



## **Board Meeting**

### **Agenda and Meeting Materials**

**Friday September 26, 2014  
11:30 a.m. – 1:00 pm**

**8300 Boone Blvd., Suite 450  
Vienna, VA 22182**

**Conference Call Option  
1-712-432-0375  
Passcode: 501739#**

**[www.myskillsource.org](http://www.myskillsource.org)**

**The *SkillSource* Group, Inc.**

**Board of Directors Meeting**

**Friday September 26, 2014**

**11:30 a.m. – 1:00 p.m.**

**8300 Boone Blvd., Suite 450**

**Vienna, VA 22182**

**Conference Call Option:**

**1-712-432-0375 Passcode: 501739#**

**AGENDA**

**Chairman's Comments**

**Approval of Summary Meeting Notes from June 27, 2014 Meeting**

**Action Items:**

- 1. Approval of FY 2014 Audit and A-133 Review**
- 2. Expansion of FY 2015 WIA Youth Program**
- 3. Approval of Revised *SkillSource* Group FY 2015 Budget**
- 4. Authorization of Van Purchase for Council of Governments Grant Award**

**Information Items:**

- 1. Anticipated Impacts of New Federal WIOA Legislation**
- 2. Revisions to *SkillSource* 401 (k) Retirement Plan**
- 3. Financial Management Report - FY 2015 (Through July 2014)**
- 4. SSG Grants and Contracts Matrix**
- 5. SkillSource Group Board Committees and Membership**
- 6. SSG FY 2015 Strategy and Outcomes Matrix (Through August 2014)**

**Adjourn**

**The SkillSource Group  
Board of Directors Meeting  
Summary Notes  
June 27, 2014**

The SSG Board of Directors meeting commenced at 11:34 a.m. and was chaired by Hector Velez.

**Members present:** George Harben, Kim Clark-Pakstys, Hector Velez

**Members via conference call:** Peter Joyce, Scott Price, Lesley Channell, Marc Tate, John Ritzert, Todd Rowley, Linda Gentry, Mark Birmingham, Sharon Bulova

**President and CEO:** David Hunn

**SSG Staff:** Seema Jain, Ann Hyslop, Deb Stopak, Sarah Scott, Tyna Gaylor

**Attendance and Approval of May 14, 2014 Summary Notes**

Board attendance was reviewed and a quorum was present. Hector Velez made a motion to accept the May 14, 2014 Summary Notes and the motion was seconded. The SSG Summary Notes were unanimously approved by the SSG Board, with no abstentions.

**Action Items**

**Review and Approval of SkillSource Group FY 2015 Budget**

Tyna Gaylor discussed the budget for FY 2015. The budget projects revenues of \$12,863,774, which is a 6% decrease than budgeted FY 2014 revenues. Revenues are based on principles of cost reimbursement whereby revenues are matched to expenses, while 1% of revenue derives from unrestricted funding streams, such as the Ticket to Work Program. Area #11 WIA funds decreased by 4% (\$160,000) compared to Program Year 2014. Combined with a reduction in carry-in of \$883,000 has resulted in a significant decrease in available funds. Projected expenses are \$12,879,627, which are 8% lower than budgeted FY 2014 expenses.

*SkillSource* personnel include the elimination of 2 part-time Ticket to Work assistants and the addition of 2 part-time grant funded van drivers. Health insurance premium rates increased 18%, which has been incorporated into the budget. Personnel expenses include a 1% CPI adjustment and an allocated 2.5% adjustment and bonus pool. One-Stop Center staffing levels decreased from 40 to 37; a 5% vacancy rate is applied to the total personnel budget, accordingly. The budget reflects a decrease in net assets of \$15,854, representing unrestricted activity.

Hector Velez moved to approve the budget for FY 2015 and the motion was seconded. The Board of Directors unanimously approved the FY 2015 Budget, with no abstentions.

**Authorization of Van Purchase from Council of Governments Grant Award**

On December 19, 2013 *SkillSource* received an award of \$26,000 from the Metropolitan Council of Governments, to be used to further the employment efforts at the Pre-Release Center. The designated funds of \$22,000 of the award will be used to purchase a vehicle to transport offender jobseekers from the Fairfax County Pre-Release Employment Center to places of employment throughout Fairfax County

and Northern Virginia. Following Council of Governments regulations, **SkillSource** staff issued a Request for Bids on the passenger van in April 2014 and received two bids from local automobile dealers, including Ourisman Chrysler of Alexandria and Passport Nissan of Alexandria. **SkillSource** staff recommend following the lowest bid to purchase the 2014 Grand Dodge Caravan vehicle.

Hector Velez moved to accept the recommendation to purchase the 2014 Dodge Grand Caravan and the motion was seconded. The Board of Directors unanimously approved the purchase of the van as recommended, with no abstentions.

#### **Acceptance of Region 2000 Services Agreement for Program Monitoring**

**SkillSource** was awarded a new \$3,425 contract award to conduct an on-site center and program monitoring review for Workforce Area #7 Region 2000/Central Virginia. This review will include both service providers, the Central Virginia Community College for Adult and Dislocated Workers programs and Goodwill Industries of the Valleys for the Youth Program. The monitoring review will follow the established Northern Virginia **SkillSource** monitoring protocol, in addition to utilizing the established Virginia Community College System Protocol. The system has been modified by Deb Stopak and Beth Moore, leading to the creation of a stronger monitoring service.

George Harben asked what is looked for during the monitoring visit. Seema Jain said visits include reviewing documents, establishing protocol, observing customer flow, and reviewing files to ensure compliance with Virginia Community College System Protocol.

Hector Velez moved to accept the \$3,425 contract award from Workforce Area #7 Region 2000/Central Virginia Workforce Investment Board to conduct an on-site center and program monitoring review. The Board of Directors unanimously accepted the award, with no abstentions.

#### **Creation of Two New SkillSource Group Board Oversight Committees**

**SkillSource** is identified as a Plan Sponsor of a 401(k) retirement plan, which totaled \$762,862 in assets as of December 2013. As a Plan Sponsor, **SkillSource** responsibilities include having a Plan Investment Committee, having Committee meetings, keeping meeting minutes, having an Investment Policy Statement, removing 'bad' investments or funds from the Plan menu, depositing contributions on a timely basis, monitoring providers regularly, and following the terms of the Plan document. During the annual evaluation of the **SkillSource** President for 2012 – 2013, the Board recommended the creation of a **SkillSource** Board Compensation Committee. This new Committee would review and recommend annual compensation levels for the **SkillSource** President and other executive staff, along with determining the appropriate Board compensation philosophy to assure the organization's hiring and employment competitiveness within the region.

John Ritzert noted that oversight on 401(k) would be used to ensure compliance. The committee does not need to be large, but needs to look into 401(k) and provide updates.

Hector Velez moved to create the two new Board Committees. The Board of Directors unanimously agreed to create the two new Board Committees, with no abstentions.

## **Discussion Items**

### **Review of the April 2014 SkillSource Group Management Reports**

Tyna Gaylor gave an overview of the April 2014 Management Reports. The financial results of operation for the nine months ending on April 30, 2013 reflected a decrease in net assets of \$111,633.

This change comprises:

- An increase of Unrestricted Net Assets of \$45,922 (net income from Ticket to Work, Prince William Center, and interest)
- An increase of Temporarily Restricted Contributions of \$44,023 (amounts received from the Consolidated Community Funding Pool, the United Way Veterans Initiative, and the EYE Program that have not yet been dispersed.)
- A release of Temporarily Restricted Net Assets of \$201,576 (the final distribution of Microsoft Vouchers and expenditure of Microsoft Corporation funds for Veterans Outreach.)

WIA funds were expended at 72% of the current budget. Youth Program expenditures are 42% of the budget, and the expenditure rate will be monitored as Program Year 2012 funds must be expended by June 30, 2014. The indirect Rate calculated to 9.99% for the nine month period.

### **SSG Grants and Contracts Matrix**

Deb Stopak updated the Board on pending funding requests. *SkillSource* has been awarded a \$3,425 contract award from Workforce Area #7 Region 2000/Central Virginia Workforce Investment Board, as accepted in this meeting. *SkillSource* has also been awarded a \$50,000 WIA Incentive/*SkillSource* Ticket to Work Employment grant from the Virginia Community College System. *SkillSource* has been denied two grants: a Northern Virginia Blackstone Veterans Employment Initiative grant \$50,000 from the Blackstone Foundation, and Training to Work Initiative grant of \$1,297,362 from the U.S. Department of Labor. *SkillSource* also has five grants pending.

### **SkillSource Performance and Matrix (Through April 2014)**

David Hunn gave an update on *SkillSource*'s performance results through June 20, 2014. Over \$880,437 has been obligated for jobseeker training through May 2014. In addition, the NVWIB Board of Directors sent a letter to Congress, reviewed by the Fairfax Board of Supervisors, on June 17, 2014 regarding WIOA legislation, which reauthorizes the Federal Workforce Investment Act.

**Transition into Executive Session at 12:10 p.m.**

**Transition out of Executive Session at 12:30 p.m.**

### **Adjourn**

The SSG Board of Directors adjourned at 12:31 p.m.

**THE SKILLSOURCE GROUP, INC.**  
**BOARD OF DIRECTORS**  
**SUMMARY SHEET**

**SUBJECT: Approval of the FY 2014 Audited Financial Report and OMB Circular A-133**  
**Supplemental Financial Report**

McGladrey LLP audited the financial records of the *SkillSource* Group, Inc. for the year ended June 30, 2014.

*SkillSource* received a “clean” opinion on its audited financial statements and no findings in the A-133 supplemental financial report.

The Statement of Financial Position reflects Assets totaling \$2,222,214, an increase of \$179,334 which primarily reflects an increase in Grants Receivable. The increase in receivables grew more slowly than revenue and reflects an improvement in the Receivable to Revenue Ratio. Accounts Payable and Accrued Expenses retained the same relationship to Expenses as the prior year. Funds Held for Others represents amounts received from NovaHealthforce contributions which have not yet been expended.

Temporarily Restricted Net Assets represents contributions received that were not expended by yearend. The reduction results from the FY 2013 balance including the value of Microsoft vouchers, which expired November 2013 and are no longer carried on the books. Net assets decreased by \$65,987, which was driven by the non-cash expenditure of \$201,576 of Microsoft vouchers offset by increases in Unrestricted Net Assets of \$104,071 and temporarily restricted contributions of \$31,518.

Program expenditures accounted for 93.2% of total expenditures, an increase from the prior year due to increased VETEC and WIA expenditure rates. Management and Fund-Raising costs are 6.7% compared to 10.4% in the prior year.

The Notes to the Financial Statements are similar to prior years with the addition of Note 6 which describes the line of credit which was executed in August 2013. No funds were drawn on the line.

The Audit Committee reviewed and accepted the audited reports at its meeting on September 22, 2014.

**ACTION REQUESTED:**

The Board of Directors approves the Fiscal Year 2014 Audited Financial Report and OMB Circular A-133 Supplemental Financial Report.

**STAFF:** David Hunn  
Tyna Gaylor  
703-752-1606

# **The SkillSource Group, Inc.**

Financial Report  
June 30, 2014

PRELIMINARY DRAFT  
for Review and Discussion  
--Subject to Change--  
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## **Independent Auditor's Report**

To the Board of Directors  
The SkillSource Group, Inc.  
Vienna, Virginia

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

We have audited the accompanying financial statements of The SkillSource Group, Inc. (SkillSource) which comprise the balance sheet as of June 30, 2014, the related statements of activities 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 the financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 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 SkillSource'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 SkillSource'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 SkillSource as of June 30, 2014, 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.

***Report on Summarized Comparative Information***

We have previously audited The SkillSource Group Inc.'s 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 29, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

McLean, Virginia

**DATE**

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## **Independent Auditor's Report**

To the Board of Directors  
The SkillSource Group, Inc.  
Vienna, Virginia

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

We have audited the accompanying financial statements of The SkillSource Group, Inc. (SkillSource) which comprise the balance sheet as of June 30, 2014, the related statements of activities 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 the 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 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 SkillSource'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 SkillSource'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 SkillSource as of June 30, 2014, 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.

**Report on Summarized Comparative Information**

We have previously audited The SkillSource Group Inc.'s 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 29, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated [REDACTED], 2014, on our consideration of SkillSource'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 SkillSource's internal control over financial reporting and compliance.

McLean, Virginia

DATE

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**The SkillSource Group, Inc.**

**Statement of Financial Position**

**June 30, 2014**

**(With Comparative Totals for 2013)**

| <b>Assets</b>  | <b>2014</b>         | <b>2013</b>         |
|--|---------------------|---------------------|
| Cash and Cash Equivalents                            | \$ 588,921          | \$ 330,946          |
| Cash and Cash Equivalents – Funds Held for Others    | 168,071             | 224,062             |
|  | <u>756,992</u>      | <u>555,008</u>      |
| Grants Receivable                                    | 1,441,701           | 1,284,871           |
| Prepaid Expenses                                     | 23,521              | 10,359              |
| Prepaid Training Licenses, Net                       | -                   | 192,504             |
| Equipment, Net                                       | -                   | 138                 |
|  | <u>\$ 2,222,214</u> | <u>\$ 2,042,880</u> |
| <b>Liabilities and Net Assets</b>                    |                     |                     |
| Liabilities  |                     |                     |
| Accounts payable and accrued expenses                | \$ 1,233,670        | \$ 925,018          |
| Deferred revenue                                     | 1,044               | 8,384               |
| Funds held for others                                | 168,071             | 224,062             |
|  | <u>1,402,785</u>    | <u>1,157,464</u>    |
| Commitments and Contingencies (Notes 2, 4, 6, and 7) |                     |                     |
| Net Assets   |                     |                     |
| Unrestricted   | 787,911             | 683,839             |
| Temporarily restricted                               | 31,518              | 201,577             |
|  | <u>819,429</u>      | <u>885,416</u>      |
|  | <u>\$ 2,222,214</u> | <u>\$ 2,042,880</u> |

See Notes to Financial Statements.

The SkillSource Group, Inc.

**Statement of Activities**  
**Year Ended June 30, 2014**  
**(With Comparative Totals for 2013)**

|                                       | 2014             |                           |                  | 2013<br>Total    |
|---------------------------------------|------------------|---------------------------|------------------|------------------|
|                                       | Unrestricted     | Temporarily<br>Restricted | Total            |                  |
| Revenue and Support                   |                  |                           |                  |                  |
| Federal grants                        | \$ 7,270,242     | \$ -                      | \$ 7,270,242     | \$ 4,618,254     |
| Non-federal grants and contracts      | 544,239          | 75,201                    | 619,440          | 233,045          |
| Contributions                         | 6,414            | 90,805                    | 97,219           | 666,726          |
| Rental income                         | 446,781          | -                         | 446,781          | 441,438          |
| Interest income                       | 5,712            | -                         | 5,712            | 6,568            |
| Net assets released from restrictions | 336,065          | (336,065)                 | -                | -                |
| <b>Total revenue and support</b>      | <b>8,609,453</b> | <b>(170,059)</b>          | <b>8,439,394</b> | <b>5,966,031</b> |
| Expenses                              |                  |                           |                  |                  |
| Program services                      | 7,930,110        | -                         | 7,930,110        | 5,369,673        |
| Management and general                | 467,556          | -                         | 467,556          | 488,195          |
| Fundraising                           | 107,715          | -                         | 107,715          | 131,313          |
| <b>Total expenses</b>                 | <b>8,505,381</b> | <b>-</b>                  | <b>8,505,381</b> | <b>5,989,181</b> |
| <b>Change in net assets</b>           | <b>104,072</b>   | <b>(170,059)</b>          | <b>(65,987)</b>  | <b>(23,150)</b>  |
| Net Assets                            |                  |                           |                  |                  |
| Beginning                             | 683,839          | 201,577                   | 885,416          | 908,566          |
| Ending                                | \$ 787,911       | \$ 31,518                 | \$ 819,429       | \$ 885,416       |

See Notes to Financial Statements.

**The SkillSource Group, Inc.**

**Statement of Cash Flows**  
**Year Ended June 30, 2014**  
**(With Comparative Totals for 2013)**

|   | 2014              | 2013              |
|---|-------------------|-------------------|
| Cash Flows from Operating Activities  |                   |                   |
| Change in net assets  | \$ (65,987)       | \$ (23,150)       |
| Adjustments to reconcile change in net assets to net cash used in operating activities: |                   |                   |
| Depreciation  | 138               | 555               |
| Changes in assets and liabilities:  |                   |                   |
| (Increase) decrease in:   |                   |                   |
| Grants receivable   | (156,830)         | (391,309)         |
| Prepaid expenses  | (13,162)          | 42,433            |
| Prepaid training licenses   | 192,504           | 110,504           |
| Increase (decrease) in:   |                   |                   |
| Accounts payable and accrued expenses   | 308,652           | (33,710)          |
| Deferred revenue  | (7,340)           | (1,401)           |
| Funds held for others   | (55,991)          | 11,652            |
| <b>Net cash provided by (used in) operating activities</b>                              | <b>201,984</b>    | <b>(284,426)</b>  |
| <b>Net increase (decrease) in cash and cash equivalents</b>                             | <b>201,984</b>    | <b>(284,426)</b>  |
| Cash and Cash Equivalents   |                   |                   |
| Beginning   | 555,008           | 839,434           |
| Ending  | <u>\$ 756,992</u> | <u>\$ 555,008</u> |

See Notes to Financial Statements.

## Notes to Financial Statements

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### Note 1. Nature of Activities and Significant Accounting Policies

**Nature of Activities:** The SkillSource Group, Inc. (SkillSource) is a not-for-profit organization organized to support the workforce and economic development policies and programs determined by the Northern Virginia Workforce Investment Board (NVWIB) and to promote and implement NVWIB activities in the Northern Virginia region. SkillSource was established in March 2002 and began operations in January 2003.

A summary of SkillSource's significant accounting policies follows:

**Basis of Accounting:** The financial statements are prepared on the accrual basis of accounting, whereby, revenue is recognized when earned and expenses are recognized when incurred.

**Basis of Presentation:** SkillSource reports 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. SkillSource had no permanently restricted net assets at June 30, 2014.

**Cash and Cash Equivalents:** For purposes of the statement of cash flows, SkillSource considers all cash accounts that are not subject to withdrawal restrictions or penalties and all highly-liquid debt instruments purchased with a maturity of less than three months to be cash equivalents.

**Financial Risk:** SkillSource maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. SkillSource has not experienced any losses in such accounts and believes it is not exposed to any significant financial risk on cash.

**Receivables:** Receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a periodic basis. The majority of SkillSource's receivables are reimbursable expenditures incurred on federal grants. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. A receivable is considered to be past due if any portion of the receivable balance is outstanding for more than 30 days. There was no provision for doubtful accounts at June 30, 2014.

**Equipment:** Equipment is stated at cost or, if donated, at fair market value at the date of receipt. SkillSource follows the practice of capitalizing all expenditures for equipment in excess of \$5,000. SkillSource depreciates equipment using the straight-line method over the estimated useful life of the asset.

**Funds Held for Others:** SkillSource has an agreement with the Northern Virginia Health Care Work Force Alliance (NoVaHealthFORCE) to act as its fiscal agent. SkillSource receives funds and makes disbursements on behalf of NoVaHealthFORCE. SkillSource has no control over the decision making process for NoVaHealthFORCE disbursements and, accordingly, these funds are treated as an agency liability in the accompanying financial statements.

**Revenue Recognition:** Revenue from federal grants is recognized as related reimbursable expenses are incurred. Allowable expenses incurred in excess of cumulative reimbursements are reported within grant receivables.

Contribution revenue is recognized at the time an unconditional promise to give is received. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted revenue, depending on the existence and/or nature of any donor restrictions.

Rental income is recognized on a straight-line basis over the life of the sublease agreements.



