

2009 annual report



we help northern virginia

WORK



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August 2009

To Our Northern Virginia Business Colleagues:

This past year has stunned all of us with its rapid economic decline and the subsequent negative impact on jobs, careers and family finances. The months ahead will also offer unprecedented challenges throughout Northern Virginia, both for employers and jobseekers alike. Northern Virginia **SkillSource** Centers are experiencing tremendous demands for job seeker services with overall visits exceeding 65,000 by the end of FY 2009 (June 2009).

With these regional and national economic challenges, the **SkillSource** Group, Inc. and the Northern Virginia Workforce System have continued to enhance our service delivery structure to better meet local customer needs.

- In 2008, with financial support from Governor Kaine's Office of Workforce Development and several local foundations, **SkillSource** opened its first One Stop Employment Center within an adult detention facility, the Fairfax County Pre-Release Center.
- We have made great progress in planning a new Comprehensive Workforce Center in Prince William County along with an Affiliate **SkillSource** Center at the Woodbridge Campus of Northern Virginia Community College. Both Centers are planning to open in 2009.
- Three new SHARE Network sites have been opened in collaboration with local faith and community-based organizations.
- **SkillSource** is partnering with the Virginia Community College System in administering a new Federal Labor grant to support older dislocated workers in their transition to become small business entrepreneurs – called the Northern Virginia Growing America Through Entrepreneurship (NOVAGATE). Virginia is one of four sites in the nation selected for this project, which will last through 2011.
- The recently-enacted American Recovery and Reinvestment Act (Federal Stimulus Legislation) will be providing significant levels of new funding in 2009 to support skills training and employment supports for both adults and youth.

The Northern Virginia Workforce Investment Board is one of fifteen local Workforce Boards in the Commonwealth of Virginia, serving over 1.8 million residents and thousands of businesses in Fairfax, Loudoun and Prince William counties and the cities of Falls Church, Fairfax, Manassas and Manassas Park. **SkillSource** Centers offer multiple free services to businesses seeking to hire and retain a competitive workforce while also providing multiple opportunities to jobseekers seeking to increase their skills and employment options.

Thank you for your continued support and participation in our workforce and community building efforts throughout the Northern Virginia region. We look forward to the opportunity to work with you in the months and years ahead.



The **SkillSource** Group, Inc. Leadership for 2008 – 2009 include (from left), John E. Ritzert, Jr., Chairman, Janet Samuelson, Vice Chairman and David Hunn, President and CEO.

Who We Are

NVWIB Vision: A vibrant region that is economically competitive.

NVWIB Mission: To catalyze a world class, globally competitive business environment in Northern Virginia.

Shared Principles, Beliefs and Priorities:

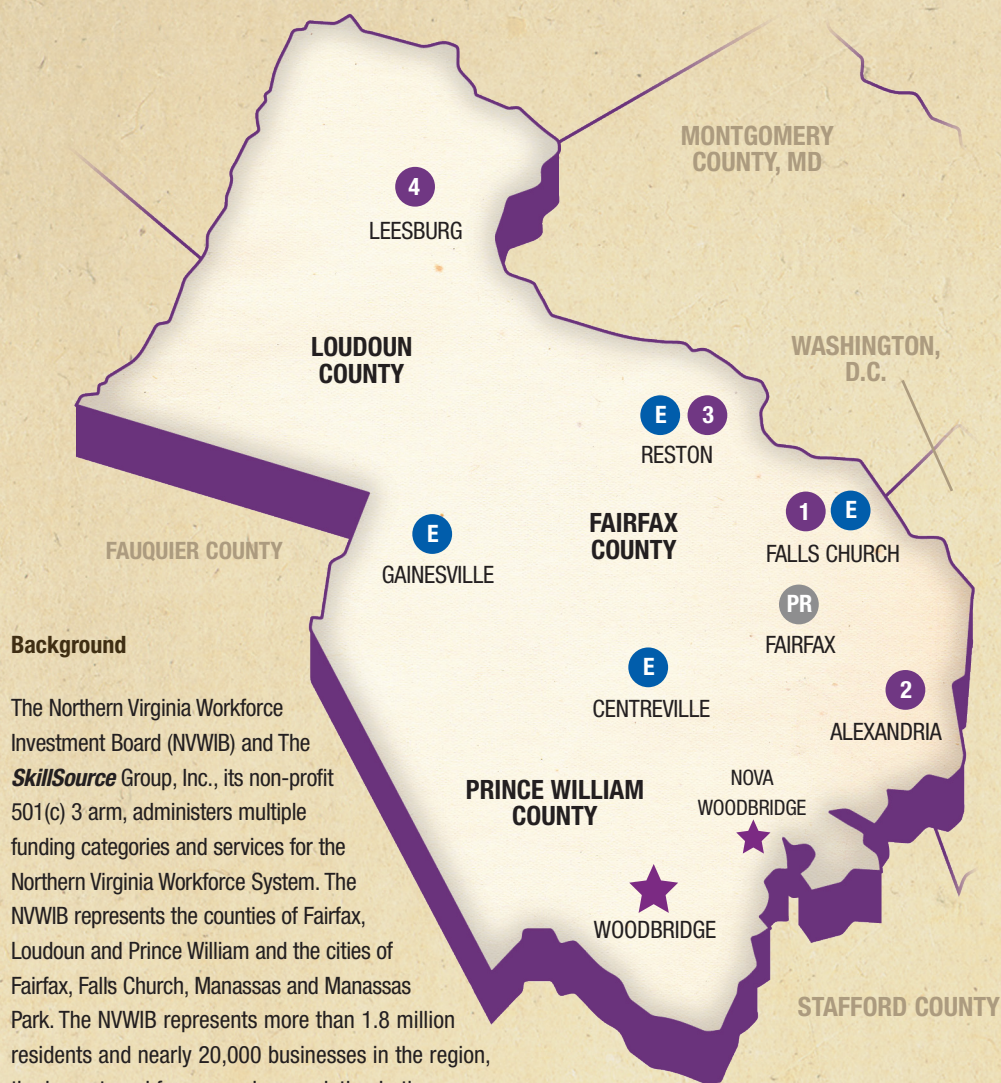
Innovation – We believe in embracing on-going innovation, creativity, and change for achieving continuous improvement and growth.

