

OAKLAND PRIVATE INDUSTRY COUNCIL, INC.

FINANCIAL STATEMENTS

AND SUPPLEMENTAL INFORMATION

JUNE 30, 2013

TOGETHER WITH

INDEPENDENT AUDITORS' REPORTS

MORRIS DAVIS CHAN & TAN LLP
Certified Public Accountants

OAKLAND PRIVATE INDUSTRY COUNCIL, INC.

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INDEPENDENT AUDITORS' REPORT

Board of Directors

Oakland Private Industry Council, Inc.

Oakland, California

Report on the Financial Statements

We have audited the accompanying financial statements of the **Oakland Private Industry Council, Inc.** (OPIC) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2013, and 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 U.S. generally accepted accounting principles; 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 auditors consider internal control relevant to the OPIC'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 OPIC'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.

MORRIS DAVIS CHAN & TAN LLP

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 OPIC as of June 30, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Other Information

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, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2014, on our consideration of OPIC'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 OPIC's internal control over financial reporting and compliance.

Morris Davis Chan & Tan LLP

Oakland, California
March 28, 2014

OAKLAND PRIVATE INDUSTRY COUNCIL, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2013

U.S. Department of Labor

	General Fund	WIA Cluster	CalGRIP	Special Projects	EASTBAY Works Project	ITA /OJT System Projects	Peralta Achievement Collaborative Grant	Reintegration FEXO
ASSETS								
Cash and cash equivalents	\$ 343,743	\$ 17,375	\$ -	\$ -	\$ -	\$ 691,150	\$ -	\$ -
Grants receivable	10,910	469,614	-	71,921	57,527	-	21,200	10,982
Interfund receivable	25,116	-	89,251	47,996	-	296,778	-	-
Other receivables	3,602	10,753	-	-	-	-	-	-
Prepaid expenses and deposits	-	46,432	-	-	-	-	-	-
Total Assets	<u>\$ 383,371</u>	<u>\$ 544,174</u>	<u>\$ 89,251</u>	<u>\$ 119,917</u>	<u>\$ 57,527</u>	<u>\$ 987,928</u>	<u>\$ 21,200</u>	<u>\$ 10,982</u>
LIABILITIES AND NET ASSETS								
Accrued expenses	\$ 1,716	\$ 399,646	\$ -	\$ 119,917	\$ 5,868	\$ 244,648	\$ -	\$ 2,258
Interfund payable	-	20,395	-	-	51,659	-	21,200	8,724
Other liabilities	2,836	124,133	37,451	-	-	743,280	-	-
Deferred revenue	-	-	51,800	-	-	-	-	-
Total Liabilities	<u>4,552</u>	<u>544,174</u>	<u>89,251</u>	<u>119,917</u>	<u>57,527</u>	<u>987,928</u>	<u>21,200</u>	<u>10,982</u>
Net Assets:								
Unrestricted	378,819	-	-	-	-	-	-	-
Temporarily Restricted	-	-	-	-	-	-	-	-
Total Net Assets	<u>378,819</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Net Assets	<u>\$ 383,371</u>	<u>\$ 544,174</u>	<u>\$ 89,251</u>	<u>\$ 119,917</u>	<u>\$ 57,527</u>	<u>\$ 987,928</u>	<u>\$ 21,200</u>	<u>\$ 10,982</u>

See accompanying notes to financial statements

OAKLAND PRIVATE INDUSTRY COUNCIL, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2013

	U.S. Department of Health and Human Services					Oakland Citywide Youth Jobs Project	San Francisco Foundation	Interfund Elimination	Total
	San Pablo Project	Eastmont Project	Highway to Work	Measure Y	Superior Court				
ASSETS									
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,052,268
Grants receivable	5,064	2,866	1,205,657	26,429	14,000	-	-	-	1,896,170
Interfund receivable	11,849	11,183	-	14,439	14,769	20,536	13,944	(545,861)	-
Other receivables	-	-	-	-	-	-	-	-	14,355
Prepaid expenses and deposits	1,489	10,764	-	-	-	-	-	-	58,685
Total Assets	\$ 18,402	\$ 24,813	\$ 1,205,657	\$ 40,868	\$ 28,769	\$ 20,536	\$ 13,944	\$ (545,861)	\$ 3,021,478
LIABILITIES AND NET ASSETS									
Accrued expenses	\$ 18,402	\$ 24,813	\$ 761,774	\$ 40,868	\$ 46	\$ -	\$ -	\$ -	\$ 1,619,956
Interfund payable	-	-	443,883	-	-	-	-	(545,861)	-
Other liabilities	-	-	-	-	-	-	-	-	907,700
Deferred revenue	-	-	-	-	28,723	-	-	-	80,523
Total Liabilities	18,402	24,813	1,205,657	40,868	28,769	-	-	(545,861)	2,608,179
Net Assets:									
Unrestricted	-	-	-	-	-	-	-	-	378,819
Temporarily Restricted	-	-	-	-	-	20,536	13,944	-	34,480
Total Net Assets	-	-	-	-	-	20,536	13,944	-	413,299
Total Liabilities and Net Assets	\$ 18,402	\$ 24,813	\$ 1,205,657	\$ 40,868	\$ 28,769	\$ 20,536	\$ 13,944	\$ (545,861)	\$ 3,021,478