## Notes to Financial Statements

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

Functional Allocation of Expenses: The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes: SkillSource is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision is made for income taxes. In addition, SkillSource has been determined by the Internal Revenue Service not to be a private foundation. Income which is not related to its exempt purpose, less applicable deductions, is subject to federal and state corporate income taxes. SkillSource had no unrelated business income for the year ended June 30, 2014.

Management evaluated SkillSource's tax positions and concluded that SkillSource has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. Generally, SkillSource is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years before 2011.

Use of Estimates: The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of support, revenue and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications: Certain accounts in the 2013 financial statements have been reclassified to conform to the 2014, with no effect on previously reported change in net assets.

Subsequent Events: SkillSource evaluated subsequent events through DATE, which is the date the financial statements were available to be issued.

### Note 2. Leasing Arrangements

SkillSource leases office space through two separate leasing arrangements. The first lease is an annual lease that is renewed each year. The second lease is for additional office space in Woodbridge, Virginia, which expires in 2020. SkillSource has the option to terminate this lease in December 2016. The lease includes annual rental escalations of 2.5%. Total rental expense under these two leases was \$446,781 for the year ended June 30, 2014.

The following is a schedule by years of future minimum lease payments under the operating leases:

| Years Ending June 30, | Amount              |
|-----------------------|---------------------|
| 2015                  | \$ 236,011          |
| 2016                  | 241,911             |
| 2017                  | 247,959             |
| 2018                  | 254,158             |
| 2019                  | 260,512             |
| Thereafter            | 109,661             |
|                       | <u>\$ 1,350,212</u> |

SkillSource has entered into several sublease arrangements for the office space in Woodbridge, Virginia, whereby approximately 88% of the leased space in Woodbridge was sub-leased to several organizations. These subleases expire in 2020 and include annual rental escalations of 2.5%.

**Notes to Financial Statements**

**Note 2. Leasing Arrangements (Continued)**

The following is a schedule by years of future minimum receipts under the sub-lease:

| Years Ending June 30, | Amount              |
|-----------------------|---------------------|
| 2015                  | \$ 215,997          |
| 2016                  | 221,397             |
| 2017                  | 226,932             |
| 2018                  | 232,605             |
| 2019                  | 238,420             |
| Thereafter            | 100,362             |
|                       | <u>\$ 1,235,713</u> |

**Note 3. Temporarily Restricted Net Assets**

Temporarily restricted net assets consist of the following donor-restricted programs as of and for the year ended June 30, 2014:

|   | Balance<br>July 1, 2013 | Additions         | Releases          | Balance<br>June 30, 2014 |
|---|-------------------------|-------------------|-------------------|--------------------------|
| Microsoft Corporation – Training Licenses | \$ 192,504              | \$ -              | \$ 192,504        | \$ -                     |
| Microsoft Corporation – Coaching          | 9,073                   | -                 | 9,073             | -                        |
| United Way – TTW Case Manager             | -                       | 15,805            | 15,805            | -                        |
| United Way – Veterans                     | -                       | 75,000            | 46,528            | 28,472                   |
| Consolidated Community Funding Pool       | -                       | 59,131            | 59,131            | -                        |
| EYE Summer 2013                           | -                       | 426               | 426               | -                        |
| EYE Summer 2014                           | -                       | 15,644            | 12,598            | 3,046                    |
|   | <u>\$ 201,577</u>       | <u>\$ 166,006</u> | <u>\$ 336,065</u> | <u>\$ 31,518</u>         |

**Note 4. Pension Plan**

SkillSource sponsors a defined contribution tax-deferred 401(k) pension plan (the Plan). All employees are eligible to participate in the Plan after 30 days of service. SkillSource contributes 10.4% of gross salaries and matches up to \$520 of employee deferrals. Total pension expense for the year ended June 30, 2014, was \$109,033.

**Note 5. Concentration of Revenue**

For the year ended June 30, 2014, approximately 53% of total revenue was from grants funded by the U.S. Department of Labor under the Workforce Investment Act (WIA). Reduction of WIA funding would have a significant impact on the operations of SkillSource.

**Notes to Financial Statements**

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**Note 6. Line of Credit**

On August 26, 2013, SkillSource executed a \$100,000 line of credit with a local financial institution, which is secured by all business assets of SkillSource. The line of credit expires on August 26, 2014, bearing interest of 3.25%. The line of credit contains various restrictive and financial covenants, including a minimum debt service ratio and incurrence of additional debt. SkillSource was in compliance with these covenants for the year ended June 30, 2014.

There is no amount outstanding under the line of credit as of June 30, 2014.

**Note 7. Contingencies**

SkillSource receives a majority of its revenue from U.S. government funded grants, all of which are subject to audit. The ultimate determination of amounts received under these programs is generally based upon allowable costs reported to and subject to audit by sponsoring agencies. There exists a contingency to refund any amounts received in excess of allowable costs. Management believes that disallowed costs, if any, will be immaterial to the financial statements.

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# **The SkillSource Group, Inc.**

OMB Circular A-133  
Supplementary Financial Report  
Year Ended June 30, 2014

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**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 SkillSource Group, Inc.  
Vienna, Virginia

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 SkillSource Group, Inc.'s (SkillSource), which comprise the balance sheet as of June 30, 2014, the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated [REDACTED], 2014.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered SkillSource'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 SkillSource's internal control. Accordingly, we do not express an opinion on the effectiveness of SkillSource'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 SkillSource'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 SkillSource'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 SkillSource's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SkillSource's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

McLean, Virginia  
[REDACTED], 2014

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**Independent Auditor's Report on Internal Control for Each Major Federal Program; and Report on Internal Control over Compliance; and Report on Schedule of Expenses of Federal Awards Required by OMB Circular A-133**

To the Board of Directors  
The SkillSource Group, Inc.  
Vienna, Virginia

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

We have audited The SkillSource Group, Inc.'s (SkillSource) 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 each of SkillSource's major federal programs for the year ended June 30, 2014. SkillSource's major federal programs are 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 each of SkillSource's major federal programs 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 SkillSource'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 each major federal program. However, our audit does not provide a legal determination of SkillSource's compliance.

**Opinion on Each Major Federal Program**

In our opinion, SkillSource complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

**Report on Internal Control over Compliance**

Management of SkillSource 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 SkillSource's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each 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 SkillSource'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.

#### **Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

We have audited the financial statements of The SkillSource Group Inc. as of and for the year ended June 30, 2014, and we have issued our report thereon dated [REDACTED], 2014, which contained an unmodified opinion on those financial statements. 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 OMB Circular A-133 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

McLean, Virginia

[REDACTED], 2014

**The SkillSource Group, Inc.**

**Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2014**

| Federal Granting Agency and Program Title   | CFDA<br>Number | Expenditures        |
|---|----------------|---------------------|
| <b>U.S. Department of Labor (DOL)</b>   |                |                     |
| Employment Programs for People with Disabilities  | 17.720         | \$ 47,997           |
| Employment and Training Administration – Workforce Innovation Fund  | 17.283         | 2,338,652           |
| Veterans' Employment and Training Service   | 17.802         | 339,857             |
|   |                | <u>2,726,506</u>    |
| Pass-through from Northern Virginia Community College:<br>Employment and Training Administration<br>Trade Adjustment Assistance – Community College and Career Training Grant Prc | 17.282         | 69,818              |
| Pass-through from Virginia Community College System:<br><i>Workforce Investment Act Cluster:</i><br>Adult Program   | 17.258         | 1,327,357           |
| Youth Activities  | 17.259         | 894,586             |
| Dislocated Worker Program   | 17.278         | 2,004,890           |
| Incentive – Adult Program   | 17.258         | 1,450               |
| Incentive – Youth Program   | 17.259         | 1,550               |
| Incentive – Dislocated Worker Program   | 17.260         | 2,000               |
| Rapid Response for Veterans' Employment   | 17.278         | 196,429             |
| Rapid Response Business Capacity Building   | 17.278         | 17,007              |
| Dislocated Worker on the Job Training National Emergency Grant  | 17.277         | 2,340               |
| <b>Total DOL Expenditures</b>   |                | <u>7,243,933</u>    |
| <b>U.S. Department of Transportation (DOT)</b>  |                |                     |
| Pass-through from Metropolitan Washington Council of Governments:<br>Job Access Reverse Commute   | 20.516         | 26,309              |
| <b>Total DOT Expenditures</b>   |                | <u>26,309</u>       |
| <b>Total Expenditures of Federal Awards</b>   |                | <u>\$ 7,270,242</u> |

See Note to Schedule of Expenditures of Federal Awards.

**The SkillSource Group, Inc.**

**Note to Schedule of Expenditures of Federal Awards**

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**Note 1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of The SkillSource Group, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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**The SkillSource Group, Inc.**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2014**

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**Section I. Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

|   |            |          |               |
|---|------------|----------|---------------|
| ▪ Material weakness(es) identified?       | <u>Yes</u> | <u>X</u> | No            |
| ▪ Significant deficiency(ies) identified? | <u>Yes</u> | <u>X</u> | None Reported |

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major programs:

|   |            |          |               |
|---|------------|----------|---------------|
| ▪ Material weakness(es) identified?       | <u>Yes</u> | <u>X</u> | No            |
| ▪ Significant deficiency(ies) identified? | <u>Yes</u> | <u>X</u> | None Reported |

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

Unmodified

Any auditor findings disclosed that are required  
to be reported in accordance with Section 510(a)  
of OMB Circular A-133? Yes X No

Identification of major programs:

| <u>Name of Federal Program or Cluster</u>                              | <u>CFDA Number(s)</u> |
|--|-----------------------|
| Employment and Training Administration -- Workforce<br>Innovation Fund | 17.283                |
| Veterans' Employment and Training Service                              | 17.802                |

Dollar threshold used to distinguish between  
Type A and Type B programs:

\$300,000

Auditee qualified as low-risk auditee? X Yes        No

**Section II. Financial Statement Findings and Other Matters**

None reported.

**Section III. Federal Award Findings and Questioned Costs**

None reported.

**The SkillSource Group, Inc.**

**Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2013**

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**Finding 2013-002:** Increasing federal expenditures amounting to \$14,000.

**Cause:** Due to the delay in obtaining the invoices for services provided in FY13, this item was not recorded in a timely manner.

**Status:** Finding has been resolved.

PRELIMINARY DRAFT  
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September 26, 2014

**THE SKILLSOURCE GROUP, INC.  
BOARD OF DIRECTORS MEETING**

**SUMMARY SHEET**

**SUBJECT: Expansion of Northern Virginia WIA Youth Program for FY 2015.**

The Northern Virginia Workforce Investment Act (WIA) Youth Program enrolled 265 young adults in FY 2014. Additional Federal WIA Youth Program funding availability will allow Northern Virginia Workforce Area #11 to greatly expand youth program participation rates in FY 2015 and to enhance available workforce services for eligible participants.

*SkillSource* and the One-Stop Operator have modified the WIA Youth budget for FY 2015 to reallocate available funds, to increase program outputs and continue outstanding performance outcomes. The revised FY 2015 budget includes increases in personnel, outreach, operations, and work experience payments. Staff have also discussed a strategy to not only ensure funds are spent, but that the WIA Youth Program offers increased services, such as a Northern Virginia Leadership Program, and increased young adult participant enrollment numbers. These changes will be highlighted in the presentation given today.

Approximately \$22,000 of PY 2012 WIA Youth funds went unused before the June 30, 2014 expiration date. In FY 2015, the full PY 2013 Youth allocation of \$1,079,581 and the full PY 2014 Youth allocation of \$1,055,912 are available. The PY 2013 Youth allocation must be expended by June 30, 2015.

This strategy was presented and approved by the NVWIB Youth Council at its meeting on August 18, 2014 and the NVWIB Board of Directors on September 11, 2014.

**ACTION REQUESTED:**

1. SSG Board of Directors approval of the FY 2015 WIA Youth Program strategy to increase the budget and staffing for the Northern Virginia WIA Youth Program.

**STAFF:**

David Hunn  
Seema Jain  
Tyna Gaylor  
(703) 752-1606



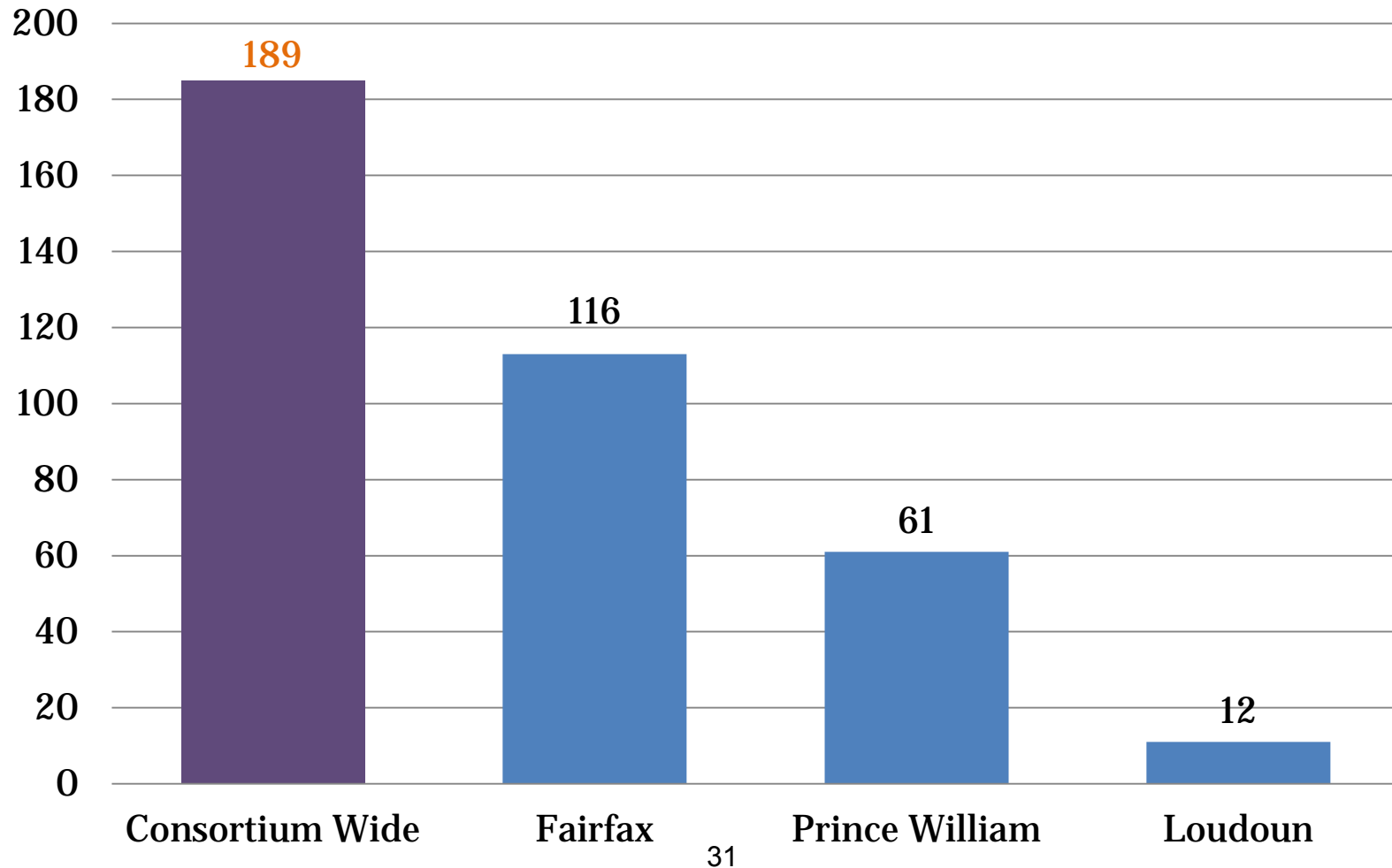
# FY 2015 WIA Youth Program Growth Strategy



SkillSource Board  
Meeting  
September 26, 2014



## WIA Youth by Location





# Statewide Caseloads

\* WIA requires 30% of participants be out of school.  
 \*\* WIOA requires 75% expenditures on out of school youth.



| Local Area   | # of cases | In School | Out School | In school/<br>Out of school- Ratio |
|--|------------|-----------|------------|------------------------------------|
| <b>1</b>   | 208        | 154       | 54         | 74/26                              |
| <b>2</b>   | 279        | 162       | 117        | 58/42                              |
| <b>3</b>   | 163        | 113       | 50         | 69/31                              |
| <b>4</b>   | 125        | 88        | 37         | 70/30                              |
| <b>6</b>   | 148        | 62        | 86         | 42/58                              |
| <b>7</b>   | 92         | 44        | 48         | 48/52                              |
| <b>8</b>   | 146        | 109       | 37         | 75/25                              |
| <b>9 - Richmond</b><br>Budget: \$3 Million+<br>Staff: 10+                | 299        | 221       | 78         | 74/26                              |
| <b>11 - Northern Virginia</b><br>Budget: Approx. \$1 million<br>Staff: 5 | 265        | 111       | 154        | 42/58                              |
| <b>12</b>  | 96         | 61        | 35         | 64/36                              |
| <b>13</b>  | 199        | 79        | 120        | 40/60                              |
| <b>14</b>  | 189        | 82        | 107        | 43/57                              |
| <b>15</b>  | 135        | 106       | 29         | 78/22                              |
| <b>16 - Hampton Roads</b><br>Budget: \$3 million+<br>Staff: 10+          | 489        | 430       | 59         | 88/12                              |
| <b>17</b>  | 253        | 185       | 68         | 73/27                              |

# Preparing for FY 2015



- **Budget:**

- \$1.079 million for FY 2015 and \$2.1 million for FY 2015 and FY2016 (WIA funds are on a two-year cycle).
- This gives us an average \$1.58 million per year for the next two years.

# Strategies to Expand



- Creation of additional **two** Full-time Fairfax County Merit Positions for a total of 8 positions:
  - 1 Outreach Specialist/Job Developer
  - 2 Prince William case managers
  - 1 Annandale case manager
  - 1 Reston case manager
  - 1 South County case manager
  - 1 Loudoun case manager
  - 1 Follow-up/ Job Developer
- Improved Community Outreach
  - Updated marketing materials.
  - Open house event for each county in the fall.



# Strategies to Expand Continued



- **Increased Educational Partnerships**
  - Targeted search of high school dropouts.
  - NVCC SySTEMic Solutions.
  - NOVA Youth Leadership Academy.
- **Continued Customization of Individual Participation**
  - Longer participation for youth needing training after diploma or employment.
  - On the Job Training (OJT).

# FY 2015 Resulting Goals



- **Increased Caseloads**
  - Goal of 10-15 per month.
  - Goal of 300-350 total.
- **Additional Staffing**
  - Current staff– 4 case managers.
  - Oct. 2014 – 6 case managers.
  - Nov. 2014 – 8 case managers.
- **Increased Spending**
  - Goal of \$9,500 per month on ITA spending.
- **Continuous Monitoring**
  - Biweekly review of obligated funds.
  - Monthly review of actual expenses.





**THE SKILLSOURCE GROUP, INC.**  
**BOARD OF DIRECTORS MEETING**  
**SUMMARY SHEET**

**SUBJECT: Approval of the Revised *SkillSource* Group FY 2015 Budget**

The revised FY 2015 *SkillSource* budget reflects revenues and expenses for programs and services to operate Northern Virginia *SkillSource* One Stop Employment Centers and other programs and initiatives from July 1, 2014 to June 30, 2015. This revision includes final carry-in amounts and other adjustments of estimates.

Projected revenues are \$12,913,941, which are 6% lower than budgeted FY 2014 revenues. WIA cluster funds decreased by \$1 million primarily due to the decrease in carry-in funds. Ninety-nine percent (99%) of *SkillSource* revenues are based on principles of cost reimbursement where revenues are matched to expenses; 1% of revenue derives from unrestricted funding streams. Unrestricted funds from Ticket to Work, Prince William Center management fee and interest are used when contract terms do not provide for full cost recovery as well as for activities that are unallowable under contract terms.