Integrity – We believe in living our values every minute of every day. We believe in doing the right thing right the first time for our customers and always honoring our commitments.

Stewardship – We believe in our role as stewards of the public trust and take seriously our responsibility for fiscal management of the public tax dollars.

Learning – We believe learning and growth is what matters. For our community, for our employees, and for our organization.

Results – We believe that results are essential to our success. Results are obtained by focusing on customer expectations, by providing a return on investment, and by ensuring future growth.



Background

The Northern Virginia Workforce Investment Board (NVWIB) and The **SkillSource** Group, Inc., its non-profit 501(c) 3 arm, administers multiple funding categories and services for the Northern Virginia Workforce System. The NVWIB represents the counties of Fairfax, Loudoun and Prince William and the cities of Fairfax, Falls Church, Manassas and Manassas Park. The NVWIB represents more than 1.8 million residents and nearly 20,000 businesses in the region, the largest workforce area by population in the Commonwealth of Virginia.

SkillSource Center Locations

1

Falls Church SkillSource Center

6245 Leesburg Pike, Suite 315
Falls Church, Virginia 22044
(703) 533-5400

TTY: (703) 533-5316

HOURS:

Monday, Tuesday, Thursday, 8:30 am – 5:00 pm
Wednesday 8:30 am – 7:00 pm
Friday 10:00 am – 5:00 pm

2

South County SkillSource Center

8350 Richmond Highway, Suite 327
Alexandria, VA 22309
(703) 704-6286

TTY: (703) 704-6685

HOURS:

Monday – Thursday 8:30 am – 5:00 pm
Friday 10:00 am – 5:00 pm

3

Lake Anne Employment Resource Center

A **SkillSource** Affiliate

11484 Washington Plaza West, Suite 110
Reston, Virginia 20190
(703) 787-4974

TTY: (703) 787-3166

HOURS:

Monday – Thursday 8:00 am – 4:30 pm
Friday open at 10:00 am

4

Loudoun Workforce Resource Center

A **SkillSource** Affiliate

Shenandoah Building
102 Heritage Way, N.E., Suite 103
Leesburg, VA 20176
(703) 777-0150

TTY: 711 VA Relay

HOURS:

Monday – Friday 9:00 am – 4:30 pm
Third Wed. of the month, 9:00 am – 1:30 pm

NWWIB Partner Programs

Individual Training Accounts Subsidized Wages

What are ITAs?

Individual Training Accounts (ITAs) are written with institutions listed on the State's Eligible Training Provider (ETP) list of training activities including, but not limited to: Classroom/ Institutional Training (upgrade, refresher, short-term technical training), Vocational and/ or Occupations Skills Training.

BREAKDOWN SUMMARY ON INDIVIDUAL TRAINING ACCOUNTS (ITAs)

ITAs Industry	Funding Obligated	TOTAL NUMBER
Accounting/Finance	\$11,405	13
Clerical / Administrative	\$97,814	46
Construction / Trade	\$11,993	14
Education*	\$3,500	1
Healthcare	\$249,206	117
Hospitality / Services	\$780	1
Literacy Activities**	\$18,756	42
Technology	\$130,946	46
Transportation	\$31,445	12
Others/Vocational Training	\$9,161	134
TOTAL	\$565,007	426



Northern Virginia Workforce Board members (from left) Karla Leavelle of Human Capital Solutions, William Gary of Northern Virginia Community College, William Mountjoy of the AFL-CIO, Rick Slusher of the Virginia Employment Commission and Bette Sneed of the Prince William Public Schools.