See accompanying notes to financial statements

OAKLAND PRIVATE INDUSTRY COUNCIL, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

	U.S. Department of Labor							
	General Fund	WIA Cluster	CalGRIP	Special Projects	EASTBAY Works Project	ITA /OJT System Projects	Peralta Achievement Collaborative Grant	Reintegration FEXO
REVENUES								
Grant revenue	\$ 7,695	\$ 2,542,355	\$ 156,919	\$ 1,235,710	\$ 283,437	\$ -	\$ 161,383	\$ 188,098
Program support revenue	191,020	728,165	-	-	-	1,796,786	-	-
Donations	-	40	-	-	-	-	-	-
Other income	55,365	188,534	-	-	-	-	-	-
Assets released from restriction	-	-	-	-	-	-	-	-
Total Revenues	254,080	3,459,094	156,919	1,235,710	283,437	1,796,786	161,383	188,098
EXPENSES								
Program services	94,378	3,157,611	156,919	1,235,710	283,437	1,796,786	139,533	129,934
Management and general	1,847	301,483	-	-	-	-	21,850	58,164
Total Expenses	96,225	3,459,094	156,919	1,235,710	283,437	1,796,786	161,383	188,098
Excess (deficiency) of revenues over/(under) expenses	157,855	-	-	-	-	-	-	-
Change in Net Assets	157,855	-	-	-	-	-	-	-
Net Assets								
Beginning of year	220,964	-	-	-	-	-	-	-
End of year	\$ 378,819	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

See accompanying notes to financial statements

OAKLAND PRIVATE INDUSTRY COUNCIL, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

	U.S. Department of Health and Human Services				Superior Court		
	San Pablo Project	Eastmont Project	Highway to Work	Measure Y	Unrestricted	Temporarily Restricted	Total
REVENUES							
Grant revenue	\$ 325,470	\$ 532,222	\$ 3,111,400	\$ 210,000	\$ -	\$ 44,240	\$ 44,240
Program support revenue	14,836	11,631	-	44,723	-	-	-
Donations	-	-	-	-	-	-	-
Other income	-	2,475	-	-	-	-	-
Assets released from restriction	-	-	-	-	44,240	(44,240)	-
Total Revenues	340,306	546,328	3,111,400	254,723	44,240	-	44,240
EXPENSES							
Program services	307,821	493,168	2,759,511	254,723	44,240	-	44,240
Management and general	32,485	53,160	351,889	-	-	-	-
Total Expenses	340,306	546,328	3,111,400	254,723	44,240	-	44,240
Excess (deficiency) of revenues over/(under) expenses	-	-	-	-	-	-	-
Change in Net Assets	-	-	-	-	-	-	-
Net Assets							
Beginning of year	-	-	-	-	-	-	-
End of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

See accompanying notes to financial statements

OAKLAND PRIVATE INDUSTRY COUNCIL, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

	Oakland Citywide Youth Jobs Project			San Francisco Foundation			Total
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total	
REVENUES							
Grant revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,798,929
Program support revenue	-	-	-	-	-	-	2,787,161
Donations	-	-	-	-	-	-	40
Other income	-	-	-	-	-	-	246,374
Assets released from restriction	-	-	-	3,300	(3,300)	-	-
Total Revenues	-	-	-	3,300	(3,300)	-	11,832,504
EXPENSES							
Program services	-	-	-	3,300	-	3,300	10,857,071
Management and general	-	-	-	-	-	-	820,878
Total Expenses	-	-	-	3,300	-	3,300	11,677,949
Excess (deficiency) of revenues over/(under) expenses	-	-	-	-	(3,300)	(3,300)	154,555
Change in Net Assets	-	-	-	-	(3,300)	(3,300)	154,555
Net Assets							
Beginning of year	-	20,536	20,536	-	17,244	17,244	258,744
End of year	\$ -	\$ 20,536	\$ 20,536	\$ -	\$ 13,944	\$ 13,944	\$ 413,299

See accompanying notes to financial statements

OAKLAND PRIVATE INDUSTRY COUNCIL, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2013

	U.S. Department of Labor						
	General Fund	WIA Cluster	CalGRIP	Special Projects	EASTBAY Works Project	ITA /OJT System Projects	Peralta Achievement Collaborative Grant Reintegration FEXO
CASH FLOWS FROM OPERATING ACTIVITIES:							
Change in net assets	\$ 157,855	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:							
Change in operating assets and liabilities:							
Grants receivable	(10,910)	16,145	18,159	(39,348)	(32,479)	256,633	(21,200)
Other receivables	-	(87)	-	-	-	-	-
Interfund receivable/payable	(386,814)	308,430	(16,344)	122,375	48,380	(540,889)	8,724
Prepaid expenses and deposits	-	8,850	179	-	-	-	-
Accrued expenses	1,716	56,763	(28,890)	(58,871)	4,937	(47,452)	2,258
Other liabilities	-	54,221	31,180	-	-	679,913	-
Deferred revenue	-	(560,968)	(4,284)	(24,156)	(20,838)	(206,917)	-
Total Adjustments	(396,008)	(116,646)	-	-	-	141,288	-
Net cash provided by (used in) operating activities	(238,153)	(116,646)	-	-	-	141,288	-
CASH AND CASH EQUIVALENTS							
Beginning of year	581,896	134,021	-	-	-	549,862	-
End of year	\$ 343,743	\$ 17,375	\$ -	\$ -	\$ -	\$ 691,150	\$ -