WIA Program Year 2014 allocations received from the State are presented at full amounts in the FY 2015 budget. Program Year 2014 WIA Youth funds have been fully authorized while partial allocations for WIA Adult and Dislocated Worker funds are currently available. These awards have been reviewed and accepted by the Finance Committee since the June 2014 presentation of the FY 2015 Budget. In aggregate, Area #11 WIA funds decreased 4% (\$160,000) compared to Program Year 2014. This, combined with fewer FY 2014 Carry-in funds has resulted in a decrease in available funds.

Grants that are continuing are stated at budget and carry-in while new grant funding awards are stated at budget. The Revised FY 2015 Budget includes both VASAVOR carry-in and new FY 2015 VASAVOR funding totaling \$152,835, which has been awarded by the State and accepted by the Finance Committee.

Projected expenses are \$12,946,723, which are 7% lower than budgeted FY 2014 expenses. This reflects intentional reductions to conform to available funding.

Other key budget assumptions include:

- *SkillSource* personnel includes elimination of 2 part-time Ticket to Work assistants and the addition of 2 part-time grant funded Van drivers for a total of 15.8 employees. Personnel expenses include a 1% CPI adjustment and an allocated 2.5% adjustment and bonus pool. A health market adjustment is included in wage rates to accommodate the reduction in *SkillSource* contribution to employee health savings accounts which will be funded at the deductible level rather than the IRS maximum. Health savings account contributions are charged to unrestricted funds for all grants and programs except VETEC and Credentials to Careers. Health insurance premiums increased by 18%, but deductibles and *SkillSource* contributions decreased 50%. *SkillSource* life and disability

insurance premiums also dropped by 50% as a result of taking it to market. With these changes, benefit costs have remained constant since last fiscal year.

- One-Stop Center staffing levels decreased from 39 to 35 resulting from the closure of two grant-funded projects, increase in youth staffing and other changes. A vacancy rate of 5% is applied to the adult and dislocated worker personnel budgets.
- The Youth program budget has been modified to increase program outputs and more fully utilize available funds as a response to not fully using PY 2012 Youth funds. As noted above, Youth One-Stop staffing has increased to accommodate a Job Developer and an Outreach Specialist, bringing the total staff to eight. Line items for Work Experience and ITA's have been included as well as for Other Training & Supportive Services. It is anticipated that WIA Youth Program caseloads will increase from 265 in FY 2014 to 350 cases in FY 2015. In addition to the One-Stop staff, \$25,000 has been budgeted for contractual youth leadership training. The programmatic changes and budget revisions are estimated to spend all PY 2013 funds and 40% of PY 2014 funds, providing for a sufficient, but not excessive carry in of \$600,000 to FY 2015.
- WIA funds are provided in two authorization with a small portion of Adult (7.08%) and Dislocated Worker (14.12%) funding available July 1 and access to the remainder in October. To prepare for continued operations in FY16, the budget includes a "set aside" of four months of One Stop Center personnel equating to \$280,077.
- Incumbent worker training, previously eliminated, has been restored to provide \$15,000 in the Adult and Dislocated Worker programs.
- WIA funded *SkillSource* Center incentives, previously eliminated, have been restored at \$2,500 (formerly \$10,000) per eligible Center.
- An additional \$19,000 has been added to WIA Adult ITA's for a total of \$200,000 and an aggregate ITA training budget of \$819,509.
- Training and other supportive services are budgeted at 28% of expenditures compared to 37% in FY 2014.
- Consistent with the approved negotiated cost rate, indirect costs are allocated on the pro rata share of personnel costs of *SkillSource* and the One-Stop operator to each grant or project. Modifications are incorporated to the classification of some administrative costs consistent with DOL guidance.

The FY 2015 budget reflects a decrease in Net Assets of \$32,782, representing unrestricted activity.

The *SkillSource* Group Finance Committee reviewed and accepted the revised budget at its September 4, 2014 meeting. The Northern Virginia Workforce Investment Board ratified the revised FY15 budget at its September 11, 2014 meeting.

#### **ACTION REQUESTED:**

The Board of Directors approves the revised FY 2015 *SkillSource* budget.

**STAFF:** Tyna Gaylor  
David Hunn  
703-752-1606



# The **SKILLSOURCE** GROUP, INC.

## Fiscal Year 2015 Consolidated Budget

Comparison  
FY 2015 to  
Budgeted  
FY 2014

Discussion of Increase (Decrease) - Budgeted FY 2015 to FY 2014

|  | Budget<br>FY 2015  | Budget<br>FY 2014   | Unaudited<br>FY 2014 |                     |   |
|--|--------------------|---------------------|----------------------|---------------------|---|
| <b>Revenues</b>                                    |                    |                     |                      |                     |   |
| Government contracts                               | \$ 11,850,849      | \$ 12,474,442       | \$ 7,709,964         | (623,593)           | Reduction in Carry-In and PY14 WIA funds                                    |
| Other restricted income                            | 885,890            | 1,154,282           | 948,763              | (268,392)           | Reduction in NovaHF   |
| Unrestricted income                                | 171,502            | 103,965             | 196,140              | 67,537              | Increase in TTW revenue   |
| In-Kind Vouchers                                   | -                  | -                   | -                    | -                   |   |
| Interest   | 5,700              | 6,000               | 5,716                | (300)               |   |
| <b>Total Revenues</b>                              | <b>12,913,941</b>  | <b>13,738,689</b>   | <b>8,860,583</b>     | <b>(824,748)</b>    |   |
| <b>Expenditures</b>                                |                    |                     |                      |                     |   |
| <u>SSG Personnel costs</u>                         |                    |                     |                      |                     |   |
| Salaries   | 1,053,400          | 1,000,218           | 1,006,197            | 53,182              | 1% CPI and health market adjustment & grant funded drivers                  |
| Fringe benefits                                    | 384,796            | 380,668             | 370,068              | 4,128               |   |
| <b>Total Personnel Costs</b>                       | <b>1,438,197</b>   | <b>1,380,886</b>    | <b>1,376,265</b>     | <b>57,311</b>       |   |
| <u>Operating Expenses</u>                          |                    |                     |                      |                     |   |
| Annual report production                           | 10,000             | 10,000              | 7,331                | -                   |   |
| Audit  | 33,000             | 33,000              | 33,000               | -                   |   |
| Communications                                     | 28,177             | 29,350              | 23,442               | (1,173)             |   |
| Contracted maintenance                             | 16,500             | 19,246              | 16,624               | (2,746)             |   |
| Dues and memberships                               | 10,750             | 21,000              | 20,100               | (10,250)            | LEADVA & Leadership Fairfax in FY14 (\$11,100) not in FY15                  |
| Equipment leases & maintenance                     | 21,200             | 19,220              | 16,907               | 1,980               |   |
| Financial mgt services                             | 35,000             | 38,000              | 29,980               | (3,000)             |   |
| Fundraising  | 5,000              | 15,000              | 1,459                | (10,000)            | Eliminated fund-raising professional fees                                   |
| Insurance (business)                               | 10,809             | 8,400               | 6,398                | 2,409               |   |
| Leases   | 281,652            | 290,244             | 262,494              | (8,592)             | Madison Farms (PWSSC) and Admin increases offset by elimination of C2C rent |
| Meetings and conference fees                       | 14,670             | 19,000              | 12,961               | (4,330)             |   |
| Office Supplies                                    | 71,744             | 93,430              | 52,099               | (21,686)            | Reduced budget to historic cost   |
| Outreach   | 25,130             | 34,700              | -                    | (9,570)             | Classifications to program outreach and change in contractor                |
| Payroll & HR Services                              | 26,500             | 19,725              | 18,170               | 6,775               | New Lindsey Business Group contract   |
| Professional services                              | 38,500             | 83,222              | 140,119              | (44,722)            | Jobs for the Future study in FY14 (\$130,950) not in FY15                   |
| Security   | 23,400             | 23,400              | 22,956               | -                   |   |
| Staff training & development                       | 18,895             | 19,500              | 10,751               | (605)               |   |
| Temporary staffing                                 | 2,000              | 5,000               | 719                  | (3,000)             |   |
| Travel (staff)                                     | 21,863             | 16,654              | 17,236               | 5,209               | Historic, increase in travel for home-based staff                           |
| Utilities  | 27,000             | 27,460              | 23,402               | (460)               |   |
| <b>Total - SSG Operating</b>                       | <b>721,791</b>     | <b>825,551</b>      | <b>716,148</b>       | <b>(103,760)</b>    |   |
| <u>SSG Program Costs</u>                           |                    |                     |                      |                     |   |
| Career Expo  | -                  | -                   | -                    | -                   |   |
| Comprehensive center costs                         | 54,069             | 44,000              | 46,573               | 10,069              | Increase in allocable space at PW Center                                    |
| In-kind voucher expense                            | -                  | 192,503             | -                    | (192,503)           | Vouchers expended in FY14   |
| Incumbent worker training                          | 30,000             | 50,000              | -                    | (20,000)            | Reduction in funding  |
| SSG Incentive                                      | 10,000             | -                   | -                    | 10,000              | 4 Eligible centers at \$2,500 each; none eligible in FY14                   |
| On Stop Center FY15 Set Aside                      | 280,077            | 268,400             | -                    | 11,677              | Estimate for 120 days of One Stop personnel                                 |
| Other training support                             | 224,863            | 130,908             | 277,398              | 93,955              | EYE program work experience paid through SSG, previously in Contractual     |
| Outreach   | 101,529            | 149,459             | 87,847               | (47,930)            | Reduction in grant funded outreach and savings from new contractor          |
| Program services                                   | 420,000            | 623,264             | 365,188              | (203,264)           | NovaHF - Estimated on most recent year experience                           |
| Transitional Employment Work Exp                   | 161,800            | 130,944             | -                    | 30,856              | Grant funded  |
| Bus Purchase (Cash Flow)                           | 22,200             | 26,000              | -                    | (3,800)             |   |
| Bus gas  | 10,750             | 12,115              | -                    | (1,365)             |   |
| Program transportation & vouchers                  | 28,657             | 90,784              | 28,708               | (62,127)            | Reduction in MWCOG and WIA grant funding                                    |
| Unobligated Funds                                  | 1,374,072          | 231,102             | -                    | 1,142,970           | Cost reimbursement grant award carry-in not assigned to line items          |
| <b>Total - SSG Program</b>                         | <b>2,718,017</b>   | <b>1,949,479</b>    | <b>805,714</b>       | <b>768,538</b>      |   |
| <u>Subcontract services - DFS</u>                  |                    |                     |                      |                     |   |
| SkillsSource Ctr personnel                         | 2,762,558          | 2,727,404           | 2,353,256            | 35,154              | Reduction of 3 FTEs, vacant position and 5% vacancy rate/VETEC not included |
| SkillsSource Ctr operations                        | 95,032             | 108,380             | 62,166               | (13,348)            | Historic cost   |
| Subtotal - Operations                              | 2,857,590          | 2,835,784           | 2,415,422            | 21,806              |   |
| OJT  | 97,660             | 140,000             | 27,007               | (42,340)            | Available grant funding   |
| ITAs   | 819,509            | 1,243,704           | 959,764              | (424,195)           | Reduction in availability of WIA funds for ITAs                             |
| Other training and services                        | 759,330            | 1,337,000           | 250,128              | (577,670)           | Reclassification of EYE payments from Contractual to SSg                    |
| Subtotal - Training                                | 1,916,499          | 2,720,704           | 1,236,899            | (804,205)           |   |
| <b>Total Subcontract - DFS</b>                     | <b>4,774,089</b>   | <b>5,556,488</b>    | <b>3,652,321</b>     | <b>(782,399)</b>    |   |
| <u>Other subcontract and programmatic services</u> |                    |                     |                      |                     |   |
| Contractual personnel                              | 904,807            | 1,513,181           | 700,091              | (608,374)           | Per Grant budgets   |
| Contractual operations                             | 417,939            | 404,979             | 374,863              | 12,960              | Per Grant budgets   |
| Other training and services                        | 1,301,474          | 1,527,329           | 820,926              | (225,855)           | Per Grant budgets   |
| Professional Services                              | 645,850            | 764,852             | 471,635              | (119,002)           | Per Grant budgets   |
| Travel   | 24,560             | 15,343              | 8,603                | 9,217               |   |
| <b>Total Subcontract - Others</b>                  | <b>3,294,630</b>   | <b>4,225,684</b>    | <b>2,376,118</b>     | <b>(931,054)</b>    |   |
| <b>Total Expenditures</b>                          | <b>12,946,723</b>  | <b>13,938,088</b>   | <b>8,926,566</b>     | <b>(991,366)</b>    |   |
| <b>Increase (Decrease) in Net Assets</b>           | <b>\$ (32,782)</b> | <b>\$ (199,399)</b> | <b>\$ (65,983)</b>   | <b>\$ 166,617</b>   |   |
| <b>Affects of Temporary Restrictions</b>           | <b>\$ -</b>        | <b>\$ 201,576</b>   | <b>\$ 201,576</b>    | <b>\$ (201,576)</b> |   |
| <b>Inc (Dec) - Unrestricted</b>                    | <b>\$ (32,782)</b> | <b>\$ 2,177</b>     | <b>\$ 135,593</b>    | <b>\$ (34,959)</b>  |   |



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|                              |            | WIA Cluster |           |           |            |         |          | Other Federal |         |           |         | Other Govt |        |        |        | Restricted |         |         |          |         | Unrestricted |        |        |         |         |              |                |
|------------------------------|------------|-------------|-----------|-----------|------------|---------|----------|---------------|---------|-----------|---------|------------|--------|--------|--------|------------|---------|---------|----------|---------|--------------|--------|--------|---------|---------|--------------|----------------|
|                              |            | WIA         | WIA       | WIA       | WIA        | NEG     | Business |               |         |           | MWCOG   |            |        |        |        | DSS        | VASAVOR | VASAVOR | NOVA     | Project | UW           | UW     |        |         |         |              |                |
|                              | Total      | Admin       | Adult     | Youth     | Disl. Wkr. | OJT     | Services | C2C           | J4VETS  | VETEC     | Drivers | TTW        | AIBVan | Buy    | CCFP   | TANF       | 2013    | 2014    | Hlthfrce | EYE     | Veterans     | TTW CM | Fndtns | PWSSC   | TTW     | Unrestricted | Indirect Costs |
| Revenues                     |            |             |           |           |            |         |          |               |         |           |         |            |        |        |        |            |         |         |          |         |              |        |        |         |         |              |                |
| Government contracts         | 11,850,849 | 68,590      | 1,488,812 | 2,114,373 | 1,703,895  | 103,660 | 11,393   | 145,624       | 536,990 | 4,633,400 | 125,127 | 26,846     | 19,696 | 26,000 | 60,000 | 197,500    | 66,622  | 152,835 | 0        | 369,486 | 0            | 0      |        | 0       | 0       | 0            | 0              |
| Other restricted income      | 887,167    | 0           | 0         | 0         | 0          | 0       | 0        | 0             | 0       | 0         | 0       | 0          | 0      | 0      | 0      |            | 0       | 0       | 420,000  | 0       | 28,472       | 5,708  | 1,044  | 431,944 | 0       | 0            | 0              |
| Unrestricted income          | 171,502    | 0           |           | 0         | 0          | 0       | 0        | 0             | 0       | 0         | 0       | 0          | 0      | 0      | 0      |            | 0       | 0       | 0        | 0       | 0            | 0      | 0      | 9,002   | 150,000 | 12,500       | 0              |
| Interest                     | 5,700      | 0           | 0         | 0         | 0          | 0       | 0        | 0             | 0       | 0         | 0       | 0          | 0      | 0      | 0      |            | 0       | 0       | 0        | 0       | 0            | 0      | 0      | 0       | 0       | 5,700        | 0              |
| Total Revenues               | 12,915,218 | 68,590      | 1,488,812 | 2,114,373 | 1,703,895  | 103,660 | 11,393   | 145,624       | 536,990 | 4,633,400 | 125,127 | 26,846     | 19,696 | 26,000 | 60,000 | 197,500    | 66,622  | 152,835 | 420,000  | 369,486 | 28,472       | 5,708  | 1,044  | 440,945 | 150,000 | 18,200       | 0              |
| Expenditures                 |            |             |           |           |            |         |          |               |         |           |         |            |        |        |        |            |         |         |          |         |              |        |        |         |         |              |                |
| Personnel costs              |            |             |           |           |            |         |          |               |         |           |         |            |        |        |        |            |         |         |          |         |              |        |        |         |         |              |                |
| Salaries                     | 266,807    | 0           | 0         | 0         | 0          | 0       | 0        | 0             | 0       | 0         | 0       | 0          | 0      | 0      | 0      |            | 0       | 0       | 0        | 0       | 0            | 0      | 0      | 0       | 0       | 24,564       | 242,244        |
| Program Salaries             | 717,426    | 34,173      | 155,837   | 80,055    | 85,735     | 0       | 0        | 49,140        | 28,061  | 77,613    | 40,876  | 0          | 12,553 | 2,016  | 46,857 | 50,500     | 0       | 0       | 0        | 831     | 0            | 2,340  | 0      | 0       | 50,840  | 0            | 0              |
| PWSSC Salaries               | 69,167     | 0           | 0         | 0         | 0          | 0       | 0        | 0             | 0       | 0         | 0       | 0          | 0      | 0      | 0      | 0          | 0       | 0       | 0        | 0       | 0            | 0      | 0      | 69,167  | 0       | 0            | 0              |
| Fringe benefits              | 384,796    | 10,248      | 46,342    | 25,210    | 27,531     | 0       | 0        | 17,646        | 12,800  | 36,711    | 9,704   | 0          | 2,980  | 478    | 9,881  | 10,624     | 0       | 0       | 0        | 208     | 0            | 1,219  | 0      | 40,146  | 26,482  | 32,277       | 74,309         |
| Total Personnel Costs        | 1,438,197  | 44,421      | 202,179   | 105,265   | 113,265    | 0       | 0        | 66,786        | 40,862  | 114,324   | 50,580  | 0          | 15,533 | 2,494  | 56,738 | 61,124     | 0       | 0       | 0        | 1,039   | 0            | 3,559  | 0      | 109,313 | 77,322  | 56,841       | 316,552        |
| Operating Expenses           |            |             |           |           |            |         |          |               |         |           |         |            |        |        |        |            |         |         |          |         |              |        |        |         |         |              |                |
| Annual report production     | 10,000     | 0           | 0         | 0         | 0          | 0       | 0        | 0             | 0       | 0         | 0       | 0          | 0      | 0      | 0      | 0          | 0       | 0       | 0        | 0       | 0            | 0      | 0      | 0       | 0       | 0            | 10,000         |
| Audit                        | 33,000     | 0           | 0         | 0         | 0          | 0       | 0        | 0             | 0       | 0         | 0       | 0          | 0      | 0      | 0      | 0          | 0       | 0       | 0        | 0       | 0            | 0      | 0      | 0       | 0       | 0            | 33,000         |
| Communications               | 18,149     | 0           | 2,000     | 0         | 0          | 0       | 0        | 2,000         | 642     | 0         | 0       | 0          | 0      | 0      | 0      | 720        | 0       | 0       | 0        | 0       | 0            | 333    | 0      | 7,454   | 0       | 0            | 5,000          |
| Contracted Maintenance       | 16,500     | 0           | 0         | 0         | 0          | 0       | 0        | 0             | 0       | 0         | 0       | 0          | 0      | 0      | 0      | 0          | 0       | 0       | 0        | 0       | 0            | 0      | 0      | 16,500  | 0       | 0            | 0              |
| Dues and memberships         | 10,750     | 2,500       | 250       | 0         | 0          | 0       | 0        | 0             | 0       | 0         | 0       | 0          | 0      | 0      | 0      | 0          | 0       | 0       | 0        | 0       | 0            | 0      | 0      | 1,000   | 0       | 0            | 7,000          |
| Equipment lease              | 16,300     | 0           | 0         | 0         | 0          | 0       | 0        | 0             | 0       | 0         | 0       | 0          | 0      | 0      | 0      | 0          | 0       | 0       | 0        | 0       | 0            | 0      | 0      | 6,500   | 0       | 0            | 9,800          |
| Equipment maintenance        | 4,900      | 0           | 0         | 0         | 0          | 0       | 0        | 0             | 0       | 0         | 0       | 0          | 0      | 0      | 0      | 0          | 0       | 0       | 0        | 0       | 0            | 0      | 0      | 2,400   | 0       | 0            | 2,500          |
| Financial mgt services       | 35,000     | 0           | 0         | 0         | 0          | 0       | 0        | 0             | 0       | 0         | 0       | 0          | 0      | 0      | 0      | 0          | 0       | 0       | 0        | 0       | 0            | 0      | 0      | 0       | 0       | 0            | 35,000         |
| Fundraising                  | 5,000      | 0           | 0         | 0         | 0          | 0       | 0        | 0             | 0       | 0         | 0       | 0          | 0      | 0      | 0      | 0          | 0       | 0       | 0        | 0       | 0            | 0      | 0      | 0       | 0       | 5,000        | 0              |
| Hiring                       | 2,130      | 20          | 110       | 0         | 0          | 0       | 0        | 0             | 0       | 0         | 0       | 0          | 0      | 0      | 0      | 0          | 0       | 0       | 0        | 0       | 0            | 0      | 0      | 0       | 0       | 0            | 2,000          |
| Insurance (business)         | 10,809     | 0           | 0         | 0         | 0          | 0       | 0        | 0             | 0       | 0         | 609     | 0          | 0      | 700    | 0      | 0          | 0       | 0       | 0        | 0       | 0            | 0      | 0      | 0       | 0       | 0            | 9,500          |
| ISP services                 | 10,028     | 0           | 900       | 0         | 0          | 0       | 0        | 0             | 0       | 0         | 0       | 0          | 0      | 0      | 0      | 0          | 0       | 0       | 0        | 0       | 0            | 0      | 0      | 5,328   | 0       | 0            | 3,800          |
| Lease of Space               | 281,652    | 0           | 0         | 0         | 0          | 0       | 0        | 10,000        | 0       | 4,244     | 0       | 0          | 0      | 0      | 0      | 0          | 0       | 0       | 0        | 0       | 0            | 0      | 0      | 225,048 | 0       | 0            | 42,360         |
| Meetings and conference fees | 14,670     | 7,000       | 1,670     | 0         | 1,000      | 0       | 0        | 0             | 0       | 0         | 0       | 0          | 0      | 0      | 0      | 0          | 0       | 0       | 0        | 0       | 0            | 0      | 0      | 0       | 0       | 0            | 5,000          |
| Office Supplies              | 31,794     | 1,250       | 1,550     | 120       | 1,220      | 0       | 0        | 4,000         | 0       | 254       | 0       | 0          | 0      | 0      | 0      | 0          | 0       | 0       | 0        | 0       | 0            | 0      | 0      | 7,000   | 0       | 2,000        | 14,400         |
| Outreach                     | 23,000     | 0           | 0         | 0         | 0          | 0       | 0        | 0             | 0       | 0         | 0       | 0          | 0      | 0      | 0      | 0          | 0       | 0       | 0        | 0       | 0            | 0      | 0      | 0       | 0       | 0            | 23,000         |
| Payroll & HR Services        | 26,500     | 0           | 0         | 0         | 0          | 0       | 0        | 0             | 0       | 0         | 0       | 0          | 0      | 0      | 0      | 0          | 0       | 0       | 0        | 0       | 0            | 0      | 0      | 0       | 0       | 0            | 26,500         |
| Postage                      | 5,860      | 350         | 10        | 0         | 0          | 0       | 0        | 0             | 0       | 0         | 0       | 0          | 0      | 0      | 0      | 0          | 0       | 0       | 0        | 0       | 0            | 0      | 0      | 0       | 0       | 0            | 5,500          |
| Printing Services            | 5,775      | 0           | 120       | 0         | 0          | 0       | 0        | 0             | 0       | 0         | 0       | 0          | 0      | 0      | 0      | 655        | 0       | 0       | 0        | 0       | 0            | 0      | 0      | 0       | 0       | 0            | 5,000          |
| Professional services        | 38,500     | 2,500       | 15,000    | 0         | 15,000     | 0       | 0        | 0             | 0       | 0         | 0       | 0          | 0      | 0      | 0      | 0          | 0       | 0       | 0        | 0       | 0            | 0      | 0      | 0       | 0       | 1,000        | 5,000          |
| Security                     | 23,400     | 0           | 0         | 0         | 0          | 0       | 0        | 0             | 0       | 0         | 0       | 0          | 0      | 0      | 0      | 0          | 0       | 0       | 0        | 0       | 0            | 0      | 0      | 23,400  | 0       | 0            | 0              |
| Software                     | 24,115     | 200         | 100       | 0         | 0          | 0       | 3,815    | 0             | 0       | 0         | 0       | 0          | 0      | 0      | 0      | 0          | 0       | 0       | 0        | 0       | 0            | 0      | 0      | 1,000   | 13,000  | 0            | 6,000          |
| Staff Training               | 18,895     | 500         | 4,980     | 0         | 1,540      | 0       | 1,875    | 0             | 0       | 0         | 0       | 0          | 0      | 0      | 0      | 0          | 0       | 0       | 0        | 0       | 0            | 0      | 0      | 0       | 0       | 0            | 10,000         |
| Subscriptions                | 3,000      | 0           | 0         | 0         | 0          | 0       | 0        |               |         |           |         |            |        |        |        |            |         |         |          |         |              |        |        |         |         |              |                |