About the NWWIB Partner Programs

VASAVOR Initiative

To support recently released offenders address multiple barriers, **SkillSource** has been part of the regional community network that has excelled in managing the Virginia Serious and Violent Offender Re-Entry Initiative (VASAVOR) in Fairfax County, which supported the transition of long-term incarcerated adults into the community. The Fairfax County VASAVOR initiative provided selected offenders with requisite skills and support to reduce recidivism and successfully reintegrate them back into the community. Against a national violent offender recidivism rate of 35%, and a Virginia violent offender recidivism rate of 14%, the VASAVOR recidivism rate has been estimated at approximately 3%. To date, VASAVOR offenders have remained employed with good wages and benefits and had secure housing opportunities. Supportive services include substance abuse treatment, mental health services and case management, training, workshops, assistance with food, shelter, utility, counseling, and medical services. Because of this program success, the Virginia General Assembly approved that State funding be utilized to continue the VASAVOR program in FY 2009, after Federal funding ended. The chart depicts the total outcomes of the Fairfax County VASAVOR program from its inception in 2003 to June 2009.

Total Enrolled	319
Total Placed Into Employment	271
Currently Employed	254
Average Salary	\$25,792/yr (\$12.40/hr)
Total Receiving Health Benefits	52%
Total Exited From Program	94
Technical Violations	40
Re-Offended	10
Federal Bonds Issued	40 (Total Value of \$200,000)

Northern Virginia HealthFORCE

SkillSource is one of the founding members of NoVaHealthFORCE, a coalition of organizations and leaders in business, education and the health industry, that came together with the purpose "to establish a long-term, business-driven, sustainable strategy to address the health care workforce shortage in Northern Virginia." In clarifying the scope and quality of identified current and future gaps in the health care workforce and the driving forces responsible for those gaps, its in-depth studies conducted by PricewaterhouseCoopers in 2005 and 2007 analyzed the scope and impact of the current and long range healthcare workforce challenges in Northern Virginia by surveying and interviewing area health care employers. That study found that growing problems in recruitment and retention of qualified health care workers have become so severe, that without intervention, looming workforce shortages threaten to impede economic stability and growth as well as to erode the quality of life for thousands of residents. **SkillSource** and NoVaHealthFORCE collaboration has resulted in multiple grant awards to date from the Commonwealth of Virginia (\$1.9 million) and the U.S. Department of Labor (\$1.1 million) to Northern Virginia Community College, in addition to over \$1.5 million in corporate matching funding commitments to **SkillSource** by regional health care providers.

SkillSource – Fairfax County Sheriff Employment Center

The new **SkillSource** – Fairfax County Sheriff Employment Center opened within the Fairfax County Pre-Release Center in May 2008, the first of its kind in a local Virginia jail. All employment services and information currently available at a **SkillSource** Center are offered within the **SkillSource** – Fairfax County Sheriff Employment Center. Employment services are provided while the offenders are still in prison and up to three months after their release. This Center maximizes access to the **SkillSource** One-Stop system by reaching offenders even before they are released from jail and introduces them to employment resources before they will be able to utilize even after they are reintegrated into the community. The Center is administered by two full-time staff, a Center Assistant and one full-time Job Developer that links Fairfax County employers with offender job seekers.

SkillSource's overall goal is to help offenders being released into the Northern Virginia community attain long-term, meaningful employment and self-sufficiency, thereby reducing the potential of criminal recidivism. Year One of Center operations is funded by a grant from the Governor's Office for Workforce Development and the Virginia Workforce Council, the Herb Block Foundation, the Gannet Foundation and the Wachovia Foundation.

The SkillSource Educating Youth through Employment (EYE)

The **SkillSource** Educating Youth through Employment (EYE) Program continued its success in 2008 with some significant improvements. Since 2006, this non-federally funded program, in coordination with Fairfax County's Youth Employment and Training Services, has collaborated with

local schools, businesses and other community partners to support meaningful and relevant summer work experiences for young adults in Northern Virginia. Young adults between the ages of 16-21 are hired or sponsored by local employers for a summer work experience within their industry sector, while also required to attend job readiness workshops throughout the course of their employment. This past year, the number of private employers participating in the program increased and for the first time,

companies who could not participate in the program were able to contribute instead. With a total of 14 employers, a total of 32 youth were employed through the program. 92% of employers surveyed found

their EYE experience enjoyable and 100% of youth surveyed would recommend the EYE Program to their friends. Since the inception of the program, nearly 80 youth have been sponsored or hired and 35 employers have participated.



Pictured cutting the ribbon at the grand opening of the **SkillSource** – Fairfax County Sheriff Employment Center within the Fairfax County Pre-Release Center are (from left to right) Dana Paige, Director of the Fairfax County Department of Family Services; Mike Zeiders, Chairman of the Northern Virginia Workforce Investment Board; Cathy Hudgins, Hunter Mill District Supervisor; Danny LeBlanc, Governor Tim Kaine's advisor on workforce issues; Gerry Connolly, Chairman of the Fairfax County Board of Supervisors; Sheriff Stan Barry of the Fairfax County Sheriff's Office; and John Ritzert, Chairman of The **SkillSource** Group, Inc.

