

**BAY CONSORTIUM WORKFORCE INVESTMENT BOARD, INC.**

**FINANCIAL STATEMENTS**

**JUNE 30, 2009**

**(WITH INDEPENDENT AUDITORS' REPORT THEREON)**

BAY CONSORTIUM WORKFORCE INVESTMENT BOARD, INC.  
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# LARRY SAUNDERS & ASSOCIATES

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## INDEPENDENT AUDITORS' REPORT

The Board of Directors  
Bay Consortium Workforce Investment Board, Inc.  
Warsaw, Virginia 22527

We have audited the accompanying statement of financial position of the Bay Consortium Workforce Investment Board, Inc. (BCWIB) as of June 30, 2009, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of BCWIB'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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of BCWIB as of June 30, 2009, 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 June 3, 2010 on our consideration of BCWIB's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants 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 and should be considered in assessing the results of our audit.

Board of Directors  
Page 2  
June 3, 2010

Our audit was performed for the purpose of forming an opinion on the basic financial statements of BCWIB taken as a whole. The accompanying schedule of expenditures of federal awards is presented for the purpose 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.

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June 3, 2010

BAY CONSORTIUM WORKFORCE INVESTMENT BOARD, INC.  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2009

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash	\$ 168,141	-	168,141
Accounts Receivable	105,163	-	105,163
Prepaid Expenses	1,919	-	1,919
<b>Total Current Assets</b>	<b>275,223</b>	<b>-</b>	<b>275,223</b>
Equipment (note 2)	22,459	-	22,459
Accumulated Depreciation	(20,499)	-	(20,499)
<b>Total Assets</b>	<b>\$ 277,183</b>	<b>-</b>	<b>277,183</b>
<b>LIABILITIES AND NET ASSETS</b>			
<b>Current Liabilities</b>			
Accounts Payable	\$ 127,595	-	127,595
Payroll Liabilities	41,536	-	41,536
<b>Total Current Liabilities</b>	<b>169,131</b>	<b>-</b>	<b>169,131</b>
<b>Total Liabilities</b>	<b>169,131</b>	<b>-</b>	<b>169,131</b>
<b>Net Assets</b>	<b>108,052</b>	<b>-</b>	<b>108,052</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 277,183</b>	<b>-</b>	<b>277,183</b>

BAY CONSORTIUM WORKFORCE INVESTMENT BOARD, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2009

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
<u>SUPPORT AND REVENUE</u>			
Adult Program	\$ -	351,697	351,697
Dislocated Worker Program	-	308,442	308,442
Recession Funding	-	12,519	12,519
Youth In School	-	188,172	188,172
Youth Out School	-	81,525	81,525
Rapid Response	-	75,000	75,000
Miscellaneous Income	83,568	-	83,568
ARRA Stimulus	-	75,000	75,000
Incentive Grant	-	10,000	10,000
Computer Literacy	-	5,163	5,163
Net assets released from restrictions			
Satisfaction of program restrictions	1,107,518	(1,107,518)	-
Total Support and Revenue	<u>1,191,086</u>	<u>-</u>	<u>1,191,086</u>
<u>EXPENSES</u>			
Adult Program	308,815	-	308,815
Dislocated Worker Program	245,289	-	245,289
Youth In School	105,475	-	105,475
Youth Out School	148,645	-	148,645
Recession Funding	12,519	-	12,519
Administration	101,134	-	101,134
Other Programs (Sch 2)	138,244	-	138,244
Total Expenses	<u>1,060,121</u>	<u>-</u>	<u>1,060,121</u>
Change in net assets	130,965	-	130,965
Net Assets, Beginning	<u>(22,913)</u>	<u>-</u>	<u>(22,913)</u>
Net Assets, Ending	<u>\$ 108,052</u>	<u>-</u>	<u>108,052</u>