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|   |                       | WIA    | WIA              | WIA            | WIA            | NEG           | Business |         |                |                  |         | MwCOG          |             |         |         | DSS            |               | VASAVOR       | VASAVOR | NOVA           | Project | UW       | UW    |         |             |        |          | Indirect     |       |
|---|-----------------------|--------|------------------|----------------|----------------|---------------|----------|---------|----------------|------------------|---------|----------------|-------------|---------|---------|----------------|---------------|---------------|---------|----------------|---------|----------|-------|---------|-------------|--------|----------|--------------|-------|
|   | Total                 | Admin  | Adult            | Youth          | Disl. Wkr.     | OJT           | Services | C2C     | J4VETS         | VETEC            | Drivers | TTW            | AIB         | Van     | Buy     | CCFP           | TANF          | 2013          | 2014    | Hlthfrce       | EYE     | Veterans | TTW   | CM      | Fndtns      | PWSSC  | TTW      | Unrestricted | Costs |
| Skillsource Ctr operations              | 84,386                | 0      | 17,000           | 29,950         | 10,000         | 0             | 0        | 0       | 0              | 22,529           | 0       | 0              | 0           | 0       | 0       | 0              | 0             | 0             | 0       | 0              | 4,907   | 0        | 0     | 0       | 0           | 0      | 0        | 0            | 0     |
| Telecommunications                      | 1,942                 | 0      | 0                | 0              | 0              | 0             | 0        | 0       | 1,284          | 0                | 0       | 0              | 0           | 0       | 0       | 0              | 0             | 0             | 0       | 0              | 658     | 0        | 0     | 0       | 0           | 0      | 0        | 0            | 0     |
| Travel                                  | 8,704                 | 0      | 0                | 0              | 0              | 0             | 0        | 0       | 648            | 4,636            | 0       | 0              | 0           | 0       | 0       | 0              | 0             | 0             | 0       | 0              | 3,420   | 0        | 0     | 0       | 0           | 0      | 0        | 0            | 0     |
| Subtotal - Operations                   | 2,857,590             | 0      | 664,553          | 785,589        | 914,712        | 0             | 0        | 0       | 71,114         | 302,085          | 0       | 0              | 0           | 0       | 0       | 0              | 0             | 26,486        | 76,835  | 0              | 16,216  | 0        | 0     | 0       | 0           | 0      | 0        | 0            | 0     |
| OJT                                     | 97,660                | 0      | 0                | 0              | 0              | 97,660        | 0        | 0       | 0              | 0                | 0       | 0              | 0           | 0       | 0       | 0              | 0             | 0             | 0       | 0              | 0       | 0        | 0     | 0       | 0           | 0      | 0        | 0            | 0     |
| ITAs                                    | 819,509               | 0      | 200,000          | 150,000        | 195,000        | 0             | 0        | 0       | 199,588        | 0                | 0       | 0              | 0           | 0       | 0       | 0              | 0             | 25,877        | 48,000  | 0              | 0       | 0        | 0     | 1,044   | 0           | 0      | 0        | 0            | 0     |
| Other training and services             | 759,330               | 0      | 25,000           | 580,000        | 30,000         | 0             | 0        | 0       | 0              | 0                | 0       | 0              | 0           | 0       | 0       | 0              | 0             | 0             | 0       | 0              | 124,330 | 0        | 0     | 0       | 0           | 0      | 0        | 0            | 0     |
| Work Experience                         | 240,000               | 0      | 0                | 240,000        | 0              | 0             | 0        | 0       | 0              | 0                | 0       | 0              | 0           | 0       | 0       | 0              | 0             | 0             | 0       | 0              | 0       | 0        | 0     | 0       | 0           | 0      | 0        | 0            | 0     |
| Subtotal - Training                     | 1,916,499             | 0      | 225,000          | 970,000        | 225,000        | 97,660        | 0        | 0       | 199,588        | 0                | 0       | 0              | 0           | 0       | 0       | 0              | 0             | 25,877        | 48,000  | 0              | 124,330 | 0        | 0     | 1,044   | 0           | 0      | 0        | 0            | 0     |
| Total Subcontract - DFS                 | 4,774,089             | 0      | 889,553          | 1,755,589      | 1,139,712      | 97,660        | 0        | 0       | 270,702        | 302,085          | 0       | 0              | 0           | 0       | 0       | 0              | 0             | 52,363        | 124,835 | 0              | 140,546 | 0        | 0     | 1,044   | 0           | 0      | 0        | 0            | 0     |
| Subcontract services - Other            |                       |        |                  |                |                |               |          |         |                |                  |         |                |             |         |         |                |               |               |         |                |         |          |       |         |             |        |          |              |       |
| Contractual Personnel                   | 904,807               | 0      | 0                | 25,000         | 0              | 0             | 0        | 0       | 109,009        | 757,300          | 0       | 0              | 0           | 0       | 0       | 0              | 0             | 0             | 0       | 0              | 0       | 13,498   | 0     | 0       | 0           | 0      | 0        | 0            | 0     |
| Contractual Operations                  | 243,552               | 0      | 0                | 0              | 0              | 0             | 0        | 0       | 9,621          | 233,931          | 0       | 0              | 0           | 0       | 0       | 0              | 0             | 0             | 0       | 0              | 0       | 0        | 0     | 0       | 0           | 0      | 0        | 0            | 0     |
| Project Evaluation                      | 599,850               | 0      | 0                | 0              | 0              | 0             | 0        | 0       | 0              | 599,850          | 0       | 0              | 0           | 0       | 0       | 0              | 0             | 0             | 0       | 0              | 0       | 0        | 0     | 0       | 0           | 0      | 0        | 0            | 0     |
| Professional Services                   | 46,000                | 0      | 0                | 0              | 0              | 0             | 0        | 0       | 0              | 46,000           | 0       | 0              | 0           | 0       | 0       | 0              | 0             | 0             | 0       | 0              | 0       | 0        | 0     | 0       | 0           | 0      | 0        | 0            | 0     |
| Supplies, Outreach & Telecommunications | 174,387               | 0      | 0                | 0              | 0              | 0             | 0        | 0       | 0              | 174,387          | 0       | 0              | 0           | 0       | 0       | 0              | 0             | 0             | 0       | 0              | 0       | 0        | 0     | 0       | 0           | 0      | 0        | 0            | 0     |
| Travel                                  | 24,560                | 0      | 0                | 0              | 0              | 0             | 0        | 0       | 0              | 13,560           | 0       | 0              | 0           | 0       | 0       | 0              | 0             | 1,000         | 10,000  | 0              | 0       | 0        | 0     | 0       | 0           | 0      | 0        | 0            | 0     |
| Other training and services             | 1,301,474             | 0      | 0                | 0              | 0              | 0             | 0        | 0       | 10,000         | 1,260,215        | 0       | 0              | 0           | 0       | 0       | 0              | 0             | 13,259        | 18,000  | 0              | 0       | 0        | 0     | 0       | 0           | 0      | 0        | 0            | 0     |
| Total Subcontract - Others              | 3,294,630             | 0      | 0                | 25,000         | 0              | 0             | 0        | 0       | 128,630        | 3,085,243        | 0       | 0              | 0           | 0       | 0       | 0              | 0             | 14,259        | 28,000  | 0              | 0       | 13,498   | 0     | 0       | 0           | 0      | 0        | 0            | 0     |
| Total Subcontract                       | 8,068,718             | 0      | 889,553          | 1,780,589      | 1,139,712      | 97,660        | 0        | 0       | 399,332        | 3,387,328        | 0       | 0              | 0           | 0       | 0       | 0              | 0             | 66,622        | 152,835 | 0              | 140,546 | 13,498   | 0     | 1,044   | 0           | 0      | 0        | 0            | 0     |
| Total Expenses before cost allocation   | 12,946,723<br>-31,505 | 61,864 | 1,336,502        | 1,978,506      | 1,526,111      | 103,660       | 11,393   | 136,817 | 520,674        | 4,609,080        | 117,469 | 26,846         | 17,344      | 26,002  | 56,738  | 197,500        | 66,622        | 152,835       | 420,000 | 368,234        | 28,472  | 3,892    | 1,044 | 431,944 | 94,222      | 64,841 | 588,112  |              |       |
| Allocation of Indirect Costs            | 0                     | 6,726  | 128,659          | 130,351        | 154,133        | 0             | 0        | 10,112  | 16,662         | 58,936           | 7,658   | 0              | 2,352       | 378     | 8,591   | 9,255          | 4,010         | 11,634        | 0       | 1,252          | 0       | 539      | 0     | 16,551  | 11,707      | 8,606  | -588,112 |              |       |
| Indirect Reclassifications              |                       |        |                  |                |                |               |          |         |                |                  |         |                |             |         |         |                |               |               |         |                |         |          |       |         |             |        |          |              |       |
| C2C                                     |                       |        | 653              |                | 653            |               |          | -1,305  |                |                  |         |                |             |         |         |                |               |               |         |                |         |          |       |         |             |        |          |              |       |
| PWSSC                                   |                       |        | 5,517            | 5,517          | 5,517          |               |          |         |                |                  |         |                |             |         |         |                |               |               |         |                |         |          |       |         | -16,551     |        |          |              |       |
| J4VETS                                  |                       |        | 173              |                | 173            |               |          |         | -346           |                  |         |                |             |         |         |                |               |               |         |                |         |          |       |         |             |        |          |              |       |
| VETEC                                   |                       |        | 17,309           |                | 17,309         |               |          |         |                | -34,617          |         |                |             |         |         |                |               |               |         |                |         |          |       |         |             |        |          |              |       |
| Total Expenses                          | 12,946,723            | 68,590 | 1,488,812        | 2,114,373      | 1,703,895      | 103,660       | 11,393   | 145,624 | 536,990        | 4,633,399        | 125,127 | 26,846         | 19,696      | 26,380  | 65,329  | 206,755        | 70,632        | 164,469       | 420,000 | 369,486        | 28,472  | 4,431    | 1,044 | 431,944 | 105,930     | 73,447 | 0        |              |       |
| Reduction in Revenue                    | -1,277                |        |                  |                |                |               |          |         |                |                  |         |                |             |         |         |                |               |               |         |                |         |          |       |         |             |        |          |              |       |
| Decrease in Net Assets                  | -32,782               | 0      | 0                | 0              | 0              | 0             | 0        | 0       | 0              | 0                | 0       | 0              | 0           | 0       | -380    | -5,329         | -9,255        | -4,010        | -11,634 | 0              | 0       | 0        | 0     | 0       | 0           | 9,002  | 44,070   | -55,247      | 0     |
|   | 0                     |        |                  |                |                |               |          |         |                |                  |         |                |             |         |         |                |               |               |         |                |         |          |       |         |             |        |          |              |       |
| Decrease in Net Assets-Unrestricted     | -32,782               | 0      | 0                | 0              | 0              | 0             | 0        | 0       | 0              | 0                | 0       | 0              | 0           | 0       | -380    | -5,329         | -9,255        | -4,010        | -11,634 | 0              | 0       | 0        | 0     | 0       | 0           | 9,002  | 44,070   | -55,247      | 0     |
|   |                       |        |                  |                |                |               |          |         |                |                  |         |                |             |         |         |                |               |               |         |                |         |          |       |         |             |        |          |              |       |
| Training & Other Employment Supports    | 3,663,293<br>28%      |        | 260,000<br>17%   | 972,890<br>46% | 260,000<br>15% | 97,660<br>94% |          | 0<br>0% | 209,588<br>39% | 1,260,215<br>27% | 0<br>0% | 26,846<br>100% | 1,811<br>9% | 0<br>0% | 0<br>0% | 121,800<br>59% | 39,136<br>55% | 66,000<br>40% | 0<br>0% | 344,803<br>93% | 0<br>0% | 0<br>0%  |       | 0<br>0% | 1,500<br>1% |        |          |              |       |
|   |                       |        | All WIA Programs | 28%            |                |               |          |         |                |                  |         |                |             |         |         |                |               |               |         |                |         |          |       |         |             |        |          |              |       |

September 26, 2014

**THE *SKILLSOURCE* GROUP, INC.  
BOARD OF DIRECTORS MEETING**

**SUMMARY SHEET**

**SUBJECT: Acceptance of Van Purchase for Council of Governments Grant Award.**

**This item had originally been approved by the SSG Board of Directors on June 20, 2014. Following this action, the Metropolitan Washington Council of Governments staff advised that the *SkillSource* Group procurement action needed to be repeated in order to comply with specific guidelines issued by the U.S. Department of Transportation.**

On December 19, 2013, the Metropolitan Washington Council of Governments awarded *SkillSource* \$26,000 to further the employment efforts at the Pre-release Center. The designated funds of \$22,200 of the award will be used to purchase a vehicle to transport offender jobseekers from the Fairfax County Pre-Release Employment Center to places of employment throughout Fairfax County and Northern Virginia. The *SkillSource* Group Board of Directors accepted these funds in February 2014.

Following revised Federal Transportation Department and Council of Governments requirements, *SkillSource* staff issued a Request for Bids on the passenger van in July 2014 and received four (4) bids from local automobile dealers. A summary of the four vehicle bids is attached.

*SkillSource* Group staff recommend following the lowest bid to purchase the 2014 Dodge Grand Caravan vehicle, the same vehicle and dealer recommended in June 2014.

**ACTION REQUESTED:**

The *SkillSource* Board of Directors acceptance of the recommendation to purchase the 2014 Dodge Grand Caravan.