Outcome Measures	Outcomes thru June 2009
Center Utilization	130
Served Intensively	130
Entered Employment Rate	72%
No Longer Employed	20
Improved Assessment Tests	NA
Employment (after 6 Months)	NA
Avg. Hourly Earnings	\$9.14 (\$19,011/year)
Re-Offenses	2
Participants Utilizing Federal Bonding Resources	34 (valued at \$170,000)

Did You Know?

About 97 percent of the companies in Fairfax County are small businesses with fewer than 100 employees and less than \$1 million in annual revenue.

34 of the top 50 largest technology employers in the Washington, DC region are based in Fairfax County.

Loudoun County is forecasted to be the fastest growing jurisdiction in Northern Virginia between 2010 and 2020, with a population increase of 77.5 percent and 36.1 percent respectively.

Nationally, Fairfax County and Loudoun County rank first and second respectively in median household income.

Between 2007 and 2017, employment in Loudoun County is projected to increase by 47 percent.



NVWIB Board Members Karla Leavelle of Human Capital Solutions and William Gary of Northern Virginia Community College discuss policy issues at a Board meeting.

NWWIB Partner Programs (continued)

Did You Know?

Prince William County has a civilian labor force of 205,702 persons and 198,432 are employed.

The Prince William County population has grown by 108,239 persons (38.5%) since 2000.

The three biggest employers in Prince William County are Micron Technologies, Lockheed Martin and General Dynamics.

Nearly 59 percent of persons 25 and older in Fairfax County have a college degree, one of the highest percentages in the United States.

The median household income in Fairfax County was \$105,241 in 2007.



Northern Virginia Workforce Board members (from left) Mary Ganger of Reston Hospital and HCA Virginia, Anthony Cancelosi of the Columbia Lighthouse for the Blind, Verdia Haywood of Fairfax County Government and Clayton Sinyai of the Mid-Atlantic Laborers.



*At his October 14, 2008 Cabinet Day in Northern Virginia, Governor Kaine gives GED Awareness Week Resolutions to the Northern Virginia Workforce Investment Board (represented by Chairman Michael Zeiders and **SkillSource** Group Vice Chairman Janet Samuelson) and the Fairfax County Public Schools Office of Adult and Continuing Education (represented by Dr. Bonnie Moore).*

*U.S. Labor Secretary Elaine Chao (serving in the Bush Administration) visited the Falls Church **SkillSource** Center on Thursday, January 8, 2009, meeting with Center customers and staff while also viewing how Departmental policies and programs operate at the local level.*



Northern Virginia SHARE Network

SkillSource has opened three SHARE Network access points in Northern Virginia as part of the U.S. Department of Labor's strategy to enable the One-Stop system to partner with faith-based and community organizations (FBCOs). In exchange for **SkillSource** providing computer and software equipment, resource materials, as well as training support, the access point must help its clients utilize the available employment resources and will send some of its staff for training at the One-Stop Centers. These access points reach unemployed and underemployed populations and help them to receive job search services that they may not have been aware of. **SkillSource**, in partnership with the Governor's Office on Workforce Development, hosted a SHARE Information session on Thursday, June 19, 2008 at the Annandale campus of the Northern Virginia Community College's campus. Over 75 representatives from the Northern Virginia FBCO community attended this informational session on how they would be able to become a part of the SHARE Network.

Northern Virginia Growing America Through Entrepreneurship Project

The Virginia Community College System (VCCS) Workforce Development Services, in partnership with the **SkillSource** Group, Inc. (**SkillSource**), received funding from the Department of Labor for its Northern Virginia Growing America Through Entrepreneurship Project (NOVA GATE). This collaborative effort focuses on services to dislocated workers age 45 and over that are eligible for Workforce Investment Act (WIA) services, designed to assess up to 225 dislocated workers and to enable 188 eligible candidates to obtain information, classroom training, one-on-one technical assistance, counseling, guidance and financial assistance (low-interest loans) so they can establish new businesses, as well as start and sustain successful self-employment.

Local Success in Exceeding Federal Workforce Performance Benchmarks

Each year, the U.S. Congress and the U.S. Department of Labor assess the performance of States and local Workforce Investment Boards through the review of seventeen (17) Workforce Investment Act performance benchmarks. These benchmarks reflect the national workforce funding priorities for Adults, Dislocated Workers, Youth and overall Customer Satisfaction ratings.

Since 2002, the Northern Virginia Workforce Area has been one of the strongest local workforce board performers in exceeding or meeting the annual WIA performance benchmark ratings. The chart below summarizes benchmark ratings from PY 2002 - PY 2007. The Ratings are comprised of **E** (Exceeds annual benchmark), **M** (Meets annual benchmark) or **FTM** (Fails To Meet annual benchmark).

