

NORTHWEST PRIVATE INDUSTRY COUNCIL, INC.  
CROOKSTON, MINNESOTA  
FINANCIAL STATEMENTS  
JUNE 30, 2011

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Northwest Private Industry Council, Inc.  
Crookston, Minnesota

We have audited the accompanying statements of financial position of Northwest Private Industry Council, Inc. (a nonprofit organization), as of June 30, 2011 and 2010, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of Northwest Private Industry Council, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial positions of Northwest Private Industry Council, Inc., as of June 30, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2011 on our consideration of Northwest Private Industry Council, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements of Northwest Private Industry Council, Inc. taken as a whole. The accompanying supplementary information and the schedule of expenditures of federal awards are presented for purposes of additional analysis and as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations", and are not a required part of the basic financial statements of Northwest Private Industry Council, Inc. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare 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 and schedule of expenditures of federal awards are fairly stated in all material respects in relation to the financial statements taken as a whole.

DREES, RISKEY & VALLAGER, LTD.

Certified Public Accountants

October 31, 2011  
Crookston, Minnesota

FINANCIAL STATEMENTS

NORTHWEST PRIVATE INDUSTRY COUNCIL, INC.  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash in bank	\$ 71,473	\$ 57,205
Grants receivable	590,359	1,145,702
Accounts receivable	25	-
Prepaid expenses	<u>5,604</u>	<u>-</u>
Total Current Assets	<u>667,461</u>	<u>1,202,907</u>
OFFICE EQUIPMENT		
Less accumulated depreciation	<u>(30,500)</u>	<u>(30,500)</u>
Net Office Equipment	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 667,461</u></b>	<b><u>\$ 1,202,907</u></b>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Vouchers payable	\$ 13,156	\$ 132,882
Due to subgrantees	9,220	98,436
Accrued liabilities	661	811
Compensated absences	5,328	20,321
Deferred revenue	<u>592,112</u>	<u>910,652</u>
Total Current Liabilities	<u>620,477</u>	<u>1,163,102</u>
NET ASSETS:		
Unrestricted	<u>46,984</u>	<u>39,805</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 667,461</u></b>	<b><u>\$ 1,202,907</u></b>

See notes to financial statements.

NORTHWEST PRIVATE INDUSTRY COUNCIL, INC.  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
REVENUES AND SUPPORT		
Federal grants	\$ 1,272,038	\$ 1,909,591
State grants	220,440	488,362
Other	10,884	5,562
Interest	40	44
Total Revenues and Support	<u>1,503,402</u>	<u>2,403,559</u>
EXPENSES		
Awards to subgrantees:		
WIA Adult	132,670	187,867
WIA Youth	202,908	669,213
Year Round Youth ARRA	2,035	-
Blandin MIRC digital literacy	2,570	-
WIA dislocated worker	106,550	146,157
State dislocated worker	74,713	99,308
Total awards to subgrantees	<u>521,446</u>	<u>1,102,545</u>
Direct program related:		
WIA Adult	235,655	319,095
WIA Youth	230,353	158,747
WIA dislocated worker	179,061	275,744
TANF summer youth	31,475	1,959
WIA UI services	-	235
DHS support services	-	2,894
ETC/ABE/WFC	-	4,626
MN jobs skills	-	110,875
State dislocated worker	98,254	252,759
Total direct program related	<u>774,798</u>	<u>1,126,934</u>
Board related	<u>12,117</u>	<u>13,758</u>
Direct administration:		
Salaries and benefits	107,573	94,873
Professional services	28,261	21,742
Meetings and travel	21,704	9,560
Registrations, dues & subscriptions	6,789	3,207
Office	13,957	16,975
Other	9,578	7,430
Depreciation	-	-
Total direct administration	<u>187,862</u>	<u>153,787</u>
Total Expenses	<u>1,496,223</u>	<u>2,397,024</u>
Increase (Decrease) in Unrestricted Net Assets	7,179	6,535
Net Assets, July 1	<u>39,805</u>	<u>33,270</u>
Net Assets, June 30	<u>\$ 46,984</u>	<u>\$ 39,805</u>

See notes to financial statements.

