723
Total liabilities	<u>1,151,065</u>

Commitments (Notes 9 and 10)

### Net assets:

Unrestricted	721,883
Temporarily restricted (Note 6)	840,636
Total net assets	<u>1,562,519</u>

Total liabilities and net assets	<u><u>\$ 2,713,584</u></u>
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# The Boston Private Industry Council, Inc.

Statement of Activities

Year Ended June 30, 2011

	Unrestricted	Temporarily Restricted	Total
Revenues and other support:			
Contracts	\$ 5,479,175	\$ -	\$ 5,479,175
Grants	123,758	-	123,758
Fees for service	103,876	-	103,876
Contributions	46,613	1,463,660	1,510,273
Membership dues	177,500	-	177,500
Other income	5,143	-	5,143
Net assets released from restrictions (Note 7)	2,104,301	(2,104,301)	-
Total revenues and other support	<u>8,040,366</u>	<u>(640,641)</u>	<u>7,399,725</u>
Expenses (Notes 8 and 9):			
Workforce investment board:			
Regional Employment Board	250,482	-	250,482
Career Center	1,825,256	-	1,825,256
Ex-Offender Re-Entry	249,593	-	249,593
Commonwealth Corporation	170,206	-	170,206
Workforce Investment Board: Other	479,460	-	479,460
School-to-career:			
Collaborative	860,556	-	860,556
Connecting Activities	745,802	-	745,802
Youth Transitions Grant	111,885	-	111,885
Classroom at the Workplace	216,486	-	216,486
Transitional Employment Grant	470,464	-	470,464
School-to-Career: Other	541,145	-	541,145
Boston summer jobs	1,317,982	-	1,317,982
Management and general	716,244	-	716,244
Fundraising	77,727	-	77,727
Total expenses	<u>8,033,288</u>	<u>-</u>	<u>8,033,288</u>
Change in net assets	7,078	(640,641)	(633,563)
Net assets - beginning of year	<u>714,805</u>	<u>1,481,277</u>	<u>2,196,082</u>
Net assets - end of year	<u>\$ 721,883</u>	<u>\$ 840,636</u>	<u>\$ 1,562,519</u>

See notes to financial statements.

# The Boston Private Industry Council, Inc.

Statement of Functional Expenses  
Year Ended June 30, 2011

	Regional Employment Board	Career Center	Ex-Offender Re-entry	Commonwealth Corporation	Workforce	Collaborative	Connecting Activities	Youth Transitions Grant	Classroom at the Workplace	Transitional Employment Grant	School-to- Career: Other	Boston Summer Jobs	Management and General	Fundraising	Total
					Investment Board: Other										
Payroll and fringe benefits (Note 8)	\$ 181,575	\$ 107,552	\$ 81,435	\$ 122,087	\$ 275,547	\$ 472,821	\$ 581,910	\$ 32,251	\$ 109,992	\$ 46,232	\$ 467,200	\$ 298,063	\$ 513,347	\$ 67,243	\$ 3,357,255
Site operations	-	1,676,340	-	-	-	-	-	-	-	-	-	-	-	-	1,676,340
Professional services	632	8,479	-	5,425	-	82,579	48	44,574	75,039	-	19,785	32,925	33,085	-	302,571
Student wages	-	-	-	-	-	-	-	-	3,824	420,289	-	933,490	-	-	1,357,603
Program contracts	-	4,348	158,511	33,287	175,769	-	-	5,949	-	-	-	-	-	-	377,864
Office rental (Note 9)	26,816	13,174	5,223	-	22,000	232,943	86,636	10,000	-	-	21,783	-	25,709	5,079	449,363
General operating	25,215	5,736	-	275	6,000	54,958	44,045	3,460	4,300	3,943	4,508	9,846	67,746	884	230,916
Staff travel	9,005	1,461	2,096	-	-	9,892	14,953	3,398	1,098	-	15,799	-	14,820	4,521	77,043
Depreciation and amortization	-	-	-	-	-	-	-	-	-	-	-	-	16,074	-	16,074
Program supplies and instructional material	191	-	2,233	1,835	7	25	2,600	-	16,632	-	6,266	42,284	-	-	72,073
Meetings	4,728	2,088	95	5,500	137	766	1,746	9,999	5,601	-	579	1,374	37,448	-	70,061
Equipment rental and maintenance (Note 9)	1,576	1,823	-	1,797	-	6,522	6,238	-	-	-	-	-	5,989	-	23,945
Participant transportation and training	744	4,255	-	-	-	50	7,586	2,254	-	-	5,225	-	1,175	-	21,289
Gifts and awards	-	-	-	-	-	-	40	-	-	-	-	-	851	-	891
<b>Total expenses</b>	<b>\$ 250,482</b>	<b>\$ 1,825,256</b>	<b>\$ 249,593</b>	<b>\$ 170,206</b>	<b>\$ 479,460</b>	<b>\$ 860,556</b>	<b>\$ 745,802</b>	<b>\$ 111,885</b>	<b>\$ 216,486</b>	<b>\$ 470,464</b>	<b>\$ 541,145</b>	<b>\$ 1,317,982</b>	<b>\$ 716,244</b>	<b>\$ 77,727</b>	<b>\$ 8,033,288</b>