Northern Virginia Workforce Area Summary of Performance Benchmarks for the Federal Workforce Investment Act PY 2002 - PY 2007

	PY 2002 Status	PY 2003 Status	PY 2004 Status	PY 2005 Status	PY 2006 Status	PY 2007 Status
Adult						
Entered Employment Rate	E	E	E	E	E	E
Employment Retention Rate	E	E	E	E	E	E
Average Earnings	E	E	E	E	E	E
Employment and Credential Rate	E	E	E	E	E	E
Dislocated Workers						
Entered Employment Rate	E	E	E	E	E	E
Employment Retention Rate	E	E	E	E	E	E
Average Earnings	E	E	E	E	E	E
Employment and Credential Rate	E	M	FTM	E	E	E
Older Youth (19-21)						
Entered Employment Rate	E	M	E	E	E	E
Employment Retention Rate	E	E	E	E	E	E
Earnings Change	E	M	E	E	E	E
Credential Rate	E	E	E	E	E	E
Younger Youth (14-18)						
Skill Attainment Rate	E	E	M	E	E	E
High School Diploma or Equivalent Rate	E	E	E	E	E	E
Retention Rate	E	M	E	E	E	E
Customer Satisfaction						
Participant	E	M	M	E	E	M
Employer	E	M	E	M	M	E

Did You Know?

Over the last seven years, the population in Northern Virginia increased by 16 percent. During the same period, the population of Loudoun County increased by 64 percent, an increase of more than 109,000 persons, accounting for nearly one-third of the population growth in Northern Virginia.

More than 360 foreign-owned firms reside in Fairfax County.

Approximately 97 percent of Loudoun's businesses have fewer than 100 employees; 84 percent have fewer than 20 employees.

Seven FORTUNE 500 companies are headquartered in Fairfax County: Capital One Financial, Computer Sciences Corp., Freddie Mac, Gannett, General Dynamics, NVR and Sallie Mae.



NVWIB Board Members Todd Rowley of Wachovia Bank and John Ritzert of Ritzert and Leyton, P.C. present a Board financial status report.

2008 Audited Financial Statements

Did You Know?

The technology sector directly accounts for nearly one in three jobs within Fairfax County. Indirectly, local technology firms generate and estimated 350,000 to 400,000 additional jobs in support industries.

The median family income in Prince William County in FY2008 was \$98,990.

With a median family income of \$122,027, Fairfax County ranks first in the nation among large U.S. counties.

The labor force in Loudoun County increased 104 percent and the average weekly wage has increased over 74 percent in the past 10 years.



NVWIB Board Member Rick Slusher describes the new Prince William Comprehensive Center at a recent Board meeting.

The **SkillSource** Group, Inc. honors and recognizes our grantors and other financial contributors for 2008-2009. Our initiatives and programs reflect a public and private workforce partnership in support of the entire Northern Virginia community.

- United States Department of Labor, Employment and Training Administration
- Commonwealth of Virginia, Virginia Workforce Council
- Commonwealth of Virginia, Governor's Office of Workforce Development
- Commonwealth of Virginia, Virginia Community College System
- Commonwealth of Virginia, Department of Corrections
- Fairfax County, Virginia Government
- The Herb Block Foundation
- The Wachovia Foundation
- The Gannett Foundation
- The Miles-Lehane Group
- Global Link Solutions
- SAIC, Intelligent Systems Division
- ServiceSource
- Groundspring.org
- CedarPC, Inc.
- Building Service Management
- Global Trade House Corporation
- MAXIMUS Corporation
- Objective Resources International
- Project Management Institute of Washington DC



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Report of Independent Auditors

Board of Directors
The SkillSource Group, Inc.

We have audited the accompanying statements of financial position of *The SkillSource Group, Inc.* (a not-for-profit organization) as of June 30, 2008 and 2007, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of *The SkillSource Group, Inc.*'s management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of *The SkillSource Group, Inc.* as of June 30, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Goodman & Company, LLP

Rockville, Maryland
October 31, 2008

2008 Audited Financial Statements (continued)

The SkillSource Group, Inc.

Statements of Financial Position

June 30,	2008	2007
Assets		
Current assets		
Cash and cash equivalents	\$ 687,873	\$ 528,704
Restricted cash	43,912	186,151
Accounts receivable	15,000	-
Grants receivable	382,449	436,423
Prepaid expenses	26,492	7,880
Total current assets	1,155,726	1,159,158
Property and equipment - net	2,278	1,878
	\$1,158,004	\$1,161,036
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	\$ 283,813	\$ 223,537
Deferred revenue	25,000	20,000
Funds held in trust	294,180	217,601
Total current liabilities	602,993	461,138
Net assets		
Unrestricted	511,099	513,747
Temporarily restricted	43,912	186,151
Total net assets	555,011	699,898
	\$1,158,004	\$1,161,036

The SkillSource Group, Inc.