See accompanying notes to financial statements

OAKLAND PRIVATE INDUSTRY COUNCIL, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2013

	U.S. Department of Health and Human Services					Oakland Citywide Youth Jobs Project	San Francisco Foundation	Total
	San Pablo Project	Eastmont Project	Highway to Work	Measure Y	Superior Court			
CASH FLOWS FROM OPERATING ACTIVITIES:								
Change in net assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (3,300)	\$ 154,555
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:								
Change in operating assets and liabilities:								
Grants receivable	43,784	21,804	(1,188,006)	(26,429)	(12,460)	-	-	(985,289)
Other receivables	-	-	-	-	-	-	-	(87)
Interfund receivable/payable	(44,504)	(22,098)	426,232	(14,439)	12,414	-	3,300	-
Prepaid expenses and deposits	(467)	(1,112)	-	-	-	-	-	7,450
Accrued expenses	422	1,406	761,774	40,868	46	-	-	734,977
Other liabilities	-	-	-	-	-	-	-	765,314
Deferred revenue	-	-	-	-	-	-	-	(891,196)
Total Adjustments	(765)	-	-	-	-	-	3,300	(368,831)
Net cash provided by (used in) operating activities	(765)	-	-	-	-	-	-	(214,276)
CASH AND CASH EQUIVALENTS								
Beginning of year	765	-	-	-	-	-	-	1,266,544
End of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,052,268

See accompanying notes to financial statements

OAKLAND PRIVATE INDUSTRY COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

1. GENERAL INFORMATION

Oakland Private Industry Council, Inc. (OPIC) is a non-profit organization founded in 1980 and incorporated under the laws of the State of California primarily:

- to increase the involvement of the private sector in the City of Oakland's employment and training activities by working in partnership with the City of Oakland and the State of California in the development, planning, operation and oversight of federal and other training and employment programs.
- to increase employment opportunities for unemployed and underemployed persons who are economically disadvantaged, through development of human resources that provide work opportunities primarily in the private sector.
- to work towards developing mechanisms for economic growth and generation of new job opportunities in the City of Oakland.

2. SIGNIFICANT ACCOUNTING POLICIES

a. Fund Accounting

To ensure observance of limitations placed on the use of resources available, OPIC maintains all of its accounts in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purposes. Separate accounts are maintained for each fund and/or sub-fund. Accordingly, all financial transactions have been recorded and reported by fund. In addition, balances and transactions are presented according to the existence or absence of donor-imposed restrictions.

Net assets and changes therein are classified as follows:

Unrestricted net assets – Net assets are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor imposed stipulations that may or will be met by actions of OPIC and/or the passage of time.

Permanently restricted net assets – OPIC has no permanently restricted net assets.

OAKLAND PRIVATE INDUSTRY COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

2. SIGNIFICANT ACCOUNTING POLICIES - Continued

a. Fund Accounting - Continued

The assets, liabilities, and net assets of the organization are reported in self-balancing funds designated under fund groups as follows:

- General Fund – Consists of cumulative donations received to further the mission of OPIC in providing accessible, high quality training and employment services to residents and employers that are not supported by specific grant or project funding via other funds of the organization. The fund also serves as a holding account for funded employee earned vacation amounts.
- Workforce Investment Act (WIA) Fund, which consists of the following sub-funds:
 - a. WIA Cluster is comprised of the following programs:
 - i. Title I – Adult and Dislocated Worker Employment and Training Activities – Adult programs provide unemployed or underemployed low income adults with additional support during a career transition and may include services such as career counseling, specialized job search and soft skills workshops, skills training and supportive services. Dislocated worker programs provide laid-off workers with additional support during the job search such as career counseling, specialized job search and soft skills workshops, skills training and supportive services.
 - ii. Title I – Youth Activities – Youth programs provide services to help youth prepare for the world of work by gaining valuable skills, experience and confidence, and to become empowered in their pursuit of career, academic, and personal goals.
 - iii. Title I – Rapid Response – Rapid Response provides information on services available from the workforce development community for employers and workers experiencing a reduction in force due to business closure or layoffs and may offer other services in order to assist in the workers’ and employers’ transition.

