

# 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, 2013

# 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, 2013

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## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of The Boston Private Industry Council, Inc. (the "Council") which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Boston Private Industry Council, Inc. as of June 30, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

Our audit was conducted for the purpose of forming an opinion on the financial statements 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, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2014 on our consideration of the Council's internal control over financial reporting and on 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Boston Private Industry Council, Inc.'s internal control over financial reporting and compliance.

The image shows a handwritten signature in cursive script that reads "McGladrey LLP".

Boston, Massachusetts  
January 15, 2014

# The Boston Private Industry Council, Inc.

Statement of Financial Position

June 30, 2013

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## ASSETS

### Current assets:

Cash and cash equivalents	\$ 890,221
Contracts and grants receivable	1,342,964
Deferred rent	183,126
Prepaid expenses	<u>58,648</u>
Total current assets	2,474,959

Property and equipment, net	<u>105,267</u>
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Total assets	<u><u>\$ 2,580,226</u></u>
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## LIABILITIES AND NET ASSETS

### Current liabilities:

Accounts payable	\$ 332,853
Accrued expenses	157,997
Deferred revenue	<u>329,462</u>
Total liabilities	<u>820,312</u>

### Commitments

### Net assets:

Unrestricted	735,670
Temporarily restricted	<u>1,024,244</u>
Total net assets	<u>1,759,914</u>

Total liabilities and net assets	<u><u>\$ 2,580,226</u></u>
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# The Boston Private Industry Council, Inc.

Statement of Activities

Year Ended June 30, 2013

	Unrestricted	Temporarily Restricted	Total
Revenues and other support:			
Contracts	\$ 6,574,657	\$ -	\$ 6,574,657
Grants	313,887	-	313,887
Fees for service	289,946	-	289,946
Contributions	289,903	1,403,779	1,693,682
Other income	4,890	-	4,890
Net assets released from restrictions	1,236,293	(1,236,293)	-
Total revenues and other support	<u>8,709,576</u>	<u>167,486</u>	<u>8,877,062</u>
Expenses:			
Workforce investment board:			
Regional Employment Board	260,655	-	260,655
Career Center	1,973,148	-	1,973,148
STEM	42,490	-	42,490
Other	653,746	-	653,746
School-to-career:			
Collaborative	962,500	-	962,500
Connecting Activities	1,064,051	-	1,064,051
Youth Transitions Grant	74,161	-	74,161
Classroom at the Workplace	365,138	-	365,138
Transitional Employment Grant	779,165	-	779,165
Other	660,483	-	660,483
Boston summer jobs	1,601,339	-	1,601,339
Supporting Services	267,500	-	267,500
Total expenses	<u>8,704,376</u>	<u>-</u>	<u>8,704,376</u>
Change in net assets	5,200	167,486	172,686
Net assets - beginning of year	<u>730,470</u>	<u>856,758</u>	<u>1,587,228</u>
Net assets - end of year	<u>\$ 735,670</u>	<u>\$ 1,024,244</u>	<u>\$ 1,759,914</u>

See notes to financial statements.