Statement of Activities

Year Ended June 30, 2008	Unrestricted Funds	Temporarily Restricted Funds	Total 2008
Revenue, support and other changes			
Grants	\$1,666,396	\$ -	\$1,666,396
Contributions	-	68,082	68,082
Program income	26,900	-	26,900
Investment income	19,249	4,182	23,431
Net assets released from restrictions			
Satisfaction of program restrictions	214,503	(214,503)	-
	1,927,048	(142,239)	1,784,809
Expenses			
Program services			
Northern Virginia regional partnership contribution	99,157	-	99,157
BRAC national emergency grant	151,211	-	151,211
Northern Virginia career assistance loan program	23,136	-	23,136
Virginia Department of Corrections	119,783	-	119,783
Workforce investment act:			
Dislocated worker	500,096	-	500,096
Adult program	483,678	-	483,678
Youth program	294,112	-	294,112
Project E.Y.E.	56,809	-	56,809
Pre-release employment center grant	26,466	-	26,466
	1,754,448	-	1,754,448
Supporting Services			
Management and general	117,950	-	117,950
Fundraising	57,298	-	57,298
	1,929,696	-	1,929,696
Change in net assets	(2,648)	(142,239)	(144,887)
Net assets - beginning of year	513,747	186,151	699,898
Net assets - end of year	\$ 511,099	\$ 43,912	\$ 555,011

The SkillSource Group, Inc.

Statement of Activities

Year Ended June 30, 2007

	Unrestricted Funds	Temporarily Restricted Funds	Total 2007
Revenue, support and other changes			
Grants	\$2,262,051	\$ -	\$2,262,051
Contributions	35,000	22,868	57,868
Program income	25,326	-	25,326
Investment income	27,988	7,737	35,725
In-kind contribution	45,000	-	45,000
Net assets released from restrictions			
Satisfaction of program restrictions	27,868	(27,868)	-
	2,423,233	2,737	2,425,970
Expenses			
Program services			
BRAC national emergency grant	142,232	-	142,232
Faith and community based organizations grant	198,728	-	198,728
Medical assistant training contract	49,482	-	49,482
Northern Virginia regional partnership contribution	61,914	-	61,914
Virginia Department of Corrections	116,540	-	116,540
Workforce investment act:			
Dislocated worker	500,826	-	500,826
Adult program	426,107	-	426,107
Youth program	408,796	-	408,796
Independence air neg	213,137	-	213,137
Local incentive	90,000	-	90,000
Project E.Y.E.	19,031	-	19,031
	2,226,793	-	2,226,793
Supporting Services			
Management and general	131,190	-	131,190
Fundraising	34,044	-	34,044
	2,392,027	-	2,392,027
Change in net assets	31,206	2,737	33,943
Net assets - beginning of year	482,541	183,414	665,955
Net assets - end of year	\$ 513,747	\$ 186,151	\$ 699,898

The SkillSource Group, Inc.

Statements of Cash Flows

Years Ended June 30,	2008	2007
Cash flows from operating activities		
Change in net assets	\$ (144,887)	\$ 33,943
Adjustments to reconcile net cash from operating activities:		
Depreciation	1,024	2,382
Change in:		
Accounts receivable	(15,000)	244,281
Grants receivable	53,974	151,221
Prepaid expenses	(18,612)	26,669
Accounts payable and accrued expenses	60,276	(407,697)
Deferred revenue	5,000	13,136
Funds held in trust	76,579	171,811
Net cash from operating activities	18,354	235,746
Cash flows from investing activities		
Change in restricted cash	142,239	(7,737)
Purchase of property and equipment	(1,424)	-
Net cash from investing activities	140,815	(7,737)
Net change in cash and cash equivalents	159,169	228,009
Cash and cash equivalents - beginning of year	528,704	300,695
Cash and cash equivalents - end of year	\$ 687,873	\$ 528,704

Notes to Financial Statements June 30, 2008 and 2007

1. Organization and Nature of Activities

The **SkillSource** Group, Inc. (Corporation) 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. The Corporation was established in March 2002 but did not begin operations until January 2003.

2. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Corporation have been prepared on the accrual basis of accounting.

Basis of Presentation

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets based on the existence or absence of donor-imposed restrictions.

Unrestricted, Temporarily Restricted, and Permanently Restricted Net Assets

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and nature of any donor restrictions.

Donor-restricted revenue is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

Cash and Cash Equivalents

For purposes of the financial statement presentation, cash and cash equivalents include all demand accounts for which it is not the intention of management to hold for long-term purposes.

Restricted Cash

In accordance with certain agreements, funds included in the restricted cash account are used as a guarantee against potential loan defaults in the Northern Virginia career skills loan program and are held in a separate account. See note 4 for additional information.

Accounts and Grants Receivable

Accounts and grants receivable are stated at the amount

management expects to collect from balances outstanding at year-end. A substantial portion of the amount due is receivable from the federal government. Based on management's assessment of the credit history with customers having outstanding balances and current relationships with them, it has concluded that realization losses on balances outstanding at year-end will be immaterial.

Property and Equipment

Property and equipment are carried at cost. Depreciation is computed using the straight-line method over estimated useful life of three years. The Corporation capitalizes any purchases of property and equipment that benefit future periods.

Funds Held in Trust

The Corporation has an agreement with the Northern Virginia Health Care Workforce Alliance (NoVaHealthFORCE) to act as its fiscal agent. The Corporation receives contributions and makes disbursements on behalf of NoVaHealthFORCE. Revenue and expenses for NoVaHealthFORCE are not reported in the Corporation's statement of activities.