OAKLAND PRIVATE INDUSTRY COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

2. SIGNIFICANT ACCOUNTING POLICIES - Continued

a. Fund Accounting - Continued

- b. CalGRIP – Funded under the WIA California Gang Reduction, Intervention and Prevention Program (CalGRIP) for implementation of the I-80 Opportunity Corridor and the California Emergency Management Agency (Cal EMA) Programs which target high gang activity in areas of the Interstate 80 corridor in the East Bay Area and reduction of gang activities in communities and neighborhood.
- c. Special Projects – Represents a WIA Services Contract funded by the County of Alameda Workforce Investment Board (WIB). The purpose of the contract is to make payments on behalf of the WIB for their enrolled WIA clients to various vendors and participants for supportive services and reimbursements.
- d. EASTBAY Works Project – Created through contracts with Alameda County, Contra Costa County, and the City of Richmond in connection with the City of Oakland/OPIC, the EASTBAY Works collaborative was formed to assist in the implementation of One-Stop Career Centers encompassing a distinct labor market area in Alameda and Contra Costa counties under WIA. OPIC provides various project services for Alameda County, Contra Costa County, and the City of Richmond under these contracts.
- e. ITA/OJT System Projects – Through contracts with Alameda County Contra Costa County, and the City of Richmond in connection with the City of Oakland/OPIC, the EASTBAY Works collaborative was formed and provides all EASTBAY Works One-Stop Customers with comprehensive information about training and educational opportunities under WIA. OPIC provides Individual Training Account (ITA) and On-The-Job Training (OJT) project services for Alameda County, Contra Costa County and the City of Richmond under these contracts.
- f. Peralta Achievement Collaborative Grant – The purpose of this grant is to provide employment and training services.

OAKLAND PRIVATE INDUSTRY COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

2. SIGNIFICANT ACCOUNTING POLICIES - Continued

a. Fund Accounting - Continued

- g. Title I – Female Ex-Offenders (FEXO) or Reintegration Grant – Serves Adult Ex-offenders through Strategies Targeted to Characteristics Common to Female Ex-Offenders. It provides job placement and job retention for (primarily female) parolees and probationers from among those returning to or reentering the target areas.
- h. National Emergency Grant (NEG) – is a Title I formula-funded dislocated worker grant. It provides temporarily expanded service capacity by providing time-limited funding assistance in response to significant dislocation events such as the New United Motor Manufacturing, Incorporated (NUMMI) event.
- Alameda County San Pablo and Alameda County Eastmont Projects - Created to replicate One-Stop Career Centers for Alameda County Social Service Agency participants. These centers provide support for allowable services under the CalWorks program criteria that will lead CalWorks participants to gain self-sufficiency and unsubsidized employment that enables them to provide for their families and in particular their children.
- Highway to Work – The purpose of this grant is to subsidize Summer Youth Employment Program (YEP) and After-School Youth Employment Program (ASYEP) for Alameda County Foster Care and at-risk Probation Youth ages 15 to 18.
- Measure Y (Oakland Unite) – The purpose of the Oakland Unite Program for Young Re-entry Adult Employment Training and Job Placement is to recruit, pre-employment train, and place up to 69 young adults (aged 18 to 34) in jobs, with appropriate long term follow up. The young adults are required to have re-entry status to participate in the program. The program began on July 1, 2012 and continues for one year to June 30, 2013. The contract is through the City of Oakland's Department of Human Services.
- Superior Court of California, County of Alameda Grant – The purpose of this grant is to provide intensive training and vocational counseling to participating parolees preparing them to re-enter the workforce.

OAKLAND PRIVATE INDUSTRY COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

2. SIGNIFICANT ACCOUNTING POLICIES - Continued

a. Fund Accounting - Continued

- Oakland Citywide Youth Jobs Project - The purpose of this project is to address the employment and development needs of Oakland youth, including foster youth.
- San Francisco Foundation - The purpose of this grant is to provide general support, with emphasis on planning.

b. Basis of Accounting

OPIC maintains its records on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles, and the financial statements are presented on that basis. Revenues are recorded when earned and expenses are recorded when incurred.

c. Cash and Cash Equivalents

Management considers all highly liquid depository accounts with original maturities of 90 days or less to be cash equivalents.

As of June 30, 2013, \$500,000 of the cash and cash equivalents amount was covered by deposit insurance provided by the Federal Deposit Insurance Corporation and Securities Investor Protection Corporation. As of June 30, 2013, cash and cash equivalents in excess of the insured limits were \$552,268.

One of OPIC's cash accounts is maintained under the ITA/OJT System Projects fund on behalf of EASTBAY Works Partners to pay for eligible participants' training costs. Due to the specific nature of the usage of these funds, cash received from the contracting agencies is deposited into an "impound" account and used for each Partner's approved participant training expenses. Any balance in the account in excess of expenses paid is reflected as a liability in the accompanying financial statements (See Note 7).

OAKLAND PRIVATE INDUSTRY COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

2. SIGNIFICANT ACCOUNTING POLICIES - Continued

d. Recognition of Revenues

Grant revenues are recognized for all reimbursable costs incurred for the purposes of the respective programs. Program support revenues from other sources are received to supplement other various programs. All grants and program support revenues are considered exchange transactions and are reported as increases in unrestricted net assets in the accompanying financial statements. Donations are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

e. Allocation of Expenses

Expenses are charged to each program based on direct expenditures incurred and are reported as decreases in unrestricted net assets.