**STAFF:** David Hunn  
Seema Jain  
Tyna Gaylor  
703-752-1606

**The SkillSource Group, Inc.**  
**Summary of Proposals for Van Purchase**  
**As of September 18, 2014**

**COST COMPARSION**

| <b>Cost</b>     | <b>Make</b>               | <b>Model</b>  | <b>Dealer</b>                  | <b>Comments</b>   |
|-----------------|---------------------------|---|--------------------------------|---|
| <b>\$21,264</b> | 2014 Grand Caravan, New   | AVP, Base Model Package                                 | Ourisman Dodge, Alexandria, VA | <b>Lowest Price Bid for New Vehicle. Recommended for purchase.</b>                                |
| <b>\$21,879</b> | 2014 Transit Connect, New | XL Wagon (LWB), one model above base,                   | Koons Ford, Sterling, VA       |   |
| <b>\$22,390</b> | 2014 Grand Caravan, Used  | SXT package , Four models above base, has 12,000 miles, | CarMax, Woodbridge, VA         | This used vehicle has 12,000 miles. (Note: This vehicle was sold before SSG review.)              |
| <b>\$19,573</b> | 2014 Grand Caravan, Used  | SE, Second model above base                             | CarMax Woodbridge, VA          | This used vehicle, with 4,000 miles, was involved in an accident. (Carmax second offer - 9/18/14) |
| <b>\$24,120</b> | 2014 Transit Connect, New | XLT Wagon, (LWB) base model                             | Ted Britt Ford, Chantilly, VA  |   |

September 26, 2014

**THE SKILLSOURCE GROUP, INC.  
BOARD OF DIRECTORS MEETING**

**SUMMARY SHEET**

**SUBJECT: Impact of New Federal Workforce Innovation and Opportunity Act (WIOA)**

In July 2014, President Obama signed H.R. 803, the newly-reauthorized Workforce Innovation and Opportunity Act (WIOA), which completes the remarkably quick U.S. Senate and House of Representatives agreement on the Federal workforce reauthorization bills, after an eleven year delay. This legislation is scheduled to begin implementation on [July 1, 2015](#) and a wide array of rules and regulations will be drafted by the U.S. Department of Labor over the next year. States and Governors will also be expected to work with local elected officials on preparing for this legislation as well.

The new legislation will impact local workforce investment boards, both in composition and in oversight responsibilities. The U.S. Department of Labor has produced a Frequently Asked Questions document summarizing much of the anticipated changes from the new law, which is attached here.

**STAFF:** David Hunn  
Seema Jain  
Tyna Gaylor  
(703) 752-1606

## **Workforce Innovation and Opportunity Act Frequently Asked Questions July 22, 2014**

The following Frequently Asked Questions are drafted in the context of the Workforce Innovation and Opportunity Act (WIOA) programs that are administered by the Department of Labor (DOL).

### **GENERAL QUESTIONS**

#### **Q. What programs are authorized by WIOA?**

WIOA authorizes key employment and training programs and the American Job Center (referred to as One-Stop Center in the law) service delivery system to help workers acquire the tools and skills they need to be successful and to connect employers to the skilled workers they need. WIOA aligns the “core” programs to provide coordinated, comprehensive services. The core programs are: (1) Adult, Dislocated Worker and Youth formula programs administered by DOL; (2) the Adult Education and Literacy programs administered by the Department of Education (ED); (3) Wagner-Peyser Employment Service program administered by DOL; and (4) the programs under title I of the Rehabilitation Act that provide services to individuals with disabilities administered by the ED. Other programs administered by DOL that are authorized under title I of WIOA include: Job Corps, YouthBuild, Indian and Native American programs, Migrant and Seasonal Farmworker programs, and evaluation and multistate projects.

#### **Q. What are key features of the WIOA?**

WIOA makes a number of improvements to the public workforce system and its delivery of services to jobseekers, workers, and employers. Among the key features of WIOA are:

- Ensuring that federal core program employment and training services are coordinated and complementary by requiring a single, 4-year Strategic State Plan for achieving the workforce goals of the State;
- Ensuring that federal investments in employment and training programs are evidence-based, data-driven, and accountable to participants and taxpayers by establishing a common performance accountability system for the core programs and requiring other authorized programs to report on the common performance indicators;
- Streamlining and strengthening the strategic roles of State and local workforce boards by reducing board size and adding functions that include strategies for meeting the needs of jobseekers and employers;
- Enhancing services provided to job seekers and employers through the American Job Center system by requiring the co-location of Wagner-Peyser Employment Services; adding the Temporary Assistance for Needy Families as a required partner; providing for State-established certification to facilitate high-quality American Job Centers; requiring partners to dedicate funding for infrastructure and other shared costs; and promoting the development of integrated intake, case management and reporting systems;

- Fostering regional collaboration by having local areas plan and coordinate service delivery within a region;
- Emphasizing the use of career pathways and sector partnerships to promote employment in in-demand industries and occupations;
- Promoting work-based training by authorizing local areas to provide incumbent worker training and transitional jobs, increasing the reimbursement to employers for on-the-job-training and customized training and by increasing linkages with Registered Apprentices;
- Increasing flexibility by authorizing local areas to transfer up to 100 percent funding between Adult and Dislocated Worker; and
- Refocusing the youth formula program to serve disconnected youth by requiring a minimum of 75 percent of funds are used for out-of-school youth compared to 30 percent under WIA.

**Q. How can I stay abreast of information regarding WIOA implementation, technical assistance, and stakeholder engagement?**

Information on WIOA implementation, including links to guidance, technical assistance events and tools, and opportunities to provide stakeholder input will be posted on ETA's WIOA Resource Page at [www.doleta.gov/WIOA](http://www.doleta.gov/WIOA). The WIOA Resource Page will be updated with new tools and resources, including responses to frequently asked questions, as they become available.

Questions regarding WIOA implementation should be submitted to [DOL.WIOA@dol.gov](mailto:DOL.WIOA@dol.gov) or directed to your ETA Regional Office. Additionally, official ETA guidance on WIOA will be posted on ETA's advisory Web site, <http://wdr.doleta.gov/directives>.

**Q. How does WIOA streamline programs and services?**

WIOA streamlines programs and improves services to job seekers and employers in several ways including establishing a single State Unified Strategic Plan and a common performance accountability system for the core programs. The Act also applies common performance measures to other workforce programs authorized under the Act. The Act streamlines State and local boards by reducing their size while expanding their responsibilities to include the alignment of workforce development programs to maximize the effective use of program resources. The Act also streamlines services by merging the current WIA core and intensive services into a single new category of career services; this clarifies that no "sequence of service" is required before enrollment in training and makes more comprehensive services readily available.

**Q. How does WIOA align with the Vice President's review of federal job training programs?**

The Vice President's review of federal job training programs highlights several key elements that characterize job-driven programs and best practices to make our national training and skills investments more job-driven. WIOA also includes these key elements. The Vice President's report and WIOA complement one another and both advance the goals of preparing workers for 21<sup>st</sup> century jobs and ensuring American businesses will have skilled workers to be competitive in our global economy.

## **IMPLEMENTATION**

### **Q. When will WIOA take effect?**

The majority of WIOA provisions will become effective on July 1, 2015, the first full program year after enactment. However, the Act includes several provisions that become effective on other dates. For example, the WIA State and local plans remain in effect for PY 2015 and the new State Unified Strategic Plan is to be submitted for PY 2016, which begins July 1, 2016. In addition, the WIA performance accountability section remains in effect for PY 2015, with the new WIOA performance accountability provisions taking effect at the beginning PY 2016. ETA has posted the key statutorily required implementation dates on ETA's WIOA Resource Page at [www.doleta.gov/WIOA](http://www.doleta.gov/WIOA).

### **Q. How will ETA handle pending or new requests for such things as plan modifications or waivers before WIOA takes effect?**

Regular WIA business matters such as State Plan modifications, reviewing and processing waiver requests, and monitoring visits in accordance with existing WIA provisions and established procedures until further guidance or notice is issued.

### **Q. What kind of support will the Department provide to help states and local areas transition to WIOA?**

The Department plans to provide a broad range of guidance and training and technical assistance to help states and local areas successfully transition to WIOA. Information on upcoming technical assistance and training opportunities, tools and resources, and opportunities for stakeholder input will be made available on the WIOA Resource Page ([www.doleta.gov/WIOA](http://www.doleta.gov/WIOA)). The WIOA Resource Page will be updated with new tools and resources, including responses to frequently asked questions.

The Act authorizes the States, grant recipients, administrative entities and other recipients of financial assistance under WIA to spend funds received under WIA to plan and implement programs and activities under the WIOA. States can spend no more than 2 percent of any state allotment for FY 2014 for transition activities, and of that amount, not less than 50 percent is to be made available to local entities for those activities. The Department anticipates issuing further guidance on the use of FY 2014 funds for this purpose shortly.

### **Q. Will there an opportunity for States to be early implementers of the new WIOA State Unified Plans?**

Yes. ETA will develop a process and guidance for States that choose to voluntarily submit and implement the WIOA State Unified Plans before the statutory effective date of July 1, 2016.



**Q. How can I provide input into the WIOA implementation process?**

Stakeholder input is absolutely critical to the successful implementation of WIOA. ETA, in coordination with its Federal partner agencies, intends to engage stakeholders and gather feedback at various points throughout the transition to WIOA. We will notify stakeholders across the workforce system about opportunities for engagement in the coming months; opportunities may include audio or online listening sessions with ETA leadership, interactive webinar presentations, or Town Hall sessions. Stakeholders also can submit questions, concerns, or ideas to [DOL.WIOA@dol.gov](mailto:DOL.WIOA@dol.gov), a dedicated email box for WIOA implementation. In addition, stakeholders will be invited to respond to Federal Register Notices (FRN) as draft regulations and proposed data collections are published for public comment.

**Q. How does WIOA impact national grant programs such as the Indian and Native American program, the Migrant and Seasonal Farmworker program, and YouthBuild?**

WIOA continues to authorize the national competitive grant programs that were authorized under WIA (the Indian and Native American program, the National Farmworker Jobs program, and YouthBuild). Changes have been made to these programs to ensure that jobseekers acquire the skills needed for in-demand jobs and are aligned with the core programs. For instance, YouthBuild is amended to specifically authorize activities in in-demand industries and occupations in addition to construction, to incorporate the common performance measures, and to make changes to the percentages of funds used for supervision and training and administration. The Indian and Native American program and the National Farmworker Jobs program are amended to extend the grant periods from two to four years, apply the common performance accountability measures, and authorize additional activities. These national programs would continue to be required partners in American Job Centers (also known as One-Stop Career Centers) although their representation on local workforce investment boards is no longer required.

The impact of WIOA on the Job Corps program is discussed in a separate section of this document.

**Q. When do Board changes take effect?**

Like most of the other provisions in the Act, the State and Local Workforce Development Board requirements take effect July 1, 2015, the first full program year after enactment. WIOA retains a grandfathering provision for those State Boards that were in effect before the enactment of WIA and a grandfathering provision for Local Boards. The Department will continue to analyze changes to the State and Local boards and will issue additional guidance as appropriate.

**Q. What is the "common one-stop delivery system identifier" to be developed by the Secretary? Is that identifier going to be "American Job Center"?**

A common identifier will help job seekers and employers readily access services. The Department will consult with state and local boards and stakeholders experiences with various identifiers, including the American Job Center, before finalizing the system identifier and how it

should be included in state and local materials. WIOA allows states, local areas, and other partners to have additional identifiers as well. After consultations, the Department will issue guidance and technical assistance on identifier implementation.

## **IMPROVING SERVICES TO JOB SEEKERS AND EMPLOYERS**

### **Q. How does WIOA change the youth formula program?**

WIOA requires the youth formula program spend at least 75 percent of funds on out-of-school youth, compared to 30 percent under WIA. The Act also changes youth eligibility requirements by establishing separate criteria for out-of-school and in-school youth, including removing income eligibility requirements for most out-of-school youth and raising the eligible age for such youth to 16 through 24. In-school youth age eligibility continue to be ages 14-21, as in WIA. WIOA places a new priority on work-based learning by providing that at least 20 percent of local youth formula funds be used for work experiences such as summer jobs, pre-apprenticeship training, on-the-job training and internships that have academic and occupational education as a component. WIOA also links services to the attainment of secondary school diplomas, entry into postsecondary education and career readiness, and to the attainment of postsecondary credentials aligned with in-demand industry sectors or occupations. Additional allowable activities include financial literacy education and entrepreneurial skills training.

### **Q. How does WIOA improve services to unemployment insurance (UI) claimants?**

WIOA increases connections between the job training and employment services and the UI system. UI claimants will benefit from the enhanced services, including the labor exchange services and career counseling that are included as career services under title I, and activities that assist workers in identifying and obtaining jobs in in-demand industries and occupations. WIOA amends Wagner-Peyser Employment Services to include as allowable activities eligibility assessments of UI claimants and the provision of referrals to and application assistance for an array of training and education programs and resources. Co-locating Employment Services in American Job Centers also will result in UI claimants having enhanced access to services.

### **Q. How does WIOA improve services to individuals with disabilities through American Job Centers?**

WIOA makes several significant changes to help individuals with disabilities access services and improve employment outcomes. Both the State and the Local Plans are to describe how the American Job Center delivery system will comply with the nondiscrimination requirements regarding physical and programmatic accessibility of facilities, programs, services, technology and materials, including appropriate staff training and support. The criteria for certifying American Job Centers also includes assessing physical and programmatic accessibility. The Act includes individuals with disabilities in the definition of individuals with barriers to employment, for whom strategies must be identified in State and local plans and performance outcomes identified and reported.

WIOA directs local boards to promote proven practices in programmatic and physical accessibility, develop strategies for using technology to better meet the needs of people with barriers to employment, and annually assess physical and programmatic accessibility. In addition, local boards may designate a standing committee to provide information and assist with operational and other issues related to compliance with non-discrimination and applicable accessibility requirements and appropriate training for staff on providing services for individuals with disabilities.

WIOA also promotes better alignment of the Adult, Dislocated Worker and Youth formula programs with vocational rehabilitation state grant programs carried out under title I of the Rehabilitation Act to help provide comprehensive services to individuals with disabilities. The Act strengthens collaboration of vocational rehabilitation agencies with employers. In addition, WIOA makes important amendments to the employment grant programs under the Rehabilitation Act to emphasize entry into and retention in competitive integrated employment for individuals with disabilities. The Act requires at least 15 percent of the funding to state vocational rehabilitation agencies to provide pre-employment transition services to support youth with disabilities in transition from secondary school to post-secondary school and employment.

At the Federal level, WIOA requires that the Secretary of Labor establish an advisory committee focused on increasing competitive integrated employment for individuals with disabilities.

#### **Q. How does WIOA strengthen services for employers?**

WIOA contains many provisions to strengthen connections with employers to identify the skills employers need, ensure assistance is provided to workers to acquire those skills, and match employers with the skilled workers they need. The State and local workforce development boards that set policies for and oversee workforce development systems are comprised of a majority of business representatives and have business chairs. State and local plans include strategic elements designed to identify the employment needs of employers and to develop strategies for meeting those needs.

At the local level, a critical local board function is leading efforts to engage a diverse range of employers to develop effective linkages with regional employers to support their utilization of and participation in the local workforce system. The local boards are also to enhance communication, coordination, and collaboration among employers, economic development entities and service providers to ensure activities meet the needs of employers and support economic growth in the region. In its plan, local boards are to describe (1) their strategies and services for employer engagement, including small employers and employers in in-demand industry sectors and occupations, in workforce programs; (2) how they will support a local system that meets the needs of local employers; (3) how they will better coordinate workforce development programs and economic development; ; and (4) the implementation of initiatives such as incumbent worker training programs, on-the-job training programs, career pathways initiatives, utilization of effective business intermediaries, and other business services and strategies designed to meet the needs of employers in the corresponding region.

WIOA emphasizes the provision of training that results in the attainment of postsecondary credentials that include industry-recognized certificates or certifications. It strengthens employment-based training by increasing the reimbursement rate to employers for on-the-job training and for customized training. WIOA provides local boards the opportunity to implement incumbent worker training programs using up to 20 percent of their Adult and Dislocated Worker program funds. It promotes the use of sector strategies to form partnerships among key stakeholders in an industry cluster or sector to and encourages them to offer other work-based training and/or carry out industry and sector strategies to identify and address the needs of multiple employers in the industry.

To ensure accountability for services to employers, WIOA directs the Secretary of Labor and the Secretary of Education to establish a new performance measure on the effectiveness of services to employers across the core programs.

**Q. How does WIOA strengthen connections with institutions of higher education, including community colleges?**

Under WIOA, State Unified Plans must include a description of how community colleges will be engaged as partners in the workforce development system. In addition, each local board includes a representative of institutions of higher education providing workforce investment activities, including community colleges. WIOA also allows local boards to enter into direct contracts with institutions of higher education to provide training services.

**Q. Does WIOA retain veterans' priority of service?**

Yes. Priority of service requirements for eligible veterans and spouses continue under WIOA, and DOL is continuing to implement the recent refocus of the Jobs for Veterans State Grants (JVSG) program. DOL is analyzing how WIOA provisions affect the JVSG program and will issue further guidance as needed.

**Q. How does WIOA improve services for veterans and military spouses?**

WIOA has several provisions which help support veteran- related services, such as expanding National Dislocated Worker Grants (formerly National Emergency Grants) eligibility to areas that have a higher than average demand for services from dislocated members of the Armed Forces and other eligible individuals. The Act also includes spouses of certain active duty members of the Armed Forces in the definition of dislocated workers and displaced homemakers eligible for assistance under the Dislocated Worker formula program.

## **PROGRAM QUESTIONS**

### **Q. What are some of the major changes to National Dislocated Worker Grants (formerly National Emergency Grants)?**

WIOA provides greater flexibility in the use of National Dislocated Worker Grants. The Act expands disaster relief authority to provide assistance, including disaster relief employment for affected workers, in an emergency or disaster situation of national significance that could result in a potentially large loss of employment, including situations where a Stafford Act declaration has not been issued. WIOA extends eligibility for disaster assistance to self-employed individuals who become unemployed or significantly underemployed as a result of the emergency or disaster. The Act increases the period for which disaster employment may be provided to participants from 6 months under WIA to 12 months under WIOA; and it allows the Secretary, at the request of the State, to extend the period of disaster employment for an additional 12 months. WIOA also expands eligibility to areas to receive grants that have a higher than average demand for services from dislocated members of the Armed Forces and other eligible individuals.

### **Q. How does WIOA promote collaboration between the public workforce system and Registered Apprenticeship?**

Registered Apprenticeship is a proven model for meeting employers' workforce needs while allowing workers to earn while they learn new skills and acquire credentials. Thus, WIOA promotes collaboration between Registered Apprenticeship and Adult, Dislocated Worker and Youth formula programs in several ways. Under WIOA, representatives of Registered Apprenticeship programs are required members of both State and Local boards. Registered Apprenticeship programs with the Department or a State Apprenticeship Agency recognized by the Department are included as eligible training providers for the Adult and Dislocated Worker formula programs as long as they remain registered, and the Registered Apprenticeship completion certificate is recognized as a post-secondary credential. Registered Apprenticeship is recognized as a career pathway to good jobs for Job Corps students. Pre-apprenticeship training is an authorized Youth program activity to help participants meet entrance requirements for Registered Apprenticeship programs. YouthBuild also authorizes pre-apprenticeship training as well as Registered Apprenticeship.

### **Q. WIOA does not include Workforce Innovation Fund (WIF); what does that mean for WIF grants?**

Current WIF grants are not affected and will continue to operate for the duration of the grants. The Department currently is reviewing applications submitted under a WIF competition that closed June 18, 2014, and anticipates announcing grant awards using FY 2013 funds by September 30, 2014. The Department also has funding available for WIF from FY 2014 appropriations, and anticipates awarding these funds by September 30, 2015.

Innovation to support change and continuous improvement also is a key component of WIOA. Under the Governor's 15 percent funds, WIOA adds a number of allowable statewide activities

to support and encourage innovative and evidence-based approaches to workforce development. WIOA also includes provisions to ensure that states and the Department work together to share promising and proven practices; to evaluate and disseminate information regarding such practices; and to identify and commission research to address knowledge gaps. The Department will build on the work of the WIF to support states in their ongoing innovation work.

**Q. Does the Department still have authority to carry out demonstration projects?**

Yes. Evidence-based and data-driven strategies are a priority under WIOA. As part of evaluation and research activities, WIOA authorizes the Department to carry out research and multi-state projects, as well as demonstration projects for dislocated workers. WIOA also adds provisions requiring that an independent evaluation of the programs and activities under title I be carried out at least once every four years and that at least one multistate control group evaluation of such programs and activities be conducted by the end of FY 2019.