Donated Services

During 2007, the Corporation received donated space from the Manassas Mall. The fair value of the space has been estimated at \$45,000.

Advertising Costs

The Corporation expenses advertising costs as they are incurred. Advertising and promotion expense was \$10,428 and \$10,905 for 2008 and 2007, respectively.

Allocation of Expenses

The allocation of expenses among the various programs is based on direct expenses incurred. Salaries and related benefits are allocated to programs based on the employees' responsibilities towards that specific function. Overhead costs have been allocated among the programs benefited based on management's estimated usage of these costs by program.

Income Taxes

The Corporation is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and has been classified as an organization that is not a private foundation.

3. Property and Equipment

Property and equipment consisted of the following:

	2008	2007
Equipment	\$ 9,588	\$ 8,164
Less - accumulated depreciation	(7,310)	(6,286)
	<u>\$ 2,278</u>	<u>\$ 1,878</u>

Depreciation expense for 2008 and 2007 was \$1,024 and \$2,382 respectively.

4. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

	2008	2007
Northern Virginia career skills loan program	\$ 43,912	\$ 186,151

The amount for the loan program represents funds to guarantee student loans and the restricted cash represents collateral against those student loans. All interest earned on the cash account is held as restricted to the program.

5. Lease

The Corporation signed an agreement to lease office space in August 2005. The initial term was from September 1, 2005 through June 30, 2006 with an option to renew. The lease was renewed in June 2006, June 2007 and in June 2008 for terms of one year each. Total annual payments per the lease agreement are \$24,120 for 2008 and \$28,290 for 2007. Rent expense for 2008 and 2007 was \$24,120 and \$73,290 respectively, which includes in-kind contributions of \$45,000 for 2007.

The following is a schedule of future minimum lease payments required under the operating lease for the year ending June 30:

2009	\$ 24,120
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6. Concentration of Income

A substantial portion of the Corporation's activities and operations are funded by federal government grants. Total federal government grant revenue for 2008 and 2007 was \$1,546,614 and \$2,087,349, respectively.

7. Concentration of Credit Risk

At June 30, 2008 and 2007, the Corporation had bank deposits of \$610,631 and \$430,683, respectively, in excess of the federal insured limit.