NORTHWEST PRIVATE INDUSTRY COUNCIL, INC.  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<b>CASH FLOWS FROM (TO) OPERATING ACTIVITIES</b>		
Increase (decrease) in net assets	\$ 7,179	\$ 6,535
Changes in:		
Grant receivables	555,343	770,453
Other receivables	(25)	-
Prepaid expenses	(5,823)	705
Excess outstanding checks in excess of deposits	-	-
Vouchers payable	(119,725)	35,428
Due to subgrantees	(89,216)	(2,500)
Accrued liabilities	68	(1,523)
Compensated absences payable	(14,993)	2,193
Deferred revenue	<u>(318,540)</u>	<u>(805,893)</u>
Net Cash Provided (Used) by Operating Activities	<u>14,268</u>	<u>5,398</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Purchase of equipment	<u>-</u>	<u>-</u>
Net Increase (Decrease) in Cash	14,268	5,398
Cash, Beginning of Year	<u>57,205</u>	<u>51,807</u>
Cash, End of Year	<u>\$ 71,473</u>	<u>\$ 57,205</u>

\* \* \* \* \*

**SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:**

Interest paid during the year	<u>-</u>	<u>-</u>
Income taxes paid during the year	<u>-</u>	<u>-</u>

See notes to financial statements.

NORTHWEST PRIVATE INDUSTRY COUNCIL, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Northwest Private Industry Council, Inc. is a designated Local Board by the State under the Workforce Investment Act (WIA) of 1998. Each State's Governor is required to establish a State Board, develop a State Workforce Investment Plan, designate local workforce investment areas and oversee the creation of Local Boards and One-Stop service delivery systems in the State. The Local Workforce Investment Board (Local Board) is appointed by the chief elected official in each local area in accordance with State criteria established under WIA. The Local Board, in cooperation with the chief elected official, appoints a youth council as a subgroup of the Local Board and coordinates workforce and youth plans and activities with the youth council in accordance with WIA.

The Board of Directors of the Northwest Private Industry Council, Inc. includes 15 appointed members from the following sectors; private sector-8, educational agencies-1, organized labor-1, rehabilitation agencies-1, community based organizations-1, economic development agencies-1, and public employment services-1. The Northwest Workforce Service Area includes the counties of Kittson, Marshall, Norman, Pennington, Polk, Red Lake and Roseau in the state of Minnesota.

The Northwest Private Industry Council, Inc. began fiscal operations on July 1, 1986 with its main objective being to prepare special needs and low-income youth and adults, facing serious barriers to employment, for participation in the labor force, by providing job training and other services that will result in increased employment and earnings; increased educational and occupational skills; and decreased welfare dependency; thereby improving the quality of the workforce and enhancing the productivity and competitiveness of the region.

BASIS OF PRESENTATION

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of grantor-imposed restrictions, and are classified and reported as follows:

Unrestricted net assets consist of investments and otherwise unrestricted amounts that are available for use in carrying out the purpose of the Northwest Private Industry Council, Inc.

Temporarily restricted net assets represent those amounts, which are restricted in use by grantor.

Following the above criteria, at June 30, 2011 and 2010 the Council had only unrestricted net assets.

Currently, the Council receives some grants, which are restricted for specific allocations that are reflected as unrestricted revenue since these funds are received and spent, complying with restrictions, in the same year.

BASIS OF ACCOUNTING

The Northwest Private Industry Council, Inc. uses the accrual method of accounting for all its programs. The accompanying financial statements have been prepared in conformity with generally accepted accounting principles and the requirements of the Minnesota Department of Employment and Economic Development.

NORTHWEST PRIVATE INDUSTRY COUNCIL, INC.  
NOTES TO FINANCIAL STATEMENTS

EQUIPMENT AND FURNITURE

Equipment and furniture are recorded at cost. Depreciation is recorded over the estimated useful lives of 5 to 12 years, using the straight-line method.