**Q. How will the WIA Gold Standard findings help support WIOA implementation?**

Many aspects of WIOA were informed by research and evaluations conducted previously under WIA. The WIA Gold Standard Evaluation is expected in 2017 and will not provide impact findings in time for WIOA implementation. However, the Department anticipates publishing a series of briefing papers on WIA during calendar year 2014 that will help it better understand how WIA is working and where changes in policy or practice may be needed to strengthen WIOA. Subsequent findings under the WIA Gold Standard evaluation will be used to inform future system guidance and workforce strategies under WIOA.

**JOB CORPS PROGRAM**

**Q. How does WIOA impact the Job Corps program?**

WIOA aligns the Job Corps with the core programs by requiring Job Corps to report on the common performance indicators. Job Corps is tasked directly with providing opportunities that will lead to successful careers resulting in economic self-sufficiency and prospects for advancement, or enrollment in postsecondary education, including apprenticeship programs, as well as with supporting responsible citizenship. There is greater emphasis placed on the establishment of community networks with employers, labor organizations, and State and local boards in order to make Job Corps more effective. WIOA requires the Department to collect more data on Job Corps operations and financial management to better inform Congress and the public on the program.

**Q. How does Job Corps center operator selection change?**

WIOA uses competition to increase the performance and quality of Job Corps. WIOA adds to the current list of considerations in selecting a Job Corps operator the ability of an entity to offer career and technical education that has been proposed by the workforce council advising the center, the effectiveness of an entity in achieving the primary indicators of performance applicable to Job Corps, and information contained in reports issued by the Department's

Inspector General. In addition, the Act includes a provision identifying additional selection factors that must be included in a contract proposal submitted by an entity to operate a center; it provides that entities that operate high performing centers may compete in any competitive selection process to operate that center, which would include contracts otherwise set aside only for small businesses. WIOA also specifies the length of the contractual agreements for operating the centers and the conditions under which they may be renewed.

**Q. What are new performance reporting requirements for Job Corps?**

WIOA aligns Job Corps with the core programs by requiring Job Corps to report on the common performance indicators applicable to the youth formula program. Additionally, the Secretary's required annual report to the Congress on the performance of Job Corps centers and programs now will include information on the performance of the recruiters and career transition service providers.

**Q. What are the new oversight requirements for Job Corps?**

Under WIOA, the Secretary must submit a financial report regarding Job Corps to Congress every six months beginning on the date of enactment for a three year period and then annually for the next two years. Furthermore, should Job Corps identify any budgetary shortfall, the Secretary must submit a report within 90 days explaining how the shortfall will be addressed, and submit a report every six months after the shortfall until it has been eliminated. The Secretary is also required to provide for a third party evaluation of the Job Corps program every five years.

**FINANCIAL ADMINISTRATION AND PERFORMANCE**

**Q. How will WIOA affect my funding levels?**

WIOA authorizes appropriations for each of Fiscal Years 2015 – 2020. The levels increase a total of 17 percent over that time period. However, the amounts authorized in the Act remain subject to the annual Congressional appropriations process. Congress currently is considering the President's FY 2015 budget request.

**Q. Are there changes to the formulas for the Adult, Dislocated Worker, and Youth programs?**

There are no changes to the Adult and Youth formulas. However, beginning in FY 2016 WIOA provides that under the Dislocated Worker formula allotments to states, no state is to receive an allotment less than 90 percent or greater than 130 percent of the allotment percentage for the preceding year. Similarly with respect to within-state formula allocations, no local area is to receive less than 90 percent or more than 130 percent of the average allocation percentage of the local area for the two preceding years. The Adult and Youth formula programs had these minimum and maximum percentages under WIA, but the dislocated worker program did not.

**Q. Is there any effect on recapture and reallocation processes for states and local areas?**

No, WIOA maintains the WIA recapture and reallocation process.

**Q. How does WIOA strengthen performance accountability and transparency?**

WIOA ensures that Federal investments in employment and training programs are accountable to job seekers, employers, customers, and tax payers. WIOA establishes common performance measures across the four core programs and also requires other programs authorized by the Act to report on the same indicators. In addition, WIOA requires the establishment of primary indicators on credential attainment and skills gain and on the effectiveness of services to employers. The Secretaries of Labor and Education are to develop a statistical adjustment model that will be used take into account the economic conditions and the characteristics of participants served in negotiating and determining the levels of performance applicable to the primary indicators. WIOA also requires states, localities, and eligible training providers to publish performance data using common templates developed by the Secretary of Labor and the Secretary of Education.

**Q. Do states and locals have to collect new performance information?**

By and large, DOL's Employment and Training Administration's grantees already collect most of the performance data required by WIOA. However, the primary indicators of performance specify outcomes with respect to quarters after exit that are different from WIA. There are also some additional data elements that will be required such as credentials attainment, measurable skills gain, training-related costs and information regarding employer engagement. The Department will be issuing guidance and technical assistance related to these new elements.

**GOVERNANCE**

**Q. What is the impact of WIOA on State Workforce Development Boards?**

WIOA reduces the size of State workforce development boards and provides them additional responsibilities to help achieve State strategic workforce vision and goals. The state board has a business chair and the majority of members are business representatives. At least 20 percent of the board membership must include workforce representatives, who must include representatives nominated by labor organizations and a representative of an apprenticeship program and may include community-based organizations. The balance includes representatives of agencies responsible for administering the core programs and other appropriate government representatives, including local officials. Examples of state boards' new functions include leading efforts to engage employers; developing career pathways, promoting proven and promising practices, and more effectively utilizing technology .

The Act retains a grandfathering provision for State boards that were in effect before the enactment of WIA. Provisions are included to specifically authorize the hiring of a director and staff and to require the State board to establish and apply a set of objective qualifications to ensure the director has the requisite knowledge, skills and abilities. The director and staff are



also subject to salary limitations described in a section of general provisions (similar to a current provision that has been included in DOL appropriations acts).

**Q. What is the impact of WIOA on local Workforce Development Boards?**

WIOA retains a business chair and business majority membership for local boards. Twenty percent of the membership is representatives of the workforce (including labor organizations and representatives of apprenticeship programs). The balance of the membership includes representatives of organizations administering education and training (a representative of Adult Education and of institutions of higher education); and representatives of governmental and economic and community development organizations serving the local area. WIOA reduces the size of the local board primarily by eliminating the requirement in WIA that all One-Stop programs be represented and instead only requires representatives of core programs. The Act also eliminates the WIA requirement that the local board establish a youth council. However, the bill authorizes, at the discretion of the local board, the establishment of three standing committees to advise the board on One-Stop partner issues, youth services, and services to individuals with disabilities, respectively, and also authorizes the establishment of additional standing committees. The additional functions of local boards include: focusing on employer engagement; strengthening connections among the core programs; disseminating of proven and promising practices; and promoting more effective use of technology.

WIOA also contains provisions explicitly authorizing local boards to solicit grants and donations from non-Federal sources and to operate as tax exempt organizations. In addition, the WIOA includes a grandfathering provision for local boards.

**Q. What role do locally elected officials have under WIOA?**

Locally elected officials continue to have a key role in contributing to the strategic planning and structure of workforce services. Under WIOA, the local elected officials have the authority to request local area designation (which must be granted if the local area has previously performed successfully and sustained fiscal integrity), appoint the members of the newly constituted local boards, and serve as or designate the local grant recipient.

September 26, 2014

**THE *SKILLSOURCE* GROUP, INC.  
BOARD OF DIRECTORS MEETING**

**SUMMARY SHEET**

**SUBJECT: Revisions to *SkillSource* 401 (k) Retirement Plan.**

Since July 2006, the *SkillSource* Group, Inc. has provided its employees with access to a 401 (k) defined contributions retirement plan, administered by Fidelity Investments. Following the Commonwealth of Virginia model, the *SkillSource* Group employer contribution to employees is 10.4% of gross wages, with the employer contribution transferred to employee accounts each pay period. As of September 18, 2014, the total value of the *SkillSource* 401 (k) Plan is \$963,508.

During the 2013 Annual Testing, the *SkillSource* 401 (k) plan failed one measure for Highly Compensated Employees (HCE) and the Fidelity Investments staff recommended a revision to the *SkillSource* 401 (k) Plan to incorporate a Safe Harbor provision within the Plan. The likely revision will establish a 3-4% employer contribution, based upon a 4% employee deferral. Once that Safe Harbor provision is met, the Employer Discretionary or non-elective contribution will bring total contributions to employees to the current total 10.4% level.

The newly-established *SkillSource* 401 (k) Plan Board committee will also consider several other Plan changes, including:

- Contribution timing;
- Changing Default Accounts from Money Market to Age-Appropriate Funds;
- Utilizing automated methods establishing loan interest rates;
- Adding a Roth 401 (k) Feature to the *SkillSource* Plan;
- Adding De Minimis distributions (Mandatory Cash-Outs) with \$5,000 Threshold.

These items will be discussed at the meeting of the *SkillSource* 401 (k) Plan Committee of the Board in early October 2014. Following Committee decisions, the *SkillSource* President will approve the needed Plan Amendments in order for Fidelity Investments to initiate documents for a January 1, 2015 Plan implementation.

**ACTION REQUESTED:** No Board Action necessary.

**STAFF:**

David Hunn  
Tyna Gaylor  
(703) 752-1606

**THE SKILLSOURCE GROUP, INC.**  
**BOARD OF DIRECTORS MEETING**  
**SUMMARY SHEET**

**SUBJECT: July 31, 2014 Management Reports**

Summary

The financial results of operations for one month ended July 31, 2014 reflect a decrease in net assets of (\$10,227) on a budget of (\$12,732.) The Change in Net Assets comprises:

|  |                   |
|--|-------------------|
| Unrestricted Increase (Decrease) in Net Assets | (\$5,552)         |
| Temporarily Restricted Contributions Received  | 0                 |
| Release of Temporarily Restricted Net Assets   | ( 4,675)          |
| Total Increase (Decrease) in Net Assets        | <u>(\$10,227)</u> |

The Unrestricted Decrease in Net Assets of (\$5,552) represents net income from unrestricted sources (Ticket to Work, the Prince William Center and interest) offset by unrestricted expenses and losses in grants that are not fully cost recoverable.

In FY 2014, SkillSource received \$75,000 from the United Way for the Veterans' program. At yearend, \$28,472 was classified as Temporarily Restricted Contributions. Expenses to close out this grant will "use" these funds and will be reflected as expenses on the books this year without the benefit of offsetting revenues.

In FY 2015, SkillSource has classified certain expenses as "Indirect – Administrative" as defined by the Department of Labor. Others are classified as "Indirect – Other", which represent non-administrative costs which are allocated to both programs and management functions. For budget purposes, these categories are combined, but the accounting records are tracking them separately. This inconsistency will result in variances in the WIA program indirect costs because "Indirect – Administrative" costs are fully posted to WIA Administration and not into the programs.

Program Activities

PY 2012 WIA Youth funds were under-expended by \$22,498, which is the first time Area #11 has not exhausted all funds available. The FY 2015 Youth program and corresponding budget have been modified to provide for a more robust program that is intended to spend down carry-in funds as well as to expand the number of participants receiving services. The effect of these changes is not yet apparent in the financial results.

The indirect Rate (Indirect Costs/*SkillSource* + DFS Personnel) calculated to 38.63% for the first month of the year. This is higher than expected with audit costs increasing the numerator and higher than expected personnel costs posting to indirect this month.

**The SkillSource Group, Inc.**  
**Budget to Actual**  
**For One Month Ended July 31, 2014**

|                                   | <b>Actual</b>   | <b>Current<br/>Budget</b> | <b>Variance</b>    | <b>Annual<br/>Budget</b> | <b>Balance</b>    |
|-----------------------------------|-----------------|---------------------------|--------------------|--------------------------|-------------------|
| <b>Revenue</b>                    |                 |                           |                    |                          |                   |
| Government Contracts              | 667,369         | 2,529,755                 | (1,862,386)        | 11,844,852               | 11,177,483        |
| Other Restricted Income           | 3,627           | 57,323                    | (53,696)           | 885,887                  | 882,260           |
| Unrestricted Income               | 41,257          | 51,245                    | (9,988)            | 171,502                  | 130,245           |
| Interest Income                   | 461             | 475                       | (14)               | 5,700                    | 5,239             |
| <b>Total</b>                      | <b>712,714</b>  | <b>2,638,797</b>          | <b>(1,926,083)</b> | <b>12,907,941</b>        | <b>12,195,227</b> |
| <b>Personnel Expenses</b>         |                 |                           |                    |                          |                   |
| Salaries & Wages                  | 82,586          | 87,783                    | 5,197              | 1,053,400                | 970,814           |
| Fringe                            | 31,970          | 32,066                    | 96                 | 384,796                  | 352,826           |
| <b>Total Personnel</b>            | <b>114,556</b>  | <b>119,850</b>            | <b>5,294</b>       | <b>1,438,196</b>         | <b>1,323,640</b>  |
| <b>Operating Expenses</b>         |                 |                           |                    |                          |                   |
| Annual Report                     | -               | 10,000                    | 10,000             | 10,000                   | 10,000            |
| Audit                             | 12,000          | 33,000                    | 21,000             | 33,000                   | 21,000            |
| Communications                    | 1,810           | 2,348                     | 538                | 28,177                   | 26,367            |
| Contracted Maintenance            | 1,372           | 1,375                     | 3                  | 16,500                   | 15,128            |
| Dues & Memberships                | 1,863           | 896                       | (967)              | 10,750                   | 8,887             |
| Equipment Costs                   | 2,535           | 1,767                     | (768)              | 21,200                   | 18,665            |
| Financial Management              | 3,775           | 2,917                     | (858)              | 35,000                   | 31,225            |
| Fundraising                       | -               | 417                       | 417                | 5,000                    | 5,000             |
| HR & PR Processing                | 2,210           | 2,386                     | 176                | 28,630                   | 26,420            |
| Insurance                         | 852             | 901                       | 49                 | 10,809                   | 9,957             |
| Meetings & Conferences            | 2,296           | 1,223                     | (1,074)            | 14,670                   | 12,374            |
| Outreach                          | -               | 1,917                     | 1,917              | 23,000                   | 23,000            |
| Professional Development          | 85              | 1,575                     | 1,490              | 18,895                   | 18,810            |
| Professional Services             | 379             | 3,208                     | 2,829              | 38,500                   | 38,121            |
| Rent                              | 23,183          | 23,471                    | 288                | 281,652                  | 258,469           |
| Security Services                 | 2,112           | 1,950                     | (162)              | 23,400                   | 21,288            |
| Supplies                          | 3,783           | 5,979                     | 2,196              | 71,744                   | 67,961            |
| Temporary Help                    | -               | 167                       | 167                | 2,000                    | 2,000             |
| Travel                            | 277             | 1,822                     | 1,545              | 21,863                   | 21,586            |
| Utilities                         | 2,187           | 2,250                     | 63                 | 27,000                   | 24,813            |
| <b>Total Operating Expenses</b>   | <b>60,719</b>   | <b>99,566</b>             | <b>38,847</b>      | <b>721,790</b>           | <b>661,071</b>    |
| <b>Program Services</b>           |                 |                           |                    |                          |                   |
| Comprehensive Center Costs        | 5,025           | 4,506                     | (519)              | 54,069                   | 49,044            |
| One-Stop Center Set Aside         | -               | 280,077                   | 280,077            | 280,077                  | 280,077           |
| Outreach                          | 4,490           | 7,960                     | 3,470              | 95,519                   | 91,029            |
| Program Services - NoVaHF         | -               | 35,000                    | 35,000             | 420,000                  | 420,000           |
| SSG Certification Incentive       | -               | 833                       | 833                | 10,000                   | 10,000            |
| Training                          | 47,185          | 34,721                    | (12,464)           | 416,650                  | 369,465           |
| Transportation                    | 106             | 5,136                     | 5,030              | 61,630                   | 61,524            |
| Unobligated Funds                 | -               | 1,393,071                 | 1,393,071          | 1,393,071                | 1,393,071         |
| <b>Total Program Services</b>     | <b>56,806</b>   | <b>1,761,304</b>          | <b>1,704,498</b>   | <b>2,731,016</b>         | <b>2,674,210</b>  |
| <b>Contractual Services</b>       |                 |                           |                    |                          |                   |
| Personnel                         | 125,770         | 305,614                   | 179,844            | 3,667,365                | 3,541,595         |
| Operations                        | 62,554          | 42,022                    | (20,532)           | 504,267                  | 441,713           |
| Professional Services             | 34,451          | 53,821                    | 19,370             | 645,850                  | 611,399           |
| Training                          | 267,652         | 266,581                   | (1,071)            | 3,198,973                | 2,931,321         |
| Travel                            | 432             | 2,772                     | 2,340              | 33,264                   | 32,832            |
| <b>Total Contractual Services</b> | <b>490,859</b>  | <b>670,810</b>            | <b>179,951</b>     | <b>8,049,719</b>         | <b>7,558,860</b>  |
| <b>Total Expense</b>              | <b>722,940</b>  | <b>2,651,529</b>          | <b>1,928,589</b>   | <b>12,940,721</b>        | <b>12,217,781</b> |
| <b>Change in Net Assets</b>       | <b>(10,226)</b> | <b>(12,732)</b>           | <b>2,506</b>       | <b>(32,780)</b>          | <b>22,554</b>     |

The SkillSource Group, Inc.  
Statement of Financial Position  
July 31, 2014

| Assets   |                  |                  |                 |                         |
|--|------------------|------------------|-----------------|-------------------------|
| <b>Current Assets</b>                          |                  |                  |                 |                         |
| Cash & Equivalents                             |                  |                  |                 |                         |
| Operating & Payroll                            |                  |                  |                 | 314,649                 |
| Insured Cash Sweep                             |                  |                  |                 | 362,165                 |
| Total Cash & Equivalents                       |                  |                  |                 | <u>676,814</u>          |
| Contracts Receivable                           |                  |                  |                 | 1,018,124               |
| Other Accounts Receivable                      |                  |                  |                 | 50,007                  |
| Prepaid Expenses                               |                  |                  |                 | 42,066                  |
| <b>Total Current Assets</b>                    |                  |                  |                 | <u>1,787,011</u>        |
| <b>Fixed Assets</b>                            |                  |                  |                 |                         |
| Property and Equipment                         |                  |                  |                 | 11,190                  |
| Less Accumulated Depreciation                  |                  |                  |                 | <u>(11,190)</u>         |
| <b>Total Fixed Assets</b>                      |                  |                  |                 | -                       |
| <b>Total Assets</b>                            |                  |                  |                 | <u><u>1,787,011</u></u> |
|  |                  |                  |                 |                         |
| Liabilities and Net Assets                     |                  |                  |                 |                         |
| <b>Current Liabilities</b>                     |                  |                  |                 |                         |
| Accounts Payable                               |                  |                  |                 | 526,100                 |
| Deferred Income                                |                  |                  |                 | 1,044                   |
| Accrued Expenses                               |                  |                  |                 | 86,406                  |
| NOVA HealthForce Funds Held in Trust           |                  |                  |                 | <u>364,271</u>          |
| <b>Total Current Liabilities</b>               |                  |                  |                 | 977,821                 |
| <b>Net Assets</b>                              |                  |                  |                 |                         |
| Unrestricted Net Assets                        | <u>Beginning</u> | <u>Additions</u> | <u>Releases</u> | <u>Year-to-date</u>     |
|  | 787,911          |                  | 5,564           | 782,347                 |
| Temporarily Restricted Net Assets              |                  |                  |                 |                         |
| Consolidated Community Funding Pool            |                  |                  |                 | -                       |
| Educating Youth Through Employment             | 3,046            | 48,843           | 48,843          | 3,046                   |
| United Way - TTW Case Manager                  |                  | -                | -               | -                       |
| United Way - Veterans                          | 28,472           |                  | 4,675           | 23,797                  |
| <b>Total Temporarily Restricted Net Assets</b> | <u>31,518</u>    | <u>48,843</u>    | <u>53,518</u>   | <u>26,843</u>           |
| <b>Total Net Assets</b>                        | <u>819,429</u>   | <u>48,843</u>    | <u>59,082</u>   | <u>809,190</u>          |
| <b>Total Liabilities and Net Assets</b>        |                  |                  |                 | <u><u>1,787,011</u></u> |