See notes to financial statements.

# The Boston Private Industry Council, Inc.

Statement of Cash Flows

Year Ended June 30, 2011

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**Cash flows from operating activities:**

Change in net assets	\$ (633,563)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	16,074
Straight-line rent adjustment	52,434
Decrease in contracts and grants receivable	(131,990)
Change in contributions receivable	535,011
Change in prepaid expenses	(4,646)
Change in accounts payable	146,971
Change in accrued expenses	(59,728)
Decrease in deferred revenue	74,780
Net cash used in operating activities	<u>(4,657)</u>

Net change in cash (4,657)

**Cash and cash equivalents:**

Beginning of year	<u>1,297,847</u>
End of year	<u><u>\$ 1,293,190</u></u>

# The Boston Private Industry Council, Inc.

Notes to Financial Statements  
Year Ended June 30, 2011

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## 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 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 and cash equivalents as short-term, highly liquid investments with original maturities of three months or less.

### Accounts Receivable

Accounts receivable are carried at original invoice amount less an estimate made for doubtful accounts. An allowance for uncollectible contributions receivable is provided based upon management's judgment of potential defaults. The determination includes such factors as prior collection history and the type of contribution. There was no allowance for uncollectible contributions receivable as of June 30, 2011.

# The Boston Private Industry Council, Inc.

Notes to Financial Statements  
Year Ended June 30, 2011

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## 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES...continued

### 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 or grant agreements and applicable governmental regulations.

As exchange contracts, contracts and grants from federal, state and local governments are recorded as revenue as the service is performed and deferred revenue if they are received in advance of the service being performed.

Contracts and grants receivable are recognized as unrestricted revenues as the related expenditures are incurred. The Council entered into an agreement with the U.S. Department of Labor, whereby overhead is charged to all federal contracts and grants at a percentage of total direct program costs as specified in the agreement. Amounts charged to contracts greater or less than actual overhead costs are reported as accumulated over/underapplied overhead. Overapplied overhead is subject to recoupment by the grantor, and underapplied overhead may be subject to repayment in future years. There was no overapplied overhead as of June 30, 2011.

### 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 an appropriate discount rate commensurate with the risk involved before 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.

# The Boston Private Industry Council, Inc.

Notes to Financial Statements  
Year Ended June 30, 2011

## 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES...continued

### Contributions Revenue and Receivable... continued

All donor-restricted support is reported as an increase in temporarily restricted net assets. Expirations of temporarily restrictions on net assets by fulfillment of the donor-stipulated purposes or by passage of the stipulated time period are reported as releases 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>
Furniture and equipment	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, management and general, and fundraising activities. 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.

### Advertising

The Council's policy is to expense advertising costs as incurred.

### Tax Status

The Council is qualified under Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes. The Council is subject to federal and state income taxes on unrelated business income.