Equipment acquired by Northwest Private Industry Council, Inc. is considered owned by the Council. However, State-funding sources may maintain equitable interest in the property purchased with grant monies, as well as the right to determine the use of any proceeds from the sale of these assets. The State has reversionary interest in those assets purchased with its funds.

REVENUE RECOGNITION

Grant recognition is based on the grant expenses incurred or when the related revenue is considered earned. All other revenue is recognized when received. Deferred revenue represents amounts awarded by the grantor that have not been earned.

INCOME TAXES

The Northwest Private Industry Council, Inc. is a private non-profit corporation. The Northwest Private Industry Council, Inc. is exempt from income taxes under Section 501 (c)(3) of the Internal Revenue Code. It is also exempt from Minnesota franchise or income tax. The federal income tax returns of the Northwest Private Industry Council, Inc. for the years ended June 30, 2011, 2010, 2009 and 2008 are subject to examination by the Internal Revenue Service.

CASH AND CASH EQUIVALENTS

For purposes of the statement of cash flows, the Council considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Currently, the Council has no cash equivalents.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

ADVERTISING

The Council expenses advertising costs in the period incurred.

FUND-RAISING

The Council is part of the Minnesota's WorkForce Center System and is a local Workforce Investment Board. The State allocates WIA funds to local Workforce Investment Boards using a statutory formula, which requires relatively no fund-raising efforts to be performed by the Council to obtain its WIA funds.

NORTHWEST PRIVATE INDUSTRY COUNCIL, INC.  
NOTES TO FINANCIAL STATEMENTS

SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through October 31, 2011, the date which the financial statements were issued.

NOTE 2. GRANTS RECEIVABLE

Grants receivable consists of amounts due from grantors for the following, as of June 30:

	<u>2011</u>	<u>2010</u>
Flow through Minnesota Department of Employment and Economic Development (DEED):		
WIA Title I, Adult PY09	\$ -	\$ 152,035
WIA Title I, Adult PY10	67,913	-
WIA Title I, Adult ARRA	-	1,100
WIA Title I, Adult Incentive	5,527	792
WIA Title I, Youth PY09	-	27,291
WIA Title I, Youth PY10	12,272	433,382
WIA Title I, Youth PY11	363,640	-
WIA Title I, Special Yth ARRA	-	2,960
WIA Youth Supplement	-	9,856
WIA Year Round Youth ARRA	-	13,093
Outreach to Schools	-	505
Teen Parent Project	2,267	8,314
WIA Title I, Youth Incentive	2,972	6,716
Summer Yth TANF	-	141,803
Summer Yth TANF Discretionary	-	7,000
WIA Title I, MN Careers	-	651
WIA Title I, Disl Wrkr ARRA	-	23,478
WIA Title I, Dislocated Worker	30,672	110,681
Junior Achievement Financial Literacy	6,368	-
FastTRAC ARRA	-	55,461
OJT ARRA	196	7,790
Blandin MIRC Digital Literacy	17,299	-
WSA #1 Project Gate II	964	894
DHS Support Services	-	106
MN Jobs Skill Partnership	-	98,816
State Dislocated Worker	<u>80,269</u>	<u>42,978</u>
Total Receivable	<u>\$ 590,359</u>	<u>\$ 1,145,702</u>

NORTHWEST PRIVATE INDUSTRY COUNCIL, INC.  
NOTES TO FINANCIAL STATEMENTS

NOTE 3. PROPERTY AND EQUIPMENT

Following is a summary of property and equipment owned at June 30, 2011 and 2010:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Cost-Less Accumulated Depreciation</u>	<u>Cost-Less Accumulated Depreciation</u>
Office equipment	\$ 30,500	\$ 30,500	\$ -	\$ -

NOTE 4. DEFERRED REVENUE

Deferred revenue consists of grant monies received that has not been earned (spent) at June 30:

	<u>2011</u>	<u>2010</u>
Flow through Minnesota Department of Employment and Economic Development (DEED):		
WIA Title I, Adult PY10	\$ 64,941	\$ -
WIA Title I, Adult PY09	-	99,343
WIA Title I, Youth PY11	368,353	-
WIA Title I, Youth PY10	13,080	421,142
WIA Title I, Youth PY09	-	24,494
WIA Title I, Yth Incentive	2,972	6,716
WIA Title I, Incentive	5,627	791
WIA Year Round Youth ARRA	-	4,032
Summer Yth TANF Discretionary	-	7,000
Summer Youth TANF	-	139,844
Teen Parent Project	2,316	8,214
WSA #1 Project Gate II	964	-
Junior Achievement Financial Literacy	6,368	-
Blandin MIRC Digital Literacy	15,916	-
WIA Title I, MN Careers	-	651
WIA Title I, Dislocated Worker	31,011	76,463
WIA Title I, Disl Wrkr Spec Allocation	-	894
WIA Title I, Disl Wrkr ARRA	-	57
OJT ARRA	196	195
FastTRAC ARRA	-	36,805
MN Jobs Skills Ptr	-	57,994
State Dislocated Worker	80,368	26,017
Total Deferred Revenue	<u>\$ 592,112</u>	<u>\$ 910,652</u>

NORTHWEST PRIVATE INDUSTRY COUNCIL, INC.  
NOTES TO FINANCIAL STATEMENTS

NOTE 5. COST ALLOCATION

In 2011 and 2010 all administrative costs were directly charged to programs based on use or hours worked.

NOTE 6. SERVICE AGREEMENTS

The Northwest Private Industry Council contracts with Inter-County Community Council to provide management information system and accounting services. The amount paid for such service for the year ended June 30, 2011 and 2010 was \$18,800 and \$16,200, respectively.

NOTE 7. COMMITMENTS AND CONTINGENCIES

Grant Programs

The Council participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Council has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable at June 30, 2011, may be impaired. The Council is not aware of any significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the respective grants and no provision has been recorded in the accompanying combined financial statements for such contingencies.

NOTE 8. SIGNIFICANT CONCENTRATIONS OF PROGRAM INCOME

The Council receives a substantial all its funding from U.S. Department of Labor Workforce Investment Act's job training programs administered through Minnesota Department of Employment and Economic Development.

NOTE 9. RISK MANAGEMENT

The Council is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, injuries to employees and natural disasters.

Property and casualty, worker's compensation and other insurance coverage is provided through commercial insurance companies. The Council pays annual premiums and retains risk for the deductible portions. These deductibles are considered immaterial to the financial statements.

There were no significant reductions in insurance from the previous year or settlements in excess of insurance for any of the past three fiscal years.