**The SkillSource Group, Inc.**  
**Workforce Investment Act Programs**  
**For One Month Ended July 31, 2014**

|                                    | <b>Actual</b> | <b>Current<br/>Budget</b> | <b>Variance</b> | <b>Annual<br/>Budget</b> | <b>Balance</b>   |
|------------------------------------|---------------|---------------------------|-----------------|--------------------------|------------------|
| <b>WIA Adult</b>                   |               |                           |                 |                          |                  |
| <i>SkillSource</i>                 |               |                           |                 |                          |                  |
| Salaries & Wages                   | 13,119        | 12,986                    | (133)           | 155,837                  | 142,718          |
| Fringe                             | 4,123         | 3,862                     | (261)           | 46,342                   | 42,219           |
| Communications                     | 175           | 167                       | (8)             | 2,000                    | 1,825            |
| Professional Services              | 132           | 1,250                     | 1,118           | 15,000                   | 14,868           |
| Supplies                           | 74            | 129                       | 55              | 1,550                    | 1,476            |
| Other Operating                    | 107           | 1,023                     | 916             | 12,280                   | 12,173           |
| Comprehensive Center Costs         | 2,010         | 1,802                     | (208)           | 21,628                   | 19,618           |
| One-Stop Center Set Aside          | -             | 9,480                     | 9,480           | 113,761                  | 113,761          |
| Outreach                           | 914           | 833                       | (81)            | 10,000                   | 9,086            |
| SSG Center Incentive               | -             | 417                       | 417             | 5,000                    | 5,000            |
| Training-Incumbent Worker          | -             | 1,250                     | 1,250           | 15,000                   | 15,000           |
| Training-Scholarship Fund          | -             | -                         | -               | -                        | -                |
| Training-Transitional Employment   | -             | 1,667                     | 1,667           | 20,000                   | 20,000           |
| Transportation-Bus                 | -             | -                         | -               | -                        | -                |
| Transportation-Vouchers            | -             | -                         | -               | -                        | -                |
| Unobligated                        | -             | 3,512                     | 3,512           | 42,144                   | 42,144           |
| <i>Total SkillSource</i>           | <i>20,654</i> | <i>38,379</i>             | <i>17,725</i>   | <i>460,542</i>           | <i>439,888</i>   |
| <i>DFS</i>                         |               |                           |                 |                          |                  |
| Personnel                          | 25,393        | 53,963                    | 28,570          | 647,553                  | 622,160          |
| Operations                         | 1,275         | 1,417                     | 142             | 17,000                   | 15,725           |
| Training-ITAs                      | 25,635        | 15,083                    | (10,552)        | 181,000                  | 155,365          |
| Training-OJTs                      | -             | -                         | -               | -                        | -                |
| Training-Other                     | 1,250         | 2,083                     | 833             | 25,000                   | 23,750           |
| <i>Total DFS</i>                   | <i>53,553</i> | <i>72,546</i>             | <i>18,993</i>   | <i>870,553</i>           | <i>817,000</i>   |
| Indirect Costs                     | 11,134        | 12,693                    | 1,559           | 152,311                  | 141,177          |
| <i>Total WIA Adult</i>             | <i>85,341</i> | <i>123,617</i>            | <i>38,276</i>   | <i>1,483,406</i>         | <i>1,398,065</i> |
| <b>WIA Dislocated Worker</b>       |               |                           |                 |                          |                  |
| <i>SkillSource</i>                 |               |                           |                 |                          |                  |
| Salaries & Wages                   | 5,356         | 7,145                     | 1,789           | 85,735                   | 80,379           |
| Fringe                             | 1,568         | 2,294                     | 726             | 27,531                   | 25,963           |
| Professional Services              | 132           | 1,250                     | 1,118           | 15,000                   | 14,868           |
| Supplies                           | 74            | 102                       | 28              | 1,220                    | 1,146            |
| Other Operating                    | 24            | 391                       | 367             | 4,690                    | 4,666            |
| Comprehensive Center Costs         | 2,010         | 1,802                     | (208)           | 21,628                   | 19,618           |
| One-Stop Center Set Aside          | -             | 13,860                    | 13,860          | 166,316                  | 166,316          |
| Outreach                           | 1,164         | 833                       | (331)           | 10,000                   | 8,836            |
| SSG Center Incentive               | -             | 417                       | 417             | 5,000                    | 5,000            |
| Training-Incumbent Worker          | -             | 1,250                     | 1,250           | 15,000                   | 15,000           |
| Training-Scholarship Fund          | -             | -                         | -               | -                        | -                |
| Training-Transitional Employment   | -             | 1,667                     | 1,667           | 20,000                   | 20,000           |
| Transportation-Vouchers            | -             | -                         | -               | -                        | -                |
| Unobligated                        | -             | -                         | -               | 8,873                    | 8,873            |
| <i>Total SkillSource</i>           | <i>10,328</i> | <i>31,010</i>             | <i>20,682</i>   | <i>380,993</i>           | <i>370,665</i>   |
| <i>DFS</i>                         |               |                           |                 |                          |                  |
| Personnel                          | 31,149        | 75,393                    | 44,244          | 904,712                  | 873,563          |
| Operations                         | -             | 833                       | 833             | 10,000                   | 10,000           |
| Training-ITAs                      | 33,677        | 16,250                    | (17,427)        | 195,000                  | 161,323          |
| Training-OJTs                      | -             | -                         | -               | -                        | -                |
| Training-Other                     | -             | 2,500                     | 2,500           | 30,000                   | 30,000           |
| <i>Total DFS</i>                   | <i>64,826</i> | <i>94,976</i>             | <i>30,150</i>   | <i>1,139,712</i>         | <i>1,074,886</i> |
| Indirect Costs                     | 10,065        | 14,815                    | 4,750           | 177,785                  | 167,720          |
| <i>Total WIA Dislocated Worker</i> | <i>85,219</i> | <i>140,801</i>            | <i>55,582</i>   | <i>1,698,490</i>         | <i>1,613,271</i> |

**The SkillSource Group, Inc.**  
**Workforce Investment Act Programs**  
**For One Month Ended July 31, 2014**

|   | Actual         | Current<br>Budget | Variance        | Annual<br>Budget | Balance          |
|---|----------------|-------------------|-----------------|------------------|------------------|
| <b>WIA Youth</b>                          |                |                   |                 |                  |                  |
| <i>SkillSource</i>                        |                | -                 |                 |                  |                  |
| Salaries & Wages                          | 2,410          | 6,671             | 4,261           | 80,055           | 77,645           |
| Fringe                                    | 696            | 2,101             | 1,405           | 25,210           | 24,514           |
| Supplies                                  | 36             | 12                | (24)            | 140              | 104              |
| Comprehensive Center Costs                | 1,005          | 901               | (104)           | 10,814           | 9,809            |
| Outreach                                  | 457            | 1,527             | 1,070           | 18,320           | 17,863           |
| Training-Other                            | -              | 241               | 241             | 2,890            | 2,890            |
| Unobligated                               | 78             | 5,942             | 5,864           | 71,302           | 71,224           |
| <i>Total SkillSource</i>                  | <u>4,682</u>   | <u>17,394</u>     | <u>12,712</u>   | <u>208,731</u>   | <u>204,049</u>   |
| <i>DFS</i>                                |                |                   |                 |                  |                  |
| Personnel                                 | 21,212         | 62,970            | 41,758          | 755,639          | 734,427          |
| Operations                                | -              | 2,496             | 2,496           | 29,950           | 29,950           |
| Training-ITAs                             | -              | 12,500            | 12,500          | 150,000          | 150,000          |
| Training-Other                            | 60,402         | 68,333            | 7,931           | 820,000          | 759,598          |
| <i>Total DFS</i>                          | <u>81,614</u>  | <u>146,299</u>    | <u>64,685</u>   | <u>1,755,589</u> | <u>1,673,975</u> |
| <i>Other Contractual</i>                  |                |                   |                 |                  |                  |
| Personnel                                 | -              | 2,083             | 2,083           | 25,000           | 25,000           |
| <i>Total Contractual</i>                  | <u>81,614</u>  | <u>148,382</u>    | <u>66,768</u>   | <u>1,780,589</u> | <u>1,698,975</u> |
| Indirect Costs                            | 5,700          | 11,322            | 5,622           | 135,868          | 130,168          |
| <i>Total WIA Youth</i>                    | <u>91,996</u>  | <u>177,099</u>    | <u>85,103</u>   | <u>2,125,188</u> | <u>2,033,192</u> |
| <b>WIA Administration</b>                 |                |                   |                 |                  |                  |
| <i>SkillSource</i>                        |                |                   |                 |                  |                  |
| Salaries & Wages                          | 7,889          | 2,848             | (5,041)         | 34,173           | 26,284           |
| Fringe                                    | 2,517          | 854               | (1,663)         | 10,248           | 7,731            |
| Auditing                                  |                |                   |                 |                  |                  |
| Dues & Memberships                        | 163            | 208               | 45              | 2,500            | 2,337            |
| Financial Management Services             |                |                   |                 |                  |                  |
| HR & PR Processing                        |                |                   |                 |                  |                  |
| Meetings and Conferences                  | 600            | 583               | (17)            | 7,000            | 6,400            |
| Office Supplies                           | 108            | 152               | 44              | 1,820            | 1,712            |
| Professional Services                     | -              | 208               | 208             | 2,500            | 2,500            |
| Professional Development                  | -              | 42                | 42              | 500              | 500              |
| Travel                                    | 89             | 36                | (53)            | 430              | 341              |
| Unobligated                               | -              | 224               | 224             | 2,693            | 2,693            |
| Indirect Costs                            | 13,748         | 561               | (13,188)        | 6,726            | (7,022)          |
| <i>Total WIA Administration</i>           | <u>25,114</u>  | <u>5,716</u>      | <u>(19,398)</u> | <u>68,590</u>    | <u>43,476</u>    |
| <b>NEG OJT</b>                            |                |                   |                 |                  |                  |
| <i>DFS OJTs</i>                           | <u>3,150</u>   | <u>8,138</u>      | <u>4,988</u>    | <u>97,660</u>    | <u>94,510</u>    |
| <b>Rapid Response - Business Services</b> |                |                   |                 |                  |                  |
| <i>SkillSource</i>                        |                |                   |                 |                  |                  |
| Outreach                                  | -              | 5,703             | 5,703           | 5,703            | 5,703            |
| Software                                  | -              | 3,815             | 3,815           | 3,815            | 3,815            |
| Professional Development                  | -              | 1,875             | 1,875           | 1,875            | 1,875            |
| <i>Total RR - Veterans</i>                | <u>-</u>       | <u>11,393</u>     | <u>11,393</u>   | <u>11,393</u>    | <u>11,393</u>    |
| <b>Total WIA Cluster</b>                  | <b>290,820</b> | <b>466,765</b>    | <b>175,945</b>  | <b>5,484,727</b> | <b>5,193,907</b> |

**The SkillSource Group, Inc.**  
**Department of Labor**  
**For One Month Ended July 31, 2014**

|  | Actual         | Current<br>Budget | Variance       | Annual<br>Budget | Balance          |
|--|----------------|-------------------|----------------|------------------|------------------|
| <b>Credentials to Careers (NOVA Manassas Center)</b>           |                |                   |                |                  |                  |
| <i>SkillSource</i>   |                |                   |                |                  |                  |
| Personnel  | 4,433          | 4,095             | (338)          | 49,140           | 44,707           |
| Fringe   | 1,624          | 1,471             | (154)          | 17,646           | 16,022           |
| Communications   | 68             | 167               | 99             | 2,000            | 1,932            |
| Lease  | -              | 833               | 833            | 10,000           | 10,000           |
| Supplies & Travel  | -              | 375               | 375            | 4,500            | 4,500            |
| Unobligated Funds (Travel)                                     | -              | 4,461             | 4,461          | 53,531           | 53,531           |
| Indirect Costs   | 2,340          | 734               | (1,606)        | 8,807            | 6,467            |
| <i>Total C2C</i>   | <u>8,465</u>   | <u>12,135</u>     | <u>3,670</u>   | <u>145,624</u>   | <u>137,159</u>   |
| <b>Jobs for Veterans</b>                                       |                |                   |                |                  |                  |
| <i>SkillSource</i>   |                |                   |                |                  |                  |
| Salaries & Wages   | 1,721          | 2,338             | 617            | 28,061           | 26,340           |
| Fringe   | 828            | 1,067             | 239            | 12,800           | 11,972           |
| Communications   | -              | 54                | 54             | 642              | 642              |
| Travel   | -              | 54                | 54             | 648              | 648              |
| Outreach   | 1,000          | 612               | (388)          | 7,348            | 6,348            |
| Unobligated  | -              | 5,987             | 5,987          | 71,842           | 71,842           |
| <i>Total SkillSource</i>                                       | <u>3,549</u>   | <u>10,112</u>     | <u>6,563</u>   | <u>121,341</u>   | <u>117,792</u>   |
| <i>DFS</i>   |                |                   |                |                  |                  |
| Personnel  | 3,341          | 5,765             | 2,424          | 69,182           | 65,841           |
| Telecommunications   | -              | 107               | 107            | 1,284            | 1,284            |
| Travel   | -              | 54                | 54             | 648              | 648              |
| Training-ITAs  | -              | 16,632            | 16,632         | 199,588          | 199,588          |
| <i>Total DFS</i>   | <u>3,341</u>   | <u>22,559</u>     | <u>19,218</u>  | <u>270,702</u>   | <u>267,361</u>   |
| <i>Other Contractual</i>                                       |                |                   |                |                  |                  |
| Personnel  | 3,978          | 9,084             | 5,106          | 109,009          | 105,031          |
| Operations   | 2,927          | 802               | (2,125)        | 9,621            | 6,694            |
| Training-Other   | 2,755          | 833               | (1,922)        | 10,000           | 7,245            |
| <i>Total Other Contractual</i>                                 | <u>9,660</u>   | <u>10,719</u>     | <u>1,059</u>   | <u>128,630</u>   | <u>118,970</u>   |
| Indirect Costs   | 2,276          | 1,360             | (916)          | 16,316           | 14,040           |
| <i>Total Jobs for Veterans</i>                                 | <u>18,826</u>  | <u>44,749</u>     | <u>25,923</u>  | <u>536,989</u>   | <u>518,163</u>   |
| <b>Virginia Employment Through Entrepreneurship Consortium</b> |                |                   |                |                  |                  |
| <i>SkillSource</i>   |                |                   |                |                  |                  |
| Salaries & Wages   | 5,034          | 6,468             | 1,434          | 77,613           | 72,579           |
| Fringe   | 2,901          | 3,059             | 158            | 36,711           | 33,810           |
| Lease  | 353            | 354               | 1              | 4,244            | 3,891            |
| Supplies   | -              | 21                | 21             | 254              | 254              |
| Travel   | -              | 281               | 281            | 3,369            | 3,369            |
| Outreach   | 99             | 1,925             | 1,826          | 23,094           | 22,995           |
| Unobligated  | -              | 89,706            | 89,706         | 1,076,468        | 1,076,468        |
| <i>Total SkillSource</i>                                       | <u>8,387</u>   | <u>101,813</u>    | <u>93,426</u>  | <u>1,221,753</u> | <u>1,213,366</u> |
| <i>DFS</i>   |                |                   |                |                  |                  |
| Personnel  | 4,975          | 22,910            | 17,935         | 274,920          | 269,945          |
| Operations   | 1,475          | 1,877             | 402            | 22,529           | 21,054           |
| Travel   | -              | 386               | 386            | 4,636            | 4,636            |
| <i>Total DFS</i>   | <u>6,450</u>   | <u>25,174</u>     | <u>18,724</u>  | <u>302,085</u>   | <u>295,635</u>   |
| <i>Other Contractual</i>                                       |                |                   |                |                  |                  |
| Personnel  | 23,518         | 63,108            | 39,590         | 757,300          | 733,782          |
| Operations   | 56,877         | 37,860            | (19,017)       | 454,318          | 397,441          |
| Professional Services  | 34,450         | 49,988            | 15,538         | 599,850          | 565,400          |
| Travel   | 432            | 1,130             | 698            | 13,560           | 13,128           |
| Training-Other   | 140,508        | 105,018           | (35,490)       | 1,260,215        | 1,119,707        |
| <i>Total Other Contractual</i>                                 | <u>255,785</u> | <u>257,104</u>    | <u>1,319</u>   | <u>3,085,243</u> | <u>2,829,458</u> |
| Indirect Costs   | 4,988          | 2,027             | (2,961)        | 24,319           | 19,331           |
| <i>Total VETEC</i>   | <u>275,610</u> | <u>386,117</u>    | <u>110,507</u> | <u>4,633,400</u> | <u>4,357,790</u> |
| <b>Total Department of Labor</b>                               | <b>302,901</b> | <b>443,001</b>    | <b>140,100</b> | <b>5,316,013</b> | <b>5,013,112</b> |



**The SkillSource Group, Inc.**  
**Other Government Programs**  
**For One Month Ended July 31, 2014**

|   | Actual     | Current<br>Budget | Variance     | Annual<br>Budget | Balance        |
|---|------------|-------------------|--------------|------------------|----------------|
| <b>Metropolitan Washington Council of Governments</b>                       |            |                   |              |                  |                |
| <b>Drivers for PRC</b>  |            |                   |              |                  |                |
| <i>SkillSource</i>  |            |                   |              |                  |                |
| Personnel   | -          | 2,271             | 2,271        | 40,876           | 40,876         |
| Fringe  | -          | 539               | 539          | 9,704            | 9,704          |
| Insurance   | -          | 34                | 34           | 609              | 609            |
| Transportation  | -          | 564               | 564          | 10,150           | 10,150         |
| Unobligated   | -          | 3,122             | 3,122        | 56,204           | 56,204         |
| Indirect Costs  | -          | 421               | 421          | 7,584            | 7,584          |
| <i>Total MWCOG-Drivers for PRC</i>  | -          | 6,952             | 6,952        | 125,127          | 125,127        |
| <b>Transportation for People with Disabilities (extended to 12/31/2014)</b> |            |                   |              |                  |                |
| <i>SkillSource</i>  |            |                   |              |                  |                |
| Transportation  | 183        | 1,491             | 1,308        | 26,846           | 26,663         |
| <i>Total MWCOG - People with Disabilities</i>                               | 183        | 1,491             | 1,308        | 26,846           | 26,663         |
| <b>Transportation for Pre-Release Work Program (extended to 12/31/2014)</b> |            |                   |              |                  |                |
| <i>SkillSource</i>  |            |                   |              |                  |                |
| Personnel   | -          | 697               | 697          | 12,553           | 12,553         |
| Fringe  | -          | 166               | 166          | 2,980            | 2,980          |
| Transportation  | -          | 101               | 101          | 1,821            | 1,821          |
| Indirect Costs  | -          | 130               | 130          | 2,342            | 2,342          |
| <i>Total MWCOG-PRC Work Program</i>   | -          | 1,094             | 1,094        | 19,696           | 19,696         |
| <b>Van Purchase for Pre-Release Work Program</b>                            |            |                   |              |                  |                |
| <i>Revenues</i>   | -          |                   | -            | 26,000           | 26,000         |
| <i>SkillSource</i>  |            |                   |              |                  |                |
| Personnel   | -          |                   | -            | 2,016            | 2,016          |
| Fringe  | -          |                   | -            | 478              | 478            |
| Insurance   | -          |                   | -            | 700              | 700            |
| Van Purchase  | -          |                   | -            | 22,200           | 22,200         |
| Transportation  | -          |                   | -            | 608              | 608            |
| Indirect  | -          |                   | -            | 378              | 378            |
| <i>Total MWCOG-Van Purchase</i>   | -          | -                 | -            | 26,380           | 26,002         |
| <i>Loss on Grant</i>  | -          |                   |              | (380)            |                |
| <b>Total MWCOGS - Revenue</b>   | <b>183</b> | <b>9,537</b>      | <b>9,354</b> | <b>197,669</b>   | <b>197,486</b> |
| <b>Total MWCOGS - Expense</b>   | <b>183</b> | <b>9,537</b>      | <b>9,354</b> | <b>198,049</b>   | <b>197,488</b> |
| <b>Consolidated Community Funding Pool</b>                                  |            |                   |              |                  |                |
| <i>Revenues</i>   | 7,112      | 5,000             | (2,112)      | 60,000           | 52,888         |
| <i>SkillSource</i>  |            |                   |              |                  |                |
| Personnel   | 4,249      | 3,905             | (344)        | 46,857           | 42,608         |
| Fringe  | 881        | 823               | (58)         | 9,881            | 9,000          |
| Indirect  | 1,982      | 713               | (1,269)      | 8,556            | 6,574          |
| <i>Total CCFP</i>   | 7,112      | 5,441             | (1,671)      | 65,294           | 58,182         |
| <i>Loss on Grant</i>  | -          |                   |              | (5,294)          |                |