# The Boston Private Industry Council, Inc.

Statement of Functional Expenses  
Year Ended June 30, 2013

	Workforce Investment Board				School-to-Career						Supporting Services			Total	
	Regional Employment Board	Career Center	STEM	Other	Collaborative	Connecting Activities	Youth Transitions Grant	Classroom at the Workplace	Transitional Employment Grant	Other	Boston Summer Jobs	Total Program Expenses	Management and General		Fundraising
Payroll and fringe benefits	\$ 166,617	\$ 214,711	\$ 20,959	\$ 396,309	\$ 520,194	\$ 708,507	\$ -	\$ 224,500	\$ 68,155	\$ 450,446	\$ 334,939	\$ 3,105,337	\$ 608,500	\$ 70,399	\$ 3,784,236
Site operations	-	1,591,100	-	-	-	-	-	-	-	-	-	1,591,100	-	-	1,591,100
Professional services	-	6,315	3,125	-	99,841	-	39,141	58,746	-	29,546	7,514	244,228	86,207	-	330,435
Student wages	-	-	-	-	-	-	-	-	619,596	65,574	1,079,060	1,764,230	-	-	1,764,230
Program contracts	3,000	-	6,000	138,894	-	-	12,308	-	-	-	28,853	189,055	-	-	189,055
Office rental	28,422	25,538	-	22,223	140,671	169,557	-	1,131	-	8,870	-	396,412	44,219	-	440,631
General operating	23,413	6,154	2,652	9,956	65,377	61,675	1,744	7,931	4,840	14,865	13,892	212,499	106,799	79	319,377
Student scholarship	-	-	-	170	410	-	-	-	-	10,000	-	10,580	-	-	10,580
Staff travel	2,520	1,705	551	9,112	17,724	19,985	9,747	1,447	-	13,598	162	76,551	15,598	14	92,163
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	25,232	-	25,232
Program supplies and instructional material	-	-	46	1,176	-	-	1,098	21,501	-	805	10,096	34,722	-	-	34,722
Meetings	2,163	829	2,411	2,730	1,334	1,367	5,209	3,769	-	7,796	2,020	29,628	37,437	65	67,130
Equipment rental and maintenance	1,523	1,150	-	-	8,605	7,884	-	-	-	-	-	19,162	4,067	-	23,229
Participant transportation and training	4,035	3,430	25	1,776	1,400	2,542	3,464	-	-	-	-	16,672	3,230	-	19,902
Gifts and awards	-	-	2,000	410	-	520	1,450	5,542	-	450	932	11,304	1,050	-	12,354
Total expenses before indirect allocation	231,693	1,850,932	37,769	582,756	855,556	972,037	74,161	324,567	692,591	601,950	1,477,468	7,701,480	932,339	70,557	8,704,376
Indirect costs	28,962	122,216	4,721	70,990	106,944	92,014	-	40,571	86,574	58,533	123,871	735,396	(735,396)	-	-
	\$ 260,655	\$ 1,973,148	\$ 42,490	\$ 653,746	\$ 962,500	\$ 1,064,051	\$ 74,161	\$ 365,138	\$ 779,165	\$ 660,483	\$ 1,601,339	\$ 8,436,876	\$ 196,943	\$ 70,557	\$ 8,704,376

See notes to financial statements.

# The Boston Private Industry Council, Inc.

Statement of Cash Flows

Year Ended June 30, 2013

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Cash flows from operating activities:	
Change in net assets	\$ 172,686
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	25,232
Straight-line rent adjustment	51,897
Change in certain assets and liabilities:	
Change in contracts and grants receivable	(69,887)
Change in prepaid expenses	(10,499)
Change in accounts payable	(61,871)
Change in accrued expenses	10,033
Change in deferred revenue	(90,052)
Net cash provided by operating activities	<u>27,539</u>
Cash flows from investing activities:	
Purchases of property and equipment	<u>(51,963)</u>
Net cash used in investing activities	<u>(51,963)</u>
Net decrease in cash	(24,424)
Cash and cash equivalents:	
Beginning of year	<u>914,645</u>
End of year	<u><u>\$ 890,221</u></u>

See notes to financial statements.

# The Boston Private Industry Council, Inc.

Notes to Financial Statements  
Year Ended June 30, 2013

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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 financial statements are presented in accordance with ASC 958 – *Financial Statements of Not for Profit Organizations*. Under ASC 958, 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.

- Unrestricted net assets represent the portion of net assets of the Council that are not 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.
- Permanently restricted net assets represent net assets subject to donor-imposed stipulation, that neither expire by the passage of time nor can be fulfilled or otherwise removed by the Council. As of June 30, 2013, the Council had no permanently restricted 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 and cash equivalents as short-term, highly liquid investments with original maturities of three months or less.

### 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 when the service is performed and as deferred revenue if payments are received in advance of the service being performed.