BAY CONSORTIUM WORKFORCE INVESTMENT BOARD, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2009

	ADULT PROGRAM		DISLOCATED WORKER PROGRAM		YOUTH IN SCHOOL	YOUTH OUT SCHOOL	RECESSION FUNDING	ADMINISTRATION	Schedule 2 OTHER PROGRAMS	TOTAL
Salaries	\$ 39,945		40,588	20,587	20,101		9,324	56,943	11,682	199,170
Fringe Benefits	8,696		9,062	2,734	3,612		2,282	8,598	1,836	36,820
Consultant and Contract Services	-		-	-	-		-	9,000	1,500	10,500
Dues/Subscriptions	-		-	-	-		-	39	1,036	1,075
Travel	4,444		4,689	1,562	1,667		448	3,037	2,159	18,006
Training	283		294	87	120		-	305	-	1,089
Space Cost Rentals	2,578		2,641	995	949		286	2,664	269	10,382
Supplies	276		289	86	115		-	230	591	1,587
Telephone	1,068		1,119	333	447		178	974	542	4,661
Repairs and Maintenance	64		66	20	27		-	69	-	246
Insurance	1,497		1,554	460	633		-	1,612	614	6,370
Equipment Purchases	159		167	50	66		-	168	25,007	25,617
Postage	114		118	35	47		-	109	15	438
Subcontractors	249,626		184,646	78,507	120,840		-	17,386	91,408	742,413
Other expenses	65		56	19	21		-	-	1,585	1,746
<b>Total Expenses</b>	<b>\$ 308,815</b>		<b>245,289</b>	<b>105,475</b>	<b>148,645</b>		<b>12,519</b>	<b>101,134</b>	<b>138,244</b>	<b>1,060,121</b>

See accompanying notes to financial statements.

BAY CONSORTIUM WORKFORCE INVESTMENT BOARD, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2009

Cash flows from operating activities:

Net income	\$ 130,965
Adjustments to reconcile net income to net cash provided by operating activities:	
Prior period Adjustment	-
Depreciation Expense	-
(Increase) decrease in prepaid expense	-
(Increase) decrease in accounts receivable	(105,163)
(Increase) decrease in other assets	-
Increase (decrease) in accounts payable	16,465
Increase (decrease) in accrued liabilities	(616)
Total adjustments	<u>(89,314)</u>
Net cash provided (used) by operating activities	<u>41,651</u>
Net increase (decrease) in cash and equivalents	41,651
Cash and equivalents, beginning	<u>126,490</u>
Cash and equivalents, ending	<u>\$ 168,141</u>

DISCLOSURE OF ACCOUNTING POLICY

For the purpose of this statement of Cash Flows, cash and cash equivalents consist of checking accounts, petty cash, savings accounts, and certificates of deposit with a maturity of three months or less.

BAY CONSORTIUM WORKFORCE INVESTMENT BOARD, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009

1. Summary of Significant Accounting Policies

(a) Organization

Bay Consortium Workforce Investment Board, Inc. (BCWIB) is a Virginia Non-Stock, non profit corporation. The purpose of BCWIB is to establish programs under the Workforce Investment Act of 1998 (Public Law 105-220) to provide workforce investment activities through statewide and local workforce investment systems that increase the employment retention and earnings of participants, and increase occupational skill attainment by participants, and as a result, improve the quality of the workforce, reduce welfare dependency, and enhance the productivity and competitiveness of the nation. These financial statements are prepared in accordance with Financial Standards Board (FASB) Statements No's 116 and 117.

In accordance with FASB statement No. 116, entitled Accounting for Contributions Received and Contributions Made, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Under FASB Statement No. 117, entitled Financial Statements of Not-for-Profit Organizations, BCWIB 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. In addition, BCWIB is required to present a Statement of Cash Flows.

(b) Basis of Accounting

The financial statements are presented using the accrual basis of accounting. Accordingly, revenue is recognized when earned and expenses are recognized when incurred.