**The SkillSource Group, Inc.**  
**Other Government Programs**  
**For One Month Ended July 31, 2014**

|   | <b>Actual</b> | <b>Current<br/>Budget</b> | <b>Variance</b> | <b>Annual<br/>Budget</b> | <b>Balance</b> |
|---|---------------|---------------------------|-----------------|--------------------------|----------------|
| <b>TANF Employment Assistance</b>                             |               |                           |                 |                          |                |
| <i>Revenues</i>   | 9,128         | 16,458                    | 7,330           | 197,500                  | 188,372        |
| <i>SkillSource</i>  |               |                           |                 |                          |                |
| Personnel   | 4,557         | 4,208                     | (349)           | 50,500                   | 45,943         |
| Fringe  | 939           | 840                       | (99)            | 10,075                   | 9,136          |
| Communication   | 52            | 60                        | 8               | 720                      | 668            |
| Supplies  | -             | 55                        | 55              | 655                      | 655            |
| Travel  | -             | 260                       | 260             | 3,120                    | 3,120          |
| Outreach (Printing)   | -             | -                         | -               | -                        | -              |
| Training-Work Experience                                      | 3,580         | 10,150                    | 6,570           | 121,800                  | 118,220        |
| Unobligated   | -             | 886                       | 886             | 10,630                   | 10,630         |
| <i>Total Direct</i>   | 9,128         | 16,458                    | 6,445           | 197,500                  | 177,742        |
| <i>Indirect</i>   | 2,123         | 761                       | (1,362)         | 9,135                    | 7,012          |
| <i>Total TANF</i>   | 11,251        | 17,220                    | 5,083           | 206,635                  | 184,754        |
| <i>Loss on Grant</i>  | (2,123)       |                           |                 | (9,135)                  |                |
| <b>Virginia Serious and Violent Offender Re-entry Program</b> |               |                           |                 |                          |                |
| <b>VASAVOR (10/1/2013 - 9/30/2014)</b>                        |               |                           |                 |                          |                |
| <i>Revenues</i>   | 8,382         | 66,622                    | 58,240          | 66,622                   | 58,240         |
| <i>DFS</i>  |               |                           |                 |                          |                |
| Personnel   | 5,848         | 26,486                    | 20,638          | 26,486                   | 20,638         |
| Training-ITAs   |               | 25,877                    | 25,877          | 25,877                   | 25,877         |
| <i>Total DFS</i>  | 5,848         | 52,363                    | 46,515          | 52,363                   | 46,515         |
| <i>Other Contractual</i>                                      |               |                           |                 |                          |                |
| Training-Other  | 275           | 14,259                    | 13,984          | 14,259                   | 13,984         |
| <i>Total Other Contractual</i>                                | 275           | 14,259                    | 13,984          | 14,259                   | 13,984         |
| <i>Indirect</i>   | 2,259         | -                         | (2,259)         | 3,994                    | 1,735          |
| <i>Total VASAVOR</i>  | 8,382         | 66,622                    | 58,240          | 70,616                   | 62,234         |
| <i>Loss on Grant</i>  | -             |                           |                 | (3,994)                  |                |
| <b>VASAVOR (10/1/2014 - 9/30/2015)</b>                        |               |                           |                 |                          |                |
| <i>Revenues</i>   | -             | 152,835                   | 152,835         | 152,835                  | 152,835        |
| <i>DFS</i>  |               |                           |                 |                          |                |
| Personnel   |               | -                         | -               | 76,835                   | 76,835         |
| Training-ITAs/OJTs  |               | -                         | -               | 48,000                   | 48,000         |
| <i>Total DFS</i>  | -             | -                         | -               | 124,835                  | 124,835        |
| <i>Other Contractual</i>                                      |               |                           |                 |                          |                |
| Training-Other  |               | -                         | -               | 28,000                   | 28,000         |
| <i>Total Other Contractual</i>                                | -             | -                         | -               | 28,000                   | 28,000         |
| <i>Indirect</i>   |               | -                         | -               | 11,587                   | 11,587         |
| <i>Total VASAVOR</i>  | -             | -                         | -               | 164,422                  | 164,422        |
| <i>Loss on Grant</i>  | -             |                           |                 | (11,587)                 |                |
| <b>Total Other Government</b>                                 | <b>24,805</b> | <b>250,453</b>            | <b>225,648</b>  | <b>674,626</b>           | <b>649,821</b> |

**The SkillSource Group, Inc.**  
**Other Programs**  
**For One Month Ended July 31, 2014**

|   | <b>Actual</b>  | <b>Current<br/>Budget</b> | <b>Variance</b>  | <b>Annual<br/>Budget</b> | <b>Balance</b> |
|---|----------------|---------------------------|------------------|--------------------------|----------------|
| <b>NoVaHealthForce</b>  |                |                           |                  |                          |                |
| Balance Forward, July 1, 2014                                   | 168,079        |                           |                  | 420,000                  |                |
| Cash Receipts   | <u>168,079</u> |                           |                  |                          |                |
| <i>SkillSource</i>  |                |                           |                  |                          |                |
| Professional Expenses   |                | -                         | -                | -                        | -              |
| Meeting Expenses  |                | -                         | -                | -                        | -              |
| Program Expenses  |                | 35,000                    | 35,000           | 420,000                  | 420,000        |
| Total NoVAHealthForce   | <u>-</u>       | <u>35,000</u>             | <u>35,000</u>    | <u>420,000</u>           | <u>420,000</u> |
| Ending Balance  | <u>168,079</u> |                           |                  |                          |                |
| <b>Project Educating Youth Through Employment (Summer 2014)</b> |                |                           |                  |                          |                |
| Balance Forward, July 1, 2014                                   | 3,070          |                           |                  | 3,070                    | -              |
| <i>Revenue</i>  |                |                           |                  |                          |                |
| Government  | 48,843         | 366,416                   | (317,573)        | 366,416                  | 317,573        |
| Restricted Income   |                | -                         |                  | -                        | -              |
| Total Income  | <u>48,843</u>  | <u>366,416</u>            | <u>(317,573)</u> | <u>366,416</u>           | <u>317,573</u> |
| <i>Expenses</i>   |                |                           |                  |                          |                |
| <i>SkillSource</i>  |                |                           |                  |                          |                |
| Personnel   | 539            | 831                       | 292              | 831                      | 292            |
| Fringe  | 102            | 208                       | 106              | 208                      | 106            |
| Travel  | 86             | 86                        | -                | 86                       | -              |
| Outreach  | 1,934          | 6,090                     | 4,156            | 6,090                    | 4,156          |
| Training-Other  | 43,605         | 220,473                   | 176,868          | 220,473                  | 176,868        |
| Total SkillSource   | <u>46,266</u>  | <u>227,688</u>            | <u>181,422</u>   | <u>227,688</u>           | <u>181,422</u> |
| <i>DFS</i>  |                |                           |                  |                          |                |
| Personnel   | 1,680          | 7,231                     | 5,551            | 7,231                    | 5,551          |
| Operations  | -              | 4,907                     | 4,907            | 4,907                    | 4,907          |
| Telecommunications  | 0              | 658                       | 658              | 658                      | 658            |
| Travel  | 0              | 3,420                     | 3,420            | 3,420                    | 3,420          |
| Training-Other  | -              | 124,330                   | 124,330          | 124,330                  | 124,330        |
| Total DFS   | <u>1,680</u>   | <u>140,546</u>            | <u>138,866</u>   | <u>140,546</u>           | <u>138,866</u> |
| Indirect  | 897            | 417                       | (480)            | 1,252                    | 355            |
| Total Expense   | <u>48,843</u>  | <u>368,651</u>            | <u>319,808</u>   | <u>369,486</u>           | <u>320,643</u> |
| Current Year Net Income (Loss)                                  | <u>-</u>       | <u>(2,235)</u>            | <u>2,235</u>     | <u>(3,070)</u>           | <u>(3,070)</u> |
| Net Income (Loss) from EYE                                      | <u>3,070</u>   |                           |                  | <u>-</u>                 |                |
| <b>United Way Veterans (ends 08/31/14)</b>                      |                |                           |                  |                          |                |
| Total Income  | -              | 14,236                    | 14,236           | 28,471                   | 28,471         |
| Outreach  | -              | 7,487                     | 7,487            | 14,974                   | 14,974         |
| Contractual Personnel   | 4,675          | 6,749                     | 2,074            | 13,497                   | 8,822          |
| Total UW Veterans   | <u>4,675</u>   | <u>14,236</u>             | <u>9,561</u>     | <u>28,471</u>            | <u>23,796</u>  |
| Temporarily Restricted  | <u>(4,675)</u> |                           |                  |                          |                |

**The SkillSource Group, Inc.**  
**Other Programs**  
**For One Month Ended July 31, 2014**

|  | <b>Actual</b>  | <b>Current<br/>Budget</b> | <b>Variance</b> | <b>Annual<br/>Budget</b> | <b>Balance</b> |
|--|----------------|---------------------------|-----------------|--------------------------|----------------|
| <b>United Way Ticket to Work Case Manager (1/1/14-12/31/14)*</b> |                |                           |                 |                          |                |
| <i>Total Income</i>  | 3,627          | 8,000                     | 4,373           | 4,429                    | 802            |
| Salaries   | 1,961          | 195                       | (1,766)         | 2,340                    | 379            |
| Fringe   | 1,697          | 102                       | (1,595)         | 1,220                    | (477)          |
| Communications   | 68             | 28                        | (40)            | 333                      | 265            |
| Supplies   | (1,411)        | -                         | 1,411           | -                        | 1,411          |
| Travel   | (101)          | -                         | 101             | -                        | 101            |
| Indirect   | 1,413          | 45                        | (1,368)         | 539                      | (874)          |
| <i>Total UW TTW CM</i>   | <u>3,627</u>   | <u>369</u>                | <u>(3,258)</u>  | <u>4,432</u>             | <u>805</u>     |
| <i>Temporarily Restricted</i>                                    | <u>-</u>       |                           |                 |                          |                |
| <b>Wachovia Foundation</b>                                       |                |                           |                 |                          |                |
| Balance Forward  | 1,044          |                           |                 |                          |                |
| Less:  |                |                           |                 |                          |                |
| Training   | -              | 87                        | 87              | 1,044                    | 1,044          |
| <i>Balance -Deferred Income</i>                                  | <u>1,044</u>   |                           |                 |                          |                |
| <b>Ticket to Work</b>  |                |                           |                 |                          |                |
| <i>Total Income</i>  | 3,208          | 12,500                    | (9,292)         | 150,000                  | 146,792        |
| Salaries   | 1,296          | 4,237                     | (2,941)         | 50,840                   | 49,544         |
| Fringe   | 1,088          | 2,207                     | (1,119)         | 26,482                   | 25,394         |
| Other  | 1,590          | 1,408                     | (182)           | 16,900                   | 15,310         |
| Indirect   | 921            | 976                       | 55              | 11,707                   | 10,786         |
| Total Expenses   | <u>4,895</u>   | <u>8,827</u>              | <u>(4,187)</u>  | <u>105,929</u>           | <u>101,034</u> |
| <i>Net Income from TTW</i>                                       | <u>(1,687)</u> |                           |                 | <u>44,071</u>            |                |
| <b>Unrestricted</b>  |                |                           |                 |                          |                |
| Contributions  | 24             | 2,000                     | (1,976)         | 12,500                   | 12,476         |
| Other  | 17             | -                         | 17              | -                        | (17)           |
| Interest   | 458            | 475                       | (17)            | 5,700                    | 5,242          |
| <i>Total Income</i>  | <u>499</u>     | <u>2,475</u>              | <u>(1,976)</u>  | <u>18,200</u>            | <u>17,701</u>  |
| Personnel  | 970            | 2,047                     | 1,077           | 24,564                   | 23,594         |
| Fringe   | 227            | 2,690                     | 2,463           | 32,277                   | 32,050         |
| Fundraising  | -              | 417                       | 417             | 5,000                    | 5,000          |
| Professional Services  | 51             | 167                       | 116             | 2,000                    | 1,949          |
| Supplies   | 400            | 83                        | (317)           | 1,000                    | 600            |
| Other  | 900            | -                         | (900)           | -                        | (900)          |
| Indirect   | 462            | 717                       | 255             | 8,606                    | 8,144          |
| <i>Total Expenses</i>  | <u>3,010</u>   | <u>6,121</u>              | <u>3,111</u>    | <u>73,447</u>            | <u>70,437</u>  |
| <i>Net Income (Loss) from Unrestricted Sources</i>               | <u>(2,511)</u> |                           |                 | <u>(55,247)</u>          |                |

**The SkillSource Group, Inc.**  
**For One Month Ended July 31, 2014**

| <b>Prince William Comprehensive Center</b> |               |                       |                 |                      |                |
|--|---------------|-----------------------|-----------------|----------------------|----------------|
|  | <b>Actual</b> | <b>Current Budget</b> | <b>Variance</b> | <b>Annual Budget</b> | <b>Balance</b> |
| <b>Revenue</b>                             |               |                       |                 |                      |                |
| Unrestricted Income                        | 38,008        | 36,745                | 1,263           | 440,945              | 402,937        |
| <b>Personnel Expenses</b>                  |               |                       |                 |                      |                |
| Salaries & Wages                           | 5,606         | 5,764                 | 158             | 69,167               | 63,561         |
| Fringe                                     | 4,145         | 3,346                 | (800)           | 40,146               | 36,001         |
| <i>Total Personnel</i>                     | <i>9,751</i>  | <i>9,109</i>          | <i>(642)</i>    | <i>109,313</i>       | <i>99,562</i>  |
| <b>Operating Expenses</b>                  |               |                       |                 |                      |                |
| Communications                             | 855           | 1,065                 | 210             | 12,782               | 11,927         |
| Contracted Maintenance                     | 1,372         | 1,375                 | 3               | 16,500               | 15,128         |
| Dues & Memberships                         | -             | 83                    | 83              | 1,000                | 1,000          |
| Equipment Costs                            | 1,556         | 742                   | (814)           | 8,900                | 7,344          |
| Rent                                       | 18,947        | 18,754                | (193)           | 225,048              | 206,101        |
| Security Services                          | 2,112         | 1,950                 | (162)           | 23,400               | 21,288         |
| Supplies                                   | 471           | 667                   | 196             | 8,000                | 7,529          |
| Utilities                                  | 2,187         | 2,250                 | 63              | 27,000               | 24,813         |
| <i>Total Operating Expenses</i>            | <i>27,500</i> | <i>26,886</i>         | <i>(614)</i>    | <i>322,630</i>       | <i>295,130</i> |
| <i>Total Expense</i>                       | <i>37,251</i> | <i>35,995</i>         | <i>(1,256)</i>  | <i>431,943</i>       | <i>394,692</i> |
| <b>Change in Net Assets</b>                | <b>757</b>    | <b>750</b>            | <b>(7)</b>      | <b>9,002</b>         | <b>8,245</b>   |

| <b>SkillSource Group Indirect Costs</b> |               |                       |                 |                      |                |
|---|---------------|-----------------------|-----------------|----------------------|----------------|
|   | <b>Actual</b> | <b>Current Budget</b> | <b>Variance</b> | <b>Annual Budget</b> | <b>Balance</b> |
| <b>Personnel Expenses</b>               |               |                       |                 |                      |                |
| Salaries & Wages                        | 27,638        | 20,187                | (7,451)         | 242,244              | 214,606        |
| Fringe                                  | 9,949         | 6,192                 | (3,757)         | 74,309               | 64,360         |
| <b>Total Personnel</b>                  | <b>37,587</b> | <b>26,379</b>         | <b>(11,208)</b> | <b>316,553</b>       | <b>278,966</b> |
| <b>Operating Expenses</b>               |               |                       |                 |                      |                |
| Annual Report                           | -             | 10,000                | 10,000          | 10,000               | 10,000         |
| Audit                                   | 12,000        | 10,000                | (2,000)         | 33,000               | 21,000         |
| Communications                          | 574           | 733                   | 159             | 8,800                | 8,226          |
| Dues & Memberships                      | 1,700         | 583                   | (1,117)         | 7,000                | 5,300          |
| Equipment Costs                         | 979           | 1,025                 | 46              | 12,300               | 11,321         |
| Financial Management Services           | 3,775         | 2,917                 | (858)           | 35,000               | 31,225         |
| Insurance                               | 852           | 792                   | (60)            | 9,500                | 8,648          |
| Meetings & Conferences                  | -             | 417                   | 417             | 5,000                | 5,000          |
| Outreach                                |               | 1,917                 | 1,917           | 23,000               | 23,000         |
| Payroll & HR                            | 2,210         | 2,208                 | (2)             | 26,500               | 24,290         |
| Professional Development                |               | 833                   | 833             | 10,000               | 10,000         |
| Professional Services                   |               | 417                   | 417             | 5,000                | 5,000          |
| Rent                                    | 3,882         | 3,530                 | (352)           | 42,360               | 38,478         |
| Supplies                                | 2,323         | 3,092                 | 769             | 37,100               | 34,777         |
| Temporary Help                          |               | 167                   | 167             | 2,000                | 2,000          |
| Travel                                  |               | 417                   | 417             | 5,000                | 5,000          |
| <b>Total Operating Expenses</b>         | <b>28,295</b> | <b>39,047</b>         | <b>10,752</b>   | <b>271,560</b>       | <b>243,265</b> |
| <b>Total Expense</b>                    | <b>65,882</b> | <b>65,426</b>         | <b>(456)</b>    | <b>588,113</b>       | <b>522,231</b> |

The ***SkillSource*** Group, Inc.  
SUMMARY OF PENDING FUNDING AND DEVELOPMENT ACTIVITIES  
As of September 22, 2014

| Project Name/Solicitation   | Funding Request | SSG Funding | #s to Be Served | Proposal Status | Probability of Approval |
|---|-----------------|-------------|-----------------|-----------------|-------------------------|
| U.S. Department of Defense, Office of Economic Adjustment Grant<br>(Through the Commonwealth of Virginia Department of Veterans Affairs and Arlington County, Virginia) | \$298,000*      | \$298,000*  | TBD             |                 | AWARDED                 |
| TTW <sup>2</sup> (Ticket to Work Training to Work) Initiative<br>(To the Community Foundation for Northern Virginia)  | \$10,000        | \$10,000    | 5               | PENDING         | MEDIUM                  |
| Ticket to Work Employment Network Initiative Letter of Intent<br>(To the United Way of the National Capital Area Community Impact Fund)                                 | \$45,000        | \$45,000    | TBD             | PENDING         | MEDIUM                  |
| Northern-Central Virginia Ready to Work Consortium Initiative<br>(To the U.S. Department of Labor)  | \$9,538,656     | \$9,538,656 | 900             |                 | MEDIUM                  |
| Total Funding Requested in Pending Proposals  | \$9,593,656     | \$9,593,656 | ---             | ---             | ---                     |

\* Final funding amount to be established through Memorandum of Understanding (MOU) or subcontract award.