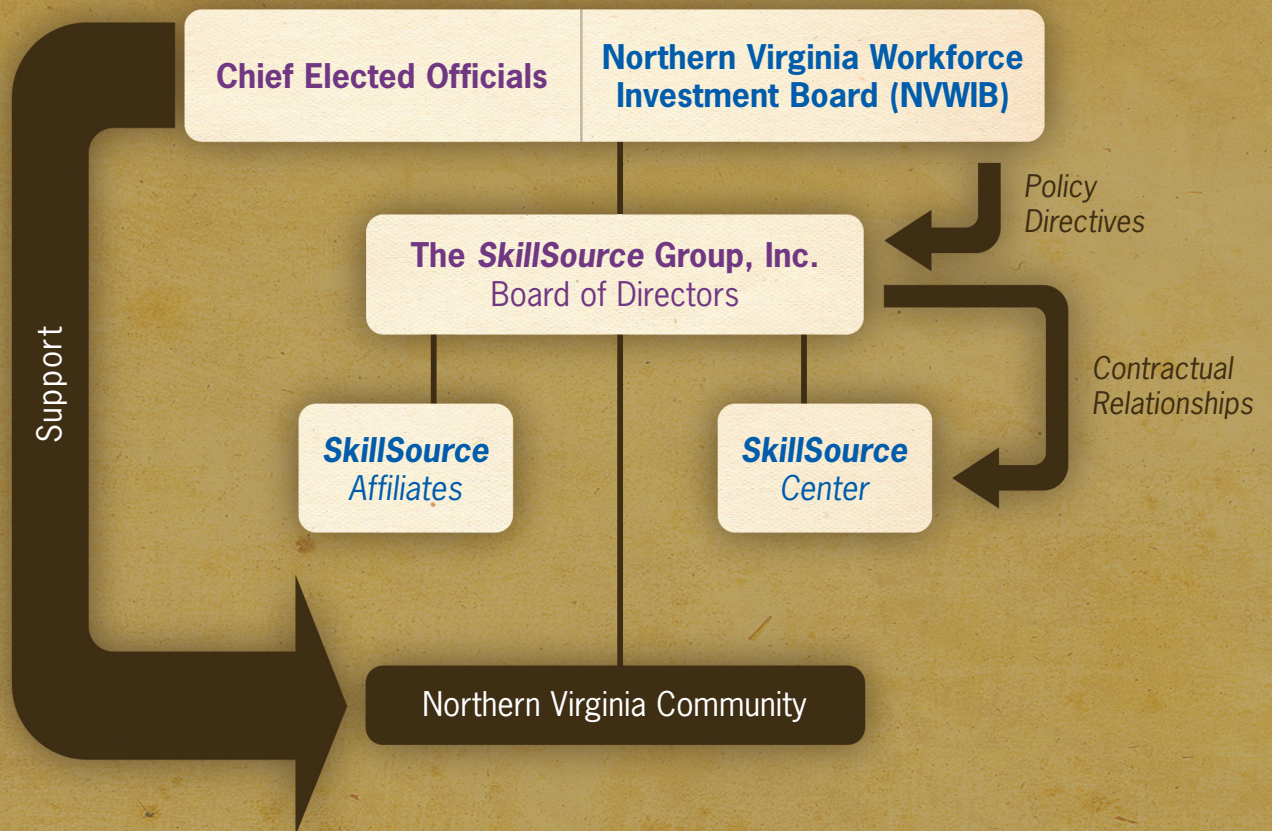
8. Pension Plan

The Corporation sponsors a defined contribution tax deferred 401(k) pension plan. All employees are eligible to participate after thirty days of service. The plan is administered by Fidelity Investments. The Corporation matches employees' contributions for up to 10.4% of their gross salaries. For 2008 and 2007, the pension plan expense was \$28,024 and \$23,022, respectively.

9. Reclassifications

Certain reclassifications have been made to the 2007 financial statements to conform with the 2008 financial statement presentation. Such reclassifications had no effect on the change in net assets as previously reported.

Organizational Structure of the Northern Virginia Workforce Investment Board and the *SkillSource* Group, Inc.



The Northern Virginia Workforce Investment Board Leadership for 2008 – 2009 include (from left), Huey Battle, Washington Gas and NVWIB Vice Chairman; Michael D. Zeiders, CEO of Zeiders Enterprises and NVWIB Chairman; Dr. David Miles, Chairman of the Miles-Lehane Group and NVWIB Treasurer; Hector Velez, HireStrategy and NVWIB Secretary; and David Hunn, Executive Director.

Not pictured is Shirley Bazdar, NVWIB Parliamentarian of Loudoun County Public Schools.

The *SkillSource* Group Board of Directors*

Huey Battle
Washington Gas

Karla S. Leavelle
Human Capital Advisors

Todd W. Rowley
Wachovia National Bank

David C. Miles
Miles – LeHane Group

Mark R. Birmingham
Jack Kent Cooke Foundation

Kathryn A. MacLane
Agir Limited

Janet E. Samuelson
ServiceSource, Inc.

Hector Velez
HireStrategy

Todd R. House
Micron Technology, Inc.

John E. Ritzert, Jr.
Ritzert & Leyton, P.C.

Michael Zeiders
Zeiders Enterprises, Inc.

Shirley Bazdar
Loudoun County Public Schools

Sang Kim
Global Link Solutions

Northern Virginia Workforce Investment Board of Directors*

Huey Battle
Washington Gas

Verdia Haywood
Fairfax County Government

Dr. Bonnie Moore
Fairfax County Public Schools

Todd Rowley
Wachovia Bank

Shirley Bazdar
Loudoun County Public Schools

Robert Hein
Miles LeHane Companies

Lisa Morris
The Home Depot

Janet E. Samuelson
ServiceSource, Inc.

Nannette M. Bowler
Fairfax County Department
of Family Services

Douglas Holl
Workforce Policy and
Evaluation Associates

William Mountjoy
AFL-CIO

Carl Savino
Competitive Edge Services, Inc.

Louis J. Cernak, Jr.
Northern Virginia Central
Labor Council

Todd R. House
Micron Technology, Inc.

Janet Niblock
George Mason University

Dr. Donald Shandler
Marymount University

Gregory Deese
CVS Pharmacy, Inc

Douglas James
VA Dept. of Rehab. Services

Kim Clark Pakstys
Strategic Organization Solutions

Mary Ann Shurtz
Stratford University

Miles Friedman
Quantico / Belvoir Regional
Business Alliance

Peter Joyce
Cisco Systems, Inc.

Scott Price
The Virginia High-Tech Partnership

Clayton Sinyai
Mid-Atlantic Laborers

Mary Ganger
Reston Hospital & Healthcare
Corporation of America Virginia

Karla S. Leavelle.
Human Capital Advisors

Karen Reser
iDirect Technologies

Melvin R. (Rick) Slusher
Virginia Employment Commission

William H. Gary, Sr.
Northern Virginia Community College

Jack Ledden
Prince William Department
of Social Services

Shelton Rhodes
New Millennium Solutions, LLC

Bette Sneed
Prince William County Public Schools

John Giancola
DeVry University

Catherine Meloy
Goodwill of Greater Washington

Ivy Richards
Fairfax County Economic
Development Authority

Hector Velez
HireStrategy

Beth Hain
Loudoun County Department of
Economic Development

David C. Miles
Human Resource Consulting

John E. Ritzert, Jr.
Ritzert & Leyton, P.C.

Michael Zeiders
Zeiders Enterprises, Inc.

Robert P. Rogers, Jr.
The Chesapeake Center, Inc.

David H. Miller
Skylink USA

*As of June 2009