The Council follows FASB guidance, *Accounting for Uncertainty in Income Taxes*, which clarifies the accounting for uncertainty in income taxes by prescribing the recognition threshold a tax position is required to meet before being recognized in the financial statements. It also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. Management believes that the Council has no material uncertainties in income taxes.

The Council is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for fiscal years before 2008.

# The Boston Private Industry Council, Inc.

Notes to Financial Statements  
Year Ended June 30, 2011

## 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES...continued

### Concentration of Credit Risk and Significant Donors

The Council maintains its cash balances in a financial institution in which the accounts 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 74% of its revenues from three grantors or donors during the year ended June 30, 2011. In addition The Council had approximately 81% of its outstanding accounts receivable from four grantors or donors at June 30, 2011.

The Council had approximately 78% of its outstanding accounts payable from three vendors at June 30, 2011.

## 2. CONTRACTS AND GRANTS RECEIVABLE

The Council evaluated the available information on the contracts and grants and estimated that \$1,000,624 at June 30, 2011, was collectible. There was no reserve for contracts and grants as of June 30, 2011.

## 3. CONTRIBUTIONS RECEIVABLE

Contributions receivable consisted of the following as of June 30, 2011:

Due within one year	\$ <u>60,000</u>
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## 4. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2011:

Furniture and equipment	\$ 676,691
Leasehold improvements	<u>62,335</u>
Total	739,026
Less - accumulated depreciation	<u>(719,880)</u>
Property and equipment, net	<u>\$ 19,146</u>

## 5. DEFERRED REVENUE

The Council received amounts in advance for contracts, that it expects to spend on program implementation in the subsequent fiscal years, and consisted of the following at June 30, 2011:

Program:	
Career Center	\$ 149,669
Classroom at the Workplace	102,686
TechBoston	14,362
Boston Public Schools Pass-through	<u>4,006</u>
	<u>\$ 270,723</u>

# The Boston Private Industry Council, Inc.

Notes to Financial Statements  
Year Ended June 30, 2011

## 6. TEMPORARILY RESTRICTED NET ASSETS

The temporarily restricted net assets of the Council at June 30, 2011 consisted of the following:

Net assets restricted for time	\$ 60,000
Net assets restricted for purpose	<u>780,636</u>
Total temporarily restricted net assets	<u>\$ 840,636</u>

Temporarily restricted net assets are comprised of contributions with the following restricted purposes at June 30, 2011:

Boston Summer Jobs Program	\$ 299,577
College Success Initiative	173,649
Dropout Recovery Initiative	60,008
College Career Academy	24,933
Connecting Activity	<u>282,469</u>
	<u>\$ 840,636</u>

## 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 year ended June 30, 2011:

Boston Summer Jobs Program	\$ 1,351,584
College Success Initiative	294,203
Dropout Recovery Initiative	381,736
College Career Academy	9,979
Connecting Activity	<u>66,799</u>
	<u>\$ 2,104,301</u>

## 8. RETIREMENT PLAN

The Council established a tax-deferred contribution retirement plan that covers 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 \$60,891 for the year ended June 30, 2011, which is included in payroll and fringe benefits in the accompanying statement of functional expenses.

# The Boston Private Industry Council, Inc.

Notes to Financial Statements  
Year Ended June 30, 2011

## 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 for the years ending June 30:

2012	\$ 362,897
2013	372,810
2014	133,393
2015	87,550
2016	90,100
Thereafter	<u>61,200</u>
	<u>\$ 1,107,950</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 lease payments approximate \$30,000. Rent expense has been determined on a straight-line basis, totaling \$449,363 for the year ended June 30, 2011.

In addition the Council leases a vehicle and copiers under non-cancellable leases through February 2013 and November 2013, respectively. Monthly payments for the leases are \$343 and \$1,761, respectively. Future minimum lease payments due under these lease arrangements are as follows for the years ending June 30:

2012	\$ 25,249
2013	23,877
2014	<u>5,283</u>
	<u>\$ 54,409</u>

## 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 rate plus 3.00% (3.19% at June 30, 2011). There was no outstanding balance at or during the year ended June 30, 2011.