(c) Tax Exempt Status

BCWIB is exempt from Federal and State income taxes under the Internal Revenue Code Section 501 (c) (3). BCWIB is not a private foundation as considered by the IRS.

(d) Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. Fixed Assets

Fixed assets are capitalized over the estimated useful life of 3, 5 & 7 years, depending upon the type of asset. BCWIB does not depreciate assets under \$500.00, anything purchased below that amount is expenses at the time of purchases.

3. Functional Expenses

Expenses are charges directly to program or management and general categories based on specific identification. Indirect expenses have been allocated based on salary expenditures.

4. Net Assets

Net assets are primarily unexpended grant funds. Under terms of the grant awards, the grantor retains the rights to require unexpended funds to be returned to the granting agency unless prior approval is obtained for subsequent expending by BCWIB.

BAY CONSORTIUM WORKFORCE INVESTMENT BOARD, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009

5. Lease

BCWIB entered into a 60 month lease of the office building, with the first payment due July 1, 2005 in the amount of \$672.92. The future minimum lease payments over the next year are as follows:

2010	\$ <u>8,075</u>
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6. Related Party

Several of BCWIB's board members are also subcontractors and receive funding directly from BCWIB. This policy is in accordance with the Workforce investment Act. The total amount paid to these members was \$220,860.

7. Contingent Liabilities

Grant funds received by BCWIB are subject to audit by the various funding agencies. The management of BCWIB believes that adjustments, if any, as a result of such audits will not have a material effect upon BCWIB's financial statements for any liability that may result.

8. Subsequent Events

In preparing these financial statements, BCWIB has evaluated events and transactions for potential recognition or disclosure through June 3, 2010, the date of these financial statements.

9. Implementation of FIN 48

BCWIB adopted the provisions of Financial Accounting Standards Board Interpretations 48 Accounting for Uncertainty For Income Taxes, and Interpretation of Statements of Financial Accounting Standards 109, (FIN 48). FIN 48 requires a liability to be recorded for unrecognized tax benefits, and any related interest and penalties, when it is more likely than not a tax position taken by management with the respect to a transaction or class of transactions will be overturned by a taxing authority upon examination. Management believes there are no material uncertain tax positions or related interest and penalties at June 30, 2009.

**SUPPLEMENTARY DATA**

BAY CONSORTIUM WORKFORCE INVESTMENT BOARD, INC.  
 SCHEDULE OF  
 EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED JUNE 30, 2009

<u>Major Programs</u>	<u>Federal CFDA NUMBER</u>	<u>EXPENDITURES</u>
<u>Department of Labor</u>		
Pass-through from Virginia Community College Systems		
Workforce Investment Act		
Adult Program	17.255	\$308,815
Dislocated Worker Program	17.255	245,289
Youth In School	17.255	105,475
Youth Out of School	17.255	148,645
ARRA -Admin	17.255	5,058
ARRA-Dislocated Worker	17.255	4,177
ARRA-Adult	17.255	3,991
ARRA-Youth In School	17.255	32,757
ARRA-Youth Out of School	17.255	20,618
		<hr/>
Total		<u>\$874,825</u>

**Basis of Presentation:**

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 this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

BAY CONSORTIUM WORKFORCE INVESTMENT BOARD, INC.  
 STATEMENT OF FUNCTIONAL EXPENSES OTHER PROGRAMS  
 FOR THE YEAR ENDED JUNE 30, 2009