Administration and quality assurance pools of expenses are allocated to each program based on total direct expenses as allowable by the program budget.

The following details functional expenses for the year ended June 30, 2013:

	Program Services	Management and General	Total
Salaries	\$ 2,443,507	\$ 552,606	\$ 2,996,113
Fringe benefits and other personnel	666,451	135,807	802,258
Staff travel and training	27,042	5,309	32,351
Consultants	415,547	38,325	453,872
Occupancy costs and rentals	829,629	61,374	891,003
Supplies	83,218	8,677	91,895
Equipment	41,749	3,203	44,952
Communications	42,214	3,199	45,413
Insurance	15,666	4,934	20,600
Miscellaneous operating costs	23,763	7,444	31,207
Participant wages, material and supplies	3,755,055	-	3,755,055
Subcontract costs	2,513,230	-	2,513,230
	<u>\$ 10,857,071</u>	<u>\$ 820,878</u>	<u>\$ 11,677,949</u>

There are no expenses related to fundraising.

OAKLAND PRIVATE INDUSTRY COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

2. SIGNIFICANT ACCOUNTING POLICIES - Continued

f. Allowance for Uncollectible Accounts

The accompanying financial statements do not include an allowance for uncollectible accounts because all of the amounts are from governmental or not-for-profit agencies receiving governmental funds, and OPIC management believes that all receivables will be collected.

g. Tax-exempt Status

OPIC has received notification that it qualifies as a tax-exempt organization under Section 501(c)(3) of the U.S. Internal Revenue Code and corresponding provisions of California law and, accordingly, is not subject to federal or state income taxes.

The accounting standards on accounting for uncertainty in income taxes address the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, OPIC may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of OPIC and various positions related to the potential sources of unrelated business taxable income (UBIT). The tax benefits recognized in the financial statements from a tax position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for the year ended June 30, 2013.

OPIC files its forms 990 in the U.S. federal jurisdiction and the office of the state's attorney general for the State of California. OPIC is generally no longer subject to examination by the Internal Revenue Service for years before 2009.

h. Estimates

The preparation of financial statements in accordance with U.S. generally accepted accounting principles requires OPIC's management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

OAKLAND PRIVATE INDUSTRY COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

2. SIGNIFICANT ACCOUNTING POLICIES - Continued

i. Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in orderly transaction between market participants at the measurement date. Cash and cash equivalents, grants receivable, interfund receivable, other receivables, prepaid expenses and deposits, accrued expenses, interfund payable, other liabilities and deferred revenue, are reported at their carrying amounts which approximate fair value.

3. GRANTS RECEIVABLE

This account is comprised of the following as of June 30, 2013:

	WIA Cluster	Special Projects	EASTBAY Works Project	San Pablo Project	Eastmont Project	Highway to Work	Measure Y	Other Programs	Total
Grant receivable from:									
City of Oakland	\$ 453,581	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,429	\$ -	\$ 480,010
County of Alameda	-	71,921	26,272	5,064	2,866	1,205,657	-	-	1,311,780
County of Contra Costa	-	-	23,264	-	-	-	-	-	23,264
State of California	16,033	-	-	-	-	-	-	-	16,033
City of Richmond	-	-	7,991	-	-	-	-	-	7,991
Spanish Speaking	-	-	-	-	-	-	-	10,314	10,314
Peralta Achievement	-	-	-	-	-	-	-	21,200	21,200
Lincoln Child Center	-	-	-	-	-	-	-	596	596
U.S. Department of Labor	-	-	-	-	-	-	-	10,982	10,982
Superior Court	-	-	-	-	-	-	-	14,000	14,000
	<u>\$ 469,614</u>	<u>\$ 71,921</u>	<u>\$ 57,527</u>	<u>\$ 5,064</u>	<u>\$ 2,866</u>	<u>\$ 1,205,657</u>	<u>\$ 26,429</u>	<u>\$ 57,092</u>	<u>\$ 1,896,170</u>

4. INTERFUND RECEIVABLE/PAYABLE

These accounts represent transfers of funds to pay program expenses prior to reimbursement of funds from grantors.

OAKLAND PRIVATE INDUSTRY COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

5. PREPAID EXPENSES AND DEPOSITS

This account is comprised of the following as of June 30, 2013:

	WIA Cluster	San Pablo Project	Eastmont Project	Total
Information Technology Services	\$ 456	\$ -	\$ 152	\$ 608
Security Deposits				
1212 Broadway	31,323	-	-	31,323
7200 Bancroft Avenue	-	-	8,517	8,517
Prepaid Insurance	14,653	1,489	2,095	18,237
	<u>\$ 46,432</u>	<u>\$ 1,489</u>	<u>\$ 10,764</u>	<u>\$ 58,685</u>

6. ACCRUED EXPENSES

This account is comprised of the following as of June 30, 2013:

	Accrued Expenses to Subcontractors and Vendors	Accrued Salaries and Vacation
WIA Cluster	\$ 115,595	\$ 284,051
Special Projects	119,917	-
EASTBAY Works Project	5,868	-
ITA/OJT System Projects	244,648	-
Reintegration FEXO	2,258	-
San Pablo Project	4,410	13,992
Eastmont Project	4,470	20,343
Highway To Work	761,774	-
Measure Y	40,868	-
Other Programs	1,762	-
	<u>\$ 1,301,570</u>	<u>\$ 318,386</u>

OAKLAND PRIVATE INDUSTRY COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

7. OTHER LIABILITIES

Other liabilities comprised mainly of contractual minimum balances held in an impound account throughout the contract periods on behalf of EASTBAY Works and ITA/OJT System Projects' participants amounting to \$743,280 and deferred rent amounting to \$124,134.