## 11. SUBSEQUENT EVENTS

The Council has evaluated subsequent events through November 11, 2011, when the financial statements were available to be issued.

# The Boston Private Industry Council, Inc.

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2011

Federal Grantor/Pass-Through Grantor/ Program Title/Pass-Through Identifying Number	CFDA Number	Expenditures
United States Department of Agriculture (USDA) Pass-Through Commonwealth of Massachusetts Department of Workforce Development  State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (CT EOL 3250 10OSCC08 BPIC 01A)	10.561	\$ <u>23,077</u>
United States Department of Labor Pass-Through Commonwealth of Massachusetts Department of Workforce Development (CT EOL 3250 10OSCC08 BPIC 01A)  Employment Service/Wagner-Peyser Funded Activities ARRA	17.207 17.207	848,939 <u>305,333</u> <u>1,154,272</u>
Unemployment Insurance – ARRA	17.225	<u>117,871</u>
WIA Adult Program	17.258	<u>8,100</u>
WIA Youth Activities	17.259	<u>26,392</u>
WIA Dislocated Workers	17.260	<u>246,300</u>
Commonwealth Corporation (Healthcare #0719)  WIA Adult Program	17.258	<u>35,254</u>
WIA Youth Activities	17.259	<u>86,965</u>
WIA Dislocated Workers	17.260	<u>65,004</u>
Pass-Through City of Boston Economic Development and Industrial Corporation Institutional Support Services/Department of Health & Human Services  WIA Adult Program (101-039-111 & 121-039-111)	17.258	<u>47,228</u>
WIA Youth Activities (102-039-111 & 122-039-111)	17.259	<u>48,660</u>
WIA Dislocated Formula Grants (103-039-111 & 123-039-111)	17.278	<u>47,228</u>
Metro Boston State Energy Sector Partnership  Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors – ARRA (142-039-411)	17.275	<u>8,418</u>
Total Expenditures of Federal Awards		<u>\$ 1,914,769</u>

# The Boston Private Industry Council, Inc.

Schedule of Expenditures of Federal Awards...continued  
Year Ended June 30, 2011

The federal grant activity of Boston Private Industry Council, Inc. categorized by CFDA Number:

<u>Federal Grantor/Pass-Through Grantor/ Program Title/Pass-Through Identifying Number</u>	<u>CFDA Number</u>	<u>Expenditures</u>
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	\$ 23,077
Unemployment Insurance – ARRA	17.225	117,871
Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors	17.275	8,418
Employment Service/Wagner-Peyser Funded Activities	17.207	1,154,272
Department of Labor Cluster		
WIA Adult Program	17.258	90,582
WIA Youth Activities	17.259	162,017
WIA Dislocated Workers	17.260	311,304
WIA Dislocated Formula Grants	17.278	<u>47,228</u>
		<u>611,131</u>
Total Expenditures of Federal Awards		<u>\$ 1,914,769</u>

## 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, 2010 through June 30, 2011 was 12.5% of salaries and wages. The Council recovered \$129,976 in indirect costs for the year ended June 30, 2011.

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, 2011, and have issued our report thereon dated November 11, 2011. 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

Management of the Council is responsible for establishing and maintaining effective 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*.

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.

A handwritten signature in black ink that reads 'McGladrey & Pullen, LLP'.

November 11, 2011  
Boston, Massachusetts

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 *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the Council's major federal programs for the year ended June 30, 2011. 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, 2011.

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*

November 11, 2011  
Boston, Massachusetts

# The Boston Private Industry Council, Inc.

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2011

## 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.

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
17.207	Employment Service/Wagner-Peyser Funded Activities – ARRA
17.258, 17.259, 17.260, 17.278	U.S. Department of Labor Workforce Investment Act Cluster
17.225	Unemployment Insurance – ARRA

Dollar threshold used to distinguish between Type A and Type B programs    \$ 300,000

Auditee qualified as low-risk auditee?      X   Yes    \_\_\_\_\_ No

# The Boston Private Industry Council, Inc.

Schedule of Findings and Questioned Costs...continued  
Year Ended June 30, 2011

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## **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, 2011

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No matters were reported.