# The Boston Private Industry Council, Inc.

Notes to Financial Statements  
Year Ended June 30, 2013

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

### Contract and Grant Revenue and Receivable...continued

Contracts and grants receivable are recognized as unrestricted revenues as the related expenditures are incurred. An allowance for uncollectible contracts and grants receivable is provided based upon management's judgment of potential defaults. The determination includes such factors as prior collection history and the source of funding. There was no allowance for uncollectible contracts and grants receivable as of June 30, 2013.

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 collection in future years. There was no underapplied or overapplied overhead as of June 30, 2013.

### Contributions Revenue and Receivable

Contributions, including unconditional promises to give, are initially recognized at fair value 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. As of June 30, 2013 there were no contributions receivable.

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.

Recorded contributions of services are recorded only if the services create or enhance a non-financial asset or would typically need to be purchased by the Council if they had not been provided by contribution. These services should also require specialized skills and be provided by individuals with those skills. Contributions of services are reported as revenues and expenses of the unrestricted net asset class at the fair value of the services recorded. 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. During the year ended June 30, 2013 the Council did not receive any contributions of goods or space.

# The Boston Private Industry Council, Inc.

Notes to Financial Statements  
Year Ended June 30, 2013

## 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 temporary 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. Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues of the temporarily restricted net asset class. A reclassification to unrestricted net assets is made to reflect the expiration of such restrictions.

### 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. Depreciation expense for the year ended June 30, 2013 was \$25,232.

### 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. Advertising expenses for the year ended June 30, 2013 were \$280.

### 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 ASC 740 - *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. The Council recognizes a tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities. Management evaluated the Council's tax positions and concluded that there are no material uncertainties in income taxes as of June 30, 2013.

# The Boston Private Industry Council, Inc.

Notes to Financial Statements  
Year Ended June 30, 2013

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

### Tax Status...continued

The Council is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for fiscal years before 2010. The Council will account for interest and penalties related to uncertain tax positions, if any, as a part of tax expense.

### 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.

During the year ended June 30, 2013, the Council earned 71% of its revenues from four grantors. In addition, the Council had approximately 81% of its outstanding accounts receivable from four grantors at June 30, 2013.

## 2. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2013:

Furniture and equipment	\$ 777,685
Leasehold improvements	<u>87,785</u>
Total	865,470
Less - accumulated depreciation	<u>(760,203)</u>
Property and equipment, net	<u>\$ 105,267</u>

## 3. DEFERRED REVENUE

The Council received amounts in advance for contracts for which services have not yet been performed by the Council. These amounts consisted of the following at June 30, 2013:

Program:

Career Center	\$ 147,226
Classroom at the Workplace	55,978
BYSN	49,222
Skill Works	20,000
STEM	<u>57,036</u>
	<u>\$ 329,462</u>

# The Boston Private Industry Council, Inc.

Notes to Financial Statements  
Year Ended June 30, 2013

## 4. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are comprised of contributions with the following restricted purposes at June 30, 2013:

Boston Summer Jobs Program	\$ 649,602
Connecting Activities	168,760
Youth Transitions/Boston Foundation	140,486
Liberty Mutual Grant	47,900
College Career Academy	<u>17,496</u>
	<u>\$ 1,024,244</u>

## 5. 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, 2013:

Boston Summer Jobs Program	\$ 613,544
Connecting Activities	51,898
Youth Transitions/Boston Foundation	249,178
Liberty Mutual Grant	2,100
College Career Academy	11,000
Dropout Recovery Initiative	196,073
College Success Initiative	<u>112,500</u>
	<u>\$ 1,236,293</u>

## 6. RETIREMENT PLAN

The Council established a tax-deferred defined 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 \$51,415 for the year ended June 30, 2013, which is included in payroll and fringe benefits in the accompanying statement of functional expenses.

## 7. 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:

2014	\$ 133,393
2015	87,550
2016	90,100
2017	<u>61,200</u>
	<u>\$ 372,243</u>

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

# The Boston Private Industry Council, Inc.

Notes to Financial Statements  
Year Ended June 30, 2013

## 7. OPERATING LEASES...continued

Monthly lease payments approximate \$31,200. Rent expense has been calculated on a straight-line basis, totaling \$440,631 for the year ended June 30, 2013.