8. DEFERRED REVENUE

Deferred revenue represents grants and fees received in advance related to the grant contracts with various agencies. As of June 30, 2013, deferred revenues reported are as follows:

State of California	\$ 51,800
Superior Court of California	<u>28,723</u>
	<u><u>\$ 80,523</u></u>

9. 403(b) RETIREMENT PLAN

OPIC adopted a 403(b) retirement plan in 1994. The plan provides OPIC with a way to make contributions toward an employee's retirement account, while allowing employees to defer a portion of their compensation. All full-time employees are eligible to participate after 6 months of service. Employees may contribute a percentage of compensation, not to exceed \$17,500 (\$23,000 for employees age 50 and over) for the 2013 calendar year. Employer contributions are discretionary. Discretionary contributions made by OPIC were \$127,534 for the year ended June 30, 2013. Participants direct the investment of their funds among investment vehicles (mainly mutual funds) selected by the Plan Investment Committee.

10. LEASE OF OFFICE SPACE

OPIC occupies office space under a lease for the main administrative offices at 1212 Broadway, Oakland, California. The term of the lease was extended for 5 years and 3 months commencing on the later of (i) August 24, 2007, or (ii) the date on which the August 24, 2007 tenant improvements are substantially completed and a temporary certificate of occupancy (or its equivalent) for the original premises is issued by the applicable governing entity, and will expire on the last day of the 63rd month from that date. The tenant improvements were completed and OPIC began paying rent according to the new rent schedule effective May 2010.

OAKLAND PRIVATE INDUSTRY COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

10. LEASE OF OFFICE SPACE - Continued

OPIC also had a lease for a One-Stop Career Center for clients of the Alameda County Social Services Agency, at 7200 Bancroft Avenue, Oakland, CA that expired on November 30, 2009. As permitted under the terms of the lease, OPIC exercised its option to extend the lease period. The lease was extended through June 30, 2014.

Future minimum lease payments at June 30, 2013 are as follows:

Fiscal year 2013-2014	\$ 843,867
Fiscal year 2014-2015	749,661
Fiscal year 2016	<u>64,026</u>
	<u>\$ 1,657,554</u>

Total rent expense for the year ended June 30, 2013 was \$891,003.

11. CONCENTRATION OF RISK

OPIC maintains a portion of its cash in bank deposit accounts that, at times, may exceed the federally insured limits. No losses have been experienced related to such accounts. OPIC believes it places its cash with quality financial institutions and is not exposed to any significant concentration of credit risk.

OPIC's funding mainly comes from the U.S. Department of Labor accounting for 64%, and the U.S. Department of Health and Human Services accounting for 36% of the pass-through grants. The County of Alameda and the City of Oakland provided 59% and 28%, respectively, of the total pass-through grants for the year ended June 30, 2013. Of these amounts, 20% and 15%, are reported as receivable from the County of Alameda and the City of Oakland, respectively, as of June 30, 2013.

12. SUBSEQUENT EVENTS

OPIC's financial statements for the year ended June 30, 2013 were evaluated for subsequent events through March 28, 2014, the date the financial statements were available to be issued and there were no subsequent events.

SUPPLEMENTAL INFORMATION

OAKLAND PRIVATE INDUSTRY COUNCIL, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