NORTHWEST PRIVATE INDUSTRY COUNCIL, INC.  
SCHEDULE 1  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2011

Federal Grantor/ Pass through Agency/ Program Title	Federal CFDA Number	Contract Term	Grant Number	Amount Expended
US Department of Labor -				
Passed through Minnesota				
Department of Employment and Economic Development -				
WIA Title I Cluster -				
Adult, PY09	17.258	7/1/09 - 6/30/11	9013100	\$ 99,343
Adult, PY10	17.258	7/1/10 - 6/30/12	8013100	322,794
Incentive	17.258	5/1/11 - 3/31/12	9013401	623
Incentive	17.258	10/1/09 - 12/31/10	8013401	792
				<u>423,552</u>
Youth, PY09	17.259	4/1/09 - 3/31/11	9013600	24,494
Youth, PY11	17.259	4/1/11 - 3/31/13	1013600	11,443
Youth, PY10	17.259	4/1/10 - 3/31/12	0013600	408,062
Summer Youth Discretionary	17.259	6/7/10 - 9/30/10	0017401	7,000
Youth Outreach	17.259	8/1/10 - 6/30/11	0013300	10,000
Teen Parent	17.259	4/1/11 - 12/31/11	1017400	1,103
Teen Parent	17.259	9/1/09 - 9/30/10	0014400	8,214
Youth Incentive	17.259	10/1/10 - 12/31/11	0013400	6,640
Youth Incentive	17.259	12/1/09 - 12/31/10	9013400	6,716
MN Careers	17.259	5/1/10 - 12/31/10	9013000	651
				<u>484,323</u>
Dislocated Worker	17.260	7/1/08 - 6/30/10	8018000	206,478
Dislocated Worker	17.260	7/1/09 - 6/30/11	9018000	76,462
FasTRAC ARRA	17.260	6/22/09 - 6/30/10	8012500	36,805
OJT ARRA	17.260	7/1/09 - 6/30/10	8014700	894
				<u>320,639</u>
Total WIA Title I Cluster				<u>1,228,514</u>
WIA Year Round Youth ARRA	17.558	2/17/09 - 12/31/10	8013606	9,479
Total U.S. Department of Labor				<u>1,237,993</u>
U.S. Department of Health & Human Services:				
Passed through Minnesota				
Department of Employment and Economic Development -				
Summer Youth TANF	93.714	6/7/10 - 9/30/10	0017400	31,475
U.S. Department of Commerce:				
Passed through Minnesota				
Department of Employment and Economic Development -				
Blandin-MIRC Digital Literacy	11.557	4/22/11 - 1/31/12	0015000	2,570
Total Federal Awards Expended				<u>\$ 1,272,038</u>

NORTHWEST PRIVATE INDUSTRY COUNCIL, INC.  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2011

NOTE A - RISK-BASED AUDIT APPROACH

The dollar threshold used to distinguish between Type A and B programs is \$300,000. The Council qualified as a low risk auditee.

NOTE B - METHOD OF ACCOUNTING

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Northwest Private Industry Council, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with 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 the preparation of the basic financial statements.

NOTE C - TESTED AS MAJOR PROGRAM

Workforce Initiative Act (WIA), Title I Cluster:

Adult	17.258
Youth	17.259
Dislocated Worker	17.260

NORTHWEST PRIVATE INDUSTRY COUNCIL, INC.  
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
YEAR ENDED JUNE 30, 2011

PRIOR YEAR FINDINGS – FINANCIAL STATEMENTS AUDIT

None

SUPPLEMENTARY INFORMATION



NORTHWEST PRIVATE INDUSTRY COUNCIL, INC.  
SCHEDULE 3  
COMBINING SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
CFDA # 17.258  
FOR THE YEAR ENDED JUNE 30, 2011

	Adult PY09 9013100	Adult PY10 0013100	Incentive 9013401	Incentive 8013401	Total
<b>REVENUES</b>					
Federal	\$ 99,343	\$ 322,794	\$ 623	\$ 792	\$ 423,552
Total Revenues	<u>99,343</u>	<u>322,794</u>	<u>623</u>	<u>792</u>	<u>423,552</u>
<b>EXPENDITURES</b>					
Subgrantee -					
Service related costs	-	132,670	-	-	132,670
Total Subgrantee	<u>-</u>	<u>132,670</u>	<u>-</u>	<u>-</u>	<u>132,670</u>
Direct -					
Administration	25,085	26,790	-	429	52,304
Board	1,085	1,475	-	363	2,923
Program services	-	-	623	-	623
Customer training	62,784	130,535	-	-	193,319
Service related costs	2,499	12,055	-	-	14,554
Core services	-	-	-	-	-
Supportive services	7,890	19,269	-	-	27,159
Total direct	<u>99,343</u>	<u>190,124</u>	<u>623</u>	<u>792</u>	<u>290,882</u>
Total Expenditures	<u>99,343</u>	<u>322,794</u>	<u>623</u>	<u>792</u>	<u>423,552</u>
Change in Net Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