	RAPID RESPONSE WARSAW	ARRA ADMIN	ARRA DISLOCATED WORKER	ARRA ADULT	ARRA YOUTH IN-SCHOOL	ARRA YOUTH OUT OF SCHOOL	COMPUTER LITERACY	INCENTIVE FUNDS	TOTALS
Salaries	\$7,725	3,957	-	-	-	-	-	-	11,682
Fringe Benefits	1,836	-	-	-	-	-	-	-	1,836
Consultant and Contract Services	-	-	-	-	-	-	-	-	-
Dues/Subscriptions	36	-	-	-	-	-	-	1,500	1,500
Travel	2,056	-	-	-	-	-	-	1,000	1,036
Training	-	-	-	-	-	-	-	103	2,159
Space Cost Rentals	269	-	-	-	-	-	-	-	269
Supplies	75	-	-	-	-	-	-	516	591
Telephone	325	-	-	-	-	-	-	217	542
Repairs and Maintenance	-	-	-	-	-	-	-	-	-
Insurance	-	614	-	-	-	-	-	-	614
Equipment Purchases	19,309	-	-	-	-	-	-	-	19,309
Postage	15	-	-	-	-	-	-	-	15
Subcontractors	25,489	-	4,177	3,991	32,757	20,618	4,376	-	91,408
Other expenses	104	515	-	-	-	-	-	966	1,585
<b>Total Expenses</b>	<b>\$57,240</b>	<b>5,085</b>	<b>4,177</b>	<b>3,991</b>	<b>32,757</b>	<b>20,618</b>	<b>4,376</b>	<b>10,000</b>	<b>138,244</b>

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**MANAGEMENT LETTER**  
**INCLUDING COMMENTS ON INTERNAL CONTROL**  
**AND**  
**INDEPENDENT AUDITOR'S REPORTS ON COMPLIANCE**

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To: The Board of Directors  
Bay Consortium Workforce Investment Board, Inc.  
Warsaw, Virginia

We have audited the financial statements of the Bay Consortium Workforce Investment Board, Inc. (BCWIB) as of and for the year ended June 30, 2009, and have issued our report thereon dated June 3, 2010. We conducted our audit in accordance with generally accepted auditing standards 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 BCWIB's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purposes of expressing an opinion on the effectiveness of BCWIB's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of BCWIB'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 control 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.


Our consideration of internal control over financial reporting was 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.

Board of Directors  
Page 2  
June 3, 2010

Compliance and Other Matters

As part of obtaining reasonable assurance about whether BCWIB's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the audit committee, management, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Long Anderson Associates", is positioned to the right of the date. The signature is written in a cursive, flowing style.

June 3, 2010

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE  
WITH OMB CIRCULAR A-133

To: The Board of Directors  
Bay Consortium Workforce Investment Board, Inc.  
Warsaw, Virginia

Compliance

We have audited the compliance of the Bay Consortium Workforce Investment Board, Inc. (BCWIB) with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement" that are applicable to each of its major federal programs for the year ended June 30, 2009. BCWIB's major federal programs are identified in the summary of auditors' 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 BCWIB's management. Our responsibility is to express an opinion on BCWIB's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; 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 the major federal program occurred. An audit includes examining, on a test basis, evidence about BCWIB'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 BCWIB's compliance with those requirements.

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

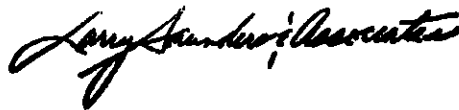
Internal Control Over Compliance

The management of BCWIB is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered BCWIB'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 the 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 BCWIB'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 the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



June 3, 2010

BAY CONSORTIUM WORKFORCE INVESTMENT BOARD, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the (general purpose) financial statements of Bay Consortium Workforce Investment Board, Inc.
2. No reportable conditions noted.
3. No instances of noncompliance material to the financial statements of Bay Consortium Workforce Investment Board, Inc. were disclosed during the audit.
4. The auditor's report on compliance for the major federal award program for Bay Consortium Workforce Investment Board, Inc. expresses an unqualified opinion.
5. The program tested as a major program included: WIA.
6. The threshold for distinguishing Type A and B programs were \$300,000 type A and \$100,000 for type B.
7. Bay Consortium Workforce Investment Board, Inc. was determined to be a low-risk auditee.

PRIOR YEAR AUDIT FOLLOW-UP

There were no prior year findings.