In addition the Council leases a vehicle and copiers under non-cancellable leases through December 2015. Monthly payments for the leases are \$365 and \$1,761, respectively. Future minimum lease payments due under these lease arrangements are as follows for the years ending June 30:

2014	\$	9,664
2015		4,381
2016		<u>1,825</u>
	\$	<u>15,870</u>

## 8. LINE OF CREDIT

The Council has entered into a demand line of credit agreement with a bank for up to \$500,000 which is renewed annually at the discretion of 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, 2013). There was no outstanding balance at or during the year ended June 30, 2013.

## 9. FUNCTIONAL EXPENSE CLASSIFICATION

The following is a presentation of the Council's expenses by functional classification:

Program Expenses	\$	7,701,480
Management and General		932,339
Fundraising		<u>70,557</u>
Total Expenses	\$	<u>8,704,376</u>

## 10. SUBSEQUENT EVENTS

The Council has evaluated subsequent events through January 15, 2014, when the financial statements were available to be issued.

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SUPPLEMENTARY INFORMATION

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INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

To the 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, 2013, and have issued our report thereon which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole.

The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United State of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*McGladrey LLP*

Boston, Massachusetts  
January 15, 2014

# The Boston Private Industry Council, Inc.

## Schedule of Expenses

Year Ended June 30, 2013

	Direct	Indirect	Total
Payroll and fringe benefits	\$ 3,298,796	\$ 485,440	\$ 3,784,236
Site operations	1,591,100	-	1,591,100
Professional services	246,092	84,343	330,435
Student wages	1,764,230	-	1,764,230
Program contracts	189,055	-	189,055
Office rental	396,412	44,219	440,631
General operating	221,241	98,136	319,377
Student scholarship	10,580	-	10,580
Staff travel	76,954	15,209	92,163
Depreciation	25,232	-	25,232
Program supplies and instructional material	34,722	-	34,722
Meetings	66,378	752	67,130
Equipment rental and maintenance	19,162	4,067	23,229
Participant transportation and training	16,672	3,230	19,902
Gifts and awards	12,354	-	12,354
	<u>\$ 7,968,980</u>	<u>\$ 735,396</u>	<u>\$ 8,704,376</u>

# The Boston Private Industry Council, Inc.

Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2013

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
<u>Major Program</u>		
Employment Service Cluster:		
United States Department of Labor		
Pass-through from the Commonwealth of Massachusetts		
Department of Workforce Development		
Employment Service/Wagner-Peyser Funded Activities		
CT EOL 3250 10OSCC08 BPIC01A		
	17.207	\$ 730,148
Total Major Program		
		<u>730,148</u>
<u>Other Expenditures of Federal Awards</u>		
SNAP Cluster:		
United States Department of Agriculture (USDA)		
Pass-through from the Commonwealth of Massachusetts		
Department of Workforce Development		
State Administrative Matching Grants for the Supplemental		
Nutrition Assistance Program		
CT EOL 3250 10OSCC08 BPIC01A		
	10.561	<u>17,515</u>
United States Department of Justice		
Pass-through from the City of Boston		
Economic Development and Industrial Corporation		
Institutional Support Services/Department of Health & Human Services		
Second Chance Act Prisoner Reentry Initiative		
198-039-812		
	16.812	61,967
Community-Based Violence Prevention Program		
197-039-812		
	16.123	<u>83,041</u>
		<u>145,008</u>
WIA Cluster:		
United States Department of Labor		
Pass-through from the City of Boston		
Economic Development and Industrial Corporation		
Institutional Support Services		
WIA Adult Program		
101-039-113 & 121-039-113		
	17.258	66,234
WIA Youth Activities		
102-039-113 & 122-039-113		
	17.259	48,882
WIA Dislocated Worker Formula Grants		
103-039-113 & 123-039-113		
	17.278	<u>50,539</u>
		<u>165,655</u>
United States Department of Labor		
Pass-through from the City of Boston		
Economic Development and Industrial Corporation		
Institutional Support Services		
H-1B Job Training Grants		
103-039-113 & 123-039-113		
	17.268	158,349
Reintegration of Ex-Offenders		
	17.270	<u>70,972</u>
Balance Forward		<u>\$ 557,499</u>