Federal Grantor/Pass-Through Grantor/Program Title	Grant Number	CFDA Number	Program Expenditures
<u>U. S Department of Labor:</u>			
Pass-through Department of Labor:			
Workforce Investment Act - Adult and Youth Ex-Offenders	PE-23380-12-60-A-6	17.270	\$ 188,098
Pass-through Alameda County:			
Workforce Investment Act - Adult and EastBay Works Adult Program*	900195	17.258	435,568
Workforce Investment Act - Youth and EastBay Works Youth Activities*	900195	17.259	22,788
Workforce Investment Act - Dislocated and EastBay Works Dislocated Worker*	900195	17.278	1,821,264
			<u>2,279,620</u>
Pass-through Contra Costa County:			
Workforce Investment Act - Adult and EastBay Works Adult Program*	18-020-21	17.258	284,048
Workforce Investment Act - Youth and EastBay Works Youth Activities*	18-020-21	17.259	39,984
Workforce Investment Act - Dislocated and EastBay Works Dislocated Worker*	18-020-21	17.278	313,511
			<u>637,543</u>
Pass-through City of Oakland:			
Workforce Investment Act - Adult Program*	(a)	17.258	1,751,850
Workforce Investment Act - EastBay Works Adult Program*	(a)	17.258	135,109
Workforce Investment Act - NEW Start - Adult Program*	(a)	17.258	72,327
Workforce Investment Act - Youth Activities*	(a)	17.259	17,644
Workforce Investment Act - Dislocated Worker*	(a)	17.278	881,011
Workforce Investment Act - Rapid Response*	(a)	17.258	266,705
			<u>3,124,646</u>
Pass-through City of Richmond:			
Workforce Investment Act - Adult and EastBay Works Adult Program*	21200094-1619	17.258	173,697
Workforce Investment Act - Dislocated and EastBay Works Dislocated Worker*	21300404-2158	17.278	48,393
			<u>222,090</u>
Pass-through State Employment Development Department:			
Workforce Investment Act - Youth Activities*	K182092	17.259	156,919
Pass-through Peralta Community College District:			
Workforce Investment Act - CalGRIP - Youth Activities*	CB-20551-10-60-A-6	17.259	161,383
Pass-through Alameda County:			
Workforce Investment Act - National Emergency Grant	900195	17.277	418,068
Pass-through Contra Costa County:			
Workforce Investment Act - National Emergency Grant	18-020-26	17.277	29,693
Pass-through City of Richmond:			
Workforce Investment Act - National Emergency Grant	21400240-2390	17.277	63,366
Total U.S Department of Labor			<u>7,281,426</u>
<u>U.S Department of Health and Human Services:</u>			
Pass-through Alameda County:			
Temporary Assistance for Needy Families - San Pablo Project	900195	93.558	340,306
Temporary Assistance for Needy Families - Eastmont One-Stop Center	900195	93.558	546,328
			<u>886,634</u>
Pass-through Alameda County:			
Foster Care - Title IV-E - Subsidized Summer and After-School Youth Employment Program*	900195	93.658	3,111,400
Total U.S Department of Health and Human Services			<u>3,998,034</u>
Total Federal Awards			<u>\$ 11,279,460</u>

* Indicates major program

(a) Agreements did not use a grant number.

See accompanying note to schedule of expenditures of federal awards.

OAKLAND PRIVATE INDUSTRY COUNCIL, INC.
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

1. GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of the **Oakland Private Industry Council, Inc.** (OPIC). OPIC's reporting entity is defined in the accompanying financial statements. Federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included in the schedule.

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting. Expenditures are recorded when incurred and revenues are recorded when earned.



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

Board of Directors

Oakland Private Industry Council, Inc.

Oakland, California

We have audited, in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of **Oakland Private Industry Council, Inc.** (OPIC) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2013, and the related statements of activities and cash flows and for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 28, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered OPIC'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 OPIC's internal control. Accordingly, we do not express an opinion on the effectiveness of OPIC's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or

significant deficiencies may exist that were not identified. 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. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as 2013-001 and 2013-002 to be significant deficiencies.

Compliance and Other Matters

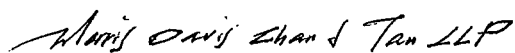
As part of obtaining reasonable assurance about whether OPIC's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as 2013-002 to be a significant deficiency.

OPIC's Response to Findings

OPIC's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. OPIC's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 OPIC's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering OPIC's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Oakland, California
March 28, 2014



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

Board of Directors

Oakland Private Industry Council, Inc.

Oakland, California

Report on Compliance for Each Major Federal Program

We have audited **Oakland Private Industry Council, Inc.'s** (OPIC) 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 OPIC's major federal programs for the year ended June 30, 2013. OPIC's major federal programs are identified in the summary of auditors' 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.

Auditors' Responsibility

Our responsibility is to express an opinion for each of OPIC's major federal programs compliance based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about OPIC'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 OPIC's compliance.

Opinion on Each Major Federal Program

In our opinion, OPIC 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, 2013.

Report on Internal Control Over Compliance

Management of OPIC 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 OPIC'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 OPIC'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.

MORRIS DAVIS CHAN & TAN LLP

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.

Morris Davis Chan & Tan LLP

Oakland, California
March 28, 2014

OAKLAND PRIVATE INDUSTRY COUNCIL, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013

I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

Type of auditors’ report issued: Unqualified

Internal control over financial reporting:

- Material weaknesses identified? No
- Significant deficiencies identified that are not considered to be material weaknesses? Yes

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

- Material weaknesses identified? No
- Significant deficiencies identified that are not considered to be material weaknesses? No

Type of auditors’ report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? No

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
	<u>U.S. Department of Labor – WIA Cluster</u>
17.258	Workforce Investment Act – Adult
17.258	Workforce Investment Act – EastBay Works – Adult
17.258	Workforce Investment Act – NEW Start – Adult
17.258	Workforce Investment Act – Rapid Response
17.259	Workforce Investment Act – Youth Activities

OAKLAND PRIVATE INDUSTRY COUNCIL, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013