NORTHWEST PRIVATE INDUSTRY COUNCIL, INC.  
SCHEDULE 5  
COMBINING SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
CFDA #17.260  
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Dislocated Worker 0018000</u>	<u>Dislocated Worker 9018000</u>	<u>FasTRAC ARRA 8012500</u>	<u>WSA #1 Project Gate II 8018004</u>	<u>Total</u>
<b>REVENUES</b>					
Federal	\$ 206,478	\$ 76,462	\$ 36,805	\$ 894	\$ 320,639
<b>EXPENDITURES</b>					
Subgrantee -					
Administration	-	-	-	894	894
Core services	18,405	5,192	-	-	23,597
Program services	-	-	36,805	-	36,805
Service related costs	45,254	-	-	-	45,254
Total Subgrantee	<u>63,659</u>	<u>5,192</u>	<u>36,805</u>	<u>894</u>	<u>106,550</u>
Direct -					
Administration	20,053	12,682	-	-	32,735
Board	1,012	1,281	-	-	2,293
Core services	-	-	-	-	-
Direct customer training	100,849	53,408	-	-	154,257
Program services	-	-	-	-	-
Service related costs	6,490	-	-	-	6,490
Supportive services	14,415	3,899	-	-	18,314
Total direct	<u>142,819</u>	<u>71,270</u>	<u>-</u>	<u>-</u>	<u>214,089</u>
Total Expenditures	<u>206,478</u>	<u>76,462</u>	<u>36,805</u>	<u>894</u>	<u>320,639</u>
Change in Net Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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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  
Northwest Private Industry Council, Inc.  
Crookston, Minnesota 56716

We have audited the financial statements of Northwest Private Industry Council, Inc., as of and for the year ended June 30, 2011, and have issued our report thereon dated October 31, 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

In planning and performing our audit, we considered Northwest Private Industry Council, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 misstatements 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 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 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 Northwest Private Industry Council, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the board of directors, 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.

DREES, RISKEY & VALLAGER, LTD.

Certified Public Accountants

October 31, 2011  
Crookston, Minnesota

**Drees, Risky & Vallager, Ltd.**  
*Certified Public Accountants*

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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  
Northwest Private Industry Council, Inc.  
Crookston, Minnesota 56716

Compliance

We have audited the compliance of Northwest Private Industry Council, Inc. with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Northwest Private Industry Council, Inc.'s major federal programs for the year ended June 30, 2011. Northwest Private Industry Council, Inc.'s major federal program is 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 its major federal program is the responsibility of Northwest Private Industry Council, Inc.'s management. Our responsibility is to express an opinion on Northwest Private Industry Council, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Northwest Private Industry Council, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Northwest Private Industry Council, Inc.'s compliance with those requirements.

In our opinion, Northwest Private Industry Council, Inc. complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal program for the year ended June 30, 2011. The results of our auditing procedures disclosed no instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133.

### Internal Control Over Compliance

The management of Northwest Private Industry Council, Inc., is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Organization'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 the Organization'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. 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, 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.

DREES, RISKEY & VALLAGER, LTD.

Certified Public Accountants

October 31, 2011  
Crookston, Minnesota

NORTHWEST PRIVATE INDUSTRY COUNCIL, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2011

SUMMARY OF AUDIT RESULTS

1. The Auditors' Report expresses an unqualified opinion on the financial statements of the Northwest Private Industry Council, Inc.
2. No deficiencies were disclosed during the audit of the financial statements are reported in the 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*.
3. No instances of noncompliance material to the financial statements of the Northwest Private Industry Council, Inc., which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No deficiencies in internal control over major federal award programs were disclosed during the audit in the Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133.
5. The auditors' report on compliance for major federal award programs for the Northwest Private Industry Council, Inc. expresses an unqualified opinion on all major federal programs.
6. There were no audit findings that would be required to be reported in accordance with Section 510(a) of OMB A-133.
7. The program tested as a major program included:

WIA, Title I Cluster      CFDA No. 17.258, 17.259 and 17.260
8. The threshold for distinguishing Type A and B programs was \$300,000.
9. Northwest Private Industry Council, Inc. was determined to be a low-risk auditee.

FINDINGS – FINANCIAL STATEMENTS AUDIT

None.

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT

None.