# The Boston Private Industry Council, Inc.

Schedule of Expenditures of Federal Awards...continued  
Year Ended June 30, 2013

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
Balance Forward		\$ 557,499
United States Department of Labor Pass-through from the City of Boston Economic Development and Industrial Corporation Institutional Support Services		
Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors 142-039-411	17.275	42,826
Pass-through from the Commonwealth of Massachusetts Department of Workforce Development Unemployment Insurance CT EOL 3250 10OSCC08 BPIC01 000000	17.225	495,138
Corporation for National and Community Service Pass-through from The Boston Foundation Social Innovation Fund	94.019	<u>47,632</u>
Total Other Expenditures of Federal Awards		<u>1,143,095</u>
Total Federal Expenditures		<u>\$ 1,873,243</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*.

## Indirect Costs

Indirect costs are charged to federal grants and contracts at a predetermined rate. The predetermined rate for the period July 1, 2011 through June 30, 2013 was 12.5% of salaries and wages. The Council recovered no indirect costs for the year ended June 30, 2013.

# The Boston Private Industry Council, Inc.

Schedule of Expenditures of Federal Awards...continued  
Year Ended June 30, 2013

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## Subrecipients

Of the federal expenditures presented in the schedule, The Boston Private Industry Council, Inc. provided federal awards to subrecipients as follows:

<u>CFDA Number</u>	<u>Program Title</u>	<u>Expenditures</u>
17.207	Employment Service Cluster/Wagner-Peyser Funded Activities	\$ 532,148
17.225	Unemployment Insurance	495,138
10.561	SNAP Cluster	<u>17,515</u>
	Total Expenditures to Subrecipients	<u>\$ 1,044,801</u>

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

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

We have audited, in accordance with the 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, the financial statements of The Boston Private Industry Council, Inc. (the "Council"), which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 15, 2014.

#### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Council's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control.

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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

#### **Compliance and Other Matters**

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

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Council's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*McGladrey LLP*

Boston, Massachusetts  
January 15, 2014



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY OMB CIRCULAR A-133

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

**Report on Compliance for Each Major Federal Program**

We have audited The Boston Private Industry Council, Inc.'s (the "Council") compliance 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 program for the year ended June 30, 2013. The Council's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for the Council's major federal program based on our audit of the types of compliance requirements referred to above. 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 on compliance for its major federal program. However, our audit does not provide a legal determination of the Council's compliance.

**Opinion on Each Major Federal Program**

In our opinion, the Council complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2013.

## Report on Internal Control Over Compliance

Management of the Council is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Council's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its major federal program 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Boston, Massachusetts  
January 15, 2014

# The Boston Private Industry Council, Inc.

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2013

## I. Summary of Independent Auditor's Results

### Financial Statements

Type of auditor's report issued: Unmodified

#### Internal control over financial reporting:

- Material weaknesses identified? \_\_\_\_\_ Yes   X   No
- Significant deficiencies identified? \_\_\_\_\_ Yes   X   None Reported

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes   X   No

### Federal Awards

#### Internal control over major programs:

- Material weaknesses identified? \_\_\_\_\_ Yes   X   No
- Significant deficiencies identified? \_\_\_\_\_ Yes   X   None Reported

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

- 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 program.

CFDA Number  
17.207

Name of Federal Program or Cluster  
Employment Service Cluster

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, 2013

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## II. Financial Statement Findings

- A. Significant Deficiency in Internal Control  
None
- B. Compliance Findings  
None

## III. Findings and Questioned Costs for Federal Awards

- A. Significant Deficiency in Internal Control  
None
- B. Compliance Findings  
None

# The Boston Private Industry Council, Inc.

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2013

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No findings were noted for the year ended June 30, 2012.