CFDA Number	Name of Federal Program or Cluster
	<u>U.S. Department of Labor – WIA Cluster (Continued)</u>
17.259	Workforce Investment Act – CalGRIP – Youth Activities
17.259	Workforce Investment Act – EastBay Works – Youth Activities
17.278	Workforce Investment Act - Dislocated Worker
17.278	Workforce Investment Act - EastBay Works – Dislocated Worker
	<u>U.S. Department of Health and Human Services</u>
93.658	Foster Care - Title IV - E

Dollar threshold used to distinguish between type A and type B programs: \$338,573

Auditee qualified as low-risk auditee? No

II –FINANCIAL STATEMENT FINDINGS

2013-001

CONDITIONS:

During our review of significant account balances and journal entries, we noted the following:

- Schedule of impound account did not agree to the balance reported per trial balance.
- Grants receivable balances of 2 funds were either overstated or understated.
- Certain grant revenues were recorded in the wrong revenue accounts.

CRITERIA:

Title 29 CFR Part 97 Section 97.20 (b)(1), states that accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant.

Circular No. A-133 Section 300(b) states that the auditee shall maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

OAKLAND PRIVATE INDUSTRY COUNCIL, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013

II –FINANCIAL STATEMENT FINDINGS - Continued

2013-001 - Continued

CAUSE OF CONDITIONS:

There was a lack of proper supervisory review over journal vouchers and account reconciliations.

EFFECT OF CONDITIONS:

OPIC is not in compliance with Title 29 CFR Part 97 Section 97.20 (b)(1) and Circular No. A-133 Section 300(b).

The financial statements were misstated.

RECOMMENDATIONS:

We recommend that management adheres to the monthly and year-end closing procedures to ensure that non-standard journal entries are adequately researched, properly supported and timely reviewed.

We also recommend that management further enhances the general ledger codes for which grants and expenditures can be clearly identifiable and attributable to the various revenue sources or programs.

MANAGEMENT RESPONSE/ACTION PLAN:

In addition to the monthly and year-end closing procedures currently in place, OPIC's Fiscal Department is setting up a quarterly review process during which all prior journal entries will be reviewed for the second time both by the Accounting Manager and the Director of Fiscal Services to ascertain that all journal entries are adequately researched and supported. This process begins on April 1, 2014 and will continue until June 30, 2014.

OPIC's Fiscal Department is in the process of creating additional general ledger accounts codes for various revenue sources and programs. This process is expected to be completed by April 30, 2014.

Name of Responsible Official: Victor Chumbe, Director of Fiscal Services

OAKLAND PRIVATE INDUSTRY COUNCIL, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013

II –FINANCIAL STATEMENT FINDINGS - Continued

2013-002

CONDITION:

During our review of Measure Y grants, OPIC erroneously recorded grants receivable equal to 20% of the grant revenue representing the matching cost as per the Grant Agreement.

CRITERIA:

As per the Grant Agreement, OPIC is required to match 20% of grants received.

CAUSE OF CONDITION:

Lack of oversight and understanding of the provision of the Grant Agreement related to the 20% matching requirement.

EFFECT OF CONDITION:

OPIC was not in compliance with the matching provision of the Grant Agreement. Also, grants receivable and grants revenue were overstated.

RECOMMENDATION:

We recommend OPIC establishes procedures whereby provisions of Grant Agreement are reviewed to ensure compliance.

MANAGEMENT RESPONSE/ACTION PLAN:

OPIC's Fiscal Department is establishing a quarterly review process. At the end of each quarter, the Accounting Manager, the Contract Administrator, and the Director of Fiscal Services will review all grant provisions and agreements to ascertain that OPIC is in compliance with all grant provisions and agreements. This process begins on April 1, 2014 and will continue until June 30, 2014.

Name of Responsible Official: Victor Chumbe, Director of Fiscal Services

III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

OAKLAND PRIVATE INDUSTRY COUNCIL, INC.
STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

FINDING		STATUS
2012-01	During our audit, we noted that the processes utilized for closing and reporting of financial statements for the fiscal year ended June 30, 2012 were not effective which resulted in delay in generating OPIC's trial balance. OPIC posted numerous closing adjustments and corrections subsequent to the trial balance being provided for the audit.	This finding has been resolved.
2012-02	We noted that the interfund accounts were out-of-balance. OPIC could not account for the difference. Further investigation and review of general ledger transactions revealed that there were a number of transactions that have been missing/deleted.	This finding has been resolved.
2012-03	During our review of grants receipts and receivables, we noted a number of variances resulting to more than 20 adjusting journal entries affecting various funds. Substantially, all of the adjusting journal entries were to correct bookkeeping errors on accruals and other adjustments that should have been made by the Fiscal department during monthly and year-end closing.	This finding has been resolved.
2012-04	Our review of the general bank account reconciliations disclosed a number of unreconciled differences.	This finding has been resolved.
2012-05	The SEFA prepared by OPIC contained inaccurate and incomplete information.	This finding has been resolved.
2012-06	OPIC did not use accounting codes to separately record expenditures related to Alameda County's NUMMI grant, revenues related to East Bay Works grants and WIA program support revenues for the City of Richmond, Contra Costa County and Alameda County.	This finding has been resolved.